AIRTEL MOBILE COMMERCE RWANDA LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31^{st} DECEMBER 2021

AIRTEL MOBILE COMMERCE RWANDA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

CONTENTS	PAGE
Corporate Information	1 - 2
Directors' Report	3
Statement of Directors' Responsibilities	4
Report of the Independent Auditors	5 - 7
Financial Statements:	
Statement of Profit or loss	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Financial Statements	12 – 32

AIRTEL MOBILE COMMERCE RWANDA LIMITED

CORPORATE INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2021

DIRECTORS

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

Name	Role	Date of appointment/resignation
Mr. Amit Chawla	Managing Director	Appointed on 04 September 2018 Resigned on 31 August 2021
Mr. Alok Bafna	Non-Executive Director	Appointed on 12 Feb 2018
Mr. Emmanuel Hamez	Managing Director	Appointed on 1 September 2021

PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE

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

AUDITORS

BDO Rwanda
Certified Public Accountants
Career Centre Building, 8th Floor
KG 7AV, PO Box 6953
Kigali, Rwanda

BANKERS

I&M Bank Rwanda Limited
P.O. Box 354
Kigali
Rwanda

KCB Bank Rwanda PLC
P.O. Box 5620
Kigali
Rwanda

Banque Populaire du Rwanda (BPR) PLC
P.O Box 1348
Kigali
Rwanda

Zigama CSS
P.O. Box 4772
Kigali
Rwanda

Urwego Opportunity Bank Rwanda PLC
P.O Box 748
Kigali
Rwanda

Equity Bank Rwanda PLC
P.O. Box 494
Kigali
Rwanda

Bank of Kigali PLC
P.O. Box 175
Kigali
Rwanda

Access Bank Rwanda Limited PLC
P.O Box 2059
Kigali
Rwanda

Ecobank Rwanda PLC
P.O. Box 3268
Kigali
Rwanda

GT Bank PLC
P.O. Box 331
Kigali
Rwanda

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors submit their report on the affairs of Airtel Mobile Commerce Rwanda Limited ("the Company") together with financial statements and the auditors' report for the year ended 31 December 2021, which disclose the state of affairs of the Company.

1. PRINCIPAL ACTIVITIES

The principal activities of the Company are provision of mobile money services in Rwanda and to hold the funds in the Airtel Money infrastructure, in trust for Airtel Money E-Value account holders.

Effective 01 April 2021, in accordance with Central Bank of Rwanda regulation, the shareholders and the Board of Directors of Airtel Rwanda Limited and Airtel Mobile Commerce Rwanda Limited resolved that provision of mobile commerce services shall be operated and provided through Airtel Mobile Commerce Rwanda Limited. Accordingly, annual financial statement of the company for the year ending 31 December 2021 and going forward, shall be prepared for the purposes of the provision of mobile commerce operational activities.

Till 31 Mar 2021, mobile commerce services were being provided by Airtel Rwanda Limited. Till such time the principal activity of the Company was to hold the funds in Airtel Money infrastructure in trust.

Further, during the year, Airtel Mobile Commerce BV having 2000 shares of the Company, has transferred all its shares to the Airtel Mobile Commerce Rwanda B.V., a Company incorporated in Netherlands and wholly owned subsidiary of Airtel Mobile Commerce BV.

2. RESULTS

The results for the year are set out on page 8.

3. DIVIDEND

The directors do not recommend payment of dividend with respect to the year ended 31 December 2021 (2020: Nil).

4. RESERVES

The reserves of the Company are set out on page 9.

5. DIRECTORS

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

6. AUDITORS

BDO EA Rwanda Ltd were appointed during the year in accordance with Law No 007/2021 of 05/02/2021 governing companies in Rwanda.

Approval of financial statements

The financial statements on pages 8 to 32 were approved at a meeting of the Directors held on 18th/02/2022 and signed on its behalf by:

Shema Baker

Company Secretary

18th/02/2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2021

Law No. 007/2021 of 05/02/2021 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 007/2021 of 05/02/2021 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. 007/2021 of 05/02/2021 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 2021 and of its loss and cash flows for the year then ended in accordance with the International Financial Reporting Standards and the requirements of the Rwanda Law No. 007/2021 of 05/02/2021 governing companies.

The Company incurred a net loss of Rwf 787.648 million (2020: nil). As at 31 December 2021, accumulated losses were Rwf 587.648 million (2020: retained earnings of 200 million). The Directors are of the opinion that the Company is going concern on the basis that the Company:

a) Will generate cash inflows from operations of at least the amount projected in the management's annual operating plan. The generation of sufficient cash flows from operations is driven by and is dependent on management achieving operational targets on subscriber numbers and transaction value per user;
b) Will obtain sufficient funding as required to meet its obligations as and when they fall due;
c) The Company will be able to obtain from the fellow subsidiary any additional funding required to meet its obligations as and when they fall due.

The Directors are confident that the funds described above will be available to the Company to support its obligations as required and that it is therefore appropriate to prepare the financial statements on a going concern basis.

Director
Emmanuel Hamez

18/02 2022

Director
Alok Bafna

airtel
Mobile Commerce
Rwanda Ltd

Tel: +250 738 304070
Tel: +250 788 309225
rwanda@bdo-ea.com
www.bdo-ea.com

BDO EA Rwanda Ltd
Career Center Building, 8th Floor
KG 541st Road, P.O. Box 6593
Kigali, Rwanda

REPORT OF THE INDEPENDENT AUDITORS

To the shareholder of Airtel Mobile Commerce Rwanda Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Airtel Mobile Commerce Rwanda Limited set out on pages 8 to 32, which comprise the statement of financial position as at 31 December 2021, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Airtel Mobile Commerce Rwanda Limited as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Law No 007/2021 of 05/02/2021.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. 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 International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Rwanda. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Rwanda. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Directors are responsible for the other information. The other information comprises the Report of the Directors as required by the Law No 007/2021 of 05/02/2021, which we obtained prior to the date of this report. 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 an audit opinion or 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, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Law No 007/2021 of 05/02/2021, 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.

Tel: +250 738 304070
Tel: +250 788 309225
rwanda@bdo-ea.com
www.bdo-ea.com

BDO EA Rwanda Ltd
Career Center Building, 8th Floor
KG 541st Road, P.O. Box 6593
Kigali, Rwanda

REPORT OF THE INDEPENDENT AUDITORS

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

Auditor's responsibilities for the audit of the Financial Statements

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

As part of an audit in accordance with International Standards on Auditing, 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 the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists 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.

BDO

Tel: +250 738 304070
Tel: +250 788 309225
rwanda@bdo-ea.com
www.bdo-ea.com

BDO EA Rwanda Ltd
Career Center Building, 8th Floor
KG 541st Road, P.O. Box 6593
Kigali, Rwanda

REPORT OF THE INDEPENDENT AUDITORS

Report on other legal and regulatory requirements

As required by the law No 007/2021 of 05/02/2021 we report to you, based on our audit, that:

- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- in our opinion proper books of account have been kept by the Organization, so far as appears from our examination of those books;
- the Organization's Statement of Financial Position and Statement of income and expenditure are in agreement with the books of account;
- we have communicated with those charged with governance our significant audit findings, and significant deficiencies in internal control that we identified during our audit.

BDO EA Rwanda Ltd
Certified Public Accountants
Career Center Building, 8th Floor
KG 541st, P.O Box 6593
Kigali, Rwanda

BDO EA RWANDA Ltd
Tel:+250 788309225
+250 738304070
P.O Box 6593 Kigali, Rwanda

Emmanuel Habineza, FCCA, CPA(R)
(PC/CPA0007/0014)
Managing Partner

18/02/2022

AIRTEL MOBILE COMMERCE RWANDA LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(All amounts are in thousands of Rwf)

	Note	For the year ended (Note 1) 31 December 2021	31 December 2020
Income			
Revenue	5	954,429	-
		954,429	-
Expenses			
Sales and distribution expenses		611,345	-
Employee benefits expense		228,474	-
Other expenses	6	358,955	-
Depreciation and amortization	9&10	387,810	-
		1,586,584	-
Operating loss		**(632,155)**	-
Finance cost	8	152,528	-
Net foreign exchange loss	7	2,965	-
Loss before tax		**(787,648)**	-
Tax expense		-	-
Loss and total comprehensive loss for the period		**(787,648)**	-

There were no items of other comprehensive income for the year (2020: Nil)

Note

1) Effective 01 April 2021, in accordance with Central Bank of Rwanda regulation, the shareholders and the Board of Directors of Airtel Rwanda Limited and Airtel Mobile Commerce Rwanda Limited resolved that provision of mobile commerce services shall be operated and provided through Airtel Mobile Commerce Rwanda Limited. Accordingly, annual financial statement of the company for the year ending 31 December 2021 and going forward, shall be prepared for the purposes of the provision of mobile commerce operational activities.

   Till 31 March 2021, mobile commerce services were being provided by Airtel Rwanda Limited. Till such time the principal activity of the company was to hold the funds in Airtel Money infrastructure in trust.

(This space has been intentionally left blank)

AIRTEL MOBILE COMMERCE RWANDA LIMITED

STATEMENT OF FINANCIAL POSITION
(All amounts are in thousands of Rwf)

	Notes	As at 31st December (Note 23) 2021	2020
Non-current assets			
Property, plant and equipment	9	1,075,290	-
Capital work in progress	9	77,511	-
Intangible assets	10	7,729	-
		1,160,530	-
Current assets			
Trade and other receivables	11	516,858	-
Cash and cash equivalents	14	1,634,959	290,105
Balance held under mobile money trust	14	5,199,638	4,804,611
		7,351,455	5,094,716
Total assets		8,511,985	5,094,716
Equity			
Share capital	13	200,000	200,000
Retained earnings/(deficit)		(787,648)	-
		(587,648)	200,000
Non-current liabilities			
Borrowings	12	2,004,914	-
		2,004,914	-
Current liabilities			
Trade and other payables	15	1,895,081	90,105
Mobile money wallet balance	14	5,199,638	4,804,611
		7,094,719	4,894,716
Total equity & liabilities		8,511,985	5,094,716

Note

The financial statements on pages 8 to 32 were approved by the board of directors on .... 2022 and were signed on its behalf by:

Director
Emmanuel Hamez

Director
Alok Bafna

airtel
Mobile Commerce
Rwanda Ltd

AIRTEL MOBILE COMMERCE RWANDA LIMITED

STATEMENT OF CHANGES IN EQUITY
(All amounts are in thousands of Rwf)

	Share capital Rwf '000	Retained earnings/(deficit) Rwf '000	Total Rwf '000
At 1 January 2020	10,000	-	10,000
Issued during the year	190,000		190,000
Total comprehensive loss	-	-	-
At 31 December 2020	200,000	-	200,000
At 1 January 2021	200,000	-	200,000
Total comprehensive loss	-	(787,648)	(787,648)
At 31 December 2021	200,000	(787,648)	(587,648)

(This space has been intentionally left blank)

AIRTEL MOBILE COMMERCE RWANDA LIMITED

STATEMENT OF CASH FLOWS
(All amounts are in thousands of Rwf)

	Note	For the year ended 31 December 2021	2020
Cash flow from operating activities:			
Loss before tax		(787,648)	-
Adjustments for:			
Depreciation and Amortization	9 & 10	387,810	-
Finance cost	8	151,604	-
Operating cash flow before working capital changes		(248,234)	-
Changes in working capital			
Increase in trade and other receivables		(516,858)	-
Increase in trade and other payable		1,653,372	22,749
Increase in mobile money wallet balance		395,027	318,046
Net cash generated from operating activities before tax		1,283,307	340,795
Income tax paid		-	-
Net cash generated from operating activities		1,283,307	340,795
Cash flow from investing activities:			
Purchase of property, plant and equipment and intangibles	9 & 10	(1,548,340)	-
Net cash used in investing activities		(1,548,340)	-
Cash flow from financing activities:			
Issue of share capital	13	-	190,000
Proceeds from borrowings	12	2,004,914	-
Net cash generated from financing activities		2,004,914	190,000
Increase in cash and cash equivalents		1,739,881	530,795
Cash and cash equivalents at the beginning of the year		5,094,716	4,563,921
Cash and cash equivalents at the end of the year		6,834,597	5,094,716
Represented by:			
Balance held in wallets and bank balance	14	1,634,959	290,105
Balance held under mobile money trust on behalf of customers	14	5,199,638	4,804,611
		6,834,597	5,094,716

1. Corporate information

Airtel Mobile Commerce Rwanda Limited is a limited liability company registered and domiciled in Rwanda and licensed under the Law no 007/2021 of 05/02/2021 governing companies in Rwanda. The Company was incorporated on 22 February 2013 and it is 100% owned by Airtel Mobile Commerce Rwanda B.V.

2. Application of new and revised international financial reporting standards (IFRSs)

New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

Standard	Detail of Amendment	Annual Periods beginning on or after
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an Company will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.	1 January 2023
Reference to the Conceptual Framework (Amendments to IFRS 3)	The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.	1 January 2022
Property, Plant and Equipment—Proceeds before Intended Use (Amendments to IAS 16)	The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by	1 January 2022

	management. Consequently, an Company recognises such sales proceeds and related costs in profit or loss.	
Annual Improvements to IFRS Standards 2018-2020 Cycle	The Annual Improvements include amendments to below Standards. IFRS 1 - The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs. IFRS 16 - The amendment removes the illustration of the reimbursement of leasehold improvements. IFRS 9 – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.	1 January 2022
Amendments to IFRS 17 and IFRS 4, 'Insurance contracts', deferral of IFRS 9, as amended in June 2020	These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial instrument until 1 January 2023.	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition	1 January 2023
Initial Application of IFRS 17 and IFRS 9 — Comparative Information (Amendment to IFRS 17)	The amendment permits entities that first apply IFRS 17 and IFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before.	An entity that elects to apply the amendment applies it when it first applies IFRS 17
IAS 37 – Onerous contract-cost of fulfilling a contract	The amendment specify that the 'cost of fulfilling; a contract comprises the 'cost that relate directly to the contract'	1 January 2022

The directors have assessed above standards and interpretation and have concluded that application of the above applicable standards will not have material impact to the financial statements of the company when adopted.

2. Application of new and revised international financial reporting standards (IFRSs) (Continued)

New and revised IFRSs that are effective for current year

(i) *Amendment to IFRS 16, 'Leases'- COVID 19 related rent concessions extension of the practical expedient*

As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs

In the current financial year, the Company has not been impacted by the amendment to IFRS 16 (as issued by the IASB in May 2020) in advance of its effective date.

3. Accounting policies

Summary of significant accounting policies

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

3.1 *Statement of compliance*

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

3.2 *Basis of preparation*

The financial statements have been prepared on the historical cost basis except for certain 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 generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

3.3 *Revenue recognition*

Revenue arises from billing customers for P2P (person to person off net) transactions; cash out (withdrawal) transactions, Airtel Money to bank transactions, collections of funds for customers purchasing goods and services using Airtel Money and commissions on sale of airtime and business revenue arising from bulk payment transactions. Such commissions are recognised as revenue at a point in time on fulfilment of these services by the Company

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payments and excluding taxes or duty. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the transactions have been resolved.

3.4 *Foreign currencies*

(i) *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Rwandan Franc which has been determined to be the entity's functional currency.

(ii) *Transactions and balances*

"In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions".

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated at the foreign exchange rate ruling at that date. Exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at the closing date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

3.5 *Employee benefits*

Retirement benefit obligations

The company operates a defined contribution scheme for all its employees. The Company contributes to a statutory defined contribution pension scheme, the Rwanda Social Security Board (RSSB). Contributions are determined by local statute and are currently limited to 5% of the employees' gross salary. A defined contribution plan is a retirement benefit plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions to the defined contribution schemes are recognised in profit or loss in the year in which they fall.

3.6 *Taxation*

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it also excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by reporting date.

(ii) *Deferred tax*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

(iii) *Current and deferred tax for the year*

Current tax and deferred tax is recognised as an expense or income in profit or loss, except to the extent that it relates to items credited or debited directly to equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

3.7 *Property, plant and equipment*

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 Company 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 Company.

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 Company recognises such parts as separate component of assets. When an item of PPE is replaced, then its carrying amount is derecognised from the statement of financial position and cost of the new item of PPE is recognised. The expenditures that are incurred after an item of PPE has been put to use, such as repairs and maintenance, are normally charged to the 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 Company, it is included in the asset's carrying value or as a separate asset, as appropriate.

When funds borrowed are specifically for the purpose of obtaining a qualifying asset, the entity determines the amount of the borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of the borrowings.

Gains and losses arising from retirement or disposal of plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss on the date of retirement and disposal.

Assets are depreciated to the residual values on a straight-line basis over the estimated useful lives. The asset's residual values and useful lives are reviewed at each financial year end or whenever there are indicators for impairment, and adjusted prospectively. Land is not depreciated:

Categories	Years
Computers	3 years
Furniture and fittings	2 to 5 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end. The effect of any changes in estimate is accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of comprehensive income.

3.8 *Intangible assets*

The Company's intangible asset comprises of licenses. Licenses are recognised as an asset when it is probable that future economic benefits from the asset will flow to the entity and the cost of the license can be reliably measured.

Licenses are initially measured at cost and subsequently amortised on a straight-line basis over their useful lives. Intangible assets are measured at cost less accumulated amortisation and impairment losses. Amortisation periods are reviewed annually and adjusted prospectively as required. Gains or losses arising from de-recognition of licenses are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised. Licenses are amortised over a period of 1 to 3 years.

3.9 *Impairment of non-financial assets*

Property, plant & equipment and intangible assets

Property, plant & equipment and intangible assets with definite lives are reviewed for impairment, whenever events or changes in circumstances indicate that their carrying values may not be recoverable. For the purpose of impairment testing, the recoverable amount (that is, higher of the fair value less costs to sell and the value-in-use) is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets, in which case the recoverable amount is determined at the cash-generating-unit ('CGU') level to which the said asset belongs. If such individual assets or CGU are considered to be impaired, the impairment to be recognised in profit or loss is measured by the amount by which the carrying value of the asset / CGU exceeds their estimated recoverable amount and allocated on pro rata basis. Impairment losses, if any, are recognised in statement of profit and loss.

Reversal of impairment losses

Impairment losses are reversed 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 in previous years.

3.10 *Provisions*

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and which a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of comprehensive income date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.11 *Cash and cash equivalents*

Cash and cash equivalents include cash in hand, bank balances and any deposits with original maturities of three months or less (that are readily convertible to known amounts of cash and cash equivalents and subject to an insignificant risk of changes in value).

However, for the purpose of the statement of cash flows, in addition to above items, any bank overdrafts that are integral part of the company's cash management and balance held under mobile money trust are also included as a component of cash and cash equivalents.

3.12 *Statement of cash flow*

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.

3.13 *Financial instruments*

a. Recognition, classification and presentation

Financial assets and liabilities are recognised in the statement of financial position when the company becomes a party to the contractual provisions of the financial instrument. The company determines the classification of its financial instruments at initial recognition.

The company classifies its financial assets in the following categories:
• 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 Company 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 company has classified all non-derivative financial liabilities as measured at amortised cost.

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

The amounts held by Airtel Money electronic value (E-value) 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 E-value account holders are restricted for use by the Company 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 Statement of Comprehensive Income.

II. *Subsequent measurement - financial assets*

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

• *Financial assets measured at amortised cost*

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost using the effective interest rate ('EIR') method (if the impact of discounting/any transaction costs is significant). Interest income from these financial assets is included in finance income.

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

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

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

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

III. *Subsequent measurement - financial liabilities*
Financial liabilities are subsequently measured at amortised cost using the EIR method (if the impact of discounting/any transaction costs is significant)."

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

3.14 *Share capital*

Issued ordinary shares are classified as 'share capital' in 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.

3.15 *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.

3.16 *Comparatives*

Where necessary, comparative figures have been adjusted to confirm with changes in presentation in the current year.

3.17 *Interest income*

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected useful life of the financial asset to that asset's net carrying amount on initial recognition.

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

A. Receivables
Critical estimates are made by the directors in determining the recoverable amount of impaired receivables. Factors taken into consideration in making such judgements include historical trends and the number of days a debt is past its due date for payment. The carrying amount of impaired receivables is set out in Note 11.

B. Taxes
1. Current income tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date.

2. Deferred tax

Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

C. Determination of residual values and useful lives

Judgement and estimations are used when determining the residual values and useful lives of property, plant and equipment on annual basis.

Critical judgements in applying the entity's accounting policies
In the process of applying the company's accounting policies, management has made judgements in determining:

- the classification of financial assets.
- revenue recognition allocation to different components.
- determining whether assets are impaired, or not.

	31 December 2021 Rwf'000	31 December 2020 Rwf'000
5. Revenue		
Money transfer	375,561	-
Bill and merchant payments	294,474	-
Others	284,394	-
	954,429	-

6. Other expenses

Administrative expenses	75,084	-
Marketing expenses	79,461	-
Regulatory cost	3,750	-
IT Expenses	194,098	-
Legal & Professional charge	6,562	-
	358,955	-

7. Foreign exchange loss (Net)

Foreign exchange loss	2,965	-
	2,965	-

8. Finance costs

Interest expense on Intercompany loan	151,604	-
Other finance charges	924	
	152,528	-

(This space is intentionally left blank)

9. Property, plant and equipment

Year ended 31 December 2021	Furniture and fittings Rwf'000	Computers Rwf'000	Total Rwf'000	Capital Work-In-Progress Rwf'000
Cost				
At 01 January 2021	-	-	-	-
Purchase of assets (Note 23)	816,471	198,177	1,014,648	532,871
Additions/Adjustments	530,950	-	530,950	(455,360)
At 31 December 2021	1,347,421	198,177	1,545,598	77,511
Accumulated Depreciation				
At 01 January 2021	-	-	-	-
Purchase of assets ((Note 23)	31,487	198,177	229,664	-
Depreciation during the year	240,644	-	240,644	-
At 31 December 2021	272,131	198,177	470,308	-
Net carrying amount				
At 31 December 2021	1,075,290	-	1,075,290	77,511

Year ended 31 December 2020	Furniture and fittings Rwf'000	Computers Rwf'000	Capital Work-In-Progress Rwf'000	Total Rwf'000
Cost				
At 01 January 2020	-	-	-	-
Additions/Adjustments	-	-	-	-
At 31 December 2020	-	-	-	-
Accumulated Depreciation				
At 01 January 2020	-	-	-	-
Depreciation during the year	-	-	-	-
At 31 December 2020	-	-	-	-
Net carrying amount				
At 31 December 2020	-	-	-	-

10. Intangible assets

	License Rwf'000	Total Rwf'000
Year ended 31 December 2021		
Cost		
At 01 January 2021	-	-
Purchase of assets (Note 23)	284,219	284,219
Additions/Adjustments	88,171	88,171
At 31 December 2021	372,390	372,390
Accumulated Depreciation		
At 01 January 2021	-	-
Purchase of assets ((Note 23)	217,495	217,495
Depreciation during the year	147,166	147,166
At 31 December 2021	364,661	364,661
Net carrying amount		
At 31 December 2021	7,729	7,729

	License Rwf'000	Total Rwf'000
Year ended 31 December 2020		
Cost		
At 01 January 2020	-	-
Additions/Adjustments	-	-
At 31 December 2020	-	-
Accumulated Depreciation		
At 01 January 2020	-	-
Depreciation during the year	-	-
At 31 December 2020	-	-
Net carrying amount		
At 31 December 2020	-	-

(This space has been intentionally left blank)

11. Trade and other receivables

	2021 Rwf'000	2020 Rwf'000
Trade receivables	8,696	-
Less: Provision for doubtful debts	(1,700)	-
	6,996	-
Other receivables	330,162	-
Due from related parties (Refer Note 12)	26,110	-
Prepayment and deposits	153,590	-
	516,858	-

12. Related party transactions and balances

The following provides the total amount of transaction that has been entered into with related parties and outstanding balances for the relevant reporting period. The purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free except for Loan balance which is charged @ 15% and settlement occurs in cash. There has been no guarantee provided for any related party payables.

(i) *Due from related parties*

	Relationship	2021 Rwf'000	2020 Rwf'000
Airtel Money Tanzania Limited	Fellow subsidiary	15,742	-
Airtel Mobile Commerce Uganda Limited	Fellow subsidiary	6,341	-
Airtel Money Transfer Limited	Fellow subsidiary	4,027	-
		26,110	-

(ii) *Due to related parties*

		2021 Rwf'000	2020 Rwf'000
Airtel Mobile Commerce Zambia Limited	Fellow subsidiary	39,059	-
Airtel Mobile Commerce Limited (Malawi)	Fellow subsidiary	195,869	-
Airtel Rwanda Limited	Fellow subsidiary	1,487,289	90,105
		1,722,217	90,105

(iii) *Borrowings from related parties*

Airtel Rwanda Limited	Fellow subsidiary	2,004,914	-
		2,004,914	-

13. Share capital

	2021 Rwf'000	2020 Rwf'000
Issued and Paid-up share capital (2000 shares issued at par value of Rwf 100,000 each)	200,000	200,000
Authorized share capital (2000 shares issued at par value of Rwf 100,000 each)	200,000	200,000

During the year, Airtel Mobile Commerce BV having 2000 shares of the Company, has transferred all its shares to the Airtel Mobile Commerce Rwanda B.V., a Company incorporated in Netherlands and wholly owned subsidiary of Airtel Mobile Commerce BV.

14. Cash and cash equivalent

	2021	2020
Balance held in wallets	808,315	-
Cash at bank	826,644	290,105
	1,634,959	290,105

For the purpose of the statement of cash flows, cash and cash equivalents comprise of the following as at 31 December.

	2021	2020
Cash at bank and on wallets	1,634,959	290,105
Balance held under mobile money trust*	5,199,638	4,804,611
	6,834,597	5,094,716

*The amount due to E-value holders amounting to Rwf 5,199,638 (2020: Rwf 4,804,611) includes liability for Interest wallet held separately for Rwf 363,937,617 (2020: Rwf 284,022,935) and liability for churn wallet for Rwf 846,148,047 (2020: Rwf 579,557,671)

15. Trade and other payables

	2021	2020
Trade and other payables	172,864	-
Due to related parties (Refer Note 12)	1,722,217	90,105
	1,895,081	90,105

16. Taxes

Deferred income tax is calculated using the enacted income tax rate of 30%. The Company has not recognised the deferred tax assets arising from tax losses for year ended 31 December 2021 of Rwf 601,206,334 (2020: Rwf Nil) as it is currently in a loss position and may recognise them in future if sufficient taxable profits are available. Deferred tax asset arising from the losses may be deducted from the taxable profit in the next five (5) tax periods.

	2021	2020
(i) Current year income tax	-	-
(ii) *Reconciliation of income tax*		
Loss before tax	(787,648)	-
Rwanda's statutory income tax rate of 30%	(236,294)	-
Tax effect of expenses non-deductible	27,333	-
Deferred tax asset not recognized	208,961	-
	-	-

16. Taxation (Continued)

(iii) *Deferred tax not recognized on*	As at 31 Dec 2021	As at 31 Dec 2020
Accelerated depreciation on property and equipment	43,336	-
Provisions	51,994	-
Tax losses	601,206	-
	696,536	-

17. Contingencies and capital commitments

(a) Legal claims

There are certain lawsuits and claims pending against the Company in various courts of law, which are being handled by the external legal counsel. The contingent liabilities in respect of pending litigation and claims was Nil as at 31 December 2021 (2020: Nil). In the opinion of the directors and based on independent legal advice, the Company's liabilities are not likely to be material thus no provision has been made in these financial statements.

(b) Capital commitments

The capital commitments for the year are as follows:

	2021 Rwf '000'	2020 Rwf '000'
Capital commitments	278,511	-
	278,511	-

Capital commitments are authorised and contracted for.

18. Financial risk management

The company is exposed to various risks, including credit risk, liquidity risk, interest rate risk and foreign exchange risk. The company's risk management strategy is based on a clear understanding of various risks, disciplined risks assessment and measurement procedures and continuous monitoring. The policies and procedures established for this purpose are continuously benchmarked with industry best practices.

The Company's principal financial liabilities comprise borrowings, and trade and other payables. The main purpose of these financial liabilities is to raise finances for the Company's operations. The Company has trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

The Company's senior management oversees the management of these risks. The Board of directors reviews policies for managing each of these risks which are summarised below:

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise various types of risks: interest rate risk, currency risk, commodity price risk and other price risk, such as equity risk. Financial instruments affected by market risk include loans and borrowings and deposits. The salient exposures to market risks are discussed below.

18. Financial risk management (Continued)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to the risk of changes in market interest rates as the Company's interest-bearing debt obligation is at fixed interest rate.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when purchases are denominated in a different currency from the Company's functional currency).

The following table demonstrates the sensitivity, to a reasonable possible change in the USD with all other variables held constant, of the Company's profit before tax and equity due to changes in fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

	2021 Rwf '000	2020 Rwf '000
Foreign Currency denominated Assets		
Due from related parties	26,110	-
Cash & Cash Equivalent	221,152	-
Total Assets	247,262	-
Foreign Currency denominated Liabilities		
Due to related parties	234,928	-
Total Liabilities	234,928	-
Net financial position	12,334	-
Sensitivity Analysis	Effect on profit before tax Rwf '000	Effect on equity Rwf '000
31st Dec 2021 Changes in USD -+ 6%	740	740
31st Dec 2020 Changes in USD -+ 6%	-	-

(This space has been intentionally left blank)

18. Financial risk management (Continued)

Liquidity Risk
Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the finance department maintain flexibility in funding by maintaining availability under committed credit lines. The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

At 31 December 2021:	0-6 Months Rwf'000	6-12 Months Rwf'000	Above 12 Months Rwf'000	Total
Liabilities				
Borrowings	-	-	2,004,914	2,004,914
Mobile money wallet balance	5,199,638	-	-	5,199,638
Trade and other payables	1,895,081	-	-	1,895,081
Total	7,094,719	-	2,004,914	9,099,633
At 31 December 2020:				
Liabilities				
Borrowings	-	-	-	-
Mobile money wallet balance	4,804,611	-	-	4,804,611
Trade and other payables	90,105	-	-	90,105
Total	4,894,716	-	-	4,894,716

18. Financial risk management (Continued)

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company has managed its exposure to credit risk by ensuring that all distributors have a bank guarantees to cover amount of credit given to them. Apart from bank guarantee, no other collateral is held for any of the above assets. All receivables that are neither past due nor impaired are within their approved credit limits. No receivables have had their terms renegotiated.

All past due trade receivables have been reviewed by management and appropriate impairment losses recognized in the financial statements. The Company has policies in place to ensure that contracts are entered into with customers with appropriate credit history and that its financial interests are contractually safeguarded at the time of engagement.

Credit risk from balances with banks and financial institutions is managed by the Group's treasury policies. Investments of surplus funds are made only with approved financial institutions, whose credit assessment is assessed on a regular basis.

The amount that best represents Company's maximum exposure to credit risk without taking account of the value of collateral obtained is made up as follows:

At 31 December 2021:	12 Month or lifetime ECL	Internal Credit rating	Gross Carrying Amount Rwf'000	Less: Allowances Rwf'000	Net Carrying Amount Rwf'000
Trade Receivable	Lifetime ECL	Performing	518,558	(1,700)	516,858
Cash at bank balances	Lifetime ECL	Performing	1,634,959	-	1,634,959
Total			2,153,517	(1,700)	2,151,817

At 31 December 2020:	12 Month or lifetime ECL	Internal Credit rating	Gross Carrying Amount Rwf'000	Less: Allowances Rwf'000	Net Carrying Amount Rwf'000
Trade Receivable	Lifetime ECL	Performing	-	-	-
Cash at bank balances	Lifetime ECL	Performing	290,105	-	290,105
Total			290,105	-	290,105

The Company considers a financial asset in default when contractual payments for trade receivables are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(This space has been intentionally left blank)

19. Comparatives

Where necessary, comparative figures have been re-classified or/and adjusted or excluded to conform to changes in presentation in the current year.

20. Fair value of financial assets and liabilities

Fair value of financial assets and financial liabilities approximate to their carrying amount as on 31 December 2021 and 2020 on account of their current nature and they are recognised at amortized cost as on 31 December 2021 and 2020

At 31 December 2021:	Carrying Value Rwf'000	Fair Value Rwf'000
Trade and other receivables	516,858	516,858
Cash and Cash Equivalents	1,634,959	1,634,959
Balance held under Trust	5,199,638	5,199,638
Trade and other payables	(1,895,081)	(1,895,081)
Mobile Money Wallet Balance	(5,199,638)	(5,199,638)
Borrowings	(2,004,914)	(2,004,914)
At 31 December 2020:		
Trade and other receivables	-	-
Cash and Cash Equivalents	290,105	290,105
Balance held under Trust	4,804,611	4,804,611
Trade and other payables	(90,105)	(90,105)
Mobile Money Wallet Balance	(4,804,611)	(4,804,611)
Borrowings	-	-

During the year ended 31 December 2021 and year ended 31 December 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.

21. Events after 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.

22. COVID 19 assessment

There has been a coronavirus disease (COVID -19) outbreak across the globe since March 2020. The Company operates in a mobile financial services 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.

23. Asset purchase agreement with Airtel Rwanda Limited

Effective 01 April 2021, in accordance with Central Bank of Rwanda regulation, the shareholders and the Board of Directors of Airtel Rwanda Limited and Airtel Mobile Commerce Rwanda Limited resolved that provision of mobile commerce services shall be operated and provided through Airtel Mobile Commerce Rwanda Limited. Accordingly, annual financial statement of the company for the year ending 31 December 2021 and going forward, shall be prepared for the purposes of the provision of mobile commerce operational activities.

Till 31 Mar 2021, mobile commerce services were being provided by Airtel Rwanda Limited. Till such time the principal activity of the company was to hold the funds in Airtel Money infrastructure in trust.

Had the company operated mobile commerce services from 1 January 2020, the revenue, operating expenses, operating loss and loss after tax would be as mentioned below

For the year ended 31 December 2021

Particulars	Business held under Airtel Rwanda Limited	Business held under Airtel Mobile Commerce Rwanda Limited	Total
Revenue	336,880	954,429	1,291,309
Operating expenses	468,135	1,742,077	2,210,212
Operating loss	(131,255)	(787,648)	(918,903)
Loss after tax	(131,255)	(787,648)	(918,903)

For the year ended 31 December 2020

Particulars	Business held under Airtel Rwanda Limited	Business held under Airtel Mobile Commerce Rwanda Limited	Total
Revenue	1,983,586	-	1,983,586
Operating expenses	1,654,782	-	1,654,782
Operating loss	(328,804)	-	(328,804)
Loss after tax	(328,804)	-	(328,804)

24. Going concern assessment

The Directors are of the opinion that the Company is going concern on the basis that the Company:

a) Will generate cash inflows from operations of at least the amount projected in the management's annual operating plan. The generation of sufficient cash flows from operations is driven by and is dependent on management achieving operational targets on subscriber numbers and transaction value per user;
b) Will obtain sufficient funding as required to meet its obligations as and when they fall due;
c) The Company will be able to obtain from the fellow subsidiary any additional funding required to meet its obligations as and when they fall due.

The Directors are confident that the funds described above will be available to the Company to support its obligations as required and that it is therefore appropriate to prepare the financial statements on a going concern basis.