AIRTEL MOBILE COMMERCE SERVICES LIMITED

FINANCIAL STATEMENTS FOR THE THIRTEEN MONTH PERIOD ENDED

31 MARCH 2022

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DIRECTORS

Cihan Seuleiman
Vimal Kumar Ambat
Pier Alfonso Falcione
Samir Waman (resigned on 2nd June 2021)

REGISTERED OFFICE

P.O. Box 962 – 00100
The Oval, Ring Road, Parklands
Nairobi, Kenya

COMPANY SECRETARY

Scribe Services Secretaries
P.O. Box 3085 – 00100
Nairobi, Kenya

AUDITORS

Deloitte & Touche LLP
Certified Public Accountants (Kenya)
Deloitte Place, Waiyaki Way,
Muthangari
P.O. Box 40092 – 00100

PRINCIPAL BANKERS

Standard Chartered PLC
P.O. Box 30003 – 00100
Nairobi, Kenya

The directors submit their report together with the audited financial statements for the thirteen month period ended 31 March 2022, which discloses the state of affairs of Airtel Mobile Commerce Services Limited, (the "Company").

The Company was incorporated as a limited private company on 24 March 2021 in Kenya, under the Companies Act, 2015 (Reg No. PVT- 9XUGGDXZ) and is domiciled in Kenya. These are the first financial statements of the Company.

1. PRINCIPAL ACTIVITIES

The principal activity of the Company is that of providing services to group company.

2. RESULTS

The results for the year are set out on page 9.

	2022
	KSH '000
Loss before tax	9,319
Tax	1,339
Loss after tax	**10,658**

3. DIRECTOR'S

The directors who held office during the year are as listed below:

Name	Nationality	Role	Date of appointment/ resignation
Cihan Seuleiman	France	Director	Appointed on 24th March 2021
Samir Waman	India	Director	Resigned on 2nd June 2021 (Appointed on 24th March 2021)
Vimal Kumar Ambat	India	Director	Appointed on 2nd June 2021
Pier Alfonso Falcione	United Kindgom	Director	Appointed on 2nd June 2021

All the Directors do not have any interest in the Company's shareholding. During the period, the Company did not pay any directors' fees.

4. GOVERNANCE

The Board of Directors consists of three directors. The Board takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets.

The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The Company is committed to the principles of effective corporate governance. The Directors also recognize the importance of integrity, transparency and accountability.

5. DISCLOSURE OF INFORMATION TO AUDITORS

Each director confirms that, so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware and that each Director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

6. AUDITORS

Deloitte & Touche LLP, who were appointed during the period, have expressed their willingness, continue in office in accordance provisions of section 719 (2) of the Kenyan Companies Act, 2015. The Directors monitor the effectiveness, objectivity and independence of the auditor. The Directors also approve the annual audit engagement contract, which sets out the terms of the auditor's appointment and the related fees.

By order of the Board

SCRIBE SERVICES SECRETARIES
Nairobi, Kenya

30th September
..................................**2022**

The Kenyan Companies Act, 2015 requires the Directors to prepare financial statements for each financial period that give a true and fair view of the financial position of the company as at the end of the financial period and of its profit or loss for that period. It also requires the Directors to ensure that the company maintains proper accounting records that are sufficient to show and explain the transactions of the company and disclose, with reasonable accuracy, the financial position of the company. The Directors are also responsible for safeguarding the assets of the company, and for taking reasonable steps for the prevention and detection of fraud and error.

The Directors accept responsibility for the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

(i) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;

(ii) selecting suitable accounting policies and applying them consistently; and

(iii) making accounting estimates and judgments that are reasonable in the circumstances.

The Directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the Board of Directors on 30 September 2022 and signed on its behalf by:

Pier Falcione (Sep 30, 2022 12:18 GMT+1)

Cihan Seuleiman
Director

Pier Alfonso Falcione
Director

Deloitte.

Deloitte & Touche LLP
Deloitte Place
Waiyaki Way, Muthangari
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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF AIRTEL MOBILE COMMERCE SERVICES LIMITED

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Airtel Mobile Commerce Services Limited ("the company"), set out on pages 9 to 22, which comprise the statement of financial position as at 31 March 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2022, and its financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). 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 (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. 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. The other information comprises the Report Directors as required by the Kenya Companies Act, 2015. 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 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF AIRTEL MOBILE COMMERCE SERVICES LIMITED

Report on the audit of the Financial Statements (Continued)

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 Kenya Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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.

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF AIRTEL MOBILE COMMERCE SERVICES LIMITED

Report on the audit of the Financial Statements (Continued)

Report on Other matters prescribed by the Kenya Companies Act, 2015.

In our opinion, the information given in the Directors Report on pages 3 to 4 is consistent with the financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report is **CPA Freda Mitambo, Practising certificate No. 2174.**

Freda Mitambo

For and on behalf of Deloitte & Touche LLP
Certified Public Accountants (Kenya)
Nairobi

30 September **2022**

Airtel Mobile Commerce Services Limited
Statement of profit or loss and other Comprehensive Income for the thirteen month period ending 31st March 2022
(All amounts are in KSH thousands, unless stated otherwise)

	Notes	For the period 24 March, 2021 - 31 March 2022
Income		
Revenue	**4**	62,152
Total income		**62,152**
Expenses		
Employee benefits expense	**5**	58,436
Other expenses	**6**	11,837
Total expenses		**70,273**
Operating loss		**(8,121)**
Finance cost	**7**	(1,198)
Loss before tax		**(9,319)**
Tax expense	**8**	(1,339)
Loss for the period		**(10,658)**
Other Comprehensive income for the period		**-**
Total comprehensive loss for the period		**(10,658)**

Airtel Mobile Commerce Services Limited
Statement of Financial Position
(All amounts are in KSH thousands, unless stated otherwise)

	Notes	As of 31 March 2022
ASSETS		
Current assets		
Financial Assets		
Cash and cash equivalents	9	124,298
Other financial assets	10	62,152
Non financial Assets		
Other current assets	11	2,270
		188,720
Total assets		**188,720**
LIABILITIES		
Non-current liabilities		
Financial liabilities		
Borrowings	13	184,949
		184,949
Current liabilities		
Financial liabilities		
Other current liabilities	14	12,990
Tax payable	8(b)	1,339
		14,329
Total liabilities		**199,278**
Net assets		**(10,558)**
EQUITY AND LIABILITIES		
Share capital	12	100
Accumulated losses		(10,658)
Total Equity		**(10,558)**

The financial statements on pages 9 to 22 were approved and authorized for issue by the Board of directors on 30 September 2022 and signed on its behalf by:

Pier Falcione (Sep 30, 2022 12:18 GMT+1)

Cihan Seuleiman

Director

Pier Alfonso Falcione

Director

Statement of Changes in Equity for the thirteen month period ended 31 March 2022

(All amounts are in KSH thousands, unless stated otherwise)

	Share Capital			
	No of shares	**Amount**	**Accumulated losses**	**Equity attributable to owners of the company**
At incorporation 24 March 2021	-	-	-	-
Issue of equity shares	1,000	100	-	100
Loss for the year	-	-	(10,658)	(10,658)
As of 31 March 2022	**1,000**	**100**	**(10,658)**	**(10,558)**

Airtel Mobile Commerce Services Limited
Statement of Cash Flows for the thirteen month period ended 31 March 2022
(All amounts are in KSH thousands, unless stated otherwise)

Particulars	Note	24 March, 2021 - 31 March 2022
Cash flows from operating activities		
Profit before tax		**(9,319)**
Adjustments for non cash items		
Interest on borrowings	7	1,198
Exchange fluctuation loss	6	2,479
Operating cash flow before changes in working capital		**(5,642)**
Changes in working capital		
Increase in other current assets	10 & 11	(64,422)
Increase in other current liabilities	14	14,267
Net cash from operations before tax		**(55,797)**
Income tax	8	(1,339)
Net cash used in operating activities (a)		**(57,136)**
Cash flows from financing activities		
Loan received	15	180,365
Withholding tax payment on interest expense		(118)
Proceeds for issue of share capital	12	100
Net cash generated from financing activities (b)		**180,347**
Net increase in cash and cash equivalents during the period (a+b)		**123,211**
Exchange fluctuation gain on USD bank Account		1,087
Add : Cash and cash equivalents as at the beginning of the period		-
Cash and cash equivalents as at the end of the period	9	**124,298**

1. Corporate information

1.1 Activities

The activities of the Company are that of providing services to group companies. The Company has its registered office at-The Oval, Ring Road, Parklands P.O. Box 962 00100 - G.P.O Nairobi, Kenya.

1.2 Group structure

The Company forms part of the Airtel Africa Group of companies.
Immediate parent company is Airtel Mobile Commerce B.V and the step-up parent companies are:

- Bharti Airtel Limited, India
- Airtel Africa plc, United Kingdom

2. Significant accounting policies

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), as issued by the IASB and the requirements of the Kenyan Companies Act, 2015.

For the purpose of reporting under the Kenyan Companies Act, 2015, the balance sheet in the financial statements is represented by the statement of financial position and the profit and loss statement is presented in the statement of Comprehensive Income.

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

b) Basis of preparation

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and Interpretations of those Standards as adopted by the International Accounting Standards Board.

The financial statements are reported in Kenya Shillings except when otherwise indicated.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements.

b) Foreign currency transactions

The financial statements are presented in Kenya Shillings which is the company's functional currency.

c) Taxes

No taxes were accrued for in the year.

d) 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).

e) Financial Instruments

➢ Recognition, classification and presentation

Financial instruments 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 classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

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.

f) 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.

g) 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.

h) Provisions

General
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 will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

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

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

j) Taxes

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

3. Application of new and revised International Financial Reporting Standards

3.1 New and amended Standards that are effective for the current year

New applicable IFRS and amendments to existing IFRSs have been applied by the Company as required, however, these amendments do not have any material impact on the Company's financial statements.

3.2 New and revised Standards 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.

- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
- Amendments to IAS 37 - Onerous contracts- cost of fulfilling contracts
- Amendments to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

3.3 Critical accounting estimates and judgments

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. The estimates and assumptions are based on the directors' best knowledge of current events, actions, historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. However, there are no critical accounting estimates and judgements that would affect the reported amounts of asset and liabilities.

4. Revenue

	For the period 24 March, 2021 - 31 March 2022
Management fees	62,152
	62,152

5. Employee benefits expense

	For the period 24 March, 2021 - 31 March 2022
Salaries and bonuses	54,051
Social security contribution	3,848
Employee insurance	277
Others	260
	58,436

6. Other expenses

	For the period 24 March, 2021 - 31 March 2022
Sales & marketing expense	8,889
Statutory audit fees	400
Bank charges	69
Exchange fluctuation loss	2,479
	11,837

7. Finance costs

	For the period 24 March, 2021 - 31 March 2022
Interest on borrowing	1,198
	1,198

8 (a). Tax expense

		For the period 24 March, 2021 - 31 March 2022
Current Tax		1,339
Deferred tax - income statement		-
Under/(over) provision of current tax in prior years		-
Under/(over) provision of deferred tax in prior years		-
Tax Expense for the period		1,339
Reconcilliation		
Accounting profit		(9,319)
Tax at	30%	(2,796)
Tax effect of:		
Expenses not deductible		1,249
Deferred tax asset not recognised		2,886
Under/(over) provision of deferred tax in prior years		-
Tax Expense for the period		1,339

8 (b). Tax payable

	As of 31st March 2022
As at incorporation 24 Mar 2021	-
Tax charge	1,339
Tax paid	-
Tax payable	1,339

9. Cash and cash equivalents

	As of 31st March 2022
Cash at bank	124,298
	124,298

10. Other financial assets

	As of 31st March 2022
Unbilled revenue receivable	62,152
	62,152

11. Other current assets

	As of 31st March 2022
Prepaid expenses	848
VAT recoverable	1,422
	2,270

12. Shareholder's equity

	As of 31st March 2022
Authorised share capital	
1,000 Ordinary shares of KES 100 each	100
Issued and paid-up share capital	
1,000 Ordinary shares of KES 100 each	100
	100

a) Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of KES 100 per share. Each holder of ordinary shares is entitled to one vote per share.

b) Details of shareholding

	As of 31st March 2022	
	No of shares	**Shareholding**
Equity Share of KES 100 each fully paid up		
Airtel Mobile Commerce B.V.	1,000	100%

(ii) Other equity

Retained earnings: Retained earnings represents the amount of accumulated earning of the company. The company incurred a loss during the period hence presented as accumulated losses.

13. Borrowings

	As of 31st March 2022
Loan from group company	184,949
	184,949

The loan is denominated in US Dollar and the calculated interest as at year end 2022 is based on 3 month libor+ 200 bps and is unsecured. Any outstanding principal loan amounts and accrued interest thereon will be payable in full by December 31, 2026, unless agreed otherwise between borrower and lender in writing.

14. Other current liabilities

	As of 31st March 2022
Salary and bonus payable	10,518
Statutory liabilities	1,894
Statutory audit accrual	400
Other payable	178
	12,990

15. Related party disclosure

Related parties and transactions with them in the ordinary course of business are disclosed below:

Entity Name	**Relationship**
Airtel Mobile Commerce B.V.	Immediate parent company

Transaction during the period	**For the year ended 31 March 2022 Airtel Mobile Commerce B.V.**
Loan taken	180,365
Interest expenses on loan	1,198
Total	181,563

Balance at the end of the period	**As of 31 March 2022 Airtel Mobile Commerce B.V.**
Loan payable	183,920
Interest payable	1,029
Total	184,949

16. Financial Risk Management Objectives and Policies

The company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk, liquidity risk and 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 program 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 the statement of comprehensive income.

At 31 March 2022, if the KShs had weakened/strengthened by 5% against the US dollar with all other variables held constant, post tax loss for the period would have been KShs 5,714 thousands lower/higher, mainly as a result of US dollar denominated bank balances and borrowings. There would be no impact on equity.

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 company's only variable interest bearing financial liabilities are its external borrowings of USD 1,609 thousands which are set at variable rates, and it is therefore exposed to cash flow interest rate risk. At 31 March 2022, an increase/decrease of 100 basis points would have resulted in a decrease/increase in pre-tax profit of KShs 5,341 thousands.

iii. Credit Risk

Credit risk arises from cash and deposits with banks and financial institutions. The company has no significant concentrations of 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.

The tables below detail the credit quality of the Company's financial assets as well as the Company's maximum exposure to credit risk by credit risk rating grade:

	Gross carrying amount	Loss allowance	Net amount
Cash and cash equivalent	124,298	-	124,298
Other financial asset	62,152	-	62,152
	186,450	**-**	**186,450**

Bank balances are not restricted and include deposits held with banks that have high credit ratings. Bank balances are thus considered investment grade. Impairment loss on the bank balances is therefore not material.

The Cash and Cash equivalents are carried at gross amount – amortized cost. The loss allowance on cash and cash equivalents, if recognized, would pass through the profit and loss account. The current liquid assets have been recognized as the principal amount receivable from the Banks excluding any interest.

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 table below summarizes the maturity profile of the company's financial liabilities based on contractual undisclosed payments:

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
Liabilities				
Borrowings	-	-	184,949	184,949
Other financial liabilities	12,990	-	-	12,990
Total financial liabilities	**12,990**	**-**	**184,949**	**197,939**

Capital Risk Management

Capital includes equity attributable to the equity holders of the company. The company manages its capital structure and makes adjustments to it, in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, the company may return capital to shareholders or issue new shares.

17. Fair Value of financial assets and liabilities

Set out below are the carrying amounts and fair values of the financial instruments that are carried in the financial statements.

	Carrying amount	Fair Value
Financial Assets		
Cash and cash equivalent	124,298	124,298
Other financial asset	62,152	62,152
	186,450	**186,450**
Financial liabilities		
Borrowings	184,949	184,949
Other financial liabilities	12,990	12,990
	197,939	**197,939**

18. Operations

The directors have put in place internal controls systems which include instituting measures to ensure adequate accounting records are maintained.

19. Commitments and Contingencies

i. Capital commitments

There were no capital commitments entered into by the company as at the reporting date.

ii. Legal claims

There were no known legal cases against the company as at the reporting date.

20. Incorporation

The company is incorporated and domiciled in Kenya under the Kenyan Companies Act. The parent company is Airtel Mobile Commerce B.V. which is incorporated in Netherlands.

21. Events after the reporting date

There are no material events after the reporting date that would require adjustment to, or disclosure in these financial statements.