AIRTEL MONEY KENYA LIMITED

ANNUAL REPORT

AND

FINANCIAL STATEMENTS FOR THE EIGHTEEN MONTH PERIOD ENDED

31 DECEMBER 2021

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AIRTEL MONEY KENYA LIMITED
Company Information

DIRECTORS
Mrs. Anne Kinuthia Otieno*
Mr. Japhet K. Aritho *

* Kenyan

REGISTERED OFFICE
LR No. 209/11880
Parkside Towers, Mombasa Road
P.O. Box 73146 - 00200
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

Equity Bank (Kenya) Limited
Equity Centre, Hospital Road, Upper Hill
P.O. Box 75104 – 00200
NAIROBI, KENYA

The directors submit their report together with the audited financial statements for the eighteen month period ended 31 December 2021, which discloses the state of affairs of Airtel Money Kenya Limited, (the "Company").

The Company was incorporated as a limited private company on 29 June 2020 in Kenya, under the Companies Act, 2015 (Reg No.PVT-JZU77XQ) and is domiciled in Kenya.

1. PRINCIPAL ACTIVITIES

The principal activity of the Company is to carry on business as a money remittance operator.

2. RESULTS

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

	2021
	KShs
Loss before tax	232,364
Tax	-
Loss after tax	**232,364**

3. DIRECTOR'S

The directors who held office during the year and to the date of this report are as listed below:

Name	Nationality	Role	Date of appointment/resignation
Mr. Japhet K. Aritho*	Kenyan	Director	Appointed on 29th June 2020
Mrs. Anne Kinuthia Otieno*	Kenyan	Director	Appointed on 16th November 2021

* Executive

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 two 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

...18 May.......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 ………18 May…………… 2022 and signed on its behalf by:

……………………………………… ……………………………

Anne Kinuthia Otieno
Director

Japhet Aritho
Director

Deloitte & Touche LLP
Certified Public Accountants (Kenya)
Deloitte Place
Waiyaki Way, Muthangari
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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF AIRTEL MONEY KENYA LIMITED

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Airtel Money Kenya limited ("the company"), set out on pages 9 to 20, which comprises of 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 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 on 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 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.

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 MONEY KENYA 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 Report of the Directors 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 Fred Okwiri - P/No 1699.**

Fredrick Okwiri

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

18 May 2022

AIRTEL MONEY KENYA LIMITED
Statement of profit or loss and other Comprehensive Income for the eighteen month period ended 31 December 2021
(All amounts are in KSH, unless stated otherwise)

	Notes	For the 18 months period ended 31 Dec 2021
Income		
Revenue		-
		-
Expenses		
Expenses	4	210,002
		210,002
Operating Loss		**(210,002)**
Finance cost	5	22,362
Loss before tax		**(232,364)**
Tax expense	6	-
Loss for the period		**(232,364)**
Other comprehensive income		-
Total comprehensive Loss for the period		**(232,364)**

AIRTEL MONEY KENYA LIMITED
Statement of Financial Position
(All amounts are in KSH. unless stated otherwise)

	Notes	As at 31 Dec 2021
Assets		
Current Assets		
Financial Assets		
Cash and cash equivalents	**8**	4,813,582
		4,813,582
Total Assets		**4,813,582**
Liabilities		
Current Liabilities		
Other payables	**10**	45,946
Total Liabilities		**45,946**
Net Assets		**4,767,636**
Equity		
Ordinary share capital	**9**	5,000,000
Accumulated losses		(232,364)
Total Equity		**4,767,636**

The financial statements on pages 9 to 20 were approved and authorized by the Board of directors on ....18 May..........2022 and signed on its behalf by:

....

Anne Kinuthia Otieno
Director

Japhet Aritho
Director

Equity attributable to owners of the company

	Ordinary Share capital	Accumulated Losses	Total Equity
At incorporation 29 June 2020	-	-	-
Issue of shares	5,000,000	-	5,000,000
Total comprehensive loss for the year		(232,364)	(232,364)
At 31 December 2021	**5,000,000**	**(232,364)**	**4,767,636**

Statement of Cash Flow for the eighteen month period ended 31 December 2021

(All amounts are in KSH, unless stated otherwise)

	Note	For the period ended 31 Dec 2021
Cash flows from operating activities		
Loss before taxation		(232,364)
Operating cash flow before changes in working capital		
Changes in working capital		
Increase in Other Payable	**10**	45,946
Net cash used in operating activities (a)		**(186,418)**
Cash flows from financing activities		
Proceeds from issuance of share capital	**9**	5,000,000
Net cash generated from financing activities (b)		**5,000,000**
Increase in cash and cash equivalents during the period (a+b)		4,813,582
Cash and cash equivalents at beginning of the period		-
Cash and cash equivalents at end of the period	**8**	**4,813,582**

1. CORPORATE INFORMATION

Airtel Money Kenya Limited (the "company") is incorporated in Kenya under the Kenyan Companies Act, 2015 as a private limited liability company and is domiciled in Kenya. The address of the registered office is:

LR No. 209/1180
Parkside Towers, Mombasa
Road
P.O. Box 73146-00200 City
Square
Nairobi

The parent company of this operation is Airtel Mobile Commerce Kenya B.V. (Incorporated in Netherlands). The principal activity of the Company is to carry on business as a money remittance operator dealing in inbound and outbound international money transfers.

2. SIGNIFICANT ACCOUNTING POLICES

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 financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values 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 at the measurement date, at which an asset can be sold or paid to transfer a liability, in an orderly transaction between market participants. The Company's accounting policies require measurement of certain financial / non-financial assets and liabilities at fair values (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortized cost are required to be disclosed in the said financial statements. The Company is required to classify the fair valuation method of the financial / non-financial assets and liabilities, either measured or disclosed at fair value in the financial statements, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurement). Accordingly, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

2. SIGNIFICANT ACCOUNTING POLICES (continued)

b) Basis of preparation(Continued)

The three levels of the fair-value-hierarchy are described below:

Level 1: Quoted (unadjusted) prices for identical assets or liabilities in active markets
Level 2: Significant inputs to the fair value measurement are directly or indirectly observable
Level 3: Significant inputs to the fair value measurement are unobservable.

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, are disclosed in Note 2(l).

c) Foreign currency transactions

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

d) Taxes

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

e) 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).

f) 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.

➢ **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 recognized at fair value. Other transaction costs are expensed as incurred in the Statement of Comprehensive Income.

2. SIGNIFICANT ACCOUNTING POLICES (continued)

f) Financial Instruments (continued)

II.Subsequent measurement - financial assets

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

- **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.

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).

➢ **Derecognition**

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.

Cash and cash equivalents, trade receivables and prepayments are the financial assets of the Company. Financial liabilities comprise the amounts to related parties arising from international money transfers. All financial assets and liabilities are valued at amortized cost due to their nature and fair value of the same approximate the carrying amount due to short term nature.

g) Statement of Cash flows

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

h) 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.

i) 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.

2. SIGNIFICANT ACCOUNTING POLICES (continued)

j) 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.

k) 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 IFRS 3 - Reference to the Conceptual Framework
- Amendments to IAS 1 and IFRS Practice Statement 2 -Disclosure of Accounting Policies
- Amendments to IAS 8 - Definition of Accounting Estimates

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. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

4. EXPENSES

	2021
Other administrative expenses	10,000
License fees	200,002
	210,002

5. FINANCE COST

	2021
Foreign exchange Loss	1,082
Bank charges	21,280
	22,362

6. INCOME TAX

The company's profit/ (loss) before income tax differs from the statutory profit/ (loss) before income tax amount as follows:

	2021
Loss as per accounts	(232,364)
Add	
Disallowed expense	
Unrealized forex loss	1,082
Adjusted Loss	**(231,282)**
Losses brought forward	-
Losses carried forward	**(231,282)**
Current tax	-

7. DEFFERED TAX

Deferred income tax is calculated using the tax rate of 30%. The movement of the deferred income tax account is as follows:

	2021
At start of year	-
Credit to profit or loss	69,709
Unrecognized asset	(69,709)
At end of year	-

A deferred tax asset of Kshs. 69,709 has not been recognized in the financial statement as it is not probable that future taxable profits will be available against which the deferred tax asset can be utilized.

8. CASH AND CASH EQUIVALENTS

	2021
Bank Balance	4,813,582

9. SHARE CAPITAL AND SHAREHOLDING

The shareholding of the Company as at 31 December 2021 is as stated below: -

	Number of shares	Par value KShs	Ordinary Shares KShs
At incorporation	-	-	-
Issue of shares	5,000	1,000	5,000,000
At 31 December 2021	**5,000**	**1,000**	**5,000,000**

10. OTHER PAYABLES

	2021
Due to related parties (Note 11)	5,944
Provision for Expenses	40,002
	45,946

11. RELATED PARTY TRANSACTIONS

Below is a summary of balance with related parties:

	Nature of Balance	As at 31-Dec-21	Relationship
Airtel Mobile commerce Kenya B.V.	Payables	5,944	Parent Company

12. 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. The company operates wholly within Kenya and its assets and liabilities are fully denominated in local currency.

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)
MARKET RISK (Continued)

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. However, the company is not exposed to this risk as it does not engage in borrowing activities due to its obligation being to hold cash in trust.

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:

31-Dec-21	**Gross carrying amount**	**Loss allowance**	**Net amount**
Cash and cash equivalent	4,813,582	-	4,813,582
	4,813,582	**-**	**4,813,582**

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**	**Totals**
At 31 December 2021:				
Liabilities				
Amounts due to related companies	5,944	-	-	5,944
Provisions	40,002	-	-	40,002
Total financial liabilities	**45,946**	**-**	**-**	**45,946**

13. 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.

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. The Financial assets and Financial liabilities are short term in nature so cost or carrying amount approximates the fair value.

	Carrying amount 2021	Fair value 2021
Financial Assets		
Cash and cash equivalents	4,813,582	4,813,582
Total financial assets	**4,813,582**	**4,813,582**
Financial Liabilities		
Trade and other payables	45,946	45,946
Total financial liabilities	**45,946**	**45,946**

14. OPERATIONS

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

15. COMMITMENTS AND CONTIGENCIES

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.

16. INCORPORATION

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

17. 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.