AIRTEL RWANDA LTD
ANNUAL REPORT AND FINANCIAL STATEMENT
FOR THE YEAR ENDED 31st DECEMBER,2021

AIRTEL RWANDA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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AIRTEL 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. Richard Mugisha	Chairman	Appointed on 01 December 2014
Mr. Amit Chawla	Managing Director	Appointed on 04 September 2018 Resigned on 31 August 2021
Mr. Emmanuel Hamez	Managing Director	Appointed on 01 September 2021
Mr. Alok Bafna	Non-Executive Director	Appointed on 04 July 2017
Mr. Olivier Pognon	Non-Executive Director	Appointed on 12 February 2018
Mr. Ian Ferrao	Non-Executive Director	Appointed on 16 September 2019

PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE

Airtel 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

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

Equity Bank Rwanda Plc
P.O. Box 494
Kigali, Rwanda

Deutche Bank
P.O. Box 5230
Kigali, Rwanda

Zigama CSS
P.O. Box 4772
Kigali, Rwanda

The Hongkong & Shanghai Banking Corporation Limited
Singapore

SECRETARY

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

LEGAL ADVISORS

Trust law chambers
P.O Box 6679
Kigali
Rwanda

B&A Advocates
P.O Box 4067
Kigali, Rwanda

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors submit their report on the affairs of 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. INCORPORATION INFORMATION

Airtel Rwanda Limited (the Company) is a limited liability Company incorporated and domiciled in Rwanda and its registered office is Airtel Rwanda Limited, Remera, Gasabo, P.O. Box 4164, Kigali Rwanda. The principal activity of the Company is the provision of a public GSM mobile telecommunication network in Rwanda.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are the provision of a public mobile telecommunication network.

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. Till 31 Mar 2021, mobile commerce services were being provided by Airtel Rwanda Limited.

3. RESULTS

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

4. DIVIDEND

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

5. RESERVES

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

6. DIRECTORS

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

7. STAFF WELFARE

Management has designed a number of compensation packages in order to recruit and retain good quality and dedicated staff, including advances. Other staff incentives include a health insurance package.

8. RELATIONSHIP WITH STAKEHOLDERS

Airtel Rwanda Limited continues to maintain a good relationship with all stakeholders including the regulators.

9. RELATED PARIES

All related party transactions and balances are disclosed in note 19 to these financial statements.

10. GOING CONCERN

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, churn rate and average revenue per user;

b) Will obtain funding from the third parties; and

c) The Company will be able to obtain from the shareholders 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.

11. 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.

12. . DISCLOSURE OF INFORMATION TO AUDITORS

Each of the directors at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that they ought to have taken to make themselves aware of any relevant audit information, and to establish that the company's auditor is aware of that information.

Approval of financial statements

The financial statements on pages 8 to 50 were approved at a meeting of the Directors held on 27th April 2022 and signed on its behalf by:

Shema Baker

Company Secretary

27th April 2022

airtel
Aitel Rwanda Ltd
Kigali

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.

Emmanuel Hamez
Managing Director
27.04.2022

Richard Mugisha
Chairman
27/04/2022

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REPORT OF THE INDEPENDENT AUDITORS

To the Management of Airtel Rwanda Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Airtel Rwanda Limited (the company) set out on pages 9 to 50, 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 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.

Material Uncertainty Related to Going Concern

Without qualifying our opinion, we draw your attention to note 35 of the financial statements which states that for the year ended 31 December 2021 the Company incurred a net loss of Rwf 000' 44,852,152 (2020: Rwf 000' 38,751,216). As at that date, accumulated losses were Rwf 000' 341,665,946 (2020: Rwf 000' 296,813,794) and the Company was in a net current liability position of Rwf 000'26,501,760 (2020: Rwf 000' 78,468,121). These conditions, along with other matters as set forth in note 35, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

Other Matter

The financial statements of the company for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those statements on May 26, 2021.

Other information

The Management are responsible for the other information. The other information comprises the Report of the Management 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.

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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 Management for the Financial Statements

The Management 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 Management 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 Management 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 Management 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 Management.

- Conclude on the appropriateness of the Management' 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

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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 Management 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.

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.

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

27/04/ **2022**

AIRTEL RWANDA LIMITED
For the Year ended December 31, 2021
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(All amounts are in thousands of Rwf)

	Note	For the year ended 31 December 2021	2020
Revenue	5	38,352,219	39,006,110
Cost of sales	6	(5,387,239)	(6,099,258)
Gross profit		**32,964,980**	**32,906,852**
Selling and distribution costs	7	(4,187,268)	(5,396,373)
Administrative expenses	8	(8,819,460)	(8,466,335)
Other operating expenses (Net)	9	(39,143,113)	(38,843,097)
Operating loss		(19,184,861)	(19,798,953)
Foreign exchange loss	10	(17,158,112)	(15,016,723)
Finance costs(Net)	11	(12,684,427)	(12,345,970)
Exceptional item	36	4,175,248	-
Loss before taxation		**(44,852,152)**	**(47,161,646)**
Deferred tax gain	15	-	8,410,430
Income tax expense	26	-	-
Loss for the period		**(44,852,152)**	**(38,751,216)**
Other comprehensive income		-	-
Total comprehensive loss		(44,852,152)	(38,751,216)

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AIRTEL RWANDA LIMITED

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

	Notes	As at 31st December 2021	2020
Non-current assets			
Property, plant and equipment	12	45,520,201	56,421,684
Capital work in progress	12	847,180	1,140,992
Right of use asset	14	22,245,083	18,711,654
Intangible assets	13	9,928,804	12,210,506
Goodwill	15	10,242,636	10,242,636
Other non-financial assets	16	1,358,377	1,317,347
		90,142,281	100,044,819
Current assets			
Inventories	17	65,994	50,308
Trade and other receivables	18	12,262,088	10,971,279
Due from related parties	19	13,470,745	9,353,846
Cash and cash equivalents	22	1,909,459	4,015,888
		27,708,286	24,391,321
Total assets		117,850,567	124,436,140
Equity			
Share capital	21	100,000	100,000
Accumulated losses		(341,665,946)	(296,813,794)
		(341,565,946)	(296,713,794)
Non-current liabilities			
Borrowings	20	372,480,050	296,401,991
Obligation under lease liability	28(c)	32,726,417	21,589,031
Asset retirement obligation	27	-	299,470
		405,206,467	318,290,492
Current liabilities			
Obligations under lease liability	28(c)	4,919,150	6,584,101
Borrowings	20	3,294,385	51,252,985
Trade and other payables	23	30,458,253	30,002,895
Due to related parties	19	10,382,533	8,965,061
Deferred revenue	24	2,030,320	2,269,693
Bank overdraft	25	3,125,405	3,784,707
		54,210,046	102,859,442
Total equity & liabilities		117,850,567	124,436,140

The financial statements on pages 8 to 50 were approved by the board of directors on .... 2022 and were signed on its behalf by:

Emmanuel Hamez
Managing Director
27.06.2022

Richard Mugisha
Chairman
27/04/2022

Airtel Rwanda Ltd
Kigali

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

	Share capital Rwf '000	Accumulated losses Rwf '000	Total Rwf '000
At 1 January 2020	100,000	(258,062,578)	(257,962,578)
Total comprehensive loss	-	(38,751,216)	(38,751,216)
At 31 December 2020	100,000	(296,813,794)	(296,713,794)
At 1 January 2021	100,000	(296,813,794)	(296,713,794)
Total comprehensive loss	-	(44,852,152)	(44,852,152)
At 31 December 2021	100,000	(341,665,946)	(341,565,946)

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AIRTEL RWANDA LIMITED

STATEMENT OF CASH FLOWS
All amounts are in thousands of Rwf

	Note	For the year ended 31 December 2021	2020
OPERATING ACTIVITIES:			
Loss before tax		(44,852,152)	(47,161,646)
Adjustments for:			
Depreciation	12	12,871,503	14,013,933
Amortizations	13	2,281,702	2,309,573
Depreciation -Right of use asset	14	4,723,397	4,760,842
Provision for bad debt	8	38,747	529,773
Unrealized foreign exchange	10	16,441,050	14,603,689
Interest expenses/(net of reversal)	11	10,223,416	10,018,792
Fair Value of loan amortization	20	2,461,011	2,256,925
Exceptional item	36	(4,175,248)	-
Operating Profit before working capital changes		13,426	1,331,881
Working Capital Changes			
Inventories		(15,686)	(50,307)
Trade and other receivables and due from related party		(5,700,072)	(668,523)
Trade and other payables and due to Related party		1,516,272	(5,574,013)
Deferred revenue		(239,373)	(52,028)
Net cash used in operating activities		(4,425,433)	(5,012,990)
Income tax paid		-	-
Net cash used in operating activities		(4,425,433)	(5,012,990)
INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	12&14	(4,348,620)	(7,576,196)
Sale of property, plant and equipment		13,828,903	-
Net cash generated from/used in investing activities		9,480,283	(7,576,196)
FINANCING ACTIVITIES:			
Proceeds from borrowings	20	11,549,710	23,620,323
Repayment of borrowings	20	(1,685,412)	(1,043,130)
Repayment of lease – Principal and Interest		(11,865,091)	(8,366,952)
Interest and other finance charges paid		(4,501,184)	(4,131,404)
Net cash used in/generated from financing activities		(6,501,977)	10,078,837
Increase/(decrease) in cash and cash equivalents		(1,447,127)	(2,510,349)
Cash and cash equivalents at the beginning of the year		231,181	2,741,530
Cash and cash equivalents at the end of the year		(1,215,946)	231,181
Represented by:			
Cash at bank and on hand	22	1,909,459	4,015,888
Bank overdraft	25	(3,125,405)	(3,784,707)
		(1,215,946)	231,181

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate information

Airtel Rwanda Limited (the Company) is a limited liability Company incorporated and domiciled in Rwanda and its registered office is Airtel Rwanda Limited, Remera, Gasabo, P.O. Box 4164, Kigali Rwanda. The principal activity of the Company is the provision of a public GSM mobile telecommunication network in Rwanda.

The parent Company is Bharti Airtel Rwanda Holdings Limited, which owns 100% shareholding of the Company. The step-up parent of the company is Airtel Africa plc (formerly known as Airtel Africa Limited) which is listed in London Stock Exchange. The step-up parent of Airtel Africa plc is Bharti Airtel Limited which is registered in India and listed in Bombay Stock Exchange and National Stock Exchange of India.

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

2.1. 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 management. Consequently, a Company recognises such sales proceeds and related costs in profit or loss.	1 January 2022
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 specifies 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.

3.2 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 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. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities, excluding discounts, rebates, and net of value-added tax (VAT) or duty.

The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. The Company recognises revenue when it is probable that future economic benefits will flow to the Company and when specific criteria have been met for each of the Company's activities as described below.

The following specific recognition criteria must also be met before revenue is recognised:

- *Sales of goods*

Sales of goods (handsets) are recognised in the period in which the Company delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

- *Service revenues*

Service revenues include amounts invoiced for usage charges, fixed monthly subscription charges, internet usage charges, roaming charges, activation fees and fees for value added services ('VAS'). Service revenues also include revenues associated with access and interconnection for usage of the telephone network of other operators for local, domestic long distance and international calls.

Service revenues are recognised as the services are rendered and are stated net of discounts, waivers and taxes. Revenues from pre-paid cards are recognised based on actual usage. Activation revenue and cost are recognized upfront on sim and activation Subscriber acquisition costs are expensed as incurred.

Revenues from national and international long-distance operations comprise revenue from provision of voice services which are recognised on provision of services while revenue from provision of bandwidth services is recognised over the period of arrangement.

The company estimates that the historic average customer life is longer than 12 months and believes that its churn rate provides the best indicator of anticipated average customer life and thus defer the cost basis the average customer life.

Deferred revenue includes amount received in advance on pre-paid cards. The related services are expected to be performed within the next operating cycle.

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').

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Defined Contribution plans

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. The Company's RSSB contributions are charged to profit or loss in the period to which they relate.

Defined benefit plans

The company has defined benefit plans in form of 'Retirement Benefits' and 'Severance Pay' wherein, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each quarterly reporting periods. The obligation towards the said benefits is recognised in the balance sheet under provisions, at the present value of the defined benefit obligations. The present value of the said obligation is determined by discounting the estimated future cash outflows, using an appropriate discount rate.

Defined benefit costs are split into the following categories:

i. Service costs, which includes current service cost, past service cost and gains and losses on curtailments and settlements;
ii. Interest expense; and
iii. Re-measurements.

The company recognises service costs within profit or loss as employee benefit expenses. Past service, cost is recognised in profit or loss when the plan amendment or curtailment occurs. Gains or losses on settlement of a defined benefit plan are recognised when the settlement occurs. Interest cost is calculated by applying a discount rate to the defined benefit liability and is recognised within finance costs. Re-measurements comprising actuarial gains and losses are recognised immediately as a charge or credit to other comprehensive income in the period in which they occur. Re-measurements recognised in other comprehensive income are not reclassified.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Other entitlements

The estimated monetary liability for employees accrued annual leave entitlement at the reporting date is recognised as an expense accrual.

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 are 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 and capital work in progress

1) 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:

- Buildings - 20 years
- Buildings improvements - Period of lease or 20 years, whichever is less
- Network equipment - 3 - 25 years
- Motor Vehicles - 5 years
- Furniture and fixtures and office equipment - 2-5 years
- Computer equipment - 1-3 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.

(ii) *Capital work-in- progress*
Assets related to construction/installation of capital projects are measured at historical costs which is comprised of purchase price plus any expenditure incurred up to the completion date. All capital work in progress are only transferred into the relevant property, plant and equipment categories once completed and commissioned.

3.8. *Intangible assets*
The Company's intangible asset comprises of licenses, goodwill and Customer base.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Acquired licenses and customer base are initially recognised at cost. Subsequently, license and customer base are measured at cost less accumulated amortization and accumulated impairment loss, if any. Amortization is recognised in profit or loss on a straight-line basis over their useful lives. 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.

Goodwill represents the cost of the acquired businesses in excess of the fair value of identifiable net assets purchased. Goodwill is not amortised; however, it is tested annually for impairment and carried at cost less any accumulated impairment losses. The gain / (losses) on the disposal of a cash-generating-unit ('CGU') include the carrying amount of goodwill relating to the CGU sold (in case goodwill has been allocated to group of CGUs; it is determined on the basis of the relative fair value of the operations sold).

Revaluation

After initial recognition, intangible assets excluding goodwill, are carried at revalued amounts, being the fair value at the date of revaluation, less any accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

Any revaluation increase arising on intangible assets is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in
carrying amount arising on the revaluation of such assets is charged as an expense to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

If an intangible asset in a class of revalued intangible assets cannot be revalued because there is no active market for the asset, the asset is carried at its cost less any accumulated amortisation and impairment losses.

If the fair value of a revalued intangible asset can no longer be measured by reference to an active market, the carrying amount of the asset shall be its revalued amount at the date of the last revaluation by reference to the active market less any subsequent accumulated amortisation and any subsequent accumulated impairment losses. The fact that an active market no longer exists for a revalued intangible asset may indicate that the asset may be impaired and that it needs to be tested in accordance with IAS 36 Impairment of Assets.

Cost and revaluation model

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss.

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate;
- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- the intention to complete and its ability and intention to use or sell the asset;
- how the asset will generate probable future economic benefits;
- the availability of resources to complete the asset;
- the ability to measure reliably the expenditure attributable to the intangible asset during development; and
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset

Subsequent to initial recognition of the development expenditure as an asset, the asset is carried at cost or revaluation as applicable less accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. The intangible is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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).

For the purpose of the statement the cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts included in current liabilities in the statement of financial position and which are considered an integral part of the Company's cash management.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 of Financial Assets

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.

d. *Foreign exchange gains and losses*

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

• for financial assets measured at amortised cost, exchange differences are recognised in profit or loss;

• for debt instruments measured at FVTOCI, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss. Other exchange differences are recognised in other comprehensive income in the investments revaluation reserve;

• for financial assets measured at FVTPL, exchange differences are recognised in profit or loss; and

• for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve

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. *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.

3.17. Leases

The company has applied IFRS 16 using the modified retrospective approach with effect from January 1, 2019. The company elected to apply the practical expedient included in IFRS 16 and therefore retained its existent assessment under IAS 17 and IFRIC 4 as to whether a contract entered or modified before January 1, 2016 contains a lease.

At inception of a contract, the Company assesses a contract as, or containing, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether the contract involves the use of an identified asset, the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and the Company has the right to direct the use of the asset.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3.17.1. Company as a lessee

On initial application of IFRS 16, the Company recognised a lease liability measured at the present value of all the remaining lease payments, discounted using the lessee's incremental borrowing rate at January 1, 2019 whereas the Company has elected to measure right-of-use asset at its carrying amount as if IFRS 16 had been applied since the lease commencement date, but discounted using the lessee's incremental borrowing rate at January 1, 2019. The Company has elected not to recognise a lease liability and a right-of-use asset for leases for which the lease term ends within twelve months of January 1, 2019 and has accounted for these leases as short-term leases.

For new lease contracts, the Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee in the statement of financial position. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), variable lease payments that are based on consumer price index ('CPI'), the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Subsequently, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments including due to changes in CPI or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or when the lease contract is modified and the lease modification is not accounted for as a separate lease. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the related right-of-use asset has been reduced to zero. Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs, and restoration costs.

Subsequent to initial recognition, right-of-use asset are stated at cost less accumulated depreciation and any impairment losses and adjusted for certain re-measurements of the lease liability. Depreciation is computed using the straight-line method from the commencement date to the end of the useful life of the underlying asset or the end of the lease term, whichever is shorter. The estimated useful lives of right-of-use assets are determined on the same basis as those of the underlying property and equipment.

In the statement of financial position, the right-of-use assets and lease liabilities are presented separately.

When a contract includes lease and non-lease components, the Company allocates the consideration in the contract on the basis of the relative stand-alone prices of each lease component and the aggregate stand-alone price of the non-lease components.

i. *Plant and equipment*
The Company leases passive infrastructure for providing telecommunication services under composite contracts which include lease of passive infrastructure and land on which the passive infrastructure is built as well as maintenance, security, provision of energy etc. services. These leases typically run for a period of 3 to 15 years. Some leases include an option to renew the lease mainly for an additional period of 3 to 10 years after the end of initial contract term.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

A portion of certain lease payments change on account of changes in consumer price indices (CPI). Such payment terms are common in lease agreements in the geography where the Company operates. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

ii. *Other leases*
The Company's other leases comprise of lease of shops, showrooms, guest houses, warehouses, data centers, vehicles and Indefeasible right of use (IRU)

3.17.2. Company as a lessor

Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Amounts due from lessees under a finance lease are recognised as receivables at an amount equal to the net investment in the leased assets. Finance lease income is allocated to the periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the finance lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

When a contract includes lease and non-lease components, the Company applies IFRS 16 to allocate the consideration under the contract to each component.

The Company enters into 'Indefeasible right to use' ('IRU') arrangements wherein the right to use the assets is given over the substantial part of the asset life. However, as the title to the assets and the significant risks associated with the operation and maintenance of these assets remains with the Company, such arrangements are recognised as operating lease. The contracted price is recognised as revenue during the tenure of the agreement. Unearned IRU revenue received in advance is presented as deferred revenue within liabilities in the statement of financial position.

3.18. *Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on first-in first-out basis. Net realisable value represents the estimated selling prices for inventories less all estimated costs of completion and costs necessary to make the sale.

3.19. *Comparatives*

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 19.

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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		31 December 2021 Rwf'000	31 December 2020 Rwf'000
5.	**Revenue**		
	Voice revenue	13,709,010	14,109,127
	Data revenue	7,354,669	7,634,595
	Messaging and VAS revenue	3,822,099	3,559,844
	Leaseline revenue	7,067,571	4,775,755
	Roaming revenue	405,122	529,212
	Interconnect revenue	3,497,305	4,072,531
	Site share revenue	489,610	1,799,342
	Airtel money services	336,880	1,983,586
	Others	102,425	296,457
	Inter-segment elimination	(180,350)	(1,056,562)
	Revenue from services	36,604,341	37,703,887
	Sale of goods	1,747,878	1,302,223
	Total	38,352,219	39,006,110

Performance obligations that are unsatisfied or partially satisfied amounts to Rwf 2,030,320 thousand as at 31 December 2021 and Rwf 2,269,693 thousands as at 31 December 2020 respectively. Contract assets (unbilled debtors) amounts to Rwf 1,258,861 thousand as at 31 December 2021 and Rwf 917,456 thousands as at 31 December 2020 respectively.

6.	**Cost of sales**		
	Interconnection international costs	999,036	1,681,344
	Interconnection Local costs	1,738,759	1,798,993
	Fees on international interconnect traffic (IGTVS fees)	739,886	1,322,428
	Cost of handsets and accessories	1,638,843	1,334,438
	Cost of scratch and sim cards	339,722	98,037
	Roaming charges net of discount	(69,007)	(135,982)
		5,387,239	6,099,258
7.	**Selling and distribution costs**		
	Marketing Expenses	1,106,537	2,011,516
	Sales and distribution expenses	3,080,731	3,384,857
		4,187,268	5,396,373
8.	**Administrative expenses**		
	Employee costs	6,360,785	5,999,422
	Travel costs	194,087	104,022
	Professional fees	180,254	345,818
	Provision for bad debts	38,747	529,773
	Warehouse expenses	265,760	308,585
	Audit fees	61,660	44,637
	Operating license	10,555	50,148
	Other administrative costs	1,707,612	1,083,930
		8,819,460	8,466,335

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		31 December 2021 Rwf'000	31 December 2020 Rwf'000
9.	**Other operating expenses**		
	Network operation and maintenance costs	14,864,753	12,927,090
	Depreciation	12,871,503	14,013,933
	Depreciation- Finance Lease	4,723,397	4,760,842
	Amortization	2,281,702	2,309,573
	Customer care expenses	711,345	1,306,958
	Motor vehicle expenses	41,257	77,447
	Bank charges and commissions	52,042	81,583
	Regulatory costs	2,598,664	2,580,747
	IT expenses	770,961	726,877
	Other sundry expenses	227,489	58,047
		39,143,113	38,843,096
10.	**Foreign exchange loss (Net)**		
	Foreign exchange – realized	717,062	413,034
	Foreign exchange – unrealized	16,441,050	14,603,689
		17,158,112	15,016,723
11.	**Finance costs**		
	Interest on borrowings	6,866,273	6,371,769
	Finance lease interest	5,680,431	5,903,947
	Other finance costs	137,723	70,254
		12,684,427	12,345,970

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Property, plant and equipment

Year ended 31 December 2021	Building Improvements Rwf'000	Buildings Rwf'000	Network Equipment Rwf'000	Furniture and fixtures Rwf'000	Computer equipment Rwf'000	Motor Vehicles Rwf'000	Total Rwf'000	Capital work-in progress[1] Rwf'000
Cost								
At 01 January 2021	377,755	4,613,321	200,944,851	2,713,455	24,528,635	905,390	234,083,407	1,140,992
Additions	(11,201)	-	4,737,649	(7,228)	1,410,529	-	6,129,749	6,347,840
Capitalized	-	-	-	-	-	-	-	(6,129,749)
Adjustment	-	-	(1,854,517)		(19,689)		(1,874,206)	-
Disposal	-	-	(27,138,415)	(1,018,163)	(855,052)	-	(29,011,630)	(511,903)
At 31 December 2021	366,554	4,613,321	176,689,568	1,688,064	25,064,423	905,390	209,327,320	847,180
Accumulated Depreciation								
At 01 January 2021	176,390	1,808,096	150,554,351	1,765,871	22,461,890	895,125	177,661,723	-
Charge for the year/Reclass	12,204	266,497	11,055,984	(53,700)	1,580,253	10,265	12,871,503	-
Disposal	(1,471)	-	(25,730,188)	(205,569)	(788,879)	-	(26,726,107)	-
At 31 December 2021	187,123	2,074,593	135,880,147	1,506,602	23,253,264	905,390	163,807,119	-
Net carrying amount								
At 31 December 2021	179,431	2,538,728	40,809,421	181,462	1,811,159	-	45,520,201	847,180

[1] The carrying value of Capital work-in progress as at December 31, 2021 and December 31, 2020 mainly pertains to network equipment

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Property, plant and equipment (Continued)

Year ended 31 December 2020	Building Improvements Rwf'000	Buildings Rwf'000	Network Equipment Rwf'000	Furniture and fixtures Rwf'000	Computer equipment Rwf'000	Motor Vehicles Rwf'000	Total Rwf'000	Capital work in progress Rwf'000
<u>Cost</u>								
At 01 January 2020	377,755	4,608,821	194,014,868	2,368,808	22,788,289	905,390	225,063,931	2,584,272
Additions	-	4,500	6,807,967	466,663	1,740,346	-	9,019,476	(1,443,280)
Reclass	-	-	122,016	(122,016)	-	-	-	
Disposal	-	-		-	-	-	-	
At 31 December 2020	377,755	4,613,321	200,944,851	2,713,455	24,528,635	905,390	234,083,407	1,140,292
<u>*Accumulated Depreciation*</u>								
At 01 January 2020	164,321	1,541,652	138,651,742	1,472,347	20,943,775	873,953	163,647,790	-
Charge for the year	12,069	266,444	11,902,609	293,524	1,518,115	21,172	14,013,933	-
Reclass	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-
At 31 December 2020	176,390	1,808,096	150,554,351	1,765,871	22,461,890	895,125	177,661,723	-
<u>*Net carrying amount*</u>								
At 31 December 2020	201,365	2,805,225	50,390,500	947,584	2,066,745	10,265	56,421,684	1,140,292

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Intangible assets

	Licenses including spectrum	Customer base	Total
	Rwf 000'	Rwf 000'	Rwf 000'
Year ended 31 December 2021			
Cost			
At 01 January 2021	33,211,859	3,686,000	36,897,859
Additions	-	-	-
Reclass	-	-	-
As at 31 December 2021	33,211,859	3,686,000	36,897,859
Accumulated Amortization			
At 01 January 2021	22,538,364	2,148,989	24,687,353
Charge for the year	1,544,501	737,201	2,281,702
Reclass	-	-	-
As at 31 December 2021	24,082,865	2,886,190	26,969,055
Net carrying amount			
At 31 December 2021	9,128,994	799,810	9,928,804

	Licenses including spectrum	Customer base	Total
	Rwf 000'	Rwf 000'	Rwf 000'
Year ended 31 December 2020			
Cost			
At 01 January 2020	31,602,093	3,686,000	35,288,093
Additions	1,609,766	-	1,609,766
Reclass	-	-	-
As at 31 December 2020	33,211,859	3,686,000	36,897,859
Accumulated Amortization			
At 01 January 2020	20,965,991	1,411,789	22,377,780
Charge for the year	1,572,373	737,200	2,309,573
Reclass	-	-	-
As at 31 December 2020	22,538,364	2,148,989	24,687,353
Net carrying amount			
At 31 December 2020	10,673,495	1,537,011	12,210,506

14. Right of use assets

	Plant and equipment Rwf 000'	Others* Rwf 000'	Total Rwf 000'
Year ended 31 December 2021			
Cost			
Balance at 1 January 2021	25,334,794	2,132,836	27,467,630
Additions	16,787,962	(7,184,299)	9,603,663
Reclass	220,949	-	220,949
Deletions	(2,760,861)	-	(2,760,367)
Balance at 31 December 2021	39,582,844	(5,051,463)	34,531,381
Accumulated Depreciation			
Balance at 1 January 2021	7,193,983	1,561,993	8,755,976
Depreciation charge for the year	4,651,922	71,475	4,723,397
Reclass	345,963	-	345,963
Deletions	(1,539,038)	-	(1,539,038)
Balance at 31 December 2021	10,652,830	1,633,468	12,286,298
Net carrying amount			
At 31 December 2021	28,930,014	(6,684,931)	22,245,083
Year ended 31 December 2020			
Cost			
Balance at 1 January 2020	24,476,967	2,132,836	26,609,803
Additions	857,827	-	857,827
Deletions/Reclass	-	-	-
Balance at 31 December 2020	25,334,794	2,132,836	27,467,630
Accumulated Depreciation			
Balance at 1 January 2020	3,095,078	802,503	3,897,581
Depreciation charge for the year	4,001,352	759,490	4,760,842
Deletions/Reclass	97,553	-	97,553
Balance at 31 December 2020	7,193,983	1,561,993	8,755,976
Net carrying amount			
At 31 December 2020	18,140,811	570,843	18,711,654

*Others includes gain on sale of tower assets pertaining to the rights retained by Airtel Rwanda Limited which is deferred and amortised over the period of the lease i.e., 10 years as per Para 100(a) of IFRS 16 (Refer note 37 for details)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15(i) Goodwill

	2021 Rwf'000	2020 Rwf'000
Goodwill	10,242,636	10,242,636

15(ii) Deferred tax

Deferred tax Liability on fair value of assets acquired	-	8,410,430
Deferred tax gain	-	-
Deferred tax Asset recognized in current year	-	(8,410,430)
	-	-

16. Other non-financial assets

Payments under protest	303,438	303,438
Security deposits	1,300	9,419
Prepaid expense	1,053,639	1,004,490
	1,358,377	1,317,347

17. Inventories

Handsets and Accessories	349,268	259,634
Provisions for Handsets and Accessories	(283,274)	(209,326)
	65,994	50,308
Below is the reconciliation of Provision		
As on 1 January	209,326	417,996
Aged based Provision/(Recovery)	73,948	(208,670)
	283,274	209,326

The Company's scratch cards, and sim cards net realizable value is zero, hence the balances at each period are provided for in full while provision for devices is aged based and lower of net realizable value or cost.

18. Trade and other receivables

Trade receivables	11,222,986	11,275,971
Expected Credit Loss	(6,699,669)	(6,389,050)
	4,523,317	4,886,921
Other receivables	3,602,312	2,336,621
Vat refundable	2,579,633	2,453,559
Prepayment and Deposits	1,556,826	1,294,178
	12,262,088	10,971,279
Movement of Expected Credit Loss		
Opening Balance	(6,389,050)	(5,847,753)
Add: Additions	(46,865)	(536,261)
Add: Provision created against revenue	(263,754)	(5,035)
Closing Balance	(6,699,669)	(6,389,050)

19. 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 agreed pricing between related parties. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There has been no guarantee provided for any related party payables. Other related party though not 'related parties' as per the definition of IAS 24 'Related party Disclosures', have been included by way of a voluntary disclosure, following the best corporate governance practices.

(i) Due from related parties

	Relationship	2021 Rwf'000	2020 Rwf'000
Airtel Tchad S.A.	Fellow subsidiary	4	93
Airtel Congo S.A.	Fellow subsidiary	755	232
Airtel Congo (RDC) S.A.	Fellow subsidiary	5,873,826	3,691,776
Airtel Gabon S.A.	Fellow subsidiary	4,822	1,479
Airtel Networks Kenya Limited	Fellow subsidiary	522,144	473,763
Airtel Madagascar S.A.	Fellow subsidiary	71,076	-
Airtel Malawi plc	Fellow subsidiary	176,351	149,558
Celtel Niger S.A.	Fellow subsidiary	797,332	1,233,623
Airtel Networks Limited	Fellow subsidiary	88,952	70,727
Airtel Tanzania Plc	Fellow subsidiary	20,256	726,713
Airtel Uganda Limited	Fellow subsidiary	831,430	721,865
Airtel Networks Zambia Plc	Fellow subsidiary	71,930	66,157
Airtel (Seychelles) Limited	Fellow subsidiary	23	21
Airtel Mobile Commerce Rwanda Limited	Fellow subsidiary	3,494,858	90,105
Bharti Airtel (UK) Limited	Fellow subsidiary	1,199,701	1,645,079
Bharti Airtel Limited	Step up parent	9,711	72,290
Airtel Mobile Commerce Zambia Limited	Fellow subsidiary	106,338	95,471
Airtel Mobile Commerce (Tanzania) Limited	Fellow subsidiary	8,399	1,430
Airtel Mobile Commerce Uganda Limited	Fellow subsidiary	-	193
Airtel Mobile Commerce Limited (Malawi)	Fellow subsidiary	192,782	313,242
Airtel Ghana Limited (JV)	Other related party	55	29
		13,470,745	9,353,846

19. Related party transactions and balances (Continued)

(ii) Due to related parties

Due to related Party		2021 Rwf'000	2020 Rwf'000
Airtel Tchad S.A.	Fellow subsidiary	153	108
Airtel Congo S.A.	Fellow subsidiary	467	451
Airtel Congo (RDC) S.A.	Fellow subsidiary	4,262,919	3,629,501
Airtel Gabon S.A.	Fellow subsidiary	28,655	27,206
Airtel Networks Kenya Limited	Fellow subsidiary	1,979,686	1,895,284
Airtel Madagascar S.A.	Fellow subsidiary	12,608	12,066
Airtel Malawi plc	Fellow subsidiary	6,149	6,332
Celtel Niger S.A.	Fellow subsidiary	25,455	24,342
Airtel Networks Limited	Fellow subsidiary	48,085	82,415
Airtel Tanzania Plc	Fellow subsidiary	20,035	661,908
Airtel Uganda Limited	Fellow subsidiary	2,822,011	1,366,662
Airtel Networks Zambia Plc	Fellow subsidiary	34,774	32,970
Airtel (Seychelles) Limited	Fellow subsidiary	9,335	8,927
Bharti Airtel Limited	Step up parent	25,866	47,977
Network I2I Limited	Step up parent	569,908	630,045
Nxtra data Limited	Fellow subsidiary	12,231	15,946
Airtel Mobile Commerce BV	Fellow subsidiary	13,788	13,754
Bharti Airtel Rwanda holdings Limited	Parent	232,725	222,556
Bharti Airtel International (Netherlands) B.V.	Step up parent	124,737	126,786
Bharti Airtel (UK) Limited	Fellow Subsidiary	114,401	73,785
Airtel Mobile Commerce (Tanzania) Limited	Fellow subsidiary	911	915
Airtel Mobile Commerce Uganda Limited	Fellow subsidiary	2,602	8,584
Airtel Money Transfer Limited	Fellow subsidiary	295	-
Airtel Ghana Limited (JV)	Other related party	34,737	76,541
		10,382,533	8,965,061

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19. Related party transactions and balances (Continued)

(iii) Key management compensation

Key management personnel are described as the persons having authority and responsibility for planning, directing and controlling the activities of the company directly or indirectly, including Executive Directors of the company. For the company these includes executive committee members.

Details of Key management personnel

(a) Amit Chawla (Till August 31, 2021)
(b) Emmanuel Hamez (Since September 1, 2021)
(c) Andry Henintsoa Ratsimbason (Till July 30, 2021)
(d) Juliet Gakwerere (Since August 23, 2021)
(e) Pedro Daniel Chirinos Cardozo (Till April 27, 2021)
(f) Ibrahim Daramie
(g) Pacifique Kabanda
(h) Innocent Nsabumuhire
(i) Rahul Bedi
(j) Baptiste Ruhumuriza
(k) Pierre Kayitana

Remuneration to Key management personnel are as below:	2021 Rwf'000	2020 Rwf'000
(a) Salaries and other employment benefits	2,051,193	1,795,891
(b) Directors fees and sitting allowance	43,586	43,859

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Related party transactions and balances (Continued)

(iv) Purchase of Goods and services

	Goods/Service	Relationship	2021 Rwf'000	2020 Rwf'000
Airtel Tchad S.A.	Interconnect and Roaming Cost	Fellow subsidiary	67	10
Airtel Congo S.A.	Interconnect and Roaming Cost	Fellow subsidiary	44	19
Airtel Congo (RDC) S.A.	Interconnect and Roaming Cost	Fellow subsidiary	468,687	775,528
Airtel Gabon S.A.	Interconnect and Roaming Cost	Fellow subsidiary	1,149	360
Airtel Networks Kenya Limited	Interconnect and Roaming Cost	Fellow subsidiary	10,973	58,568
Airtel Madagascar S.A.	Interconnect and Roaming Cost	Fellow subsidiary	6	65
Airtel Malawi plc	Interconnect and Roaming Cost	Fellow subsidiary	19	463
Airtel Malawi plc	Employee expense cross charge	Fellow subsidiary	-	1,917
Airtel Niger S.A.	Interconnect and Roaming Cost	Fellow subsidiary	4	7
Celtel Niger S.A.	Materials	Fellow subsidiary	-	23,193
Airtel Networks Limited	Interconnect and Roaming Cost	Fellow subsidiary	1,377	1,484
Airtel (Seychelles) Limited	Interconnect and Roaming Cost	Fellow subsidiary	-	78
Airtel (Seychelles) Limited	Materials	Fellow subsidiary	-	8,563
Airtel Tanzania Plc	Interconnect, Roaming and Leaseline	Fellow subsidiary	6,010	23,505
Airtel Uganda Limited	Interconnect and Roaming Cost	Fellow subsidiary	201,294	392,333
Airtel Uganda Limited	Leaseline	Fellow subsidiary	1,210,219	819,467
Airtel Uganda Limited	Materials	Fellow subsidiary	119,804	-
Airtel Networks Zambia Plc	Interconnect and Roaming Cost	Fellow subsidiary	558	4,647
Bharti Airtel Limited	Interconnect and Roaming Cost	Step up parent	4,797	4,895
Bharti Airtel (UK) Limited	Interconnect, Roaming and others	Fellow Subsidiary	285,401	399,480
Nxtra Data Limited	Data Centre	Fellow subsidiary	1,076	13,970
Network I2I Limited	Seacom cabling charges	Step up parent	178,144	212,643
Bharti Airtel International (Netherlands) B.V.	Cross Charge of expenses	Step up parent	20,630	46,931
Airtel Mobile Commerce Rwanda Limited	Cross charge of expenses	Fellow subsidiary	493,460	-
Airtel Ghana Limited (JV)	Interconnect, Roaming and Leaseline	Other related party	35	75,091
			3,003,754	2,863,217

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Related party transactions and balances (Continued)

(v) Sale of Goods and services

	Service	Relationship	2021 Rwf'000	2020 Rwf'000
Airtel Tchad S.A.	Interconnect and Roaming	Fellow subsidiary	635	765
Airtel Congo S.A.	Interconnect and Roaming	Fellow subsidiary	1,415	1,501
Airtel Congo (RDC) S.A.	Interconnect, Roaming and Leaseline	Fellow subsidiary	3,696,715	2,082,843
Airtel Gabon S.A.	Interconnect and Roaming	Fellow subsidiary	8,006	2,259
Airtel Networks Kenya Limited	Interconnect and Roaming	Fellow subsidiary	46,214	384,382
Airtel Madagascar S.A.	Interconnect, Roaming and Cross charge	Fellow subsidiary	67,752	179
Airtel Malawi plc	Interconnect and Roaming	Fellow subsidiary	22,359	947
Celtel Niger S.A.	Interconnect, Roaming and Materials	Fellow subsidiary	465	11,646
Airtel Networks Limited	Interconnect, Roaming and Leaseline	Fellow subsidiary	57,357	68,081
Airtel (Seychelles) Limited	Interconnect and Roaming	Fellow subsidiary	3	-
Airtel Tanzania Plc	Interconnect and Roaming	Fellow subsidiary	3,909	23,179
Airtel Uganda Limited	Interconnect and Roaming	Fellow subsidiary	266,959	770,893
Airtel Networks Zambia Plc	Interconnect and Roaming	Fellow subsidiary	4,994	13,695
Bharti Airtel Limited	Interconnect and Roaming	Step up parent	19,735	379
Bharti Airtel (UK) Limited	Interconnect and Roaming	Fellow subsidiary	1,666,381	2,276,324
Airtel Mobile Commerce Rwanda Limited	Cross charge of expenses	Fellow subsidiary	157,076	-
Airtel Mobile Commerce Rwanda Limited	Sale of materials	Fellow subsidiary	2,004,914	-
Airtel Mobile Commerce Rwanda Limited	Sale of other assets	Fellow subsidiary	570,998	-
Airtel Mobile Commerce Rwanda Limited	Interest on loan	Fellow subsidiary	151,604	-
Airtel Ghana Limited (JV)	Interconnect and Roaming	Other related party	156	20
			8,747,647	5,637,093

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Loan

	2021 Rwf'000	2020 Rwf'000
HSBC Bank Loan (i)	62,235,600	49,584,773
Bank of Kigali Loan (ii)	3,511,018	4,719,489
Eco Bank Loan (iii)	5,170,000	5,627,075
Loan from Bharti Airtel Rwanda Holdings Limited (iv)	245,446,788	233,333,544
Loan from Bharti Airtel Africa B.V. (v)	59,411,029	54,390,095
	375,774,435	347,654,976
Maturity Analysis		
Current	3,294,385	51,252,985
Non-Current	372,480,050	296,401,991
	375,774,435	347,654,976
Movement		
Opening	347,654,976	308,262,561
Proceeds	11,549,710	23,608,972
Repayment	(1,685,412)	(1,031,778)
Fair Value on Loan Amortization	2,461,011	2,256,925
Exchange Losses	15,794,150	14,558,296
	375,774,435	347,654,976

(i) *HSBC Bank* - In August 2019, the company entered into credit facility with The Hong Kong & Shanghai Banking Corporation Limited, Singapore Branch (as the lender). The credit facility amounted to USD 50 million attracting an interest rate of LIBOR (applicable for Interest period) plus margin 3.45% was refinanced on 29th March 2021 and is repayable in full upon maturity in June, 2023. Further additional credit facility was entered with The Hong Kong & Shanghai Banking Corporation Limited, Singapore Branch (as the lender) amounted to USD 10 million attracting an interest rate of LIBOR (applicable for Interest period) plus margin 3.75% and is repayable in full upon maturity in September, 2024. Both the loans are secured by Bharti Airtel International (Netherland) B.V.

(ii) *Bank of Kigali* - In March 2019, the company entered into long term credit facility with Bank of Kigali (as the lender). The credit facility amounted to Rwf 6 billion attracting fixed interest rate of 15% and is repayable monthly until maturity in March 2024. This loan is secured by corporate guarantee from -Bharti Airtel International (Netherland) B.V.

(iii) *Eco Bank* - In September 2020, the company entered into long term credit facility with Eco Bank (as the lender). The credit facility amounted to Rwf 5.6 billion attracting fixed interest rate of 15% and is repayable monthly until maturity in September 2024. This loan is secured by corporate guarantee from -Bharti Airtel International (Netherland) B.V.

(iv) *Loan from Bharti Airtel Rwanda Holdings limited* – The loan is unsecured and does not bear any interest and is repayable in December 2026. During the year, the Company obtained an additional loan of US$ 1.4 million (Rwf 1.38 billion).

(v) *Loan from Bharti Airtel Africa B.V.* – The loan is unsecured and does not bear any interest and is repayable in January 2027.

21. Share Capital

	2021 Rwf'000	2020 Rwf'000
Issued and Paid-up share capital (1,000 shares issued at par value of Rwf 100,000 each)	100,000	100,000
Authorized share capital (60,000 shares at par value of Rwf 100,000 each)	6,000,000	6,000,000

The parent Company is Bharti Airtel Rwanda Holdings Limited, which owns 100% shareholding of the issued share capital of the Company. During the year there has been no change in the shareholding structure.

22. Cash and Cash Equivalent

Cash in hand	125,253	270,967
Cash at bank	1,784,206	3,744,921
	1,909,459	4,015,888

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

Cash at bank and on hand	1,909,459	4,015,888
Bank overdraft	(3,125,405)	(3,784,707)
	(1,215,946)	231,181

23. Trade and Other Payables

Trade payables	16,110,418	12,625,142
Accrued expenses	9,118,094	11,533,376
Other payables	5,229,741	5,844,377
	30,458,253	30,002,895

24. Deferred Revenue

Prepaid Revenue	2,030,320	2,269,693
	2,030,320	2,269,693

25. Bank Overdraft

Bank overdraft	3,125,405	3,784,707
	3,125,405	3,784,707

26. Taxation

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 32,146,209,795 (2020: Rwf 31,137,748,404) 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, earlier losses being deducted before later losses. Unrecognised deferred tax asset is attributable to the following items.

(i) Current year income tax	-	-
(ii) *Reconciliation of income tax*		
Accounting loss	(44,852,152)	(47,161,646)
Rwanda's statutory income tax rate of 30%	(13,455,646)	(14,148,494)
Tax effect of expenses non-deductible	3,446,954	2,891,577
Deferred tax asset not recognized	10,008,692	11,256,917
	-	-

	As at 31 Dec 2021	As at 31 Dec 2020
(iii) *Deferred tax not recognized on*		
Accelerated depreciation on property and equipment	(5,542,432)	(9,919,414)
Provisions	12,093,048	15,253,933
Tax losses	97,271,515	65,125,306
	103,822,131	70,459,824

27. Asset Retirement Obligation

Opening	299,470	448,089
Provision/(Reversal)	(299,470)	(148,619)
	-	299,470

The provision for asset retirement obligations relates to future costs of dismantling the network equipment, their removal and restoration of base station premises to their original state. The amount recognised as a provision and as an asset is determined at present value of estimating future removal costs.

28. 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) Letters of credit and guarantees

In the ordinary course of business, the Company conducts business involving guarantees and letters of credit. The majority of these facilities are offset by corresponding obligations of third parties. As at 31 December 2021, the company had issued performance Guarantees amounting to Rwf 31,539,690 (2020: Rwf 15,226,700) issued to corporate customers' contracts on airtime. The company has no letters of credit issued.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(c) Lease liability

The Company has taken towers on lease. Liabilities arising from a lease are initially measured on a present value basis of contractual payments associated with lease contract. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Future minimum lease payments under finance leases are as follows:

Maturity Analysis	2021 Rwf '000'	2020 Rwf '000'
Not later than 1 year	10,653,719	9,882,852
Between 1 and 5 years	37,270,230	30,780,231
More than 5 years	8,734,228	571,209
Total minimum lease payments	56,658,177	41,234,292
Less: Discount (Unearned Interest)	(19,012,610)	(13,061,160)
Present Value of Lease Liability	37,645,567	28,173,132
Presented as follows:		
Non-current	32,726,417	21,589,031
Current	4,919,150	6,584,101
	37,645,567	28,173,132

Lease liability movement:

	2021	2020
Opening balance	28,173,132	29,820,710
Liability created during the year	16,787,962	857,827
Interest on lease liability	5,680,431	5,903,947
Unrealized forex	419,026	55,153
Liability derecognized on sale of towers	(1,549,893)	-
Payments	(11,865,091)	(8,464,505)
Closing balance	37,645,567	28,173,132

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(d) Capital Commitments

The capital commitments for the year are as follows:

	2021 Rwf '000'	2020 Rwf '000'
Capital commitments	1,761,590	1,667,039
	1,761,590	1,667,039

Capital commitments are authorised and contracted for.

29. Retirement benefit Obligations

The Company contributes to a statutory defined contribution pension scheme, to the Rwanda Social Security Board. The contributions are charged to profit or loss in the year in which they relate.

	2021 Rwf'000	2020 Rwf'000
Contributions to Rwanda Social Security Board	196,320	193,673

30. 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 loans and 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 at Group level 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.

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's exposure to the risk of changes in market interest rates relates primarily to the HSBC bank loan. The Company manages its interest rate risks by negotiating and entering into short-term fixed interest rates agreements.

	Rwf '000 2021	Rwf '000 2020
HSBC Bank Loan	62,235,600	49,584,773
Sensitivity analysis:		
Effect on profit (-/+) 2%	1,244,712	991,695

The sensitivity above is the effect of the assumed change in interest rates on interest bearing assets and liabilities to profit or loss and equity. The above sensitivity analysis is unrepresentative of the interest rate risk exposure for the Company as interest bearing liabilities are fixed within the next one year.

30. Financial risk management (continued)

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		
Cash and cash equivalents	744,531	2,128,297
Trade and other receivables	3,926,521	1,023,830
Due from related parties	13,470,745	9,353,846
Total Assets	18,141,797	12,505,973
Foreign Currency denominated Liabilities		
Trade and other payables	8,869,337	7,864,369
Borrowings	367,093,417	337,308,412
Due to related parties	10,382,533	8,965,061
Lease Liability	20,990,090	7,167,886
Total Liabilities	407,335,377	361,305,728
Net financial position	(389,193,580)	(348,799,755)

Sensitivity Analysis	Effect on profit before tax Rwf '000	Effect on equity Rwf '000
31st Dec 2021		
Changes in USD -+ 6%	23,351,615	23,351,615
31st Dec 2020		
Changes in USD -+ 6%	20,927,985	20,927,985

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. Financial risk management (Continued)

Liquidity Risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through use of bank overdrafts and group borrowings.

	0-6 Months Rwf'000	6-12 Months Rwf'000	Above 12 Months Rwf'000	Total
At 31 December 2021:				
Assets				
Cash and bank balances	1,909,459	-	-	1,909,459
Due from related parties	13,470,745	-	-	13,470,745
Trade and other receivables	12,262,088	-	-	12,262,088
	27,642,292	-	-	27,642,292
Liabilities				
Finance lease	5,493,064	5,160,655	46,004,457	56,658,176
Loan	1,621,168	1,673,217	372,480,050	375,774,435
Bank overdraft	3,125,405	-	-	3,125,405
Due to related parties	10,382,533	-	-	10,382,533
Trade and other payables	30,458,253	-	-	30,458,253
Total financial liabilities (contractual maturity dates)	51,080,423	6,833,872	418,484,507	476,398,802
Liquidity gap	(23,438,131)	(6,833,872)	(418,484,507)	(448,756,510)
At 31 December 2020:				
Assets				
Cash and bank balances	4,015,888	-	-	4,015,888
Due from related parties	9,353,846	-	-	9,353,846
Trade and other receivables	10,971,279	-	-	10,971,279
	24,341,013	-	-	24,341,013
Liabilities				
Finance lease	5,055,222	4,827,630	31,351,440	41,234,292
Borrowings	587,721	50,665,264	296,401,991	347,654,976
Bank overdraft	3,784,707	-	-	3,784,707
Due to related parties	8,965,061	-	-	8,965,061
Trade and other payables	30,002,895	-	-	30,002,895
Total financial liabilities(contractual maturity dates)	48,395,606	55,492,894	327,753,431	431,641,931
Liquidity gap	(24,054,593)	(55,492,894)	(327,753,431)	(407,300,918)

30. 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	18,961,757	(6,699,669)	12,262,088
Due from related partie:	Lifetime ECL	Performing	13,470,745	-	13,470,745
Cash at bank balances	Lifetime ECL	Performing	1,909,459	-	1,909,459
Total			34,341,961	(6,699,669)	27,642,292

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	17,360,329	(6,389,050)	10,971,279
Due from related partie:	Lifetime ECL	Performing	9,353,846	-	9,353,846
Cash at bank balances	Lifetime ECL	Performing	4,015,888	-	4,015,888
Total			30,730,063	(6,389,050)	24,341,013

The Company considers a financial asset in default when contractual payments for trade receivables are 90 days past due and for Interconnect receivables are 270 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.

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31. Capital Management

The Company receives shareholder's loan from the parent Company as the main source of financing. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return on capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 December 2021.

The gearing ratios at 31 December 2021 and 31 December 2020 were as follows:

	2021 Rwf'000	2020 Rwf'000
Shareholders loan	304,857,817	287,723,639
External Loan	70,916,618	59,931,337
Bank overdraft	3,125,405	3,784,707
Lease liabilities	37,645,567	28,173,132
Less: Cash and cash equivalents	(1,909,459)	(4,015,888)
Net Debt (A)	414,635,948	375,596,928
Equity (B)	(341,565,946)	(296,713,794)
Capital and net debt (C= A + B)	73,070,002	78,883,134
Gearing ratio (A/C)	567%	476%

32. Fair value of financial assets and liabilities

The category wise details as to the carrying value, fair value and the level of fair value measurement hierarchy of the group's financial instruments are as follows.

At 31 December 2021:	Carrying Value Rwf'000	Fair Value Rwf'000
Trade and other receivables	12,262,088	12,262,088
Due from related parties	13,470,745	13,470,745
Cash and cash equivalents	1,909,459	1,909,459
Total	27,642,292	27,642,292
Lease liability	37,645,567	37,645,567
Loan	375,774,435	375,774,435
Bank overdraft	3,125,405	3,125,405
Due to related parties	10,382,533	10,382,533
Trade and other payables	30,458,253	30,458,253
Total	457,386,193	457,386,193
At 31 December 2020:		
Trade and other receivables	10,971,279	10,971,279
Due from related parties	9,353,846	9,353,846
Cash and cash equivalents	4,015,888	4,015,888
Total	24,341,013	24,341,013
Lease liability	28,173,132	28,173,132
Loan	347,654,976	347,654,976
Bank overdraft	3,784,707	3,784,707
Due to related parties	8,965,061	8,965,061
Trade and other payables	30,002,895	30,002,895
Total	418,580,771	418,580,771

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32. Fair value of financial assets and liabilities (continued)

The following methods/assumptions were used to estimate the fair values;

i. The carrying value of bank deposits, trade receivables, trade payables, short-term borrowings, other current financial assets and liabilities approximate their fair value mainly due to the short-term maturities of these instruments.

ii. Fair value of quoted financial instruments is based on quoted market price at the reporting date.

iii. The fair value of non-current financial assets, long-term borrowings and other financial liabilities is estimated by discounting future cash flows using current rates applicable to instruments with similar terms, currency, credit risk and remaining maturities.

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.

33. Comparatives

Where necessary, comparative figures have been re-classified or/and adjusted or excluded to conform to changes in presentation in the current year. The table below illustrates the reclassification made to prior year balances for presentation purposes in the current year.

	As previously stated	Reclassification	Reclassified Amount	Note
	RWF'000	RWF'000	RWF'000	
(i) Statement of financial position				
Property, plant and equipment	57,562,676	(1,140,992)	56,421,684	12
Capital work-in-progress	-	1,140,992	1,140,992	12
(ii) Statement of profit or loss and other comprehensive income				
Other sundry expenses	484,778	(426,731)	58,047	9
Other operating income	(426,731)	426,731	-	

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. Till 31 Mar 2021, mobile commerce services were being provided by Airtel Rwanda Limited. 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)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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)

34. 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 below were non-adjusting event and thus are not required to be adjusted as at reporting date.

- The company has completed second closing in February 2022 for the balance 31 towers out of 162 towers initially sold to IHS limited on April 1, 2021 and accordingly have raised invoice for Rwf'000 1,100,879.

35. Going concern assessment

During the year ended 31 December 2021, the Company incurred a net loss of Rwf'000 44,852,152 (2020: Rwf'000 38,751,216). As at that date, accumulated losses were Rwf'000 341,665,946 (2020: Rwf'000 296,813,794) and the Company was in a net current liability position of Rwf'000 26,501,760 (2020: Rwf'000 78,468,121), it may be noted that company has Shareholder's loan of Rwf'000 304,857,817 (2020: Rwf'000 287,723,639). After considering shareholder's loan and external source of financing, there is sufficient liquidity to manage the operations.

The Company is of the opinion that it will operate on going concern basis on the assumption that the Company:

d) 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, churn rate and average revenue per user;

e) Will obtain funding from the third parties; and

f) The Company will be able to obtain from the shareholders any additional funding required to meet its obligations as and when they fall due.

The company is 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.

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36. Asset Sale

In line with the agreement to sell 162 towers held in Rwanda, signed by the Company on 22 February 2021 with IHS Rwanda Ltd, during the year ended 31 December 2021, the Company completed first close of sale of telecommunication tower assets and received the consideration of $10m. Since the Company has leased back a portion of such tower assets, a corresponding portion of the total gain on the sale has been recognized as a deduction in the cost of the Right of Use asset for the assets leased back with the remaining gain (amounting to $4m) recorded as Exceptional item The Company has recognised Right of Use assets and Lease Liabilities for the portion of towers leased back by the Company.

The following is carrying value of assets and liabilities sold:

	Rwf'000
Sale value	12,087,850
Property, plant and equipment (Gross block)	(22,080,079)
Property, plant and equipment (Accumulated depreciation)	21,483,022
Right of use assets (Gross block)	(2,760,861)
Right of use assets (Accumulated depreciation)	1,539,038
Lease liability	1,549,893
Asset retirement obligation	243,120
Gain on sale of asset	12,061,983
Deferred gain	(7,184,299)
Gross gain	4,877,683
Site refurbishment cost	(493,863)
Provision for sites to be completed	(208,572)
Exceptional item recorded in profit & loss	4,175,248

37. COVID 19 Assessment

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

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