

THE REGISTERED TRUSTEES OF AIRTEL MONEY TRUST FUND
REPORTS AND FINANCIAL STATEMENTS
31 DECEMBER 2021

THE REGISTERED TRUSTEES OF AIRTEL MONEY TRUST FUND

PAGE

TABLE OF CONTENTS

1

Trust information

2 - 3

Report of the Trustees

4

Statement of Trustees' responsibilities

5

Declaration of the Head of Finance

6 - 8

Independent Auditor's Report

Financial statements:

9

Statement of profit or loss and other comprehensive income

10

Statement of financial position

11

Statement of changes in equity

12

Statement of cash flows

13 - 22

Notes to the financial statements

THE REGISTERED TRUSTEES OF AIRTEL MONEY TRUST FUND

TRUST INFORMATION

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	The Registered Trustees of Airtel Money Trust Fund Block 41, Kinondoni, Corner of Ali Hassan Mwinyi & Kawawa Roads P.O. Box 9623 Dar es Salaam Tanzania	
TRUST SECRETARY	David Marco Lema Legal Counsel Airtel House Block 41, Kinondoni, Corner of Ali Hassan Mwinyi & Kawawa Road P.O. Box 9623 Dar es Salaam Tanzania	
AUDITORS	Deloitte & Touche Certified Public Accountants (Tanzania) 3 rd Floor, Aris House Plot No: 152, Haile Selassie Road, Oysterbay P.O. Box 1559 Dar es Salaam Tanzania	
BANKERS	Citibank Tanzania Limited Toure Drive Oysterbay P.O. Box 71625 Dar es Salaam Tanzania	National Microfinance Bank Plc Head Office Ohio/Ali Hassan Mwinyi Road P.O. Box 9213 Dar es Salaam Tanzania
	National Bank of Commerce Limited NBC House Azikiwe Street/Sokoine Drive P.O. Box 1863 Dar es Salaam Tanzania	Bank of Africa Head Office Ohio Street/Kivukoni Front P.O. Box 3054 Dar es Salaam Tanzania
	CRDB Bank Plc Head Office, Azikiwe Street P.O. Box 268 Dar es Salaam Tanzania	Diamond Trust Bank Tanzania Head Office Suite 901, 9 th Floor Harbour View Towers P.O. Box 115 Dar es Salaam Tanzania
	TPB Bank Plc Head Office 10 th floor LAPF Towers Bagamoyo Road, Opp Makumbusho Village, Kijitonyama P.O. Box 9300 Dar es Salaam	Exim Bank (Tanzania) Limited Head Office, Exim Tower Namanga Branch, Plot 83, Ada Estate, P.O. BOX 22372 Dar es Salaam
	I & M Bank (Tanzania) Limited Head office, Maktaba Square, Azikiwe Street P.O. BOX 1509 Dar es Salaam	

THE REGISTERED TRUSTEES OF AIRTEL MONEY TRUST FUND

REPORT OF THE TRUSTEES FOR THE EIGHT MONTH PERIOD ENDED 31 DECEMBER 2021

1. INTRODUCTION

The Trustees present their report, together with the audited financial statements of "The Registered Trustees of Airtel Money Trust Fund ('Airtel Money Trust Fund' or 'AMTF' or 'the Trust') for the eight-month period ended 31 December 2021, which disclose the state of affairs of the Trust.

2. FORMATION OF TRUST

Companies Act, 2002 and Trustees Incorporations Act CAP 318 (TIA), were amended in June 2019. The amendment redefined "the Company" to mean entities performing investment, trade or commercial activities only – but excludes, Trusts, NGOs, VICOBA, Trade Unions and Sports Clubs. Also redefined "Trusts" to mean legal relationship created when a property is placed under the control and management of trustee(s) for the benefit of beneficiary only - but excludes Companies, NGOs, VICOBA, Trade Unions and sports clubs.

On 13 April 2021, "The Registered Trustees of Airtel Money Trust Fund ('AMTF')" was incorporated to comply with June 2019 amendment of Companies Act, 2002 and Trustees Incorporations Act CAP 318 (TIA). On 13 April 2021, Trustees were appointed for "The Registered Trustees of Airtel Money Trust Fund ('AMTF')". On 17th May 2021, the Board of directors of Airtel Mobile Commerce Tanzania Limited ('AMCTL') approved migration of Bank balance, E-Value liabilities and other liabilities from AMCTL to "The Registered Trustees of Airtel Money Trust Fund ('AMTF')".

3. PRINCIPAL ACTIVITIES

The principal activities of the Trust is to hold and safeguard the funds in trust, for Airtel Money E-value account holders.

4. RESULTS

The Trust did not engage in any trading activities during the period .

5. SOLVENCY

The Trust's state of financial affairs as at 31 December 2021 is set out on page 10 of these financial statements. The Trustees considers the Trust to be solvent.

6. TRUSTEES

The Trustees at the date of this report, all of whom have served throughout the period, except as otherwise indicated, were:

Name	Position	Qualifications	Age	Nationality	Date appointed	Appointed by
Judge Joseph Sinde Warioba	Trustee	Lawyer	80	Tanzanian	13 April 2021	Airtel Money Tanzania Limited
Dr. Evelyn Mweta Richard	Trustee	PHD in Business Administration	49	Tanzanian	13 April 2021	Airtel Money Tanzania Limited

7. TRUSTEES' INTEREST IN THE TRUST

None of the Trustees have any interest in Airtel Money Trust Fund ("AMTF").

THE REGISTERED TRUSTEES OF AIRTEL MONEY TRUST FUND

REPORT OF THE TRUSTEES (CONTINUED)

8. TRUSTEES' EMOLUMENTS

The Trustees were paid TZS 48 million as remuneration during the period (Note 10 to the financial statements).

9. GOVERNANCE

The Trust consist of two non-executive Trustees. The Trustees takes overall responsibility for the Trust. The Trustees delegates the day to day management of the business to the sister Company's (Airtel Tanzania Plc) Managing Director who is assisted by the Senior Management team of Airtel Tanzania Plc. The Trustees met twice during the period and discussed Trust affairs.

The Trustees are committed to the principles of governance. The Trustees also recognise the importance of integrity, transparency and accountability.


10. RELATED PARTY TRANSACTION

Details of transactions and balances with related parties are disclosed in note 6 to the financial statements.

11. AUDITORS

Deloitte & Touche were appointed as auditors of the Trust for the year ended 31 December 2021.

Approved by the Trustees and signed on its behalf by:



Judge Joseph Sindi Warioba
Trustee



Dr. Evelyn Mweta Richard
Trustee

02 February 2022


THE REGISTERED TRUSTEES OF AIRTEL MONEY TRUST FUND

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees 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 trust deed and for such internal controls as Trustees determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Trustees accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the trust deed. The Trustees are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Trust and of its operating results. The Trustees 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.

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



Judge Joseph Sindi Warioba
Trustee



Dr. Evelyn Mweta Richard
Trustee

02 February 2022

THE REGISTERED TRUSTEES OF AIRTEL MONEY TRUST FUND

DECLARATION OF HEAD OF FINANCE

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the head of finance responsible for the preparation of financial statements of the entity concerned.

It is the duty of a professional accountant to assist the Trustees to discharge the responsibility of preparing financial statements of Trust showing true and fair view of the trust position and performance in accordance with applicable accounting standards and statutory requirements. Full legal responsibility for the preparation of financial statements rests with the Trustees as set out in the Statement of Trustees' Responsibilities on an earlier page.

I, Joseph Jessey, being the professional accountant responsible for the preparation of the financial statements of Airtel Money Trust Fund hereby acknowledge my responsibility of ensuring that financial statements for the eight month period ended 31 December 2021 have been prepared in compliance with International Financial Reporting Standards and statutory requirements.

I thus confirm that the financial statements comply with International Financial Reporting Standards and statutory requirements as on that date and that they have been prepared based on properly maintained financial records.



Joseph Jessey

Professional Accountant

NBAA Registration No.: GA 4693

02 February 2022

INDEPENDENT AUDITOR'S REPORT TO THE REGISTERED TRUSTEES OF AIRTEL MONEY TRUST FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Registered Trustees of Airtel Money Trust Fund ("the Trust"), set out on pages 9 to 22, which comprise the statements of financial position at 31 December 2021 and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the eight month period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Trust as at 31 December 2021 and of their financial performance and cash flows for the eight month period then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

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

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

Other Information

The Trustees are responsible for the other information, including the Report of the Trustees. The other information does not include the financial statements and our auditor's report thereon.

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Responsibilities of the Trustees for the Financial Statements

The Trustees are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRSs) and for such internal controls as Trustees determine are necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Trusts' 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 Trustees either intend to liquidate the Trust or to cease operations of the Trust, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Trusts' financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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 Trusts' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' 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 Trusts' 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 Trust 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

The engagement partner responsible for the audit resulting in this independent auditor's report is E.A. Harunani.

Deloitte & Touche
Certified Public Accountants (Tanzania)



Signed by: E. A. Harunani
NBAA Registration No. TACPA 1065
Dar es Salaam

17 February 2022

THE REGISTERED TRUSTEES OF AIRTEL MONEY TRUST FUND

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE EIGHT MONTH PERIOD ENDED 31 DECEMBER 2021

	Notes	2021 TZS '000
Income		-
Expenditure	10	<u>-</u>
Surplus before taxation		-
Tax expense		<u>-</u>
Surplus for the period		<u><u>-</u></u>

THE REGISTERED TRUSTEES OF AIRTEL MONEY TRUST FUND

STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2021

	Notes	2021 TZS' 000
ASSETS		
Current assets		
Cash and cash equivalents	7	<u>222,386,421</u>
Total assets		<u><u>222,386,421</u></u>
 EQUITY AND LIABILITIES		
Equity		
Accumulated fund		<u>-</u>
Total equity		<u>-</u>
 Current liabilities		
E-Value liability	8	215,097,664
Mobile Financial Services (MFS) agents, merchants and customers' liability	9	<u>7,288,757</u>
Total current liabilities		<u>222,386,421</u>
Total liabilities		<u>222,386,421</u>
Total equity and liabilities		<u><u>222,386,421</u></u>

The financial statements on page 9 to 22 were approved and authorised for issue by the Board of Director on 02 February 2022 and signed on its behalf by:



Judge Joseph Sinde Warioba
Trustee



Dr. Evelyn Mweta Richard
Trustee

THE REGISTERED TRUSTEES OF AIRTEL MONEY TRUST FUND

STATEMENT OF CHANGES IN EQUITY
FOR THE EIGHT MONTH PERIOD ENDED 31 DECEMBER 2021

	Accumulated Fund TZS' 000	Total TZS' 000
At incorporation (13 April 2021)	-	-
Total comprehensive income for the period	<u>-</u>	<u>-</u>
At 31 December 2021	<u>-</u>	<u>-</u>

THE REGISTERED TRUSTEES OF AIRTEL MONEY TRUST FUND

STATEMENT OF CASH FLOWS
FOR THE EIGHT MONTH PERIOD ENDED 31 DECEMBER 2021

	Notes	2021 TZS' 000
Cash flow from operating activities		
Profit before taxation		-
<i>Movement in working capital:</i>		
Decrease in E-Value liability *	11 b	(52,584,458)
Increase in Mobile Financial Services (MFS) agents, merchants and customers' liability*	11 c	<u>1,709,703</u>
Net cash flow used in from operating activities		<u>(50,874,755)</u>
Net decrease in cash and cash equivalents***		(50,874,755)
Cash and cash equivalent at beginning of the period		-
Cash and cash equivalent transferred from AMCTL (erstwhile trust)**	11 a	<u>273,261,176</u>
Cash and cash equivalents at end of the period	7	<u><u>222,386,421</u></u>

* On 13th April 2021, "The Registered Trustees of Airtel Money Trust Fund ('AMTF')" was incorporated to comply with June 2019 amendment of Companies Act, 2002 and Trustees Incorporations Act CAP 318 (TIA). On 13th April 2021, Trustees were appointed for "The Registered Trustees of Airtel Money Trust Fund ('AMTF')". On 17th May 2021, the Board of directors of Airtel Mobile Commerce Tanzania Limited ('AMCTL') approved migration of bank balance, E-Value liabilities and other liabilities from AMCTL to "The Registered Trustees of Airtel Money Trust Fund ('AMTF')".

** Cash and cash equivalent transfer on the date of operation from AMCTL to AMTF.

*** Net decrease in cash and cash equivalents represent the movement in working capital between the date of transfer of balances (E-Value liability, MFS liability) from AMCTL and balances as at 31 December 2021. Refer Note 11 for the balances transferred from AMCTL to AMTF.

THE REGISTERED TRUSTEES OF AIRTEL MONEY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE EIGHT MONTH PERIOD ENDED 31 DECEMBER 2021

1. GENERAL INFORMATION

The Registered Trustees of Airtel Money Trust Fund (“AMTF”) is incorporated in Tanzania under the Trustees Incorporation Act (Cap. 318 R.E. 2002), and is domiciled in Tanzania.

The address of its registered office and principal place of business are disclosed in the Trust information page of this report. The principal activities of the Trust are disclosed in the report of the Trustees.

2. STANDARDS AND INTERPRETATIONS AFFECTING THE REPORTED RESULTS OR FINANCIAL POSITION

Adoption of new and revised International Financial Reporting Standards (IFRSs)

a) Adoption of new and revised International Financial Reporting Standards and interpretations in the period ended 31 December 2021

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

b) Relevant new and amended standards and interpretations issued but not yet effective in the period ended 31 December 2021

At the date of authorisation of these financial statements, several new and revised standards and interpretations were in issue but not yet effective. The management is in process of evaluating the potential effect of these standards and interpretation on the financial statements of the Trust when effective.

c) Early adoption of standards

The Trust did not early-adopt any new or amended standards for the period ended 31 December 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and the requirements of the trust deed of The Registered Trustees of Airtel Money Trust Fund.

b) Basis of preparation

The financial statements have been prepared on a historical cost basis, except where stated otherwise. The financial statements are presented in Tanzanian Shillings (TZS) and all balances are rounded to the nearest thousand (TZS ‘000’), except when otherwise indicated.

c) Functional and presentation currency

Transactions in foreign currencies during the period are converted into Tanzanian Shillings at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denomination in foreign currencies at the reporting date are translated into Tanzanian Shillings at the exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to Tanzanian Shillings at the date when the fair value was determined. Foreign currency gains and losses arising from translation are recognised in the statement of other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Cash and cash equivalents

Cash and cash equivalents include cash in bank accounts, held on behalf of E-value account holders of Airtel Money Tanzania Limited. For the purposes of the statement of cash flows, cash equivalent comprises the bank balances.

e) Financial instruments

i) Financial assets

Initial recognition and measurement

Financial assets are classified as financial assets at fair value through profit or loss, fair value through other comprehensive income and amortised cost. The Trust determines the classification of its financial assets at initial recognition.

All financial instruments are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs

The Trust's financial assets include cash and cash equivalents.

Subsequent measurement

Where assets are measured at fair value, gains and losses are either recognised entirely in profit or loss (fair value through profit or loss, FVTPL), or recognised in other comprehensive income (fair value through other comprehensive income, FVTOCI).

Financial assets at amortised cost include bank balances. After initial measurement, bank balances are subsequently measured at amortised cost using the effective interest rate (EIR) method, less allowances for impairment. Amortization is calculated by taking into account any discount or premium on acquisition fees and costs that are an integral part of the effective interest rate.

An allowance for impairment is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of financial asset. The losses arising from impairment are recognised in the profit or loss.

The classification of a financial asset is made at the time it is initially recognised, namely when the Trust becomes a party to the contractual provisions of the instrument. If certain conditions are met, the classification of an asset may subsequently need to be reclassified.

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Financial instruments (continued)

i) Financial assets (continued)

De-recognition

Impairment of financial assets

The Trust assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The expected credit loss (ECL) is mainly based on the ageing of the receivable balances and historical experience. The receivables are assessed on an individual basis or grouped into homogeneous groups and assessed for impairment collectively, depending on their significance. Moreover, trade receivables are written off on a case to-case basis if deemed not to be collectible on the assessment of the underlying facts and circumstances.

The Trust performs on-going credit evaluations of its customers' financial condition and monitors the creditworthiness of its customers to which it grants credit in its ordinary course of business. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Trust determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount due. Where the financial asset has been written-off, the Trust continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit and loss.

The Trust uses a provision matrix to measure the expected credit loss of trade receivables. Based on the industry practices and the business environment in which the entity operates, management considers that the trade receivables are credit impaired if the payments are more than 90 days past due.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or financial liabilities at amortised cost.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Trust's financial liabilities include amounts due to E-value account holders, Mobile Financial Services (MFS) agents, merchants and customers' liability and amounts due to related parties. These are classified as financial liabilities at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Financial instruments (continued)

ii) Financial liabilities (continued)

Initial recognition and measurement (continued)

Subsequent measurement

The Trusts' financial liabilities are subsequently carried at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

De-recognition

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

iii) Offsetting

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

iv) Fair value of financial instruments

The fair value of financial instruments measured at amortised cost is disclosed in the financial statements when the carrying amounts are not a reasonable approximation of the fair values. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Trust. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the assets in its highest and best use.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Trust's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Going concern

The Trustees' have made an assessment of the Trusts' ability to continue as a going concern and are satisfied that the Trust has the resources to continue in operating for the foreseeable future. Furthermore, the Trustees are not aware of any other material uncertainties that may cast significant doubt upon the Trust ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

5. FINANCIAL RISK MANAGEMENT

The Trust's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance, but the Trust does not hedge any risks.

Risk management is carried out by management under policies approved by the Trustees

Market risk

i) Foreign exchange risk

Foreign exchange risk arises from financial instruments held in foreign currencies. The Trust operates wholly within Tanzania and its assets and liabilities are mainly denominated in local currency. As such, the Trust has no significant exposure to foreign exchange risk.

ii) Price risk

The Trust does not hold any financial instruments subject to price risk.

iii) Interest rate risk

Interest rate exposure arises from interest rate movements. The Trust has interest bearing financial instruments. However, the Trust is not exposed to interest rate risk on those financial instruments.

Credit risk

Credit risk is the risk of financial loss to the Trust if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from placements (bank balances) and balances with other counterparties. The Trust's key financial assets are bank balances. The Trust's policy is to manage credit risk by holding bank balances in banks that are regulated by Bank of Tanzania.

The amount that best represents the Trust's maximum exposure to credit risk as at 31 December 2021 is made up as follows:

	Total TZS '000'	Fully performing TZS '000'	Past due But not impaired TZS '000'	Impaired TZS '000'
Cash at bank	<u>222,386,42</u>	<u>222,386,42</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash balances to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Trust reputation. The Trust liabilities are fully matched with bank balances.

The table below indicates the contractual timing of cash flows arising from financial assets and liabilities as of 31 December 2021:

	Carrying amount TZS '000'	Less than 1 year TZS '000'
Financial assets		
Cash at bank	<u>222,386,421</u>	<u>222,386,421</u>
Financial liabilities		
E-Value liability	215,097,664	215,097,664
Mobile Financial Services (MFS) agents, merchants and customers' liability	<u>7,288,757</u>	<u>7,288,757</u>
	<u>222,386,421</u>	<u>222,386,421</u>
Net liquidity gap	<u>-</u>	<u>-</u>

Capital risk management

The Trust's primary objective is to hold, in trust, the funds owing to the E-value holders and ensure the safety and sanctity of these funds. The Trust does not trade and is not allowed to deal in these funds other than to settle obligations arising from genuine transaction of E-Value. The principal obligation of the Trust is not to maximise wealth but to safeguard third party funds.

The capital structure of the Trust consists of net debt which is made up of liabilities less cash and cash equivalents. The objective is to maintain net debt at Nil. In order to maintain or adjust the capital structure, the Trust may return or request funds to/from E-value holders.

Fair value

The fair value of the Trust's financial instruments reasonably approximates the carrying amounts.

THE REGISTERED TRUSTEES OF AIRTEL MONEY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. RELATED PARTY DISCLOSURES

Related party relationships exist between the Trust and other companies under common ownership.

The following are the balances with related parties:

	2021 TZS'000'	2020 TZS'000
a) Balances due to related party		
Airtel Money Tanzania Limited (note 8)	<u>7,610,974</u>	<u>-</u>

b) Key management compensation

Key management personnel are described as those persons having authority and responsibility for planning, directing and controlling the activities of the Trust, directly or indirectly, including any Trustees.

The Trust did not have any employees during the period and therefore did not pay any salaries or other emoluments.

c) Trustees' remuneration

The Trustees were paid TZS 48 million as Trustees' remuneration during the period

	2021 TZS '000
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7. CASH AND CASH EQUIVALENTS

Cash at bank	<u>222,386,421</u>
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For the purposes of the statement of cash flows, cash and cash equivalents comprise of bank balances of the Trust accounts. These balances represent customers' deposits, agents' deposits, merchants, bank interest on the Trust accounts.

	2021 TZS '000
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8. E-VALUE LIABILITY

E-Value liability - agents and merchants	102,187,040
E-Value liability - churn customers	8,726,605
E-Value liability - customers	96,573,045
E-Value liability due to related parties (note 6 (a))	<u>7,610,974</u>
	<u>215,097,664</u>

THE REGISTERED TRUSTEES OF AIRTEL MONEY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. MOBILE FINANCIAL SERVICES (MFS) AGENTS, MERCHANTS AND CUSTOMERS' LIABILITY

At incorporation	-
Balance transfer from AMCTL (erstwhile Trust entity)*	5,579,054
Interest earned from Bank	5,149,818
Interest payout to MFS users	<u>(3,440,115)</u>
At 31 December	<u>7,288,757</u>

	AMTF (Trust formed in 2021)	AMCTL (erstwhile Trust entity)
*Current period - balance transfer		
At 1 January 2021	-	3,867,678
Interest earned on bank deposits during the year*	5,149,818	3,460,213
Interest pay out to MFS users*	(3,440,115)	(1,748,837)
Transfer of Balances from AMCTL to AMTF*	<u>5,579,054</u>	<u>(5,579,054)</u>
At 31 December 2021	<u>7,288,757</u>	<u>-</u>

* On 13th April 2021, "The Registered Trustees of Airtel Money Trust Fund ('AMTF') was incorporated to comply with June 2019 amendment of Companies Act, 2002 and Trustees Incorporations Act CAP 318 (TIA). On 13th April 2021, Trustees were appointed for "The Registered Trustees of Airtel Money Trust Fund ('AMTF)". On 17th May 2021, the Board of Directors of Airtel Mobile Commerce Tanzania Limited ('AMCTL') approved migration of Bank balance, E-Value liabilities and other liabilities from AMCTL to "The Registered Trustees of Airtel Money Trust Fund ('AMTF') (note 11).

This balance represent liability in respect of interest received on E-Value liability funds held as cash and cash equivalent. The interest earned during the period was at an average rate of 3.9% (2020: 4.33%) on the operating Trust bank balances.

10. INCOME AND EXPENSES

The Bank of Tanzania (BOT), the regulator of Mobile Financial Institutions requires that prior approval is obtained from BOT for any expense to be incurred in a Trust. The only expense which the Trust bear is audit fees, bank charges and Trustees' remuneration. The Bank of Tanzania has no objection to the Trust to recognise the audit expense, bank charges and Trustees' remuneration from the interest earned on Trust account balance. The Trust's policy is to offset the approved expenses against interest earned on Trust account.

The other income and related expenses during the period were as follows:

	2021 TZS '000
Interest used to offset expenses	73,498
Administrative expenses:	
Auditor's remuneration	(25,498)
Trustee's remuneration	<u>(48,000)</u>
	<u>-</u>

THE REGISTERED TRUSTEES OF AIRTEL MONEY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. TRANSFER OF BALANCES ON THE DATE OF OPERATION

On 17th May 2021, the Board of directors of Airtel Mobile Commerce Tanzania Limited ('AMCTL'), erstwhile Trust entity, approved migration of Bank balance, E-Value liabilities and other liabilities from AMCTL to "The Registered Trustees of Airtel Money Trust Fund ('AMTF')". The balances migrated are as follows:

	Balances at 17 May 2021 TZS' 000
Current assets	
a) Cash and cash equivalents transferred	<u>273,261,176</u>
E-Value Liabilities	
E-Value liability - agents and merchants	158,022,131
E-Value liability - churn customers	9,445,081
E-Value liability - customers	99,468,630
E-Value liability due to related parties	<u>746,280</u>
b) E-Value liabilities- Balances	267,682,122
c) MFS agents, merchants and customers' liability	5,579,054
Total liability transferred	<u>273,261,176</u>

12. COMPARATIVE INFORMATION

On 13th April 2021, "The Registered Trustees of Airtel Money Trust Fund ('AMTF')" was incorporated to comply with June 2019 amendment of Companies Act, 2002 and Trustees Incorporations Act CAP 318 (TIA). On 13th April 2021, Trustees were appointed for "The Registered Trustees of Airtel Money Trust Fund ('AMTF')".

On 17th May 2021, the Board of directors of Airtel Mobile Commerce Tanzania Limited ('AMCTL'), erstwhile Trust entity, approved migration of Bank balance, E-Value liabilities and other liabilities from AMCTL to "The Registered Trustees of Airtel Money Trust Fund ('AMTF')".

If the transition would not have happened, then the comparative figures would have been as follows:

	2021 TZS' 000	2020 TZS' 000
Current assets		
Cash and cash equivalents	<u>222,386,421</u>	<u>233,756,900</u>
E-Value Liabilities		
E-Value liability - agents and merchants	102,187,040	123,300,498
E-Value liability - churn customers	8,726,605	8,623,669
E-Value liability - customers	96,573,045	96,524,079
E-Value liability due to related parties	<u>7,610,974</u>	<u>1,439,975</u>
E-Value liabilities- Balances	<u>215,097,664</u>	<u>229,888,221</u>
MFS agents, merchants and customers' liability		
Opening Balance	3,867,678	5,660,211
Interest earned from Bank	8,610,031	7,144,620
Interest payout of MFS users	<u>(5,188,952)</u>	<u>(8,937,153)</u>
Closing balance	<u>7,288,757</u>	<u>3,867,678</u>

THE REGISTERED TRUSTEES OF AIRTEL MONEY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. CONTINGENT LIABILITIES

The Trust had no contingent liabilities as at 31 December 2021.

14. COMMITMENTS

The Trust had no commitments as at 31 December 2021.

15. ULTIMATE HOLDING TRUSTEES

The Trust is part of Airtel Money Tanzania Limited which is owned by Airtel Tanzania Plc. Both companies are incorporated and domiciled in the United Republic of Tanzania. The trust is set up as a regulatory requirement under The National Payment System Act of 2012 to manage the Trust accounts holding e-value of Airtel Money Tanzania Limited customers pursuant to the relevant law.

16. EVENTS SUBSEQUENT TO THE PERIOD END

At the date of signing the financial statements, the Trustees are not aware of any other matter or circumstance arising since the end of the financial period, not otherwise dealt with in these financial statements, which significantly affected the financial position of the Trust and results of its operations.