AIRTEL MOBILE COMMERCE LIMITED

Financial Statements for the year ended
31 December 2017

AIRTEL MOBILE COMMERCE LIMITED
FINANCIAL STATEMENTS
For the year ended 31 December 2017

Index

AIRTEL MOBILE COMMERCE LIMITED
DIRECTORS' REPORT
For the year ended 31 December 2017

The Directors submit their report on the affairs of the Company together with the financial statements of Airtel Mobile Commerce Limited ("the Company") and auditor's report for the year ended 31 December 2017.

1. REVIEW OF ACTIVITIES

Main Business and Operations

Airtel Mobile Commerce Limited was incorporated under the Companies Act 1984 as repealed by the Companies act 2013.

Effective December 2014, Airtel Mobile Commerce Limited's operational activities were transferred to Airtel Malawi Limited (GSM) for purposes of complying with Airtel Group's Policy that Airtel Money operational business be run through Airtel Malawi Limited.

The principal activity of the Company is to hold the funds in the Airtel Money infrastructure in trust, for Airtel Money E-value account holders. There have been no significant changes in the Company's business during the year.

2. AUTHORISED AND ISSUED SHARE CAPITAL

The shareholding of the Company as at 31 December 2017 is as stated below: -

Name of Share Holder	No. of Shares	% of Shareholding
Airtel Mobile Commerce B.V.	99 999	99.999%
Airtel Mobile Commerce Holdings B.V.	1	0.001%
	100 000	100%

3. GOVERNANCE

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

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

The Board delegates the day to day management of the business to the Sister Company's (Airtel Malawi Limited) Managing Director who is assisted by the Senior Management team of the Company. Senior Management is invited to attend board meetings and facilitates the effective control of all the Company's operational activities, acting as a medium of communication and coordination between all the various business units. The Board met four times during the year.

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

4. DIRECTORS

The following directors appointed in terms of the Articles of Association of the Company served office during the year.

Name	Residence	Nationality	Date of appointment
Mr. Charles Kamoto*	Malawi	Malawian	4th December 2015
Mrs. Hlupekire Chalamba*	Malawi	Malawian	4th December 2015
Mrs. Tina Uneken**	Netherlands	Dutch	28th June 2010

*Executive Director **Non-Executive Director

5. COMPANY SECRETARY

The secretary of the Company is Hlupekire Chalamba.

6. FINANCIAL PERFORMANCE

The results and state of affairs of the Company are set out in the accompanying statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes to the financial statements which include a summary of significant accounting policies.

The Company made a profit of K 199 million (2016: K 7.4 million) for the year ended 31 December 2017.

7. EVENTS AFTER THE REPORTING PERIOD

There were no events subsequent to the year-end that would impact on the financial position or results of the Company that require disclosure.

8. RESERVES

Details of the reserves of the Company are shown in the statement of changes in equity on page 10.

9. GOING CONCERN

In accordance with their responsibilities, the directors considered the appropriateness of the going concern basis for the preparation of the financial statements.

9. GOING CONCERN (Continued)

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

The directors are of the opinion that the Company is a 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 dependent on management achieving operational targets on average revenue per site and average operating expenses per site;
b. Will obtain some 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. A commitment to this effect from the shareholders has been obtained by the Company.

10. AUDITORS

The auditors, Deloitte, have signified their willingness to continue in office and a resolution is to be proposed at the forthcoming Annual General Meeting in relation to their appointment as auditors in respect of the year ended 31 December 2018.

Chairman: ..... Director: .....

AIRTEL MOBILE COMMERCE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the year ended 31 December 2017

The Companies Act 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 Airtel Mobile Commerce Limited as at the end of the financial year and of the operating results for that year.

The directors also acknowledge their duty to ensure the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act.

In preparing the financial statements the directors accept responsibility for the following:

- Maintenance of proper accounting records;
- Selection of suitable accounting policies and consistent application thereof;
- Making judgements and estimates that are reasonable and prudent;
- Compliance with applicable accounting standards when preparing financial statements, subject to any material departures being disclosed and explained in the financial statements; and
- Preparation of financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are also responsible for establishing internal controls that ensure the propriety of transactions and accuracy and reliability of the accounting records and to safeguard the assets of the Company against loss by theft, fraud, defalcation or otherwise.

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 and cash flows for the year ended 31 December 2017.

.....) **CHAIRMAN**

.....) **DIRECTOR**

12th June 2018 ..... **DATE**

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
AIRTEL MOBILE COMMERCE LIMITED

Report on the Financial Statements

Opinion
We have audited the accompanying financial statements of Airtel Mobile Commerce Limited set out on pages 8 to 32, which comprise the statement of financial position as at 31 December 2017, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Airtel Mobile Commerce limited as at 31 December 2017, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act.

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 Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of financial statements in Malawi. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter
The financial statements of Airtel Mobile Commerce Limited for the year ended 31 December 2016 were audited by another auditor who expressed unmodified opinion on these statements on 31 March 2017.

Other Information
The directors are responsible for the other information. The other information comprises the directors' report and the statement of directors' responsibilities, as required by the Companies Act, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

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

***Other Information** (continued)*
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.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events

Auditor's Responsibilities for the Audit of the Financial Statements *(Continued)*

or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Deloitte

Chartered Accountants
Vilengo Beza
Partner
12 June 2018

AIRTEL MOBILE COMMERCE LIMITED
STATEMENT OF FINANCIAL POSITION
At 31 December 2017

	Notes	2017 K'000	2016 K'000 Restated	2016 K'000
ASSETS				
Current assets				
Amounts due from related parties	7.1	217 550	19 000	-
Funds held in Trust	8	6 843 583	7 975 980	-
Total assets		7 061 133	7 994 980	-
EQUITY AND LIABILITIES				
Share capital	9	100	100	100
Retained earnings		217 450	18 900	(100)
Total shareholders' equity		217 550	19 000	-
Current liabilities				
Amounts due to customers	10	1 537 207	3 944 465	-
Amounts due to related parties	7.2	5 306 376	4 031 515	-
Total liabilities		6 843 583	7 975 980	-
Total equity & liabilities		7 061 133	7 994 980	-

The financial statements were approved and authorised for issue by the Board of Directors on 12 June 2018 and signed on its behalf by:

Director

Director

AIRTEL MOBILE COMMERCE LIMITED
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2017

	2017 K'000	2016 K'000 Restated	2016 K'000
Interest income	198 450	7 516	-
Bad debts recovered	100	-	-
Total Income	198 550	7 516	-
Operating expenses	-	(100)	-
Profit for the year	198 550	7 416	-
Other comprehensive income	-	-	-
Total comprehensive income for the year	198 550	7 416	-

As per guidance from the Reserve Bank of Malawi, expenses relating to the administration of funds held in Trust are directly related to the mobile money operations of Airtel Malawi Limited ("Airtel Money"). As such these costs are deemed to be incurred by Airtel Malawi Limited.

AIRTEL MOBILE COMMERCE LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2017

	Share Capital K'000	Retained earnings K'000	Total K'000
Year ended 31 December 2016 - Restated			
At the beginning of the year	100	11 484	11 584
Total comprehensive income for the year as restated	-	7 416	7 416
At end of the year 2016 as restated	100	18 900	19 000
Year ended 31 December 2017			
At the beginning of the year as restated	100	18 900	19 000
Total comprehensive income for the year	-	198 550	198 550
At end of the year 2017	100	217 450	217 550

	2017 K'000	2016 K'000
SHARE CAPITAL		
Authorised:		
100 000 Ordinary shares of K1 each	100	100
Issued and fully paid:		
100 000 Ordinary shares of K1 each	100	100

AIRTEL MOBILE COMMERCE LIMITED
STATEMENT OF CASH FLOWS
For the year ended 31 December 2017

	2017 K'000	2016 K'000 Restated	2016 K'000
Cash flows from operating activities			
Profit/(loss)	198 550	7416	(100)
Adjustments for;			
Interest received	(198 450)	(7 516)	-
Operating profit/(loss) before working capital changes	100	(100)	(100)
(Increase)/decrease in amounts due from related parties	(198 550)	(7 416)	100
Increase in amounts due to related parties	1 274 861	4 031 515	-
(Decrease)/increase in amounts due to customers	(2 407 258)	1 861 282	-
Cash generated (from)/by operations	(1 330 847)	5 885 281	-
Cash flows from investing activities			
Interest received	198 450	7 516	-
Net cash flow generated by investing activities	198 450	7 516	-
Net (decrease)/increase in cash and cash equivalents	(1 132 397)	5 892 797	-
Cash and cash equivalents at the beginning of the year	7 975 980	2 083 183	-
Cash and cash equivalents at the end of the year (note 8)	6 843 583	7 975 980	-

1. Corporate information

Airtel Mobile Commerce Limited was incorporated under the Companies Act 1984 as repealed by the Companies act 2013.

The principal activity of the Company is to hold the funds in the Airtel Money infrastructure in trust, for Airtel Money E-value account holders. There have been no significant changes in the Company's business during the year.

Registered office and place of business
Airtel Malawi Limited
Airtel House, City Centre
Off Independence Drive
P O Box 57
Lilongwe
MALAWI

Company Secretary
Hlupekire Chalamba
Airtel Malawi Limited
Airtel House, City Centre
Off Independence Drive
P O Box 57
Lilongwe
MALAWI

Bankers
National Bank of Malawi P.O Box 30317, Lilongwe 3
NBS Bank P.O Box 829, Lilongwe
FDH Bank P.O Box 30432, Lilongwe3
FMB Private Bag 122, Blantyre
Standard Bank PO Box 30386, Capital City, Lilongwe
Ecobank P.O. Box 2980, Lilongwe

2. Adoption of new and revised International Financial Reporting Standards

2.1 Standards and Interpretations affecting amounts reported and/or disclosed in the financial statements

In the current year, the entity has adopted those new and revised Standards and Interpretations issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee of the International Accounting Standards Board that are relevant to its operations and are effective for annual reporting periods beginning on 1 January 2017.

The adoption of these new and revised Standards and Interpretations did not have a significant impact on the financial statements of the Company.

2.2 Standards and Interpretations in issue, not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after *1 January 2018*, and have not been applied in preparing these financial statements. Those which may be relevant to the *entity* are set out below.

2. Adoption of new and revised International Financial Reporting Standards (Continued)

2.2 Standards and Interpretations in issue, not yet effective (Continued)

The *entity* does not plan to adopt these standards early (*Or describe the impact where there is early adoption*). These will be adopted in the period that they become mandatory unless otherwise indicated:

Effective date	Standard, Amendment or Interpretation
Annual periods beginning on or after 1 January 2018	IFRS 9 *Financial Instruments* IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include impairment requirements for financial assets and limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments. Key requirements of IFRS 9: • All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognised by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognised in profit or loss; • With regard to the measurement of measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes In other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Changes in fair value attributable to financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss;

2. Adoption of new and revised International Financial Reporting Standards (Continued)

2.2 Standards and Interpretations in issue, not yet effective (Continued)

Effective date **Standard, Amendment or Interpretation** (Continued)

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit losses and changes in those expected credit losses each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised; and

- The new general hedge accounting requirements retain the three types of hedge accounting mechanics currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Annual periods beginning on or after 1 January 2018

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 specifies how and when an entity will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures.

The core principle of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: Recognise Revenue when (or as) the entity satisfies a performance obligation.

Under IFRS15, an entity recognises Revenue when (or as) a performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15. In April 2016, the IASB issued Classifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

2. Adoption of new and revised International Financial Reporting Standards (Continued)

2.2 Standards and Interpretations in issue, not yet effective (Continued)

Effective date	Standard, Amendment or Interpretation (Continued)
Annual periods beginning on or after 1 January 2019	IFRS 16 Leases IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guide including IAS 17 Leases and the related interpretations when it becomes effective. IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any re-measurement of the lease liability. The lease liability is initially measured at present value of the lease payments that are aid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion that will be presented as financing and operating cash flows respectively. In contracts to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease. Furthermore, extensive disclosures are required by IFRS 16.
Annual reporting periods beginning on or after 1 January 2021	IFRS 17 *Insurance Contracts* IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2021.
Annual periods beginning on or after 1 January 2018	Classification and Measurement of Share-based Payment Transactions Amends IFRS 2 Share-based Payment to clarify the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

2. Adoption of new and revised International Financial Reporting Standards (Continued)

2.2 Standards and Interpretations in issue, not yet effective (Continued)

Effective date	Standard, Amendment or Interpretation (Continued)
The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after 1 January 2018	Annual Improvements to IFRS Standards 2014–2016 Cycle Makes amendments to the following standards: • IFRS 1 - Deletes the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose • IAS 28 - Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.
Annual reporting periods beginning on or after 1 January 2018	IFRIC 22 Foreign Currency Transactions and Advance Consideration The interpretation addresses foreign currency transactions or parts of transactions where: • there is consideration that is denominated or priced in a foreign currency; • the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and • the prepayment asset or deferred income liability is non-monetary. The Interpretations Committee came to the following conclusion: • The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. • If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.
Annual reporting periods beginning on or after 1 January 2019	IFRIC 23 Uncertainty over Income Tax Treatments The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers: • Whether tax treatments should be considered collectively; • Assumptions for taxation authorities' examinations; • The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and • The effect of changes in facts and circumstances.

2. Adoption of new and revised International Financial Reporting Standards (Continued)

2.2 Standards and Interpretations in issue, not yet effective (Continued)

Effective date	Standard, Amendment or Interpretation (Continued)
Annual periods beginning on or after 1 January 2019	Prepayment Features with Negative Compensation (Amendments to IFRS 9) Amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.
Annual periods beginning on or after 1 January 2019	Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28) Clarifies that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The directors anticipate that, other than IFRS 9 *Financial Instruments,* IFRS 15 *Revenue from contracts with customers* and IFRS 16 *Leases,* these standards and interpretations in future periods will have no significant impact on the financial statements of the Company. IFRS 9 will impact the measurement of financial instruments, IFRS 15 will affect recognition of revenue and IFRS 16 will impact recognition, measurement, presentation and disclosure of leases.

3. Significant accounting policies

The following is a summary of the significant accounting policies used by the Company. These policies have been consistently applied:-

3.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the provisions of Malawi Companies Act.

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value at the end of each reporting period. 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 measured date regardless of whether the 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 a liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

3. Significant accounting policies (Continued)

3.2 Basis of preparation (Continued)

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

- Level 1 inputs are quoted prices (unadjusted) in active market 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, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies of the Company, which are set out below, have been consistently followed in all material respects.

3.3 Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Judgements made by management in the application of IFRS's that have significant effect on the amounts recognised in the financial statements are discussed in note 4 to these financial statements.

3.4 Accounting convention

The financial statements are prepared in terms of the historical cost convention with the exception of financial instruments which are accounted for as in note 3.14 below. No other procedures have been adopted to reflect the impact on the financial statements of specific price changes or changes in the general level of prices.

3.5 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes. Sales of goods are recognised when goods are delivered and title has passed.

Interest income

Interest earned on bank deposits in the trust accounts is recognised when it is probable that economic benefits will flow to the trust and the amount of the interest revenue can be measured reliably. The interest is recognised using the effective interest method.

3. Significant accounting policies (Continued)

3.6 Functional currency translations

(a) *Functional and presentation currency*
Items included in the financial statements of the Company are measured using Malawi Kwacha, the functional currency of the primary economic environment in which the entity operates. The financial statements are presented in Malawi Kwacha, which is the entity's functional and presentation currency.

(b) *Transactions and balances*
Transactions in currencies other than Malawi Kwacha are initially recorded at the rates of exchange ruling on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

All exchange differences are taken to the other comprehensive income.

3.14 Financial instruments

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity investments', 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

3.14.1 Effective interest method
The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified at FVTPL.

3.14.2 Financial assets at FVTPL
Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.
A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. Significant accounting policies (Continued)

3.14 Financial Instruments (Continued)

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if: (Continued)

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in statement of comprehensive income. The net gain or loss recognised in statement of comprehensive income incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item.

3.14.3 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

3.14.4 AFS financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the Investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

3. Significant accounting policies (Continued)

3.14 Financial Instruments (Continued)

Dividends on AFS equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established.

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

The Company has not designated any financial assets upon initial recognition as available for sale as at 31 December 2017.

3.14.5 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, loans and receivables (including trade and other receivables, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

3.14.6 Cash and cash equivalents

Cash and cash equivalents are defined as cash in bank accounts, held on behalf of E-Value account holders of Airtel Mobile Commerce Limited. For the purposes of the statement of cash flows cash and cash equivalents comprise bank balances.

3.15 Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

3. Significant accounting policies (Continued)

3.14 Financial Instruments (Continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognised impairment loss is reversed through the statement of comprehensive income to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3.16 Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.
On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in Shareholders' equity is recognised in statement of comprehensive income.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

3. Significant accounting policies (Continued)

3.17 Financial liabilities and equity instruments

3.17.1 Classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

3.17.2 Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

3.17.3 Financial liabilities
Financial liabilities are classified as either financial liabilities at 'FVTPL' or 'other financial liabilities'.

3.17.4 Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is a part of an identified portfolio of financial instruments that the Company manages together and has a recent:

  (i) Actual pattern of short-term profit-taking; or
  (ii) It is a derivative that is not designated and effective as a hedging instrument.

3.17.5 Financial liabilities at FVTPL
A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

3. Significant accounting policies (Continued)

3.17.5 Financial liabilities at FVTPL (Continued)

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in the statement of comprehensive income. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the other gains and losses line item in other comprehensive income.

3.17.6 Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

3.18 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 a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, 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.

4. Critical accounting judgements and key sources of estimation uncertainty

4.1 Critical accounting judgements made by management

In the application of the Company's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4. Critical accounting judgements and key sources of estimation uncertainty (Continued)

4.2 Key sources of estimation uncertainty

4.2.1 Provisions and contingent liabilities

The Company exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent. Judgement is necessary to assess the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of any financial settlement. The inherent uncertainty of such matters means that actual losses may materially differ from estimates.

5. Financial risk management

Overview

The trust has exposure to the following risks from its use of financial instruments:

- Liquidity risk
- Market risk
- Credit risk
- Operational risk

This note presents information about the trust's exposure to each of the above risks, the trust's objectives, policies and processes for measuring and managing risk, and the trust's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Trustees has overall responsibility for the establishment and oversight of the trust's risk management framework. The Board is responsible for developing and monitoring the trust's risk management policies.

The trust's risk management policies are established to identify and analyse the risks faced by the trust, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the trust's activities. The trust, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

5.1 *Liquidity risk*

Liquidity risk is the risk that the trust will not be able to meet its financial obligations as they fall due. The trust's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the trust's reputation.

5. Financial risk management (Continued)

5.2 *Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity and commodity prices will affect the trust's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

5.3 *Credit risk*

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from trading activities as well as placement and balances with other counterparties, advances to customers, deposits held with various service providers, prepayments and bank balances.

Amount due from the related party and bank balances best represents the Company's maximum exposure to the credit risk or concentration of the credit risk. The Company only holds funds in trust, and there is no rating on debtors.

5.4 *Operational risk*

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations and are faced by all business entities.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to management of the Company.

6. *Capital risk management*

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

7 Related party transactions

7.1 Amounts due from Airtel Malawi Limited

	2017 K'000	2016 K'000 Restated	2016 K'000
Funds held by Airtel Malawi Limited	100	-	-
Interest earned on cash at bank held in trust	217 450	19 000	-
	217 550	19 000	-

Funds held by Airtel Malawi Limited represents cash received for paid up share capital of the Company from Airtel Mobile Commerce B.V. (immediate parent of the Company). This was received in the bank account of Airtel Malawi Limited (fellow subsidiary the Company) and hence it is disclosed as Receivable from Airtel Malawi Limited. Refer note 8 for share capital note.

Interest earned on cash at bank held in trust represents interest earned on bank deposits. In terms of clauses 11 and 12 of the 'No objection for full roll out of Airtel money services granted by the Reserve Bank of Malawi, dated 27 July 2011, any interest arising thereon is accrued for the benefit of the e-wallet customers. The Company and Airtel Malawi Limited including any other agents do not use the interest for their benefit.

7.2 Amounts due to Airtel Malawi Limited

	2017 K'000	2016 K'000 Restated	2016 K'000
E-value held in mobile wallet	5 306 376	4 031 515	-
Total	5 306 376	4 031 515	-

8. Funds held on behalf of the customers of Airtel Money Trust

	2017 K'000	2016 K'000
Trust Bank balance	6 843 583	7 975 980
	6 843 583	7 975 980

In terms of clauses 11 and 12 of the 'No objection for full roll out of Airtel money services granted by the Reserve Bank of Malawi, dated 27 July 2011, the Company maintains separate trust bank accounts. The Company and Airtel Malawi Limited including any other agents do not access the trust bank accounts for their benefit.

The Trust bank balances are denominated in Malawi Kwacha and were earning interest between 0.5-18% per annum (2016: 0.5 -7.5%).
The carrying amount of K6 844 billion (2016: K7 975 billion) is reasonable approximation of fair value.

9. Share capital

Authorised:		
100 000 ordinary shares of K1 each	100	100
Issued and fully paid:		
100 000 ordinary shares of K1 each	100	100

10. Amounts due to customers

	2017 K'000	2016 K'000 Restated	2016 K'000
Agents and customers	1 537 207	3 944 465	-

11. Transfer of business

On 1 January 2014, the Company transferred the mobile commerce business to Airtel Malawi Limited, following resolution of the board. The transfer resulted in a net gain of K1.3 billion analysed as follows:

	K'000
Total assets	2 304 363
Total liabilities	(1 020 800)
Net asset trust	1 283 563

12. Taxation

The trust is not involved in any trade expect looking after trust funds. As such it is not in a tax payable position.

13. Fair value measurements

13.1 *Categorisation of financial instruments*

The analysis below sets out the Company's classification of financial assets and liabilities and their fair value including accrued interest.
This note provides information about how the Trust determines fair values of various financial assets and financial liabilities.

13. Fair value measurements (Continued)

13.2 *Valuation techniques and assumptions applied for the purposes of measuring fair value*

	2017	2016
Financial assets	**K 000**	**K 000**
Amounts due from related parties	217 450	19 000
Funds held in trust	6 843 583	7 975 980
Total financial assets	7 061 033	7 994 980
Financial liabilities		
Amounts due to related parties	5 306 376	4 031 515
Amounts due to customers	1 537 207	3 944 465
Total financial liabilities	6 843 583	7 975 980

The directors consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

The fair values of financial assets and financial liabilities are determined as follows.

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

13.3 *Fair value measurements recognised in the statement of financial position*

The fair value measurements are grouped into three hierarchy levels (levels 1 to 3) based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

13. Fair value measurements (Continued)

13.4 *Fair value of the Trust's financial assets and financial liabilities that are measured at fair value on recurring basis.*

The Trust did not have any financial assets and financial liabilities that are measured at fair value at the end of each reporting period.

13.5 *Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required).*

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

Fair value hierarchy as at 31 December 2017

	Level 1 K'000	Level 2 K'000	Total K'000
Financial assets classified as loans and receivables			
Amounts due from related parties	-	217 450	217 450
Financial assets held at amortised cost:			
Funds held in Trust	6 843 583	-	6 843 583
	6 843 583	217 450	7 061 033
Financial liabilities held at amortised cost:			
Amounts due to related parties	-	5 306 376	5 306 376
Amounts due to customers	1 537 207	-	1 537 207
Total	1 537 207	5 306 376	6 843 583

13. Fair value measurements (Continued)

Fair value hierarchy as at 31 December 2016

	Level 1 K'000	Level 2 K'000	Total K'000
Financial assets classified as loans and receivables			
Amounts due from related parties	-	19 000	19 000
Financial assets held at amortised cost:			
Funds held in Trust	7 975 980	-	7 975 980
	7 975 980	19 000	7 994 980
Financial liabilities held at amortised cost:			
Amounts due to related parties	-	4 031 515	4 031 515
Amounts due to customers	3 944 465	-	3 944 465
Total	3 944 465	4 031 515	7 975 980

14. Economic factors

The average of the year-end buying and selling rates of the foreign currencies most affecting the performance of the fund is stated below, together with the increase in the National Consumer Price Index for the year, which represents an official measure of inflation.

	2017	2016
Kwacha/US Dollar	734.0	733.5
Inflation	7.1%	20%

Subsequent to year-end, on 1 June 2018, the above economic factors had moved as follows:

Kwacha/US Dollar	734.0
Inflation (April 2018)	9.7%

No adjustments arising from the movement of the exchange rates after the year-end have been made in the statement of financial condition.

15. Contingent Liabilities

There were no contingent liabilities at the reporting date.

16. Comparatives

Where necessary, certain comparative figures have been reclassified to conform with changes in the presentation in the current year.

17. Events after reporting date

There were no events subsequent to the year-end that would impact on the financial position or results of the Company that require disclosure.