AIRTEL MOBILE COMMERCE RWANDA LIMITED

ANNUAL REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

AIRTEL MOBILE COMMERCE RWANDA LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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AIRTEL MOBILE COMMERCE RWANDA LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2016

PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE

Airtel Rwanda Limited
Remera, Gasabo
P.O. Box 4164
Kigali
Rwanda

BANKERS

Bank of Kigali Limited
Avenue de la Paix
P.O. Box 175
Kigali

I&M Bank Rwanda Limited
KN 3AV/9
P.O. Box 354
Kigali
Rwanda

Equity Bank Rwanda Limited
Grand Pension Plaza, 1st Floor, KN 4 AV
P.O. Box 494
Kigali
Rwanda

SECRETARY

Mr. Brian Kirungi
C/o Airtel Rwanda Limited
P.O. Box 4164
Kigali
Rwanda

AUDITORS

Ernst & Young Rwanda Limited
Certified Public Accountants
Mpeace Plaza, Executive Wing 6th Floor
Avenue de la Paix
P.O. Box 3638
Kigali
Rwanda

AIRTEL MOBILE COMMERCE RWANDA LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2016

The directors submit their report and the audited financial statements for the year ended 31 December 2016 which show the state of the company's affairs.

1. PRINCIPAL ACTIVITIES

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.

2. RESULTS

The company did not engage in trading activities during the year.

3. DIRECTORS

The directors who served during the year and to the date of this report were:-

Mr. Michael Nij Boye Adjei	-	Chairman
Mr. Brian Kirungi	-	Director
Mrs. Jantina van de Vreede Catharina	-	Director
Mr. Rahul Bedi	-	Director - Appointed on 29th July 2016

4. AUDITORS

Ernst & Young Rwanda Limited have expressed their willingness to continue in office.

By order of the Board

Secretary

.....2017

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Ernst & Young Rwanda Limited
Certified Public Accountants
M-Peace Plaza, Executive Wing 6th floor
Avenue de la Paix
P.O. Box 3638
Kigali, Rwanda

Tel: +250 788309977 / 250 788303322
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
AIRTEL MOBILE COMMERCE RWANDA LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Airtel Mobile Commerce Rwanda Limited set out on pages 7 to 20, which comprise the statement of financial position as at 31 December 2016, 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 financial statements present fairly, in all material respects, the financial position of Airtel mobile commerce Rwanda Limited as at 31 December 2016, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and Law No. 07/2009 of 27/04/2009 relating to companies as amended.

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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code)., We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of Airtel Mobile Commerce Rwanda Limited. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the Directors' Report, as required by Law No. 07/2009 of 27/04/2009 relating to Companies as amended, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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INDEPENDENT AUDITOR'S REPORT (Continued)
TO THE MEMBERS OF
AIRTEL MOBILE COMMERCE RWANDA LIMITED

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Law No. 07/2009 of 27/04/2009 relating to companies as amended, 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. Those charged with governance are responsible for overseeing the Company's 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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INDEPENDENT AUDITOR'S REPORT (Continued)
TO THE MEMBERS OF
AIRTEL MOBILE COMMERCE RWANDA LIMITED

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion

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.

REPORT ON OTHER LEGAL REQUIREMENTS

As required by the Law No. 07/2009 of 27/04/2009 relating to companies as amended we report to you, based on our audit, that:

i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) In our opinion, proper books of account have been kept by the company, so far as appears from our examination of those books; and

iii) The company's statement of financial position and statement of comprehensive income are in agreement with the books of account.

ALLAN GICHUHI
For Ernst & Young Rwanda Limited

10/03/.....2017

AIRTEL MOBILE COMMERCE RWANDA LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 Rwf'000	2015 Rwf'000
CURRENT ASSETS			
Amounts due from related parties	3(a)	10,000	10,000
Cash and cash equivalents	4	1,419,098	2,704,590
TOTAL ASSETS		1,429,098	2,714,590
EQUITY AND LIABILITIES			
EQUITY			
Share capital	5	10,000	10,000
CURRENT LIABILITIES			
Amounts due to related parties	3(b)	541,721	1,219,049
Due to E-Value holders	6	877,377	1,485,541
		1,419,098	2,704,590
TOTAL EQUITY AND LIABILITIES		1,429,098	2,714,590

The financial statements were approved by the Board of Directors on 09/03/2017 2017 and signed on its behalf by:-

.....)
)
) Directors
)
.....)

AIRTEL MOBILE COMMERCE RWANDA) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 Rwf '000	2015 Rwf '000
Income		-	-
Operating expenses	7	-	-
Profit before taxation		-	-
Tax expense		-	-
Profit for the year		-	-

AIRTEL MOBILE COMMERCE RWANDA LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31DECEMBER 2016

	Ordinary share Capital Rwf '000
Year ended 31 December 2015	
At 01 January 2015	-
Share Capital Paid	10,000
At 31 December 2015	10,000
Year ended 31 December 2016	
At 01 January and 31 December 2016	10,000

AIRTEL MOBILE COMMERCE RWANDA LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

Cash flows from operating activities:	2016 Rwf'000'	2015 Rwf'000'
(Decrease)/ Increase in amount due to E-Value holders	(608,164)	55,878
Decrease in amount due to related parties	(677,328)	(1,217,549)
Cash generated from operations	(1,285,492)	1,161,671
Income tax paid	-	-
Net cash from operating activities	(1,285,492)	1,161,671
Net (decrease)/increase in cash and cash equivalent	(1,285,492)	1,161,671
Cash and cash equivalents at the beginning of the year	2,704,590	1,542,919
Cash and cash equivalents at the end of the year (Note 4)	1,419,098	2,704,590

1. CORPORATE INFORMATION

Airtel Mobile Commerce Rwanda limited is a limited liability company registered and domiciled in Rwanda and licensed under the Law no 06/2002 on Commercial Enterprises in Rwanda. The Company was incorporated on 1 December 2012. The address of its registered office and principal place of business is stated in page 1. The company is incorporated and domiciled in Rwanda and owned by Airtel Mobile Commerce B.V with 99% of the shares and Airtel Mobile Commerce Holding B.V with 1% share in the company.

2. ACCOUNTING POLICIES

2.1 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies were consistently applied during the year, unless otherwise stated.

a) Basis of preparation

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Rwandan Franc (Rwf).

b) 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).

c) Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The company does not hold any assets of its own and therefore did not apply any estimates or impairment of assets.

d) Income recognition

Currently the company does not engage in any activities that generate any form of revenue.

e) Payables and accruals

Payables and accruals being short term in nature are carried at cost as the effect of computing interest is considered to be insignificant.

f) Retirement benefit costs

Currently the company operates solely under the Airtel Networks Rwanda infrastructure and does not have staff of its own.

g) Taxation

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

h) 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 Networks Rwanda. For the purposes of the statement of cash flows cash and cash equivalents comprise bank balances.

2. ACCOUNTING POLICIES ((continued)

2.2 Changes in accounting policies and disclosures

(i) New accounting standards, amendments and interpretations(Continued)

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations.

The following new and amended standards did not have an impact on the company.

- IFRS 14 Regulatory Deferral Accounts
- Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants
- Amendments to IAS 27: Equity Method in Separate Financial Statements
- Annual Improvements Cycle - 2012-2014: (IFRS 5 Non-current Assets Held for Sale and Discontinued Operations Assets (or disposal groups), IFRS 7 Financial Instruments: Disclosures - Servicing contracts and applicability of offsetting disclosure requirements to condensed interim financial statements, IAS 19 Employee Benefits - Discount rate: regional market issue and IAS 34 Interim Financial Reporting
- Amendments to IAS 1 Disclosure Initiative
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

(ii) Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will not no impact on the classification and measurement of the Company's financial assets and liabilities.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Company plans to adopt the new standard on the required effective date. The Company is considering the clarifications issued by the IASB in an exposure draft in April 2016 and will monitor any further developments.

2. ACCOUNTING POLICIES ((continued)

2.2 Changes in accounting policies and disclosures

(ii) Standards issued but not yet effective (continued)

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. In December 2015, the IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. These amendments are not expected to have any impact on the Company.

IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS 12

The IASB issued the amendments to IAS 12 Income Taxes to clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. Early application is permitted. If an entity applies the amendments for an earlier period, it must disclose that fact. The amendments are intended to remove existing divergence in practice in recognising deferred tax assets for unrealised losses. The amendments are effective for annual periods beginning on or after 1 January 2017. The Company is currently evaluating the impact.

IAS 7 Disclosure Initiative - Amendments to IAS 7

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. Early application is permitted. The amendments are intended to provide information to help investors better understand changes in a company's debt. The amendments are effective for annual periods beginning on or after 1 January 2017. The Company is currently evaluating the impact.

2. ACCOUNTING POLICIES ((continued)

2.2 Changes in accounting policies and disclosures (continued)

(ii) Standards issued but not yet effective (continued)

IFRS 2 Classification and Measurement of Share-based Payment Transactions - Amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based Payment in relation to the classification and measurement of share-based payment transactions. The amendments address three main areas:

- The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction
- The classification of a share-based payment transaction with net settlement features for withholding tax obligations
- The accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. Early application is permitted.

The amendments are intended to eliminate diversity in practice, but are narrow in scope and address specific areas of classification and measurement. The amendments are effective for annual periods beginning on or after 1 January 2018. The Company is currently evaluating the impact.

IFRS 16 Leases

The IASB issued IFRS 16 Leases on 13 January 2016. The scope of the new standard includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

Key features

- The new standard requires lessees to account for all leases under a single on-statement of financial position model (subject to certain exemptions) in a similar way to finance leases under IAS 17.
- Lessees recognise a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately.
- The new standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computer) and short-term leases (i.e., leases with a lease term of 12 months or less).
- Reassessment of certain key considerations (e.g., lease term, variable rents based on an index or rate, discount rate) by the lessee is required upon certain events.
- Lessor accounting is substantially the same as today's lessor accounting, using IAS 17's dual classification approach.

The new standard is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. The new standard permits a lessee to choose either a full retrospective or a modified retrospective transition approach.

2. ACCOUNTING POLICIES ((continued)

2.2 Changes in accounting policies and disclosures (continued)

(iii) Standards issued but not yet effective (continued)

Amendments to IAS 40- Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with IAS 8 is only permitted if that is possible without the use of hindsight. Early application of the amendments is permitted and must be disclosed. The amendments are effective for annual periods beginning on or after 1 January 2018. These amendments are not expected to have any impact on the Company.

IFRIC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity may apply the interpretation
prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

(i) The beginning of the reporting period in which the entity first applies the interpretation
Or
(ii) The beginning of a prior reporting period presented as comparative information in the financial statements of
the reporting period in which the entity first applies the interpretation.

Early application of interpretation is permitted and must be disclosed. First-time adopters of IFRS are also permitted to apply the interpretation prospectively to all assets, expenses and income initially recognised on or after the date of transition to IFRS. The standard is effective for annual periods beginning on or after 1 January 2018. The Company is currently evaluating the impact.

2. ACCOUNTING POLICIES ((continued)

2.2 Changes in accounting policies and disclosures (continued)

(iv) Standards issued but not yet effective (continued)

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4

The amendments address concerns arising from implementing the new financial instruments Standard,
IFRS 9, before implementing the new insurance contracts standard that the Board is developing to replace IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach.

Temporary exemption from IFRS 9
The optional temporary exemption from IFRS 9 is available to entities whose activities are predominantly connected with insurance. The temporary exemption permits such entities to continue to apply IAS *39 Financial Instruments: Recognition and Measurement* while they defer the application of IFRS 9 until 1 January 2021 at the latest. Predominance must be initially assessed at the annual reporting date that immediately precedes 1 April 2016 and before IFRS 9 is implemented. Also the evaluation of predominance can only be reassessed in rare cases. Entities applying the temporary exemption will be required to make additional disclosures.

The overlay approach
The overlay approach is an option for entities that adopt IFRS 9 and issue insurance contracts, to adjust profit or loss for eligible financial assets; effectively resulting in IAS 39 accounting for those designated financial assets. The adjustment eliminates accounting volatility that may arise from applying IFRS 9 without the new insurance contracts standard. Under this approach, an entity is permitted to reclassify amounts between profit or loss and other comprehensive income (OCI) for designated financial assets. An entity must present a separate line item for the amount of the overlay adjustment in profit or loss, as well as a separate line item for the corresponding adjustment in OCI.

The temporary exemption is first applied for reporting periods beginning on or after 1 January 2018. An entity may elect the overlay approach when it first applies IFRS 9 and apply that approach retrospectively to financial assets designated on transition to IFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying IFRS 9. These amendments do not have any impact as the Company do not have insurance contracts.

2. ACCOUNTING POLICIES ((continued)

2.2 Changes in accounting policies and disclosures (continued)

(v) Standards issued but not yet effective (continued)

IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters

Short-term exemptions in paragraphs E3-E7 of IFRS 1 were deleted because they have now served their intended purpose. The amendment is effective from 1 January 2018. This amendment does not have an impact on the Company.

IAS 28 Investments in Associates and Joint Ventures -

The amendments clarifies that:

- An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.

- If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

The amendments should be applied retrospectively and are effective from 1 January 2018, with earlier application permitted. If an entity applies those amendments for an earlier period, it must disclose that fact. The amendments does not have an impact on the Companybank.

IFRS 12 Disclosure of Interests in Other Entities - Clarification of the scope of the disclosure requirements in IFRS 12

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10-B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

The amendments are effective from 1 January 2017 and must be applied retrospectively. The amendments does not have an impact on the Company.

3. RELATED PARTY TRANSACTIONS AND BALANCES

	2016 Rwf '000	2015 Rwf '000
a) Amounts due from related parties In relation to Paid up share capital	10,000	10,000
b) Amounts due to related parties	541,721	1,219,049

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	2016 Rwf '000	2015 Rwf '000
Cash at bank	1,419,098	2,704,590

5. SHARE CAPITAL

Authorised: 100 ordinary shares of Rwf 100,000 each	10,000	10,000
Issued and fully paid: 100 ordinary shares of Rwf 100,000 each	10,000	10,000

Airtel Mobile Commerce B.V holds 100 ordinary shares in the company.

6. DUE TO E-VALUE HOLDERS

	2016 Rwf'000'	2015 Rwf'000'
E-Value amounts in circulation in Mobiquity system	877,377	1,485,541

7. AUDIT FEES

Audit fees, like all other operating expenses of the Trust, is accrued and paid by Airtel Rwanda limited. The audit fees for the year 2016 was Rwf 4,100,400 (2015: Rwf 3,795,750).

8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's principal financial instruments comprise cash and cash equivalents, receivables and payables. These instruments arise directly from its operations. The company does not speculate or trade in derivative financial instruments.

The company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk, liquidity risk and operational risk. The directors review and agree policies for managing these risks.

The directors have overall responsibility for the establishment and oversight of the company's risk management framework. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

MARKET RISK

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as foreign exchange rates, interest rates and equity prices. The objective of market risk management is to manage and control market risk exposure within acceptable levels, while optimizing on the return on the risk.

(i) Foreign Exchange Risk

Foreign exchange risk arises from future investment transactions on recognized assets and liabilities. The company's policy is to record transactions in foreign currencies at the rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange in effect at the statement of financial position date. All gains or losses on changes in currency exchange rates are accounted for in the statement of comprehensive income.

(ii) Interest Rate Risk

Interest rate risk is the risk that the future profitability and/or cash flows of financial instruments will fluctuate because of changes in the market interest rates. The interest rate exposure arises mainly from the interest rate movements on the borrowings. However, the company does not engage in borrowing activities as its obligation is to hold cash in trust.

CREDIT RISK

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trading activities as well as placement and balances with other counterparties, advances to customers, deposits held with various services providers, prepayments and bank balances. The Company does not involve itself in trading activities hence it is not exposed to credit risk

LIQUIDITY RISK

Liquidity risk is the risk that the company will encounter difficulty in meeting its obligations from its financial liabilities. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

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.

9. CAPITAL MANAGEMENT

The primary objectives of the company is to hold ,in trust, the funds owing to the Airtel Mobile Commerce 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 Airtel Mobile Commerce E-Value. The principal obligation of the company is not to maximize wealth but to safeguard third party funds.

The capital structure of the company consists of cash and cash equivalents. In order to maintain or adjust the capital structure, the company may return loan capital to shareholders, issue new shares or sell assets to reduce debt.

10. OPERATIONS

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

11. COMPARATIVES

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

Year Ended 31 December 2015	As previously stated	Re-class	Reclassified Amount
	Rwf '000'	Rwf '000'	Rwf '000'
Statement of financial position			
Current liabilities			
Amounts due to related parties	20,285	1,198,764	1,219,049
Due to E-Value holders	2,684,305	(1,198,764)	1,485,541
TOTAL	2,704,590	-	2,704,590

The total current liabilities in reported in prior year audited financials were presented as Rwf 2,704,590,000 and after the reclassifications in the current year, they remained the same as illustrated above. The reclassification relates to amounts due to related party balance of Rwf 1,198,764,000 which has been classified together with the e-value holders (agents and customers) in 2015.

12. INCORPORATION

The company is incorporated in Rwanda.

13. CURRENCY

These financial statements are presented in Rwandan Franc.