MTN Rwandacell Plc (Formerly MTN Rwandacell Limited)

Annual Report and consolidated Financial Statements

For the year ended 31 December 2021

MTN

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The directors submit their report together with the audited consolidated financial statements for the year ended 31 December 2021 which disclose the state of affairs of MTN Rwandacell Plc (the "Company" and together with its subsidiary Company together the "Group"). On 3 February 2021 the company changed its name from MTN Rwandacell Limited to MTN Rwandacell Plc. The Company was listed on the Rwanda Stock Exchange on 4 May 2021.

Principal activity

The principal activity of the Group is to provide fintech services, mobile and fixed telecommunication services.

Staffing

The number of persons employed by the Group at 31 December 2021 was 313 (2020: 279 employees)

Results and dividends

The Group made a profit for the year ended 31 December 2021 of Rwf 22,423 million (2020: Rwf 20,226 million). During the year ended 31 December 2021, the Group declared a dividend of Rwf 10,200 million (2020: Rwf 6,950 million).

Shareholding

The shareholders of MTN Rwandacell Plc as at 31 December 2021 were: MTN International (Mauritius) Limited (55 %), MTN REL (Mauritius) Limited (25%) and Public (20%), whose shares are listed on the Rwanda Stock Exchange.

Directors

The directors who held office during the year and to the date of this report were:

Mr. Faustin Mbundu	Chairperson/Appointed on 19 Aug 2021	Non-executive
Michael Fleisher	Appointed on 1 July 2021	Non-executive
Riaan Wessels	Appointed on 1 July 2021	Non-executive
Patience Mutesi	Appointed on 1 July 2021	Non-executive
Julien Kavaruganda	Appointed on 1 July 2021	Non-executive
Yolanda Cuba	Re-appointed on 30 June 2021	Non-executive
Karabo Nondumo	Appointed on 1 July 2021	Non-executive
Mark Nkurunziza	Re-appointed on 30 June 2021	Executive
Mitwa Ng'ambi	Re-appointed on 30 June 2021	Executive
Evelyn Kamagaju Rutagwenda	Resigned on 30 June 2021	Non-executive
Regis Rugemanshuro	Resigned on 30 June 2021	Non-executive
Nosipho Molope	Resigned on 31 May 2021	Non-executive
Ricardo Varzielas	Resigned on 30 April 2021	Non-executive
Ebenezer Asante	Resigned on 28 February 2021	Non-executive

Auditor

The Company's auditor, PricewaterhouseCoopers Rwanda Limited, continues in office in accordance with Law No. 007/2021 of 5/02/2021 Governing Companies.

By order of the Board

Sharon Mazimhaka
Company Secretary

March 2022

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Law No. 007/2021 of 5/02/2021 Governing Companies requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Group as at the end of the financial year and of its profit or loss for the financial year. It also requires the directors to ensure that the Group keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group. The directors are also responsible for safeguarding the assets of the Group.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with International Financial Reporting Standards and the requirements of Law No. 007/2021 of 5/02/2021 Governing Companies. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Group and of its profit in accordance with International Financial Reporting Standards. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

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

The accompanying financial statements on pages 8 to 69 were authorised for issue by the board of directors on ________________ 2022 and were signed on its behalf by:

DIRECTOR

DIRECTOR

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REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF MTN RWANDACELL PLC

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the financial statements of MTN Rwandacell Plc (the "Company" together with its subsidiary company together the "Group") give a true and fair view of the financial position of the Group as at 31 December 2021 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and with the requirements of Law No.007/2021 of 5/02/2021 Governing Companies.

What we have audited

MTN Rwandacell Plc's consolidated financial statements set out on pages 8 to 69 comprise:

- the Group and Company statement of financial position as at 31 December 2021;
- the Group and Company statement of comprehensive income for the year then ended;
- the Group and Company statement of changes in equity for the year then ended;
- the Group and Company statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

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

Independence

We are independent of the Group in accordance with IESBA International Code of Ethics for Professional Accountants (including International Independence Standards). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. The matter below was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

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REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF MTN RWANDACELL PLC (continued)

Key audit matter (continued)

Key audit matter	
• Recognition of revenue from contracts with customers	**How key audit matter was addressed in the audit**
As explained in note 2b of the consolidated financial statements the Group has several revenue streams driven by different contractual arrangements with customers. The determination of the quantum and timing of revenue recognition is complicated by the multiple information technology systems, tariff structures and pricing models for the various products to customers. Variations in the configurations of systems or accounting processes for the individual products could result in materially different revenue recognition outcomes.	We have evaluated the Group's accounting policies and process for revenue recognition. We tested the design and operating effectiveness of the controls over the integrity of the Information Technology systems used in the processing and recording of revenue transactions, including the general and application controls on the revenue billing systems. We tested the reconciliation of the revenue information from the billing systems to the general ledger at the year end. On a sample basis we tested individual transactions for accuracy and occurrence of revenue transactions, authorisation of rate changes and input of information into the billing system during the year. We compared the reported revenue against expected revenue based on volume and tariff rates for the various products. We traced the revenue amounts on a sample basis to source systems and other supporting documents. We evaluated and tested the adequacy of the relevant disclosures in the financial statement.

Other information

The directors are responsible for the other information. The other information comprises Directors' Report and Statement of Directors' Responsibilities which we obtained prior to the date of this auditors report, and the other information that will be included in the integrated report which is expected to be made available to us after that date but does not include the consolidated financial statements and our auditor's report thereon.

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Other information (continued)

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information that will be included in the integrated report, if we conclude that there is a material misstatement there in, we are required to communicate the matter to directors.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of Law No.007/2021 of 5/02/2021 Governing Companies, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the ability of the Group 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 Group or to cease operations, or have no realistic alternative but to do so.

Directors are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 Group's internal control.

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Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- 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 Group'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 Group'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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 Group to express an opinion in the consolidated financial statement. We are responsible for the direction, supervision, and performance of the Group 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.

We also provide the directors with a statement that we have complied with the 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.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF MTN RWANDACELL PLC (continued)

Report on other legal and regulatory requirements

Law No.007/2021 of 5/02/2021 Governing Companies requires that in carrying out our audit we consider and report to you on the following matters. We confirm 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 Group, so far as appears from our examination of those books;

iii. We have communicated to the Group's Board of Directors, through a separate management letter, internal control matters identified in the course of our audit including our recommendations in relation to those matters;

iv. We have no relationship, no interests and debt in the Group; and

v. In our opinion according to the best of the information and explanations given to us as shown by the accounting and other documents of the Group, the financial statements comply with Article 122 of Law No. 007/2021 of 5/02/2021 Governing Companies.

For PricewaterhouseCoopers Rwanda Limited, Kigali

Moses Nyabanda
Director

28 March 2022

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	Notes	Group and Company 2021 Rwf'000	2020 Rwf'000
Revenue	5(a)	186,883,922	150,787,399
Other income	5(b)	1,242,830	1,225,644
Total income		**188,126,752**	**152,013,043**
Direct network operating costs		(17,340,220)	(12,405,250)
Government and regulatory costs		(5,910,889)	(4,994,799)
Cost of handsets and other accessories		(3,358,822)	(3,184,204)
Interconnection and roaming fees		(5,625,074)	(3,820,275)
Employee benefits expense	6	(16,137,717)	(12,426,423)
Sales, distribution and marketing costs		(28,732,233)	(22,732,150)
Other operating expenses		(21,110,988)	(16,915,711)
Impairment and write-down of financial assets		(187,852)	(1,048,383)
Depreciation	20 (a)	(19,509,258)	(14,962,683)
Depreciation – right of use asset	20 (b)	(11,534,323)	(11,264,385)
Amortisation	19	(4,581,264)	(36,859)
Government grant	34	-	566,668
Operating profit	7	**54,098,112**	**48,788,589**
Finance income	8	1,901,591	1,118,744
Finance costs	8	(22,485,746)	(17,298,102)
Profit before income tax		**33,513,957**	**32,609,231**
Income tax expense	9	(11,090,344)	(12,382,459)
Profit for the year		**22,423,613**	**20,226,772**
Other comprehensive income, net of tax		-	-
Total comprehensive income for the year		**22,423,613**	**20,226,772**
Attributable to:			
Equity holders of the company		**22,423,613**	**20,226,772**
			Restated
Basic earnings per share	35	17	15
Diluted earnings per share	35	17	15

The notes on pages 12 to 69 are an integral part of these financial statements.

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MTN Rwandacell Plc
Consolidated and Company statement of financial position
As at 31 December 2021

	Notes	Group	Company	
		2021 Rwf'000	**2021 Rwf'000**	**2020 Rwf'000**
ASSETS				
Non-current assets				
Indefeasible rights of use assets (IRUs)	16	8,230,572	8,230,572	6,963,134
Intangible assets	19	86,864,513	86,864,513	9,448
Property, plant and equipment	20(a)	83,082,391	83,082,391	66,825,277
Right of use assets	20(b)	84,139,019	84,139,019	80,530,138
Investment in subsidiary	37	-	200,000	-
Intercompany loan	37	-	500,000	-
Total non-current assets		**262,316,495**	**263,016,495**	**154,327,997**
Current assets				
Current income tax	9	2,474,259	2,474,259	-
Indefeasible rights of use assets (IRUs)	16	1,158,019	1,158,019	995,567
Restricted cash	17(b)	86,769,068	-	66,269,879
Cash and cash equivalents	17(a)	12,185,937	11,485,937	22,211,731
Deposits with financial institutions	18	10,220,458	10,220,458	3,642,250
Inventories	21	1,506,956	1,506,956	1,129,941
Trade and other receivables	22	39,738,185	39,738,185	40,136,497
Total current assets		**154,052,882**	**66,583,814**	**134,385,865**
Total assets		**416,369,377**	**329,600,309**	**288,713,862**
EQUITY AND LIABILITIES				
Equity				
Ordinary share capital	11	1,350,887	1,350,887	15,000
Retained earnings		55,941,514	55,941,514	45,053,788
Shareholders loans	12	-	-	3,660,000
Other reserves	13	1,500	1,500	1,500
Total equity		**57,293,901**	**57,293,901**	**48,730,288**
Liabilities				
Non-current liabilities				
Deferred income tax	14	14,916,513	14,916,513	14,159,020
Borrowings	15	83,367,212	83,367,212	23,999,135
Lease liabilities	25	66,380,689	66,380,689	66,380,689
Total non-current liabilities		**164,664,414**	**164,664,414**	**104,538,844**
Current liabilities				
Deferred revenue	5(c)	3,117,051	3,117,051	2,615,113
Current income tax	9	-	-	3,534,936
Borrowings	15	7,273,625	7,273,625	5,021,585
Trade and other payables	23(a)	60,261,395	60,261,395	34,504,112
Mobile money payables	23(b)	86,769,068	-	66,269,879
Provisions	24	878,094	878,094	1,332,101
Lease liabilities	25	28,618,910	28,618,910	22,167,004
Shareholder loan		915,000	915,000	-
Bank overdraft		6,577,919	6,577,919	-
Total current liabilities		**194,411,062**	**107,641,994**	**135,444,730**
Total liabilities		**359,075,476**	**272,306,408**	**239,983,574**
Total equity and liabilities		**416,369,377**	**329,600,309**	**288,713,862**

The notes on pages 12 to 69 are an integral part of these financial statements

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Group and Company

	Notes	Ordinary share capital	Shareholders loans	Retained earnings	Other reserves	Total equity
		Rwf'000	Rwf'000	Rwf'000	Rwf'000	Rwf'000
At 1 January 2020		15,000	3,660,000	31,777,016	1,500	35,453,516
Total profit and comprehensive income for the year		-	-	20,226,772	-	20,226,772
Transactions with owners:						
Dividends paid	10	-	-	(6,950,000)	-	(6,950,000)
At 31 December 2020		**15,000**	**3,660,000**	**45,053,788**	**1,500**	**48,730,288**
At 1 January 2021		15,000	3,660,000	45,053,788	1,500	48,730,288
Total profit and comprehensive income for the year				22,423,613		22,423,613
Transactions with owners:						
Repayment in shareholder loan	12	-	(3,660,000)	-	-	(3,660,000)
Allocation of shares	11	1,335,887	-	(1,335,887)		-
Dividends paid	10	-	-	(10,200,000)	-	(10,200,000)
At 31 December 2021		**1,350,887**	-	**55,941,514**	**1,500**	**57,293,901**

The notes on pages 12 to 69 are an integral part of these financial statements

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MTN Rwandacell Plc
Consolidated and Company statement of cash flows
For the year ended 31 December 2021

	Notes	Group 2021 Rwf'000	Company 2021 Rwf'000	Company 2020 Rwf'000
Cash flows from operating activities				
Cash generated from operations	30	85,094,045	85,094,045	62,835,240
Interest received	8	800,546	800,546	718,118
Interest paid		(44,250)	(44,250)	(97,789)
Tax paid	9	(16,002,906)	(16,002,906)	(6,315,472)
Net cash generated from operating activities		**69,847,435**	**69,847,435**	**57,140,097**
Cash flows from investing activities				
Purchase of property, plant and equipment	20(c)	(37,094,855)	(37,094,855)	(22,583,362)
Deposit placements with financial institutions		(6,820,458)	(6,820,458)	(218,263)
Non-current prepayments		(631,925)	(631,925)	-
Payment for GSM Network License		(63,354,280)	(63,354,280)	-
Investment in subsidiary	37	-	(200,000)	-
Loan to subsidiary	37	-	(500,000)	-
Net cash used in investing activities		**(107,901,518)**	**(108,601,518)**	**(22,801,625)**
Cash flows from financing activities				
Principal elements of leases payments	25	(22,276,982)	(22,276,982)	(18,592,607)
Dividends paid	10	(10,200,000)	(10,200,000)	(6,950,000)
Bank overdraft	15	6,577,919	6,577,919	-
Increase in borrowing	15	64,000,000	64,000,000	-
Repayment of principal	15	(5,823,333)	(5,823,333)	(5,932,138)
Repayment of interest	15	(4,197,586)	(4,197,586)	(5,046,819)
Net cash generated/(used) in financing activities		**28,080,018**	**28,080,018**	**(36,521,564)**
Net increase/decrease in cash and cash equivalents		(9,974,065)	(10,674,065)	(2,183,092)
Cash and cash equivalents at beginning of the year		22,211,731	22,211,731	24,362,837
Exchange gains on cash and cash equivalents		(51,729)	(51,729)	31,986
Cash and cash equivalents at end of the year	17(a)	**12,185,937**	**11,485,937**	**22,211,731**

The notes on pages 12 to 69 are an integral part of these financial statements.

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Notes

1 General information

The company is incorporated in Rwanda as a Public liability company and listed on the Rwanda Stock Exchange. The address of its registered office is:

MTN Centre
Nyarutarama
P.O Box 264, Kigali
Rwanda

The company is controlled by MTN International (Mauritius) Limited. Its parent and ultimate holding company is MTN Group Limited, a company incorporated in the Republic of South Africa and listed on the Johannesburg Stock Exchange. The principal activity of the Company is providing mobile telecommunication services and fintech services.

For Rwanda Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of comprehensive income in these financial statements.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below and in the related notes to the Group's consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

Changes in accounting policy and disclosures

A Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and comply with the requirements of Law No.007/2021 of 5/02/2021 Governing Companies. The Group has adopted all new accounting pronouncements that became effective in the current reporting period.

The financial statements have been prepared on the historical cost basis.

Amounts are rounded to the nearest thousand with the exception of the number of ordinary share capital (note 11). The preparation of financial statements in conformity with IFRS requires management to make judgements, 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. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are included in note 4.

The notes to the financial statement have been presented for Group and Company unless specified otherwise.

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Notes (continued)

2 Summary of significant accounting policies (continued)

A Basis of preparation (continued)

(i) Changes in accounting policy and disclosures (continued)

i) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021:

- Covid-19-Related Rent Concessions – amendments to IFRS 16, and
- Interest Rate Benchmark Reform – Phase 2 – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to have a material effect to the Group's financial statements.

ii) New amended standards not yet adopted by the Group

The below new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact to the Group in the current or future reporting periods and on foreseeable future transactions.

Number	Effective date	Executive summary
IFRS 17, 'Insurance contracts'	Annual periods beginning on or after 1 January 2023 Early application is permitted for entities that apply IFRS 9, 'Financial Instruments', and IFRS 15, 'Revenue from Contracts with Customers', at or before the date of initial application of IFRS 17. **(Published May 2017)**	The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators. Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin.

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Notes (continued)

2 Summary of significant accounting policies (continued)

A Basis of preparation (continued)

(i) Changes in accounting policy and disclosures (continued)

ii) New amended standards not yet adopted by the Group (continued)

Number	Effective date	Executive summary
IFRS 17, 'Insurance contracts'*(continued)*	*(continued)*	The unearned profit (contractual service margin) is recognised over the coverage period. Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less. For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract. The fulfilment cash flows are remeasured on a current basis each reporting period.

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Notes (continued)

2 Summary of significant accounting policies (continued)

A Basis of preparation (continued)

(i) Changes in accounting policy and disclosures (continued)

ii) New amended standards not yet adopted by the Group (continued)

Number	Effective date	Executive summary
IFRS 17, Insurance contracts Amendments	Annual periods beginning on or after 1 January 2023 (Published June 2020)	In response to some of the concerns and challenges raised, the IFRS Board developed targeted amendments and a number of proposed clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and ease transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard or unduly disrupt implementation already underway.
Amendment to IFRS 3, 'Business combinations' Asset or liability in a business combination clarity	Annual periods beginning on or after 1 January 2022 (Published May 2020)	The IFRS Board has updated IFRS 3, 'Business combinations', to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. In addition, the Board added a new exception in IFRS 3 for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', or IFRIC 21, 'Levies', rather than the 2018 Conceptual Framework. The Board has also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.
Amendments to IAS 16 'Property, Plant and Equipment': Proceeds before Intended Use	Annual periods beginning on or after 1 January 2022 (Published May 2020)	The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.

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Notes (continued)

2 Summary of significant accounting policies (continued)

A Basis of preparation (continued)

(i) Changes in accounting policy and disclosures (continued)

ii) New amended standards not yet adopted by the Group (continued)

Number	Effective date	Executive summary
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' on Onerous Contracts—Cost of Fulfilling a Contract	Annual periods beginning on or after 1 January 2022 (Published May 2020)	The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.
	Annual periods beginning on or after 1 January 2022 (Published May 2020)	These amendments include minor changes to: • IFRS 1, 'First time adoption of IFRS' has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS. • IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation. • IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives. • IAS 41, 'Agriculture' has been amended to align the requirements for measuring fair value with those of IFRS 13. The amendment removes the requirement for entities to exclude cash flows for taxation when measuring fair value.

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Notes (continued)

2 Summary of significant accounting policies (continued)

A Basis of preparation (continued)

(i) Changes in accounting policy and disclosures (continued)

ii) New amended standards not yet adopted by the Group (continued)

Number	Effective date	Executive summary
Amendment to IAS 1 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current	Annual periods beginning on or after 1 January 2022 (Published Jan 2020)	The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant).

(ii) Principles of consolidation and equity accounting

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The board of MTN Rwandacell Plc has appointed the Group Executive Committee (CODM) which assesses the financial performance and position of the Group and makes strategic decisions. The steering committee, which has been identified as being the chief operating decision maker, consists of the Group's executive committee.

The Group has identified reportable segments that are used by the Group Executive Committee to make key operating decisions, allocate resources and assess performance. The reportable segments are largely grouped according to the operations primarily Fintech and Telecommunication business segments which are used to examine the Group's performance.

The Group's underlying operations and product lines are clustered as follows:

- Telecommunication services. This comprises of data, voice, SMS, value added services rich media services, and airtime lending.
- Fintech services. Finance technology (Fintech) relates to mobile money services.

The Group executive committee primarily uses a measure of adjusted earnings before interest, tax, depreciation, and amortisation (EBITDA, see below) to assess the performance of the operating segments.

Interest income, finance cost, borrowings, network assets, licences, borrowings, IRUs and right of use assets are not allocated to segments, as this type of activity is driven by the central function, which manages the cash position of the group.

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Notes (continued)

2 Summary of significant accounting policies (continued)

B Revenue recognition

Revenue is recognised when or as the Group transfers control of goods or services to a customer at the amount to which the Group expects to be entitled. Depending on whether certain criteria are met, revenue is recognised;

- over time, in a manner that best reflects the delivery of the Company's performance obligations; or
- at a point in time, when control of the goods or services is transferred to the customer.

The Group applies the five-step model as per IFRS 15 - Revenue from contracts with customers, to determine when to recognise revenue and at what amount. The following approach is used:

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognise revenue.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

The Group accounts for a contract with a customer only when; there is evidence of an arrangement, the company can identify each party's rights regarding the goods and services to be transferred, the contract has commercial substance and collectability is reasonably assured.

The Group principally generates revenue from providing mobile telecommunications services, such as network services (comprising of data, voice and SMS), digital services, interconnect and roaming services, as well as from sale of mobile devices. Products and services may be sold separately or in bundled packages. The typical length of a contract for a post-paid bundled package is 24 months.

For bundled packages, the Group accounts for individual products and services separately if they are distinct – i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it. The consideration is allocated between separate products and services in a bundle based on their stand-alone selling prices. The stand-alone selling prices are determined based on the list prices at which the Group sells mobile devices and network services separately.

The main categories of revenue and the basis of recognition are as follows:

Network services

Voice and SMS services enable both prepay and postpay customers to make calls and send text respectively within and outside the network. Prepay customers top up their phones by either buying prepay cards from dealers, other retail outlets, by using mobile money or borrowing credit through emergency top up service. They can also receive airtime from other subscribers. Postpay customers subscribe to various tariffs and are billed at the end of the month based on a fixed charge or usage. Revenue from prepay voice customers is recognised on usage.

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Notes (continued)

2 Summary of significant accounting policies (continued)

B Revenue recognition (continued)

Network services(continued)

Mobile data enables both prepay and post pay customers access the internet. Prepay customers top up their lines by purchasing credit or bundles in advance whereas Post pay customers are availed credit based on the tariff subscribed. Mobile data has a wide range of propositions available as per customers' requirements. The data bundles are deferred on purchase and recognised as revenue on usage. The validity of purchased but un-utilised data bundles is extended upon additional purchase of data bundles and the company prompts the subscriber in advance before unutilised bundles expire and are consequently unavailable for use. The Group has in place Data Manager tool that gives subscribers power to control data bundle usage and allows them to restrict browsing out of bundle which avoids instances of higher pricing when browsing the internet.

A contract liability is recognised for amounts received in advance, until the services are provided or when the usage of services becomes remote.

Network services (comprising voice, data and SMS) are considered to represent a single performance obligation as all are provided over the MTN network and transmitted as data representing a digital signal on the network. The transmission of voice, data and SMS all consume network bandwidth and therefore, irrespective of the nature of the communication, the subscriber ultimately receives access to the network and the right to consume network bandwidth. Network services are, therefore viewed as a single performance obligation represented by capacity on the MTN network.

Mobile money revenue

Mobile money is a mobile money transaction service allowing customers to deposit, transfer and withdraw money or pay for goods and services using a mobile phone. Mobile money is available to all MTN subscribers (Prepay and Postpay). Registration is free and available at any mobile money agent countrywide. Revenue from this service is earned largely from transfer and withdrawal transactions performed by customers. A graduated tariff depending on the funds being transacted is applied on all transactions which are cumulatively reported as mobile money transaction commission revenue.

In line with the financial inclusion strategy Group has partnered with NCBA to offer MoKash services. These services enable customers to save and get loans. Revenue is shared among the partners on the basis of the facility fee and other charges to customers based on a pre-determined revenue share matrix.

Digital services

Digital services include value-added services, rich media services and airtime lending. Customers either pay in advance for these services or pay monthly in equal instalments over the contractual period. A contract liability is recognised for amounts received in advance, until the services are provided or when the usage of services becomes remote.

The Group recognises revenue from these services as they are provided. Revenue is recognised based on actual units of digital services provided during the reporting period as a proportion of the total units of digital services to be provided. The customer receives and uses the benefits of these services simultaneously. Units of digital services outside of postpaid contracts are recognised as the service is provided.

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Notes (continued)

2 Summary of significant accounting policies (continued)

B Revenue recognition (continued)

ICT

The Group has in place its Home Fibre i.e. Fibre To The Home (FTTH) and Fibre to the Building (FTTB) services that enable fast, reliable and unlimited internet access from the comfort of a customer's home/premises. This service is open and available to all customers residing within areas that have the Group's fibre infrastructure ready and have applied to have their homes /premises connected to the Group's fibre grid. The price charged is based on the bandwidth and speed contracted by the customer. The price is charged upfront for a standard period of 30 days and the customer can renew the subscription by making a payment. The amount charged is deferred and recognized as revenue proportionately over the subscription period.

Interconnect and roaming

The Group has signed interconnect agreements with both local and foreign partners. This allows customers from either network to originate or terminate calls to each other's network. Revenue is earned and recognised when partners' calls are terminated to the Group's network i.e. the service is rendered.

The Group has roaming agreements with roaming partners that enable customers to make and receive calls when travelling around the world. The agreed charges differ per partner. When visitors roam on Group's network, revenue is earned by billing the visiting customers' network while revenue from Group's customers is earned from customer billing for voice, SMS and data usage while roaming on other networks. Revenue is recognised on billing.

Payment for interconnect and roaming is generally received on a monthly basis. The Group has considered historical payment patterns (i.e. customary business practice) in assessing whether the contract contains a significant financing component. For contracts containing a significant financing component, the company reduces interconnect and roaming revenue and recognises interest revenue over the period between satisfying the related performance obligation and payment.

Mobile devices

The Group sells a range of mobile devices. The Group recognises revenue when customers obtain control of mobile devices, being when the customers take possession of the devices. For mobile devices sold separately, customers pay in full at the point of sale. For mobile devices sold in bundled packages, customers usually pay monthly in equal instalments over a period of 24 months.

The Group assesses these contracts including handsets to determine if they contain a significant financing component. The Group does not expect to have any material financing component in the contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Capitalisation of subscriber acquisition costs

The Group expects that incremental subscriber acquisition costs for obtaining and renewing contracts are recoverable. These costs include agent's commission on post-paid contracts and SIM activation costs on prepaid contracts. However, the Group has not capitalised these expenses as contract costs because they are not material to the financial statements.

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Notes (continued)

2 Summary of significant accounting policies (continued)

B Revenue recognition (continued)

Simcard

This represents connection revenue which arises from first time activation of a sim-card bought by a subscriber. It is the amount paid by the subscriber to obtain a sim-card.

Other income

This includes, among others, site rentals. Site rental revenue is billed monthly and is based on the number of sites and equipment hosted per site. Revenue is recognized systematically over the lease period.

C Functional currency and translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency that best reflects the primary economic environment in which the Group operates (the functional currency). The Group financial statements are presented in Rwanda francs, which is the functional and presentation currency of the Group.

(iii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

D Property, plant and equipment

Property, plant and equipment are measured at historical cost less accumulated depreciation and impairment losses. Property, plant and equipment acquired through business combinations are initially shown at fair value and are subsequently carried at the initially determined fair value less accumulated depreciation and impairment losses.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition or construction of the assets, any other costs directly attributable to bringing the assets to the location and condition for their intended use and the present value of estimated decommissioning costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

Property, plant and equipment under construction are measured at initial cost and depreciated from the date the assets are available for use in the manner intended by management over their estimated useful lives. Assets are transferred from capital work-in-progress to an appropriate category of property, plant and equipment when commissioned and ready for their intended use.

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Notes (continued)

2 Summary of significant accounting policies (continued)

D Property, plant and equipment (continued)

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

The Group capitalises general and specific borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. A qualifying asset is deemed to be an asset which takes more than 12 months to acquire, construct or produce. Borrowing costs include general and specific borrowings directly attributable to the acquisition, construction or production of qualifying assets. Other borrowing costs are expensed in profit or loss.

Asset exchange transactions are transactions where one or more items of property, plant and equipment are acquired in exchange for non-monetary assets, or a combination of monetary and non-monetary assets. In circumstances whereby the Group enters into an asset exchange transaction, the Group determines whether such an exchange has commercial substance. Commercial substance depends on the extent to which the Company's future cash flows are expected to change as a result of the transaction. A transaction has commercial substance if the difference in either of the points below is significant relative to the fair value of the assets exchanged:

- the configuration of the cash flows of the asset received differs from the configuration of the cash flows of the asset given up; or
- the entity-specific value of the part of the operations affected by the transaction changes as a result of the exchange.

Property, plant and equipment acquired in an exchange transaction is measured at fair value unless the exchange transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measurable. If the acquired item is not measured at fair value, its cost is measured at the carrying amount of the asset given up. Any consideration paid or payable is included in the cost of the asset received.

In instances whereby the Group receives assets for no consideration, the Group accounts for these at cost in accordance with IAS 16 *Property, Plant and Equipment*, being zero value.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation is calculated using the straight line method to write down their cost to their residual values over their estimated useful lives. In determining residual values, the Company uses historical sales and management's best estimate based on market prices of similar items.

Useful lives of property, plant and equipment are based on management estimates and take into account historical experience with similar assets, the expected usage of the asset, physical wear and tear, technical or commercial obsolescence and legal restrictions on the use of the assets.

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Notes (continued)

2 Summary of significant accounting policies (continued)

D Property, plant and equipment (continued)

The estimated useful lives of property, plant and equipment are as follows:

Buildings	Over the period of the lease
Leasehold improvements	3 to 5 years
Network infrastructure	2 to 20 years
Information systems	4 to 8 years
Furniture and fittings	4 to 6 years
Motor vehicles	4 years
Office equipment	4 to 6 years

Useful lives and residual values are reviewed on an annual basis and the effects of any changes in estimates are accounted for on a prospective basis.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the expected term of the relevant lease.

An asset's carrying amount is written down immediately to its estimated recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between sales proceeds and the carrying amount of the asset, and is included in operating profit.

E Impairment of non – financial assets

An impairment loss is recognised in profit or loss if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but limited to the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss. An impairment loss in respect of goodwill is not reversed.

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Notes (continued)

2 Summary of significant accounting policies (continued)

F Intangible assets

Intangible assets with an indefinite useful life or not yet available for use
Intangible assets with an indefinite useful life or not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Property, plant and equipment and intangible assets with finite useful lives
The Group annually reviews the carrying amounts of its property, plant and equipment and intangible assets with finite useful lives in order to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amounts of the assets are estimated in order to determine the extent, if any, of the impairment loss.

Amortisation is calculated on a straight-line basis to write off the cost of intangible assets over their estimated useful lives. The estimated useful lives are as below:

Network licenses	10 years
Software	4 years

The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the proceeds from the disposal and the carrying amount of the asset, and is included in profit or loss.

Costs associated with maintaining intangible assets are recognised as an expense as incurred.

Costs that are directly associated with the production of identifiable intangible assets controlled by the Group, and that will probably generate economic benefits, are capitalised when all the criteria for capitalisation are met.

Expenditure that enhances or extends the performance of intangible assets beyond their original specifications is recognised as a capital improvement and added to the original cost of the assets. Expenditure on research activities is recognised as an expense in the period in which it is incurred.

G Accounting for leases

The Group's leases include network infrastructure (including tower space and land), retail stores, and vehicles. Rental contracts are typically made for fixed periods varying between 1 to 10 years but may have renewal periods as described below.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

The Group recognises right-of-use assets and lease liabilities at the lease commencement date for most leases. However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets (e.g. rentals for executive staff) and for short-term leases, i.e. leases that at commencement date have lease terms of 12 months or less.

The Group defines low value leases as leases of assets for which the value of the underlying asset when it is new is US$5 000 or less and is not considered fundamental to its network. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group defines low value leases as leases of assets for which the value of the underlying asset when it is new is US$5 000 or less and is not considered fundamental to its network.

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Notes (continued)

2 Summary of significant accounting policies (continued)

G Accounting for leases (continued)

The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.
The lease liability is initially measured at the present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any incentives receivable.
- Variable lease payments that are based on an index or rate, measured using the index or rate as at the lease commencement date.
- Amounts that are expected to be payable by the lessee under residual value guarantees.
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option.
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Group's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Generally, the company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. Interest costs are charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. It is remeasured when there is a change in future lease payments arising from a change in index or rate, a change in the estimate of the amount payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The right-of-use assets are initially measured at cost comprising the following:

- The amount of the initial measurement of the lease liability.
- Any lease payments made at or before the commencement date less any lease incentives received.
- Any initial direct costs.
- Decommissioning costs.

The right-of-use assets are subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The right-of-use assets are depreciated over the shorter of the assets' useful lives and the lease terms on a straight-line basis.

Renewal and termination options

A number of lease contracts include the option to renew the lease for a further period or terminate the lease earlier. The majority of extension and termination options held are exercisable only by the company and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Group applies judgement in assessing whether it is reasonably likely that options will be exercised.
Factors considered include how far in the future an option occurs, the Group's business planning cycle of three to five years and past history of terminating/not renewing leases. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

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Notes (continued)

2 Summary of significant accounting policies (continued)

G Accounting for leases (continued)

A number of leases entitle both the Group and the lessor to terminate the lease without a termination penalty. In determining whether the company has an economic incentive to not exercise the termination option, the company considers the broader economics of the contract and not only contractual termination payments.

Lease and non-lease components

A number of lease contracts include both lease and non-lease components. The Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone selling prices. The stand-alone selling prices of each component are based on available market prices. The Group has not elected the practical expedient to account for non-lease components as part of its lease liabilities and right-of-use assets. Therefore, non-lease components are accounted for as operating expenses and are recognised in profit or loss as they are incurred.

H Indefeasible right of use (IRU) arrangements

The Group enters into long-term service contracts under which it purchases capacity from fibre networks. The purchase involves making prepayments to acquire indefeasible right of use (IRU) for a fixed period of time. The prepayment is amortised and recognised in the profit or loss on a straight-line basis over the life of the contract.

The Group applies the principles of IFRS16, leases in order to assess whether its IRU arrangements constitute or contain leases. The requirements to be met in order to conclude that an IRU arrangement constitutes or contains a lease are as follows:

- the provision of a service in terms of the IRU arrangement should be dependent on the use of one or more specific assets; and
- the IRU arrangement must convey a right to use these assets.

The Group applies its principal accounting policies for leases to account for IRU arrangements which constitute or contain leases. All other IRU arrangements that do not constitute or contain leases are treated as service level agreements; the costs are expensed as incurred.

I Inventories

Inventory mainly comprises items of handsets, SIM cards and accessories held for sale and consumable items. Inventories are measured at the lower of cost and net realisable value. The cost of inventory is determined using the weighted average method. Cost comprises direct materials and, where applicable, overheads that have been incurred in bringing the inventories to their present location and condition, excluding borrowing costs. Net realisable value represents the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Where appropriate, an impairment provision is raised in respect of obsolete and defective inventories.

J Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 to 270 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less loss allowance. Details about the Group's impairment polies and the calculation of the loss allowance are provided in note 3.

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Notes (continued)

2 Summary of significant accounting policies (continued)

K Income tax expense

The tax expense for the year comprises current income tax, deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity. For these items the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax
Current income tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date in the countries where the Group operates and generate taxable income, and any adjustment to tax payable in respect of previous years. Directors periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax
Deferred income tax is recognised using the liability method, providing for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements for financial reporting purposes. Deferred income tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction (other than a business combination) that at the time of the transaction, affects neither accounting nor taxable profit nor loss. Deferred income tax is measured at tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply to temporary differences when they reverse.

L Borrowings

Borrowings are accounted for as financial liabilities. Fees paid on the establishment of loan facilities are recognised as transaction costs and capitalised to the extent that it is probable that some or all of the facility will be drawn down. When the draw down is made, the transaction costs are amortised to profit or loss using the effective interest method. To the extent that it is not probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

M Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

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Notes (continued)

2 Summary of significant accounting policies (continued)

N Provisions

A provision is recognised when there is a present legal or constructive obligation as a result of a past event for which it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expected outflow of resources required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

Bonus provision
The bonus provision consists of a performance-based bonus, which is determined by reference to the overall company performance with regard to a set of predetermined key performance measures. Bonuses are payable annually after the Group annual results have been approved.

Regulatory and fiscal provisions
The Group is involved in various regulatory and other matters specific to the Group's operations. These matters may not necessarily be resolved in a manner that is favourable to the Group. The Group has therefore recognised provisions in respect of these matters based on estimates and the probability of whether an outflow of economic benefits will be required.

O Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's directors. Proposed dividends are shown as a separate component of equity until declared.

P Trade payables

Trade payables are accounted for as financial liabilities. Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Other payables are stated at their nominal values.

Q Share capital

Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of new ordinary shares or share options are recognised in equity as a deduction net of tax from the proceeds.

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Notes (continued)

2 Summary of significant accounting policies (continued)

R Finance income and costs

Finance income
Finance income comprises interest income on funds invested for the short term and gains on foreign exchange transactions. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs
Finance costs comprise interest expense on borrowings, interest in respect of lease liabilities, losses on foreign exchange transactions and unwinding of the discount on provisions. All borrowing costs are recognised in profit or loss using the effective interest method, unless the borrowing costs are directly attributable to the acquisition, construction or production of qualifying assets, in which case the directly attributable borrowing costs are capitalised.

S Contingent liabilities

Contingent liabilities represent possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group. Contingent liabilities also represent present obligations that arise from past events but are not recognised because an outflow of resources is not probable or a reliable estimate cannot be made. The Group does not recognise contingent liabilities in the statement of financial position until future events indicate that it is probable that an outflow of resources will take place and a reliable estimate can be made, at which time a provision is raised.

T Related party transactions

Related party transactions constitute the transfer of resources, services or obligations between the Group and a party related to the Group, regardless of whether a price is charged. For the purposes of defining related party transactions with key management, key management has been defined as directors and the Group's executive committee and includes close members of their families and entities controlled or jointly controlled by these individuals.

U Employee benefits

(i) Short-term employee benefits

Remuneration to employees in respect of services rendered during a reporting period is expensed in that reporting period. A liability is recognised for accumulated leave when there is a present legal or constructive obligation as a result of past service rendered by employees.

(ii) Share-based payment transactions

MTN Group, the Company's ultimate holding company, operates two staff share incentive schemes, the MTN Group Performance Share Plan and the MTN Group Share Appreciation Rights scheme which applies to MTN Rwandacell Plc as a subsidiary of the Group.

These schemes are accounted for as cash settled share based payments to employees at subsidiary level. Cash settled share-based payments are measured at fair value (excluding the effect of no-market-based vesting conditions) at valuation date which is each financial year end.

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Notes (continued)

2 Summary of significant accounting policies (continued)

U Employee benefits (continued)

(iii) Retirement benefit obligations

The Group operates a defined contribution plan. A defined contribution plan is a post-employment benefit plan (such as a pension plan) under which the Group pays a fixed percentage of employees' remuneration as contributions into a separate entity (a fund), and will have no further legal or constructive obligations to pay additional contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Contributions to defined contribution plans in respect of services rendered during a period are recognised as an employee benefit expense when they are due.

The Group established a defined contribution plan to which employees contribute 40% of the premiums and the employer contributes the remaining 60%.

(iv) Termination benefits

Termination benefits may be payable when an employee's employment is terminated before the normal retirement date due to retrenchment or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The Group recognises termination benefits at the earlier of the following dates:
• when the Group can no longer withdraw the offer of those benefits; and
• when the Group recognises costs for a restructuring that is within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets that includes the payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting date are discounted to their present value.

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Notes (continued)

2 Summary of significant accounting policies (continued)

V Financial instruments

Financial instruments comprise trade and other receivables (excluding prepayments), deposits with financial institutions, cash and cash equivalents, restricted cash, borrowings, other non-current liabilities (excluding provisions), bank overdrafts, and trade and other payables.

Accounting for financial instruments

Financial Instruments are accounted for under IFRS 9 on the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

Financial assets and liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at fair value, including transaction costs except for those classified as at fair value through profit or loss which are initially measured at fair value, excluding transaction costs. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets and liabilities are classified as current if expected to be realised or settled within 12 months; if not, they are classified as non-current.

Offsetting financial instruments

Offsetting of financial assets and liabilities arises when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The net amount is reported in the statement of financial position.

Financial instrument classification

The Group classifies its financial instruments into the following categories:
- Financial assets at amortised cost; and
- Financial liabilities at amortised cost.

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

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Notes (continued)

2 Summary of significant accounting policies (continued)

V Financial instruments (continued)

Categories of financial instruments for Group and Company

	Assets (Rwf'000)			Liabilities (Rwf'000)		
	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	Total carrying amounts
2021						
Current financial assets						
Trade and other receivables	26,467,080	-	-	-	-	26,467,080
Mobile money deposits	86,769,068	-	-	-	-	86,769,068
Deposits with financial institutions	10,220,458	-	-	-	-	10,220,458
Cash and cash equivalents	12,185,937	-	-	-	-	12,185,937
	135,642,543	-	-	-	-	135,642,543
Non-current financial liabilities						
Borrowings	-	-	-	83,367,212	-	83,367,212
Lease liabilities	-	-	-	66,380,689	-	66,380,689
Current financial liabilities						
Trade and other payables	-	-	-	53,009,146	-	53,009,146
Lease liabilities	-	-	-	28,618,910	-	28,618,910
Mobile money payables	-	-	-	86,769,068	-	86,769,068
Borrowings	-			7,273,625	-	7,273,625
Overdraft				6,577,919	-	6,577,919
Shareholder loan				915,000	-	915,000
	-	-	-	332,911,569	-	332,911,569
2020						
Current financial assets						
Trade and other receivables	40,136,497	-	-	-	-	40,136,497
Mobile money deposits	66,269,879	-	-	-	-	66,269,879
Cash and cash equivalents	25,853,981	-	-	-	-	25,853,981
Deposits with financial institutions	3,642,250	-	-	-	-	3,642,250
	135,902,607	-	-	-	-	135,902,607
Non-current financial liabilities						
Borrowings	-	-	-	23,999,135	-	23,999,135
Lease liabilities	-	-	-	66,380,689	-	66,380,689
Current financial liabilities						
Trade and other payables	-	-	-	34,504,112	-	34,504,112
Lease liabilities	-	-	-	22,167,004	-	22,167,004
Mobile money payables	-	-	-	66,269,879	-	66,269,879
Borrowings	-	-	-	5,021,585	-	5,021,585
Shareholder loans	-	-	-	3,660,000	-	3,660,000
	-	-	-	131,622,580	-	131,622,580

Notes (continued)

2 Summary of significant accounting policies (continued)

V Financial instruments (continued)

The classification is dependent on the purpose for which the financial instruments were acquired. Management determines the classification of financial instruments at initial recognition.

Subsequent measurement
Subsequent to initial recognition, financial instruments are measured as described below.

Financial assets
Financial assets are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

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

Financial liabilities
All financial liabilities are subsequently measured at amortised cost using the effective interest method.

De-recognition
Financial assets are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group's trade and other receivables are subject to the expected credit loss model. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss is immaterial. See note 3 for further details.

W Shareholder loan

Shareholder loans are equity loans and are accounted for as financial liabilities. The loans recognised initially at fair value, net of transaction costs incurred and subsequently carried at amortised cost.

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Notes (continued)

2 Summary of significant accounting policies (continued)

X Comparatives

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

Y Mobile Money (MoMo) deposits and payables

Mobile money ("MoMo") deposits indicated on the statement of financial position as restricted cash are balances that are held with banks for and on behalf of MoMo customers. MoMo regulations require that these balances with banks are held in a manner to ensure that these balances are not co-mingled with the Group's cash and cash equivalents and that these are ring-fenced to settle MoMo customers' obligations. These regulations specify the types of permissible liquid instruments that these deposits may be invested in.

The Group earns transactional fees and also earns interest on these MoMo balances. The interest earned is not considered a revenue of MTN and is thus not co-mingled with the Group's cash and cash equivalent and is accounted for as part of the MoMo deposits and payable. Transactional fees are however part of revenue. Transactional fees are recognised over time as the transactions occur. The Group accounts for fees paid to agents as a commission expense and interest paid to customers in operating expenses.

Cash flows that relate to interest received, transaction fees earned and operating expenses incurred are classified as operational cash flows. Cash flows that relate to the principal MoMo deposit balances and corresponding liabilities are reflective of customer transactions and, consequently, are not recorded on the company's statement of cash flows.

MoMo involves the issuing of electronic money in return for cash. MoMo enables an active mobile phone subscriber to load a MoMo wallet, with a balance which is recorded electronically for immediate or later use.

The Group utilises MoMo agents to facilitate customer activities i.e. depositing cash and loading and storing the mobile money in wallets. The Group also performs the activities of a MoMo agent through its branches. Any monetary value stored on a MoMo wallet is supported by an equivalent mobile money deposit held with a bank or multiple banks.

The Group provides (under licence) the platform to administer the MoMo wallet and the MoMo service generally. The company opens bank accounts in which the mobile money deposits and interest earned on the cash balances is held.

MoMo is a regulated service offering. MoMo regulations govern the manner in which mobile money services are conducted as well as the rights and obligations of all parties to the mobile money service offering.

Z Earnings per share

Basic and diluted earnings per share (EPS) data for ordinary shares are presented in the financial statements. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

Notes (continued)

3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk (foreign exchange and interest rate risk). This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

Market risk

(i) Foreign exchange risk

The Group operates locally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from recognised assets and liabilities.

The Group aims to manage exposure to fluctuations in foreign currency exchange rates by keeping a proportion of its cash balance in foreign currency. As a policy, the Group does not utilise forward contracts or other methods of hedging foreign exchange risk that are speculative in nature.

Included in the Group statement of financial position are the following amounts denominated in currencies other than the functional currency of the reporting entity

	2021 Rwf'000	2020 Rwf'000
Current assets		
US Dollar	3,783,503	7,137,700
	3,783,503	**7,137,700**
Current liabilities		
US Dollar	4,070,453	9,613,464
	4,070,453	**9,613,464**

The Group has used a sensitivity analysis technique that measures the estimated change to profit or loss and equity of an instantaneous 5% strengthening or weakening in the Rwandan Francs against all other currencies, from the rate applicable at 31 December, for each class of financial instrument with all other variables, in particular interest rates, remaining constant. This analysis is for illustrative purposes only, as in practice, market rates rarely change in isolation.

The Group is mainly exposed to fluctuations in foreign exchange rates in respect of the US Dollar. This analysis considers the impact of changes in foreign exchange rates on profit.

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Notes (continued)

3 Financial risk management (continued)

(i) Foreign exchange risk (continued)

A change in the foreign exchange rates to which the Group and Company are exposed at the reporting date would have increased/(decreased) profit before tax by the amounts shown below;

	2021 Increase/(decrease) in profit before tax			2020 (Decrease)/Increase in profit before tax		
	Change in exchange rate %	**Weakening in functional currency Rwf '000'**	**Strengthening in functional currency Rwf '000'**	**Change in exchange rate %**	**Weakening in functional currency Rwf '000'**	**Strengthening in functional currency Rwf '000'**
US dollar	5	(14,348)	14,348	4	(99,031)	99,031

(ii) Interest rate risk

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. In the current year there has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured as previous years.

Interest rate risk is the risk borne by an interest-bearing asset or liability, due to variability of interest rates.

During 2021, the Group's fixed rate borrowings and receivables were carried at amortized cost. They are therefore not subject to interest rate risk as defined in IFRS 7, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

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Notes (continued)

3 Financial risk management (continued)

(iii) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables. The Group does not have any significant concentrations of credit risk. The Group credit controller assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored.

With the exception of post-paid and dealer trade receivables, no collateral is held for any of the above assets. Some post-paid subscribers are required to pay a security deposit before being connected onto the Group's network. Dealer debtors are also required to present post-dated cheques and bank guarantees before being granted credit. The Group does not grade the credit quality of receivables.

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

	Group 2021 Rwf'000	Company 2021 Rwf'000	2020 Rwf'000
Deposits with financial institutions (note 18)	10,220,458	10,220,458	3,642,250
Cash and cash equivalents (note 17(a))	12,165,937	11,485,937	22,211,731
Trade and other receivables - gross (note 22)	26,158,159	26,158,159	31,902,632
Restricted cash (note 17(b))	86,769,068	-	66,269,879
Receivables from related parties (note 31)	2,630,816	2,630,816	5,834,484
	137,964,438	**50,495,370**	**129,860,976**

Impairment of financial assets at amortised cost

Expected credit loss on receivables from related companies is immaterial. Expected credit loss on cash and cash equivalent amounted to Rwf 22 million.

Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been analysed based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2021 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect forward looking information to the extent that there is a strong correlation between the forward-looking information and the expected credit losses. The Group has identified the GDP of the country in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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Notes (continued)

3 Financial risk management (continued)

(iii) Credit risk (continued)

Trade receivables (continued)

The default rates as at 31 December 2021 were determined as follows for trade receivables:

The loss rate is applied after adjusting for subsequent receipts

Default rate	Current	More than 30 days past due	More than 60 days past due but less than 90	Government debtors less than 90 days pas due	More than 90 days past due	Government debtors over 90 days
31 December 2021	3.40%	5.80%	8%	1.48%	100%	100%
31 December 2020	6.30%	10.00%	13.40%	0.453%	100%	100%

The loss allowance as at 31 December 2021 and 2020 was determined as follows for trade receivables:

31 December 2021	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Government debtors	Total
Gross carrying amount – trade and other receivables (Rwf '000)	21,528,134	779,466	275,812	2,023,715	1,551,032	26,158,159
Loss allowance (Rwf '000)	642,443	195,227	21,825	783,654	678,746	2,321,895

31 December 2020	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Government debtors	Total
Gross carrying amount – trade receivables and other receivable (Rwf'000)	15,393,067	3,483,609	309,847	11,738,212	990,836	31,915,571
Loss allowance (Rwf'000)	133,030	69,890	22,379	2,184,387	341,622	2,799,262

Trade and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 90 days past due.

Impairment losses on trade and other receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Notes (continued)

3 Financial risk management (continued)

Deposits with financial institutions, cash at bank, restricted cash

Deposits with financial institutions, cash at bank and restricted cash are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months' expected losses. Management consider 'low credit risk' for these financial assets as they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. The loss rate assigned to these has been determined to be 0.17% which is the probability of default assigned to a B+ investment grade by Standard & Poors rating agency.
Application of expected credit loss on receivables from related companies is immaterial. Expected credit loss on cash and cash equivalent amounted to Rwf 22 million. No ECL on restricted cash since its fully collateralised.

(iv) Fair value

The Group adopted the amendment to IFRS 7 for financial instruments that are measured at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The Group had no financial instruments at fair value as at 31 December 2021 and 31 December 2020. As such, there were no movements between levels in 2021 and 2020.

(v) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, Treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow.

The table below analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

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Notes (continued)

3 Financial risk management (continued)

(v) Liquidity risk (continued)

	Less than 1 year Rwf'000	Between 1 and 2 years Rwf'000	Between 2 and 5 years Rwf'000	More than 5 years Rwf'000	Total
At 31 December 2021:					
- Borrowings	23,792,292	29,120,004	58,383,144	27,706,667	139,002,106
- Bank overdraft	6,577,919	-	-	-	6,577,919
- Shareholder loan	915,000	-	-	-	915,000
- Lease liabilities	24,202,543	23,853,094	122,620,778	-	170,676,415
- Trade and other payables	59,733,598	-	-	-	59,733,598
- Mobile money payables	86,769,068	-	-	-	86,769,068
	201,990,420	**52,973,098**	**181,003,922**	**27,706,667**	**463,674,106**
At 31 December 2020:					
- Borrowings	10,348,424	17,595,063	13,901,184	-	41,844,671
- Lease liabilities	19,176,334	19,328,413	57,440,628	1,637,196	97,582,571
- Trade and other payables	31,915,514	-	-	-	31,915,514
- Mobile money payables	66,312,573	-	-	-	66,312,573
	127,752,845	**36,923,476**	**71,341,812**	**1,637,196**	**237,655,329**

(vi) Financial instruments by category

	2021 Rwf'000	2020 Rwf'000
Financial assets at amortised cost		
Trade and other receivables (note 22)	23,836,264	29,103,371
Deposits with financial institutions (note 18)	10,220,458	3,642,250
Cash and cash equivalents (note 17)	12,185,937	22,211,731
Restricted cash (note 17)	86,769,068	66,269,879
Receivables from related parties (note 31)	2,630,816	5,834,484
	135,642,543	**127,061,715**
Financial liabilities at amortised cost		
Borrowings (note 15)	98,133,755	29,020,720
Trade and other payables (note 23)	60,261,395	34,504,112
Shareholder loan	915,000	-
Overdraft	6,577,919	-
Obligations under finance leases	94,999,599	88,547,693
Mobile money payables	86,769,068	66,269,879
	347,656,736	**218,342,404**

(vii) Capital risk management

Capital includes borrowings, share capital and equity attributable to the equity holders of the Company.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximise shareholder value. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

Notes (continued)

3 Financial risk management (continued)

(vii) Capital risk management (continued)

Where funding is not available to the operation locally or in specific circumstances where it is more efficient to do so, funding is sourced centrally and on-lent by the MTN Group. The Group's policy is to borrow using a mixture of long term and short-term capital market issues and borrowing facilities from the local and international capital markets as well as multi-lateral organisations together with cash generated to meet anticipated funding requirements.

Consistent with others in the industry, the Group monitors capital on the basis of the target gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt.

(vi) Financial instruments by category

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

	2021 Rwf'000	2020 Rwf'000
Lease liability (note 2a)	94,999,599	88,547,693
Borrowings (note 15)	98,133,755	29,020,720
Total borrowings	193,133,354	117,568,413
Less: cash and cash equivalents (note 17)	(12,185,937)	(22,211,731
Net debt	180,947,417	95,356,682
Total equity	57,293,901	49,806,953
Total capital	230,748,399	145,163,635
Gearing ratio	78.42%	65.69%

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Notes (continued)

4 Critical accounting judgements, estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances. It is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from the assumption could require a material adjustment to the carrying amount of the asset or liability affected.

(i) Critical accounting estimates and assumptions

Impairment of financial assets

The loss allowances for trade and other receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 3(iii) above.

Sensitivity analysis on impairment of trade receivables

	2021		
	(Decrease)/Increase in provisions		
		Upward change in default rate Rwf '000'	Downward change in default rate Rwf '000'
50% change in default rate		1,160,948	1,160,948
100% change in default rate		2,321,895	2,321,895

Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The company applies judgement in assessing whether it is reasonably likely that options will be exercised. Factors considered include how far in the future an option occurs, the company's business planning cycle of three to five years and past history of terminating/not renewing leases.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee

For the network leases, management has adopted a further extension of 5years post expiry of the current lease contract in 2024. A sensitivity analysis of exercising all extension options in the contract for a further 20 year period from 2024 would result in an increase in recognised lease liabilities and right-of-use-assets of Rwf 16,231 million and annual depreciation for right of use reducing from the current Rwf 10,242million to Rwf 4,084 million.

Notes (continued)

4 Critical accounting estimates and judgements (continued)

(ii) Critical judgements in applying the Group's accounting policies

Interconnect revenue recognition

Due to the receipt of interconnect revenue in certain instances not being certain at transaction date, the Group has resolved only to recognize interconnect revenue relating to these instances as the cash is received.

Income taxes

The Group exercises significant judgement in determining its provision for income taxes when dealing with calculations and transactions for which the ultimate tax position is uncertain during the ordinary course of business. The Group recognizes tax liabilities for anticipated tax issues based on estimates of whether additional taxes will be payable. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax in the period in which such determination is made.

Accounting for Mobile Money (MoMo) deposits and payables

Limited accounting guidance exists in IFRS relating to mobile money customers' balances held with banks. The Group previously recognised MoMo balances based on its assessment of the risks and rewards relating to the underlying financial asset. The Group's exposure to credit risk on the financial assets held with the various banks was considered a key factor in the overall evaluation as any credit risk assumed potentially exposed the company to refund MoMo customers in the event of any bank failure.

As a result of this, judgement was made to recognise all MoMo liabilities, representing the obligation which exists in the ordinary course to refund the customer for deposits made, and the related MoMo balances held with the banks on the statement of financial position. For further details of the Group's MoMo policy refer to note 2(Z).

Property, plant and equipment

Property, plant and equipment represent a significant proportion of the Group's asset base. Therefore, the judgements made in determining their estimated useful lives and residual values are critical to the Group's financial position and performance. Useful lives and residual values are reviewed on an annual basis with the effects of any changes in estimate accounted for on a prospective basis.

Useful lives of property, plant and equipment are based on management estimates and take into account historical experience with similar assets, the expected usage of the asset, physical wear and tear, technical or commercial obsolescence and legal restrictions on the use of the assets.

The estimated useful lives of property, plant and equipment are shown under note 2D above.

There were no significant changes in the useful lives and residual values of items of property, plant and equipment during the current year.

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Notes (continued)

5 Revenue

(a) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services in the following major service and product lines:

	2021 Rwf'000	2020 Rwf'000
Airtime and subscription	81,747,336	72,636,223
Data	32,148,103	27,048,677
ICT	7,622,626	6,741,034
SMS	4,249,392	3,642,178
Interconnect and roaming	5,853,977	5,502,156
Mobile money commissions	50,533,699	30,591,497
Digital	1,453,756	1,601,886
Handsets and accessories	2,697,037	2,336,965
Short-code fees	4,396	7,087
Itemised billing	39,291	47,748
Simcard	534,309	629,948
	186,883,922	**150,787,399**

(b) Sundry income relates to;

IHS land rental income	1,242,830	1,225,644
	1,242,830	**1,225,644**

(c) Liabilities related to contracts with customers

	2021 Rwf'000	2020 Rwf'000
Contract liabilities - deferred revenue	**3,117,051**	**2,615,113**

Deferred revenue represents unused activated airtime subscriber balances for prepaid products. Contract liabilities increased due to an increase in prepaid sales.

Revenue is recognised in profit or loss account as calls are made using the unused activated airtime.

(d) Revenue recognised in respect of contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities;

	2021 Rwf'000	2020 Rwf'000
Revenue recognised that was included in deferred revenue at start of year	2,615,113	3,017,020

Notes (continued)

6 Employee benefits expenses

	2021 Rwf'000	2020 Rwf'000
Salaries and wages	8,232,908	7,548,533
Share option granted to directors and employees	3,385,095	57,000
Pension fund contributions	290,603	258,560
Rwanda Social Security Board contributions	423,244	383,655
Medical	364,565	363,253
Bonus provision	1,299,999	1,827,585
Other	2,141,303	1,987,837
	16,137,717	**12,426,423**

7 Operating profit

The following disclosable items have been included in arriving at operating profit:

	2021 Rwf'000	2020 Rwf'000
Directors' emoluments		
- Directors' fees	60,426	30,652
Employee benefits expense (note 6)	16,137,717	12,426,423
Profit on disposal of property, plant and equipment	-	-
Expected credit loss on trade receivables (note 22)	187,852	1,048,383
Expected credit loss on cash at bank (note 17)	-	-
Expected credit loss on deposits held in financial institutions (note 18)	-	-
Bad debt write-off	-	-
Inventories expensed	2,789,322	3,184,204
Write down / write (back) of inventories	11,152	11,319
Management fees paid to related parties (Note 31)	8,263,242	7,758,472
Auditors' remuneration		
- Audit fees	311,118	237,895
- Fees for other services	18,000	29,700
- Expenses	14,972	18,410
Licence fees	5,910,888	4,994,799
Dealers' commissions	4,200,320	5,197,445
Advertising, promotions and sponsorships	2,333,083	1,969,519
Distribution costs	532,635-	610,946
Utilities	1,992,766	771,752
Fees paid for professional and consulting services	3,075,378	2,271,368
Depreciation (note 20)	19,509,258	14,962,683
Depreciation-right of use asset (note 20)	11,534,323	11,264,385
Amortisation (note 19)	4,581,264	36,859
Tax penalties	-	140,275
	80,931,081	**66,965,489**

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Notes (continued)

8 Finance income/ (costs)

	2021 Rwf'000	2020 Rwf'000
Finance costs:		
Interest expense and other charges on borrowings	(8,402,743)	(5,160,860)
Finance costs on leases	(13,240,596)	(11,511,726)
Realised foreign exchange losses	(206,465)	(151,831)
Unrealised foreign exchange losses	(635,942)	(473,685)
	(22,485,746)	**(17,298,102)**
Finance income:		
Interest income from banks	800,546	718,118
Realised foreign exchange gains	903,595	58,377
Unrealised foreign exchange gains	197,450	342,249
	1,901,591	**1,118,744**

9 Income tax expense

	2021 Rwf'000	2020 Rwf'000
Current income tax	10,332,851	10,775,293
Deferred income tax charge /(credit) (note 14)	757,493	1,607,165
	11,090,344	**12,382,459**

The tax on the Group's and the Company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	2021 Rwf'000	%	2020 Rwf'000	%
Profit before income tax	33,513,957		32,609,231	
Statutory tax rate	30%		30%	
Tax at standard rate	10,054,187	30	9,782,769	30
Tax effects of:				
Income not subject to tax				
- Expenses not deductible for tax purposes:				
Management fees recharge	1,406,268		1,095,632	
Other expenses	462,757		1,830,150	
- Under provision in prior years deferred tax	(832,868)		(326,092)	
Total income tax expense	**11,090,344**		**12,382,459**	
Effective tax rate		33.1		37.7

Income tax paid is as follows:

	2021 Rwf'000	2020 Rwf'000
At beginning of the year	3,534,936	3,111,279
Income tax charge for the year	(11,090,344)	(12,382,459)
Deferred income tax credit	757,493	1,607,165
Withholding tax	(138,742)	(2,186,393)
At the end of the year	22,939,563	3,534,936
Total tax paid	**(16,002,906)**	**(6,315,472)**

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Notes (continued)

10 Dividends

	2021 Dividend per share Rwf'000	2021 Total Rwf'000	2020 Dividend per share Rwf'000	2020 Total Rwf'000
Dividends declared	7.55	10,200,000	4,633	6,950,000

Payment of dividends is subject to withholding tax at a rate of either 10% or 12% depending on the residence of the respective shareholders.

11 Share capital

	Number of shares 000	Ordinary share capital Rwf'000
Authorised:		
Ordinary shares each with a par value of Rwf 1	1,350,886.6	1,350,886.6
Issued and fully paid:		
1,500 ordinary shares each with a par value of Rwf 10,000 at 1 January 2020, 31 December 2020, and 1,350,886,600 ordinary shares each with a par value of Rwf 1 and 31 December 2021	1,350,886,600	1,350,886,600

During the year and as part of the listing to the Rwanda Stock Exchange on 4 May 2021, the stated share capital of the Company increased from Rwf15,000,000 to Rwf 1,350,886,600 divided into 1,350,886,600 shares of Rwf 1 each. The new shares allotted to the existing shareholders of the Company in proportion to their existing shareholding in the Company without corresponding flow of resources.

12 Shareholder loans

	2021 Rwf'000	2020 Rwf'000
Crystal Telecom Limited	-	732,000
MTN International (Mauritius) Limited	-	2,013,000
MTN REL Limited	-	915,000
	-	3,660,000

The loans do not have fixed repayment terms and are repayable only at the option of the Company. During the board meeting held on 2 March 2021, the Board approved the repayment of all shareholder loans.The Loans were reclassed from Equity to current liabilities and since then Crystal Telecom Limited and MTN International Mauritius have been paid by 31 December 2021.The outstanding due to MTN REL of Rwf 915m is due to be paid by end of Q1 2022.

13 Other reserves

	2021 Rwf'000	2020 Rwf'000
Balance at beginning and at end of year	1,500	1,500

In 2009, Law No. 7/2009 relating to companies replaced the Law Governing Commercial Enterprises in Rwanda. The Law Governing Commercial Enterprises in Rwanda required companies to transfer 5% of their profit after tax to a statutory reserve. Under the law, the obligation ceased when the enterprise's reserves were equivalent to 10% of its share capital. This reserve is not distributable.

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14 Deferred income tax

Because of the uncertainty in estimating the extent to which the Group's deferred income tax assets and liabilities will crystallise within 12 months from the year end, the Group's entire net deferred income tax liability has been classified as a non-current liability.

Deferred income tax is calculated using the enacted income tax rate of 30% (2020: 30%). The movement on the deferred income tax account is as follows:

	2021 Rwf'000	2020 Rwf'000
At start of year	14,159,020	12,551,855
Charge/(credit) to profit or loss	757,493	1,607,165
At end of year	**14,916,513**	**14,159,020**

Deferred income tax assets and liabilities and the deferred income tax charge in profit or loss are attributable to the following items:

Year ended 31 December 2021	**1 January 2021 Rwf'000**	**Charge/ (credit) to profit or loss Rwf'000**	**31 December 2021 Rwf'000**
Deferred income tax liabilities:			
Accelerated tax depreciation	15,556,208	2,017,715	17,573,923
Deferred income tax assets:			
Provisions	(1,397,188)	(1,260,222)	(2,657,410)
Net deferred income tax liability	**14,159,020**	**757,493**	**14,916,513**

Year ended 31 December 2020	**1 January 2020 Rwf'000**	**Charge/ (credit) to profit or loss Rwf'000**	**31 December 2020 Rwf'000**
Deferred income tax liabilities:			
Accelerated tax depreciation	13,891,589	1,664,619	15,556,208
Deferred income tax assets:			
Provisions	(1,339,734)	(57,454)	(1,397,188)
Net deferred income tax liability	**12,551,855**	**1,607,165**	**14,159,020**

Notes (continued)

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15 Borrowings

	2020 Rwf'000	2019 Rwf'000
Non-current bank loans		
i) Syndicate I:		
- Tranche A	19,367,212	23,999,135
-Tranche B	-	-
ii) Syndicate II:	64,000,000	-
Current bank loans		
i) Syndicate I:		
- Tranche A	6,114,500	5,450,825
-Tranche B	-	-
ii) Syndicate II:	2,220,287	-
iii) Bank overdraft	6,577,919	-
iv) Shareholder loan	915,000	-
	99,194,918	29,449,960
Capitalised transaction costs	(1,061,163)	(429,240)
Total borrowings	**98,133,755**	**29,020,720**

The movement in borrowings is as follows:

	2020 Rwf'000	2019 Rwf'000
At start of year	29,020,720	34,964,706
Agency fees	(761,708)	-
Interest expense	8,274,666	4,947,668
Amortisation of transaction costs	128,077	87,303
Principal repayments	(5,823,333)	(5,932,138)
Interest repayments	(4,197,586)	(5,046,819)
New loan facility *(syndicate II)*	64,000,000	-
Bank overdraft	6,577,919	-
Shareholder loan	915,000	-
At end of year	**98,133,755**	**29,020,720**

i) 2018 syndicate loan

The Group obtained a syndicated loan of Rwf 50bn split into two tranches;

i) Tranch A of Rwf 35bn had been fully drawn down and the outstanding balance as at 31 December 2021 is Rwf 23 billion. The loan attracts interest of 15% and final payment is expected by November 2025. It is repayable in 12 semi-annual instalments following an 18 months grace period which commenced on signing date. The first draw down date was December 2018.

ii) The Tranche B of Rwf 15 billion has not been drawn down and is available for draw down to finance working capital.

Interest on the tranche A and B loan is based on a base rate; being the BNR discount rate, which was 9.5% agreed at the contractual date plus a marginal rate of 5.5% per annum.

The loan is a secured by a negative pledge over all existing and future assets of the Company.

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Notes (continued)

15 Borrowings (continued)

i) 2018 syndicate loan (continued)

The currency, interest rates, and outstanding principal as at 31 December 2021 under each participating bank are as follows:

Bank	Currency	Interest rate p.a	2021 Rwf'000	2020 Rwf'000
Bank Populaire du Rwanda Plc	Rwf	15%	3,320,000	4,150,000
COGEBANQUE Plc	Rwf	15%	3,000,000	3,750,000
Bank of Kigali Plc	Rwf	15%	3,333,333	4,166,666
Equity Bank Rwanda Plc	Rwf	15%	2,656,000	3,320,000
KCB Bank Rwanda Plc	Rwf	15%	2,666,666	3,333,333
Ecobank Rwanda Plc	Rwf	15%	4,333,333	5,367,861
I&M Bank Rwanda Plc	Rwf	15%	3,984,000	4,980,000
			23,293,332	29,067,860

ii) 2021 Syndicate loan

The Company obtained a second syndicated loan of Rwf 64 billion as contractually agreed upon on 27 July 2021 to facilitate the payment of the GSM licence. The loan had been fully drawn down as at 31 December 2021.
Interest on the loan is based on a base rate; being the BNR discount rate, which was 9.5% agreed at the contractual date plus a marginal rate of 5.5% per annum.

The first principal instalment was paid on 28 January 2022 after a six-month moratorium. The final repayment is due in 28 July 2028.

The loan is a secured by a negative pledge over all existing and future assets of the Company.

The currency, interest rates and outstanding principal as at 31 December 2021 under each participating bank are as follows:

Bank	Currency	Interest rate p.a	2021 Rwf'000
Banque Populaire du Rwanda PLC	Rwf	15%	5,500,000
ECOBANK Rwanda Plc	Rwf	15%	5,500,000
COGEBANQUE Plc	Rwf	15%	4,000,000
Bank of Kigali Plc	Rwf	15%	15,000,000
I&M Bank (Rwanda) Plc	Rwf	15%	7,000,000
Equity Bank Rwanda Plc	Rwf	15%	9,000,000
KCB Bank Rwanda Ltd	Rwf	15%	5,000,000
Guaranty Trust Bank (Rwanda) PLC	Rwf	15%	3,500,000
Access Bank Rwanda PLC	Rwf	15%	4,500,000
NCBA Rwanda PLC	Rwf	15%	5,000,000
			64,000,000

iii) Short-term borrowing and overdraft

The short-term borrowing relates to the shareholder loan for MTN REL that was previously sitting in Equity now reclassed to current liabilities. Repayment is expected by end of Q1 2022 and it's a non-interest-bearing facility. The overdraft was a stop gap measure to prefund the Mobile Money Push/Pull account with Bank of Kigali Plc for a 2 months period.

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Notes (continued)

15 Borrowings (continued)

The section below sets out an analysis of net debt and the movements in net debt.

None of the borrowings was in default at any time during the year. The Group complied with the financial covenants of its borrowing facilities during the reporting period.

	Threshold per loan covenants	Status as at 31 December 2021	Conclusion
Net Debt to EBITDA	<2.5x	0.97x	Compliant
Debt service coverage ratio	>1.25x	6.31x	Compliant
Net Debt/ (Equity and shareholder loans)	<70:30	11:2	Compliant
Interest coverage ratio	>4.5x	10.68x	Compliant

As per the loan agreement, The financial ratios do not take the treatment of leases under IFRS 16. Capitalised transaction costs relate to costs that are directly attributable to the acquisition of the above borrowing facilities.

The carrying amount of the borrowings approximates to their fair values since the interest payable on the borrowings is close to current market rates. The effective interest rates for the borrowings were 15% in the period.

The section below sets out an analysis of net debt and the movements in net debt.

Net debt	**2021 Rwf'000**	**2020 Rwf'000**
Cash and cash equivalents	12,185,937	22,211,731
Current borrowings (including overdrafts)	(14,766,544)	(10,978,975)
Non-current borrowings	(83,367,212)	(18,041,745)
Lease liabilities	(94,999,599)	(88,547,693)
At end of year	**(180,947,418)**	**(95,356,682)**

The section below sets out an analysis of net debt and the movements in net debt.

Net debt reconciliation	**Cash/ Overdraft Rwf'000**	**Current borrowings Rwf'000**	**Non-current borrowings Rwf'000**	**Lease liabilities Rwf'000**	**Total Rwf'000**
Year ended 31 December 2020					
At 1 January 2020	24,362,837	(11,052,875)	(23,911,831)	(80,308,613)	(90,910,482)
Cash flows	(2,141,605)	6,031,290	(87,304)	18,592,606	(4,436,699)
New leases	-	-	-	(26,831,686)	
Translation differences	(9,501)				(9,501)
Net debt at 31 December 2020	**22,211,731**	**(5,021,585)**	**(23,999,135)**	**(88,547,693)**	**(95,356,682)**
Year ended 31 December 2021					
At 1 January 2021	22,211,731	(5,021,585)	(23,999,135)	(88,547,693)	(95,356,682)
Cash flows	(9,974,065)	(9,744,959)	(59,368,077)	22,276,982	(55,895,119)
New leases	-	-	-	(28,728,888)	(28,728,888)
Translation differences	(51,729)				(51,729)
Net debt at 31 December 2021	**12,185,937**	**(14,766,544)**	**(83,367,212)**	**(94,999,599)**	**(180,947,418)**

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Notes (continued)

16 Indefeasible rights of use assets (IRUs)

	2021 Rwf'000	2020 Rwf'000
Opening net book amount	7,958,701	4,754,207
Addition	4,299,265	5,269,934
Amortisation	(2,869,375)	(2,065,440)
Closing net book amount	9,388,591	7,958,701
Current	1,158,019	995,567
Non-current	8,230,572	6,963,134

IRU costs for leased lines are recoverable over a 1-year period.

17(a) Cash and cash equivalents

For purposes of the cash flow statement, cash and cash equivalents comprise the following:

	Group 2021 Rwf'000	Company 2021 Rwf'000	2020 Rwf'000
Cash at bank and on hand	12,208,602	11,508,602	22,253,218
Expected credit loss	(22,665)	(22,665)	(41,487)
	12,185,937	**11,485,937**	**22,211,731**

17(b) Restricted cash

	2021 Rwf'000	2020 Rwf'000
Mobile money deposits	86,769,068	66,269,879
Expected credit loss	-	-
	86,769,068	**66,269,879**

The balance is fully covered by liability of equal amount thus no expect credit loss.

18 Deposits held in financial institutions

	2021 Rwf'000	2020 Rwf'000
Deposits held with KCB Rwanda Plc	3,140,460	3,643,707
Deposits held I&M Rwanda Plc	1,079,998	-
Deposits held with NCBA Bank	6,004,088	-
Expected credit loss	(4,088)	(1,457)
	10,220,458	**3,642,250**

Notes (continued)

19 Intangible assets

	Network licenses Rwf'000	Software Rwf'000	**2021 Total Rwf'000**	Network licenses Rwf'000	Software Rwf'000	**2020 Total Rwf'000**
Cost						
At beginning of year	445,157	660,346	**1,105,503**	445,157	660,346	**1,105,503**
Additions	91,436,329	-	**91,436,329**	-	-	-
At end of year	91,881,486	660,346	**92,541,832**	445,157	660,346	**1,105,503**
Accumulated amortisation						
At beginning of year	(435,709)	(660,346)	**(1,096,055)**	(398,850)	(660,346)	**(1,059,196)**
Amortisation charge	(4,581,264)	-	**(4,581,264)**	(36,859)	-	**(36,859)**
At end of year	(5,016,973)	(660,346)	**(5,677,319)**	(435,709)	(660,346)	**(1,096,055)**
Carrying amount						
At end of year	**86,864,513**	-	**86,864,513**	9,448	-	**9,448**

Network licenses

Type of license	Date / renewed	Licence term
GSM	01/07/2021	10 years

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20 (a) Property, plant and equipment

	Cellular Network Equipment Rwf'000	Capital Work In Progress Rwf'000	Information System Equipment Rwf'000	Motor vehicles Rwf'000	Furniture and Other Equipment Rwf'000	Freehold Land and Buildings Rwf'000	Total Rwf'000
COST							
At 1 January 2020	**127,051,544**	**1,394,126**	**33,968,932**	**-**	**2,225,831**	**5,894,510**	**170,534,943**
Additions		20,717,618				492,813	21,210,431
Reallocation from capital works in progress	14,053,532	(21,077,750)	6,648,749		375,469	-	-
Balance at 31 December 2020	**141,105,076**	**1,033,994**	**40,617,681**		**2,601,300**	**6,387,323**	**191,745,374**
ACCUMULATED DEPRECIATION							
At 1 January 2020	(86,557,069)	-	(18,774,346)	-	(1,052,441)	(3,573,559)	(109,957,415)
Depreciation charge for the year	(9,248,671)		(5,246,347)		(297,853)	(169,812)	(14,962,683)
Balance at 31 December 2020	**(95,805,740)**		**(24,020,693)**		**(1,350,294)**	**(3,743,371)**	**(124,920,098)**
CARRYING AMOUNT							
At 31 December 2020	**45,299,336**	**1,033,994**	**16,596,988**		**1,251,006**	**2,643,952**	**66,825,277**

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Notes (continued)

20(a) Property, plant and equipment (continued)

	Cellular Network Equipment Rwf'000	Capital Work In Progress Rwf'000	Information System Equipment Rwf'000	Motor vehicles Rwf'000	Furniture and Other Equipment Rwf'000	Freehold Land and Buildings Rwf'000	Total Rwf'000
COST							
At 1 January 2021	**141,105,076**	**1,033,994**	**40,617,681**		**2,601,300**	**6,387,323**	**191,745,374**
Additions		35,692,753				237,292	35,930,045
Reallocation from capital works in progress	14,102,081	(32,514,340)	18,014,630	-	397,628	-	-
Disposals	(3,818,484)	-	(4,877,448)	-	(82,492)	-	(8,778,424)
Balance at 31 December 2021	**151,388,673**	**4,212,406**	**53,754,864**	-	**2,916,437**	**6,624,614**	**218,896,993**
ACCUMULATED DEPRECIATION							
At 1 January 2021	**(95,805,740)**		**(24,020,693)**		**(1,350,294)**	**(3,743,371)**	**(124,920,098)**
Disposals	3,784,756	-	4,755,555	-	74,441	-	8,614,753
Depreciation charge for the year	(14,082,997)	-	(4,895,434)	-	(319,828)	(210,999)	(19,509,258)
Balance at 31 December 2021	**(106,103,980)**	-	**(24,160,572)**	-	**(1,595,681)**	**(3,954,370)**	**(135,814,603)**
CARRYING AMOUNT							
At 31 December 2021	**45,284,693**	**4,212,406**	**29,594,292**	-	**1,320,755**	**2,670,244**	**83,082,391**

Work in progress relates to network expansion projects under way whose completion is expected to be in Q1 2022.

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Notes (continued)

20(b) Right-of-use assets

	Cellular Network Equipment Rwf'000	Motor Vehicles Rwf'000	Offices and service centers Rwf'000	Total Rwf'000
COST				
At 1 January 2021	94,208,038	2,364,219	3762,731	100,334,988
Additions	14,245,654	897,551	-	15,143,204
Disposals	-	(1,033,099)	-	(1,033,099)
At 31 December 2021	**108,453,692**	**2,228,671**	**3,762,731**	**114,445,094**
ACCUMULATED DEPRECIATION				
At 1 January 2021	(17,381,887)	(1352,889)	(1070075)	(19,804,851)
Disposals	-	1,033,099	-	1,033,099
Depreciation charge for the year	(10,364,437)	(634,849)	(535,037)	(11,534,323)
At 31 December 2021	**(27,746,323)**	**(954,639)**	**(1605112)**	**(30,306,075)**
CARRYING AMOUNT				
At 31 December 2021	**80,707,368**	**1,274,032**	**2,157,619**	**84,139,019**
At 31 December 2020	**76,826,151**	**1,011,330**	**2,692,657**	**80,530,138**

Finance lease liabilities are disclosed in note 25.

20(c) For cash flow purposes, additions to property and equipment are arrived at as follows:

	2021 Rwf'000	2020 Rwf'000
Additions as above (notes 20 (a), 20 (b))	35,930,045	21,210,431
Finance lease		
Accruals for PPE items received but not invoiced at start of year	6,287,646	7,650,208
Accruals for PPE items received but not invoiced at end of year	(5,122,875)	(6,287,647)
At 31 December	**37,094,856**	**22,572,992**

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Notes (continued)

21 Inventories

	2021 Rwf'000	2020 Rwf'000
Airtime cards, sim cards, phones and accessories	1,558,221	1,170,054
Provision for obsolete stock	(51,265)	(40,113)
	1,506,956	**1,129,941**
Inventories expensed during the year	2,789,322	3,184,204

Movements in the provision for obsolete stock

	Balance at beginning of year Rwf'000	Additions Rwf'000	Written off during the year Rwf'000	Balance at the end of the year Rwf'000
2021				
Movement in provision	(40,113)	(11,152)	-	(51,265)
2020				
Movement in provision	(28,794)	(11,319)	-	(40,113)

22 Trade and other receivables

	2021 Rwf'000	2020 Rwf'000
Trade receivables and other receivable	26,158,159	31,902,632
Expected credit losses	(2,321,895)	(2,799,261)
Trade and other receivables – net	23,836,264	29,103,371
Prepayments	13,271,105	5,198,642
Receivables from related parties (note 31)	2,630,816	5,834,484
	39,738,185	**40,136,497**

In the opinion of the directors, the carrying amounts of the receivables approximate their fair values due to their short-term nature.
The closing loss allowances for trade receivables and other receivables as at 31 December 2021 reconcile to the opening loss allowances as set out below.

	2021 Rwf '000	2020 Rwf '000
31 December	2,799,261	2,166,078
Increase in loss allowance recognised in income statement during the year	187,852	1,048,383
Receivables written off during the year as uncollectible	(665,118)	(415,200)
At 31 December	**2,321,895**	**2,799,261**

Trade receivables are written off when there is no reasonable expectation of recovery.

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Notes (continued)

23(a) Trade and other payables

	2021 Rwf'000	2020 Rwf'000
Trade payables	12,393,897	10,960,461
Intercompany payables (note 31)	5,362,934	9,613,464
Sundry payables	82,328	86,575
Payable to RURA for licence fees	27,430,899	-
Other liabilities	4,657,495	396,180
Dividends payable	3,081,593	3,939,830
Accrued expenses	7,252,249	9,507,602
	60,261,395	**34,504,112**

The carrying amounts of the above trade and other payables approximate their fair values due to their short-term nature. Other creditors and accruals mostly relate to accruals for goods received but not invoiced, statutory deductions, and other payables.

	2021	2020
23(b) Mobile money payables	**86,769,068**	**66,269,879**

Amount relates to restricted cash due to mobile money customers.

24 Provisions

	2021 Rwf'000	2020 Rwf'000
Provisions		
Bonus provision	878,094	1,332,101
	878,094	**1,332,101**

2021	Balance at beginning of year Rwf'000	Additional provisions Rwf'000	Utilised Rwf'000	Reversals Rwf'000	Balance at the end of the year Rwf'000
Bonus provision	1,332,101	1,300,000	(1754,007)		878,094
	-	-	-		-

2020	Balance at beginning of year Rwf'000	Additional provisions Rwf'000	Utilised Rwf'000	Reversals Rwf'000	Balance at the end of the year Rwf'000
Bonus provision	1,567,768	1,827,585	(2,063,252)	-	1,332,101
Decommissioning provision	-	-	-	-	-
	1,567,768	**1,827,585**	**(2,063,252)**		**1,332,101**

Notes (continued)

24 Provisions (continued)

Bonus provisions represent a performance incentive paid to employees based on the achievement of key performance indicators. The provision for the year is based on an estimate of a percentage of each of the employees' annual basic salary.

25 Leases

This note provides information for leases where the Group is a lessee.

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2021 Rwf'000	2020 Rwf'000
Right-of-use assets		
Cellular network equipment	80,707,368	76,826,151
Motor vehicles	1,274,032	1,011,330
Office and services centers	2,157,619	2,692,657
	84,139,019	80,530,138
Lease liabilities		
Opening balance	88,547,693	79,385,072
Additions	14,983,079	14,893,466
Interest on lease liability	13,745,809	12,861,761
Lease repayments	(22,276,982)	(18,592,606)
	94,999,599	**88,547,693**
Non-current	66,380,689	66,380,689
current	28,618,910	22,167,004
	94,999,599	**88,547,693**

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2021 Rwf'000	2020 Rwf'000
Depreciation charge of right-of-use assets		
Office and services centers	535,037	535,037
Cellular network equipment	10,364,437	10,241,807
Motor vehicles	634,849	487,541
	11,534,323	**11,264,385**
Interest expense (included in finance cost) Note 8	13,240,596	11,511,726

The total cash outflow for leases in 2021 was Rwf 22,277 million (2020 – Rwf 18,593million)

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Notes (continued)

26 Notional share Scheme

The Company operates a Notional Share Scheme, where qualifying staff receive a net increase in the phantom Company share price at the period of exercising their options. The options under the phantom scheme are "cash settled" rather than "equity settled" under IFRS 2: Share based payments. Effective 1 January 2014 the shares' vesting periods are; 100% on the third anniversary after grant date with the maximum period for the exercising of options being five years. The first lot of qualifying staff were granted options by the Board on 1 April 2005 and the number is reviewed at each grant date to determine any additional staff that may have qualified for the scheme since the last issue. At 31 December 2021, the total liability arising from the Notional Share scheme amounted to Rwf 2,795million (2020: Rwf 228million) for the qualifying staff.

The weighted average price of the shares exercised during the year was Rwf 26,771 per share (2020: Rwf 12,496 per share).

Movements in number of share options outstanding are as follows:

	2021	2020
At 1 January	654	119
Granted	147	437
Forfeited	5	26
Exercised	312	72
At 31 December	**1,118**	**654**

Share options outstanding at the end of the year have the following expiry date and exercise options:

	2021
2022	159
2023	313
2024	646
	1,118

27 Lease commitments

The Group entered into a Master Lease Agreement with IHS Rwanda Holdings Limited to lease tower space for the next 10 years. After the initial term, the Group has the right to renew the lease for a maximum of 4 renewal periods of 5 years each. The lease contract has an escalation clause which states that from 1 January 2015 and on each anniversary thereafter the applicable use fee and service credits shall be increased or decreased (compounded annually) in line with percentage increase or decrease in the Consumer Price Index for the previous 12 months period prior to the relevant escalator date. See note 25 on lease accounting.

28 Capital commitments

Capital commitments at the balance sheet date not recognised in the financial statements are as follows:

	2021 Rwf'000	2020 Rwf'000
Property, plant and equipment		
Authorised and contracted for purchase of network equipment	5,943,058	3,687,920

Notes (continued)

29 Contingent liabilities

The Group is a defendant of a number of other legal suits. In the opinion of the directors, after taking appropriate legal advice, the outcome of the actions will not give rise to any significant cash out flow to the Group.

30 Cash generated from operations

Reconciliation of profit before income tax to cash generated from operations:

	2021 Rwf'000	2020 Rwf'000
Profit before income tax	**33,513,957**	**32,609,231**
Depreciation (note 20)	19,509,258	14,962,683
Depreciation-right of use asset	11,534,323	11,264,385
Amortisation (note 19)	4,581,264	36,859
Movement in provisions	1,299,999	1,827,585
Profit on sale of property, plant and equipment	-	-
Adjustment for non-cash items	36,924,845	28,091,513
Finance income (note 8)	(1,901,592)	(1,118,744)
Finance costs (note 8)	22,485,746	17,298,102
Adjustments for finance charges	20,584,155	16,179,358
Cash generated before working capital changes	**91,022,958**	**76,880,102**
Decrease/(increase) in inventory	(377,015)	(475,590)
(Increase)/ decrease in trade and other receivables	(2,973,399)	(9,422,476)
Increase in IRU assets	(1,429,890)	(3,204,495)
Decrease in intercompany debtors	3,203,668	(1,174,180)
(Decrease) /increase in short term provisions	(1,754,007)	(2,063,252)
Decrease in trade and other payables	5,763,586	(3,207,019)
Increase in intercompany payables	(7,859,920)	5,100,245
(Decrease) /increase in deferred income	89,645	1,100
Increase/(decrease) in unearned income	(591,581)	400,805
Net changes in working capital	(5,928,912)	(14,044,862)
Net cash generated from operations	**85,094,045**	**62,835,240**

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Notes (continued)

31 Related party transactions

The Company's parent is MTN International (Mauritius) Limited incorporated in Mauritius. The ultimate parent and ultimate controlling party of the Company is MTN Group Ltd, incorporated in South Africa. The following transactions were carried out with related parties, with whom the Company has common shareholdings or common directorships:

i) Sale of services

	2021 Rwf'000	2020 Rwf'000
MTN Uganda Limited - Interconnect Services	635,791	1,163,133
MTN Business Kenya- Leased lines	20,575	29,756
MTN Nigeria Communications Limited- Interconnect Services	546	18,721
MTN Global Connect Solutions-Leased lines	2,778,681	3,019,619
Mobile Telephone Networks (Pty) Limited	-	29,209
	3,435,593	**4,260,438**

ii) Purchases of services

	2021 Rwf'000	2020 Rwf'000
Belgacom International Carrier Services SA -Interconnect and Roaming services	1,153	2,064
MTN Uganda Limited - Interconnect, Seamless Roaming Services, IT Shared Services and leased line services	404,287	451,505
MTN Dubai Limited - Leased lines	-	6,490
MTN Business Kenya Limited- Leased lines	90,766	85,328
MTN Global Connect Solutions- leased lines	5,758,491	4,313,472
Global Trading Company	32,916	866,981
	6,287,614	**5,725,841**

iii) Management fees paid

	MTN International (Mauritius) Limited 2021 Rwf'000	MTN REL (Mauritius) Limited 2021 Rwf'000	Total 2021 Rwf'000	MTN International (Mauritius) Limited 2020 Rwf'000	MTN REL (Mauritius) Limited 2020 Rwf'000	Total 2020 Rwf'000
the management fees are computed as follows:						
4% of revenue	7,552,825	-	7,552,825	3,266,422	2,683,958	**5,950,379**
2% on Profit before income tax	710,417	-	710,417	429,965	312,022	**741,987**
Total	**8,263,242**	**-**	**8,263,242**	**3,696,387**	**2,995,980**	**6,692,366**

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Notes (continued)

31 Related party transactions (continued)

iii) Management fees paid (continued)

Management and technical fees are in accordance with agreements between the Company and the respective parties. The fees were based on 2% of revenue and 1% on Profit before income tax for MTN International (Mauritius) Limited and MTN REL (Mauritius) Limited up until November 2020. From December 2020 MTN REL (Mauritius) Limited cease to receive management fees, and MTN International (Mauritius) Limited to received 4% of revenue and 2% of profit before income tax inclusive of tax.

iv) Interest expense	2021 Rwf'000	2020 Rwf'000
MTN Dubai Limited	758	5,624
MTN Global Connect Solutions	-	-
MTN Uganda Limited	-	17,196
Interserve Overseas Limited	-	10,206
	758	**33,027**

v) Dividends declared

MTN International (Mauritius) Limited	5,610,000	3,822,500
MTN REL- Mauritius	2,550,000	1,737,500
Crystal Telecom Limited	-	1,390,000
Shareholders listed in the Rwanda Stock Exchange	2,040,000	-
	10,200,000	**6,950,000**

Purchases and sales of goods relate to voucher card sales and accessories as well as interconnect and roaming charges amongst the various partners.

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Notes (continued)

31 Related party transactions (continued)

vi) Outstanding balances arising from sale and purchase of goods/services

a) Receivables from related parties

	2021 Rwf'000	2020 Rwf'000
MTN Holdings Ltd	972	972
MTN Zambia Limited	1,894	1,894
MTN Uganda Limited	41,252	660,771
MTN Group Management Services (Pty) Ltd	-	256,568
MTN Business Kenya	963	-
MTN Namibia	-	3,008
MTN Cameroon	-	33,052
MTN Guinea	9,212	-
MTN Ghana	8,174	8,174
MTN Liberia	11,246	-
MTN Nigeria Communications Limited	3,158	3,158
MTN Benin	-	4,466
MTN Global Connect Solutions- leased lines	462,749	-
MTN Afghanistan	-	2,771,224
MTN OPCO	47,189	47,189
MTN Guinea Bissau	11,153	11,153
MTN International (Mauritius) Limited	2,032,855	2,032,855
	2,630,816	**5,834,484**

vi) Outstanding balances arising from sale and purchase of goods/services

b) Payables to related parties

	2021 Rwf'000	2020 Rwf'000
MTN International (Mauritius) Limited	1,884,659	3,514,119
Belgacom International Carrier Services	-	26,523
MTN Dubai Limited	90,783	117,894
Mobile Telephone Networks (Pty) Limited	23,848	11,290
MTN Uganda Limited	33,781	317,969
MTN Group Management Services (Pty) Limited	3,374	280,931
MTN REL Limited	2,032,855	2,032,855
Interserve Overseas Limited	147,700	2,921
MTN Business Kenya Limited	7,714	14,488
MTN Namibia	-	3,301
MTN Congo	4,355	4,355
MTN Ghana	50,942	53,208
MTN Global Connect Solutions	1,037,486	7,020,695
Global Trading Company Limited	47,438	152,745
	5,362,934	**13,553,24**

Outstanding balances are unsecured and are repayable in cash.

Notes (continued)

31 Related party transactions (continued)

vii) Shareholder loan

Shareholder loan relates to an amount of Rwf 915m due to MTN REL. The loan is interest free and repayable on demand. See note 12 for details.

viii)Key management compensation

	2021 Rwf'000	2020 Rwf'000
Short term employee benefits	1,071,751	1,230,402
Post-employment benefits	70,382	79,568
Share based provisions	2,478,456	120,729
	3,620,589	**1,430,699**

ix) Directors' emoluments

	2021 Rwf'000	2020 Rwf'000
Directors' fees		
Mr. Faustin Mbundu	4,189	-
Michael Fleisher*	-	-
Adriaan Wessels**	-	-
Patience Mutesi	8,567	-
Julien Kavaruganda	8,063	-
Yolanda Cuba**	-	-
Karabo Nondumo*	-	-
Mark Nkurunziza	103,140	99,320
Mitwa Ng'ambi	355,217	333,369
Evelyn Kamagaju Rutagwenda	8,706	17,244
Regis Rugemanshuro	7,465	7,491
Nosipho Molope*	-	-
Ricardo Varzielas**	-	-
Ebenezer Asante**	-	-
Richard Tusabe	-	3,517
	495,347	**460,941**

*Directors' remuneration attributable to service provided to the company by the MTN Group Limited nominated independent directors during the year was Rwf'000 84,334 (2020: Rwf'000 41,764). These amounts are paid out of the management fee disclosed in Note 31(iii).

**Directors that are employees of MTN Group Limited are not separately remunerated.

	2021 Rwf'000	2020 Rwf'000
x) Defined contribution provident fund		
Employer contributions	**290,603**	**258,560**

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Notes (continued)

32 Going concern

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within its current funding levels.

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing the financial statements.

33 Retirement benefit plans

The Group set up a defined contributory provident fund scheme for its employees. The provident fund is a defined contribution fund and is designed to provide a lump sum on retirement and not a guaranteed pension. The lump sum is dependent upon the investment performance of the fund. Both employees and the Group contribute to the provident fund on a fixed contribution basis.

Under this plan, the Group does not have any legal or constructive obligation to pay further contributions if the fund does not have sufficient assets to pay all employees' benefits relating to the employee service in the current or prior period. Consequently, no actuarial valuation of the fund is required.

34 Grants

Grant income comprises contributions (grants) from government or its agencies, to be utilized on activities in public interest. Grants received for specific purposes are treated as deferred grants and credited to the statement of profit or loss as grant income when the activities for which they were provided for have been undertaken.

Unexpended grants represent the unused designated/specific grants and are taken into income when the related expenditure is incurred. Any unexpended grants are carried forward as part of current grant liabilities and are utilized in the subsequent years.

35 Earnings per share

	31 December 2021	**Restated 31 December 2020**
Profit for the year attributable to equity shareholders Rwf'000	22,423,613	20,226,772
Weighted average number of shares for calculation diluted and basic earning per share	1,350,886,600	1,350,886,600
Earnings per share:		
Basic and diluted earnings per share – Rwf '000'	17	15

The basic and diluted earning per share for the prior year have been restated due to the change in the weighted average number of shares in the year which was undertaken as part of the listing to the Rwanda Stock Exchange on 4 May 2021 with no corresponding change in resources.

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36 Segment reporting

a) Segment revenue and EBITDA

The executive committee primarily uses earnings before interest, taxes, depreciation and amortisation (EBITDA) to assess the performance of the segments. Earnings before interest, taxes, depreciation and amortisation (EBITDA) reconciles to operating profit before income tax as follows:

	Fintech Rwf '000'	Telecommunication Rwf '000'	Unallocated Rwf '000'	Total 'Rwf '000'
Revenue	50,533,699	136,350,223	1,242,830	188,126,752
Cost of sales	(18,867,707)	(13,367,369)	-	(32,235,076)
Gross profit	31,665,992	122,982,854	1,242,830	155,891,676
Operating expenses	(6,783,201)	(59,385,518)	-	(66,168,719)
EBITDA	**24,882,791**	**63,597,336**	**1,242,830**	**89,722,957**
Depreciation and armotisation			(35,624,845)	(35,624,845)
Finance income	-	-	1,901,591	1,901,591
Finance costs	-	-	(22,485,746)	(22,485,746)
Income tax expense	-	-	(11,090,344)	(11,090,344)
Profit for the year	**24,882,791**	**63,597,336**	**(66,056,514)**	**22,423,613**

No individual customer comprises more than 10% of the Group's revenue. Revenue from external customers from interconnect and roaming amounted to Rwf 5,853 million (2020: Rwf 5,502 million)

b) Segment assets

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment;

	Fintech Rwf '000'	Telecommunication Rwf '000'	Unallocated Rwf '000'	Total 'Rwf '000'
Non-current assets				
Indefeasible rights of use assets (IRUs)	-	-	8,230,572	8,230,572
Intangible assets	-	-	86,864,513	86,864,513
Property, plant and equipment	990,499	-	82,091,892	83,082,391
Right of use assets	-	-	84,139,019	84,139,019
	990,499	**-**	**261,325,996**	**262,316,495**
Current assets				
Current income tax	-	-	3,216,426	3,216,426
Indefeasible rights of use assets (IRUs)	-	-	1,158,019	1,158,019
Restricted cash	86,769,068	-	-	86,769,068
Cash and cash equivalents	700,000	11,485,937	-	12,185,937
Deposits with financial institutions	-	10,220,458	-	10,220,458
Inventories	-	1,506,956	-	1,506,956
Trade and other receivables	-	39,738,185	-	39,738,185
	87,469,068	**62,951,536**	**4,374,445**	**154,795,049**

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Notes (continued)

36 Segment reporting (continued)

a) Segment assets (continued)

Additions to non-current assets;	**2021 Rwf'000**	**2020 Rwf'000**
Property and equipment (note 20b)	32,751,632	21,077,750
Intangible assets (Note 19)	91,436,329	-
Indefeasible rights of use assets (IRUs) (note 16)	4,299,265	5,269,934
Right of use assets (note 20b)	15,143,204	14,811,898

b) Segment liabilities

Segment liabilities are measured in the same way as in the financial statements. These liabilities are allocated based on the operations of the segment;

	Fintech Rwf '000'	**Telecommunication Rwf '000'**	**Unallocated Rwf '000'**	**Total 'Rwf '000'**
Non-current liabilities				
Deferred income tax	-	-	14,159,020	14,159,020
Borrowings	-	-	23,999,135	23,999,135
Lease liabilities	-	-	66,380,689	66,380,689
	-	-	**104,538,844**	**104,538,844**
Current liabilities				
Deferred revenue	-	3,117,051	-	3,117,051
Borrowings	-	-	7,273,625	7,273,625
Trade and other payables	-	60,261,395	-	60,261,395
Mobile money payables	86,769,068	-	-	86,769,068
Provisions	-	878,094	-	878,094
Lease liabilities	-	-	28,618,910	28,618,910
Shareholder loan	-	-	915,000	915,000
Bank overdraft			6,577,919	6,577,919
	86,769,068	**64,256,540**	**43,385,454**	**194,411,062**

Notes (continued)

37 Investment in subsidiary

The Company's principal subsidiary at 31 December 2021 is set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Company, and the proportion of ownership interests held equals the voting rights held by the Company. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group	Share capital Rwf'000	Intercompany loan Rwf'000	Principal activities
Mobile Money Rwanda Limited	Rwanda	100%	200,000	500,000	Fintech services

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