MTN Uganda Limited

Annual Report and Consolidated Financial Statements

For the year ended 31 December 2023

MTN Uganda Limited
Directors' Report
For The Year Ended 31 December 2023

The directors submit their report together with the audited consolidated financial statements for the year ended 31 December 2023 which disclose the state of affairs of MTN Uganda Limited and its subsidiary, MTN Mobile Money (U) Limited and its dormant subsidiaries, MTN Publicom (Uganda) Limited and MTN Village Phone (Uganda) Limited (together "the Group").

Principal activity

The principal activity of the Group is to provide telecommunication and mobile financial services.

Staffing

The number of persons employed by the Group at 31 December 2023 was 605 (2022: 563 employees), excluding contract employees.

Results and dividends

The Group made a net profit for the year ended 31 December 2023 of Shs 493,077 million (2022: Shs 406,050 million). During the year ended 31 December 2023, the Group declared and paid a dividend of Shs 382,855 million (2022: Shs 338,212 million). The directors recommend the payment of a final dividend of Shs 6.4 per share amounting to Shs 143,290 million (2022: Shs 5.5 per share, Shs 123,140 million).

Directors

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

Charles Mbire	Chairman
Karabo Nondumo	Director
Sylvia Mulinge	Director
Sugentharem Perumal	Director
Andrew Bugembe	Director
Yolanda Cuba	Director
Winnie Tarinyeba Kiryabwire	Director. (Appointed 19 May 2023)
Fatima Daniels	Director. (Appointed 1 Nov 2023)

Auditor

The Group's auditor, Ernst & Young Certified Public Accountants – who was appointed during the year – has expressed willingness to continue in office in accordance with Section 167(2) of the Companies Act, 2012 of Uganda.

By order of the Board,

....
Enid Edroma
Secretary

05 March 2024

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Ernst & Young
Certified Public Accountants of Uganda
Ernst & Young House
Plot 18, Clement Hill Road
Shimoni Office Village,
P.O.Box 7215
Kampala, Uganda

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MTN UGANDA LIMITED

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of MTN Uganda Limited and its subsidiaries (the "Group") set out on pages 10 to 60 which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended and are prepared in accordance with International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 2012 of Uganda.

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 consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Uganda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 25 April 2023.

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 period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key audit matters (continued)

The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition – complexity of products and systems	
The occurrence and accuracy of amounts recorded as revenue is an inherent industry risk due to the complexity of the billing systems arising from changes in products and plans – including multiple element arrangements, the number of products sold, and the tariff structure changes during the year. The application of the revenue recognition accounting standard IFRS 15: *Revenue from contracts with customers*, requires the use of complex rating, billing, and accounting systems. The complexity is compounded by the significant number of revenue transactions that are accounted for on a monthly basis. We therefore considered revenue recognition to be a matter of most significance to our current year audit. The accounting policies and detailed disclosures on revenue recognition are included in Note 2B – Revenue recognition, Note 5A – Revenue from contracts with customers and Note 5B – Contract liabilities disclosures.	Our procedures to address this key audit matter included: • We understood and tested the design and operating effectiveness of management's controls over the transfer of revenue information between the multiple systems involved in recording revenue; • We tested the controls in place over the authorisation of rate changes and a review of the new products recorded in the billing systems; • We involved our internal IT audit specialists to test the IT general controls of the rating and billing environments, as well as assessed the completeness of the relevant revenue reports utilised for audit purposes; • We tested the end-to-end reconciliation from rating and billing systems to the journals processed in the general ledger; • We performed analytical review procedures over significant revenue streams by identifying the drivers that resulted in changes year on year to establish detailed monthly and annual expectations. Where movement were outside our precision level set, we performed substantive audit procedures; • We performed correlation analysis between revenue, deferred revenue, trade receivables and cash; • We reviewed the reconciliation of the aggregate of the prepaid and hybrid customers per the charging system to the deferred revenue balance;

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition – complexity of products and systems	
	• We selected and tested a sample of enterprise revenue contracts and assessed, in line with the requirements of IFRS 15 Revenue from contracts with customers, that contracts with customers were valid, that performance obligations were agreed by both parties and that revenue was appropriately recognised; • We tested the stand-alone selling prices as input into the system and agreed the logic behind the stand-alone selling prices to the relevant IFRS 15 Revenue from contracts with customers requirements; • We tested management reconciliations for interconnect/roaming revenue and agreed the balances to third party confirmations; • We tested a sample of journal entries, processed in relation to non-standard revenue including Oracle journals by reviewing supporting documentation to ensure that the journals were supported by an underlying business rationale, were accounted for correctly, in the correct period and appropriately authorised; and • We examined and assessed the accounting policies applied and disclosures in terms of the recognition of revenue for compliance with IFRS 15: *Revenue from contracts with customers* and industry guidance.
Recognition of lease liabilities in accordance with IFRS 16 Leases	
As disclosed in Note 18 of the consolidated financial statements, the Group's lease liabilities at 31 December 2023 amounted to Uganda Shillings 1,257 billion. This liability is recognized in line with the Group's accounting policy described in Note 2G. The lease liability is recognised at the present value of the future minimum lease payments under the contract.	Our procedures to address this key audit matter included: • We evaluated management's processes, systems, and financial controls for identifying and accounting for leases; • We checked management's basis for determining and excluding non-lease components in the computation of lease liabilities and obtained support documentation for the non-lease components;

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key audit matters (continued)

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Recognition of lease liabilities in accordance with IFRS 16 Leases</td></tr>
<tr><td>The significant judgements applied in the recognition of the lease liabilities include:

• Identifying and applying escalation clauses that could impact payments under the contract in future periods. The escalation clauses are based on external factors for which information may not be available currently, such as inflation rates in future periods;

• identifying and excluding cash flows for non-lease components in the derivation of the lease liability;

• determining the applicable lease terms for each lease including estimating the lease term implied in the renewal clauses in the lease contracts, and the application of extension clauses in the contract;

• determining the appropriate incremental borrowing rate for discounting lease liability cash flows;

• identifying and recognizing lease liabilities for lease modifications.

We considered the recognition of lease liabilities as a key audit matter on account of the significant judgements involved and because lease liabilities are a material item representing 35% of total liabilities.</td><td>• We traced a sample of lease additions, disposals, and repayments, and lease cash flows to the lease model and to supporting documents;

• We checked the reasonableness of the incremental borrowing rate applied in discounting lease cash flows;

• We performed analytical procedures to check the reasonableness of the interest charge on lease liabilities;

• We evaluated management's conclusions on whether there are any lease modifications arising during the year;

• We checked the reasonableness of exchange rates used to account for lease contracts that are not denominated in Uganda Shillings. For a sample of these contracts, we recomputed the expected carrying amount at the closing rate;

• We evaluated the basis for application of extension clauses and assessed the reasonableness of these assumptions based on decisions taken previously and management's long-term strategy;

• Where applicable, we tested management's assessment for restoration of site areas and the basis for recognition of an asset retirement obligation;

• We recomputed the lease amortization expense and the depreciation schedule for a sample of the leases;

• We assessed the adequacy of the lease liability disclosures in the Group's consolidated financial statements for alignment with IFRS 16 Leases.</td></tr>
</table>

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Other information included in the Group's 2023 Annual Report

Other information consists of the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon. The directors are responsible for the other information.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation and presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and the requirements of the Companies Act, 2012 of Uganda, 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 internal control.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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 consolidated 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 on the consolidated financial statements. 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 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year 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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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies Act, 2012 of Uganda, we report to you, based on our audit, that:

i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the 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; and,

iii. the consolidated statement of financial position and the consolidated statement of comprehensive income are in agreement with the books of account.

The Engagement Partner on the audit resulting in this independent auditor's report is CPA Geoffrey Byamugisha – P0231.

Ernst & Young
....
Ernst & Young
Certified Public Accountants of Uganda
Kampala

26 March
.... **2024**

....
Geoffrey Byamugisha
Partner

	Note	2023 Shs'000	2022 Shs'000
Revenue from contracts with customers	5	**2,669,145,697**	2,286,251,974
Other Income[1]		**1,110,147**	30,799,414
Direct network operating costs	7	**(338,159,012)**	(284,343,020)
Government and regulatory costs	8	**(65,780,091)**	(57,935,672)
Cost of handsets and other accessories sold		**(41,562,051)**	(23,878,564)
Interconnect and roaming		**(69,200,852)**	(49,455,209)
Employee benefits expenses	9	**(135,309,708)**	(126,574,477)
Selling, distribution and marketing expenses	10	**(461,829,997)**	(414,176,823)
Increase in impairment of trade receivables	22	**(7,038,379)**	(7,797,794)
Other operating expenses[1]	11	**(180,174,309)**	(173,497,928)
Depreciation of property, equipment, and right-of-use assets	18	**(350,545,448)**	(330,505,073)
Amortisation of intangible assets	19	**(91,632,699)**	(76,609,606)
Operating profit		**929,023,298**	772,277,222
Net foreign exchange losses[2]	12	**(1,776,253)**	(17,782,115)
Finance income[2]	12	**54,548,122**	28,046,232
Finance costs[2]	12	**(275,467,751)**	(191,512,274)
Profit before tax		**706,327,416**	591,029,065
Income tax expense	13	**(213,250,640)**	(184,978,704)
Profit for the year		**493,076,776**	406,050,361
Other comprehensive income for the year net of tax		**-**	-
Total comprehensive income for the year		**493,076,776**	406,050,361
Basic / diluted earnings per share	14	**22.02**	18.14

[1]*Refer to note 11 for reclassifications made.*
[2]*Refer to note 12 for reclassifications made.*

MTN Uganda Limited
Consolidated Statement of Financial Position
As at 31 December 2023

	Note	2023 Shs'000	2022 Shs'000
Assets			
Non-current assets			
Property and equipment	18 (a)	**1,086,547,617**	949,189,267
Right-of-use assets	18 (b)	**1,091,713,853**	949,357,815
Intangible assets	19 (a)	**429,636,764**	357,716,576
Deferred tax assets	17	**21,609,312**	14,615,302
Contract assets	5 (b)	**23,424,082**	10,702,428
Prepayments and advances to business partners	20	**66,552,945**	55,876,044
		2,719,484,573	2,337,457,432
Current assets			
Inventories	21	**12,745,207**	27,432,437
Current investment	28	**12,265,000**	-
Income tax recoverable	13	**1,976,045**	429,270
Contract assets	5 (b)	**21,716,960**	10,585,068
Trade and other receivables	22	**187,243,059**	185,363,265
Mobile money deposits	23	**1,488,546,693**	1,207,758,423
Cash and cash equivalents	24	**238,562,937**	200,772,719
		1,963,055,901	1,632,341,182
Total assets		**4,682,540,474**	3,969,798,614
Equity			
Ordinary share capital	15	**22,389,044**	22,389,044
Retained earnings		**991,829,855**	881,608,509
		1,014,218,899	903,997,553
Liabilities			
Non-current liabilities			
Borrowings	27	**17,651,546**	82,897,391
Lease liabilities	18 (b)	**1,107,020,973**	965,891,796
Other financial liability	19 (b)	**97,446,644**	-
Deferred revenue – indefeasible right-of-use assets	20 (c)	**12,395,428**	12,215,045
Employee share-based payment liability	26 (a)	**10,135,073**	19,513,613
		1,244,649,664	1,080,517,845
Current liabilities			
Trade and other payables	25	**510,052,772**	460,430,472
Other financial liability	19 (b)	**24,192,394**	-
Contract liabilities	5 (b)	**31,960,239**	16,507,615
Income tax payable	13	**2,534,440**	4,323,181
Borrowings	27	**184,736,253**	166,675,565
Lease liabilities	18 (b)	**149,728,208**	106,595,075
Mobile money deposits	23	**1,488,546,693**	1,207,758,423
Employee share-based payment liability	26 (a)	**4,629,720**	5,446,593
Provisions	26 (b)	**27,291,192**	17,546,292
		2,423,671,911	1,985,283,216
Total liabilities		**3,668,321,575**	3,065,801,061
Total equity and liabilities		4,682,540,474	3,969,798,614

The financial statements on pages 10 to 60 were approved by the board of directors on 05 March 2024 and signed on its behalf by:

…………………………… **Chairman**

…………………………… **Director**

	Ordinary share capital Shs'000	Retained earnings Shs'000	Total equity Shs'000
Year ended 31 December 2022			
At start of year	22,389,044	813,769,826	836,158,870
Comprehensive income:			
Profit for the year	-	406,050,361	406,050,361
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	406,050,361	406,050,361
Transactions with owners:			
Dividends paid (note 16)	-	(338,211,678)	(338,211,678)
	-	(338,211,678)	(338,211,678)
At end of year	22,389,044	881,608,509	903,997,553
Year ended 31 December 2023			
At start of year	**22,389,044**	**881,608,509**	**903,997,553**
Comprehensive income:			
Profit for the year	-	**493,076,776**	**493,076,776**
Other comprehensive income	-	-	-
Total comprehensive income for the year	**-**	**493,076,776**	**493,076,776**
Transactions with owners:			
Dividends paid (note 16)	-	**(382,855,430)**	**(382,855,430)**
	-	**(382,855,430)**	**(382,855,430)**
At end of year	**22,389,044**	**991,829,855**	**1,014,218,899**

MTN Uganda Limited
Consolidated Statement of Cash Flows
For The Year Ended 31 December 2023

	Note	2023 Shs'000	2022 Shs'000
Operating activities			
Cash generated from operations	29	**1,401,051,062**	1,237,180,299
Interest received		**53,283,122**	28,046,231
Interest paid on Mobile Money deposits	12	**(42,366,940)**	(20,706,131)
Interest paid on borrowings	27	**(32,229,116)**	(29,191,791)
Interest paid on lease liabilities	18 (b)	**(185,140,944)**	(141,072,847)
Interest on financial liability		**(10,042,824)**	-
Dividends paid	16	**(382,855,430)**	(338,211,678)
Income tax paid	13	**(223,580,166)**	(186,891,550)
Net cash generated from operating activities		**578,118,764**	**549,152,533**
Cash flow from investing activities			
Purchase of property and equipment	18(a)	**(319,028,000)**	(295,573,672)
Proceeds from disposal of property and equipment		**1,143,792**	4,832,840
Purchase of intangible assets	19	**(33,365,283)**	(42,085,919)
Net cash used in investing activities		**(351,249,491)**	**(332,826,751)**
Financing activities			
Repayments of borrowings	27	**(108,419,269)**	(120,451,228)
Proceeds from borrowings	27	**60,000,000**	-
Payment of principal portion of lease liability	18 (b)	**(129,004,180)**	(79,680,325)
Payment for financial liability	19 (b)	**(10,210,078)**	-
Net cash used in financing activities		**(187,633,527)**	(200,131,553)
Net increase in cash at bank and in hand		**39,235,746**	**16,194,229**
Movement in cash at bank and in hand			
At start of year		**200,772,719**	188,814,310
Increase		**39,235,746**	16,194,229
Exchange losses on cash at bank and in hand		**(1,445,528)**	(4,235,820)
At end of year	24	**238,562,937**	**200,772,719**

1 General information

MTN Uganda Limited is incorporated in the Republic of Uganda under the Companies Act, 2012 and is domiciled in Uganda. MTN Uganda Limited is listed on the Uganda Securities Exchange. The address of its registered office and the registration number are:

Plot 69–71, Jinja Road
P.O. Box 24624
Kampala
Uganda
Reg. No: 37058

MTN Uganda Limited is a subsidiary of MTN International (Mauritius) Limited. MTN Group Limited is the Group's ultimate parent and holding company, which is incorporated in the Republic of South Africa and is listed on the Johannesburg Stock Exchange Limited.

For the Companies Act, 2012 of Uganda 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 material accounting policy information

The principal accounting policies applied in the preparation of these financial statements are set out below and in the related notes to the Group financial statements. The principal accounting policies applied are consistent with those adopted in the prior year.

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 the Companies Act, 2012 of Uganda. 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, except otherwise stated in the accounting policies below. Amounts are rounded to the nearest thousand with the exception of the number of ordinary share capital (note 15), earnings per share (note 14) and dividends per share (note 16). 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 financial statements are included in note 4.

<u>Changes in accounting policies and disclosures</u>

i) Standards that became effective during the year

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the Board issued amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant accounting policies' with a requirement to disclose 'material accounting policy information' and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

2 Summary of material accounting policy information (continued)

A Basis of preparation (continued)

Changes in accounting policies and disclosures (continued)

i) *Standards that became effective during the year (continued)*

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 (continued)

Replacement of the term 'significant' with 'material'

In the absence of a definition of the term 'significant' in IFRS, the Board decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in IFRS and is widely understood by the users of financial statements, according to the Board. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and their nature. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have also been added.

Disclosure of standardised information

Although standardised information is less useful to users than entity-specific accounting policy information, the Board agreed that, in some circumstances, standardised accounting policy information may be needed for users to understand other material information in the financial statements. In those situations, standardised accounting policy information is material, and should be disclosed. The amendments to the PS also provide examples of situations when generic or standardised information summarising or duplicating the requirements of IFRS may be considered material accounting policy information.

Disclosure of immaterial information

The amendments to IAS 1 require that if an entity decides to disclose accounting policy information that is not material, it needs to ensure that this immaterial information does not obscure material information.

Transition and impact

Earlier application of the amendments to IAS 1 is permitted as long as this fact is disclosed. The amendment impacted the accounting policy disclosures of the Group. Determining whether accounting policies are material or not requires use of judgement. Therefore, the Group is required to revisit accounting policy information disclosures to ensure consistency with the amended standard. The Group carefully considered whether 'standardised information, or information that only duplicates or summarises the requirements of the IFRSs' is material information and, if not, whether it should be removed from the accounting policy disclosures to enhance the usefulness of the financial statements.

The standards disclosed below that also became effective during the year did not have an impact on the financial statements of the Group:

- IFRS 17 *Insurance Contracts.*
- Definition of Accounting Estimates – Amendments to IAS 8
- Deferred tax related to Assets and Liabilities arising from a Single Transaction
- International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12)

2 Material accounting policy information (continued)

A Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

(ii) Standards that are not yet effective

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

The standards issued but not yet effective that are not expected to have a material impact on the Group's financial statements:

- ***Disclosures: Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7.*** The amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis. It is effective for annual periods beginning on or after 1 January 2024.

- ***Lease Liability in a Sale and Leaseback – Amendments to IFRS 16***. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. It is effective for annual periods beginning on or after 1 January 2024.

- ***Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to IAS 7 and IFRS 7.*** 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. A number of requirements are required to be met in conjunction with this amendment. It is effective for annual periods beginning on or after 1 January 2024.

- ***Lack of Exchangeability – Amendments to IAS 21***. The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

- ***Sale or Contribution of Assets between an Investor and its Associate of Joint Venture – Amendments to IFRS 10 and IAS 28***. The amendments address the conflict between IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. In December 2015, the IASB decided to defer the effective date of the amendments until such a time as it has finalised any amendments that result from its research project on the equity method.

B Revenue recognition

The Group principally generates revenue from providing mobile telecommunications services, such as network services (comprising voice, data, and SMS), digital services (which include mobile financial services and other digital offerings), interconnect and roaming services, as well as from sale of mobile devices. Products and services may be sold separately or in bundled packages. 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 recognises revenue when it transfers control over a product or services to a customer. 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.

2 Material accounting policy information (continued)

B Revenue recognition (continued)

The stand-alone selling prices are determined based on the list prices at which the Group sells mobile devices and network services separately.

The Group sells mobile devices to customers on credit. The credit arrangement exists for a maximum period of eight months. Management has therefore assessed that there is no significant financing component from the sale of these devices due to the short credit period, which does not exceed one year.

Network services and digital and fintech services

The Group provides mobile telecommunication services, including network services and digital and fintech services. 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.

Digital and fintech services include value-added services, rich media services, mobile money, insurance, airtime lending and e-commerce. Mobile money revenues mainly relate to wallet services (withdrawal, P2P transfers), remittance services (Intra Africa and rest of the world), Banktech services (these include savings and lending products and wallet to bank) and payment services (comprising of commissions from third parties that transact using the mobile money platform).

Customers either pay in advance for these services or pay monthly in 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 network services/digital and fintech services provided during the reporting period as a proportion of the total units of network services/digital and fintech services to be provided. The customer receives and uses the benefits of these services simultaneously. Units of network services/digital and fintech services outside of post-paid contracts are recognised as the service is provided.

When the Group expects to be entitled to breakage (forfeiture of unused value or network services), the Group recognises the expected amount of breakage in proportion to network services provided versus the total expected network services to be provided. Any unexpected amounts of breakage are recognised when the unused value of network services expire or when usage thereof becomes remote. Assessment of breakage is updated each reporting period and any resulting change is accounted for prospectively as a change in estimate in accordance with of IAS 8 *Accounting policies, changes in accounting estimates and errors.*

Interconnect and roaming

The Group provides interconnect and roaming services. The Group recognises interconnect and roaming revenue and debtors as the service is provided unless it is not probable (based on historical information) on transaction date that the interconnect revenue will be received, in which case interconnect revenue is recognised only when the cash is received or where a right of set-off exists with interconnect parties in settling amounts.

Payment for interconnect and roaming is generally received on a monthly basis. Some interconnect and roaming debtors have a historical pattern of late payment due to economic challenges in their operating environments.

2 Material accounting policy information (continued)

B Revenue recognition (continued)

Interconnect and roaming (continued)

The Group has continued to provide services to these debtors where the recovery of principal is significantly delayed beyond the contractual terms. 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 Group reduces interconnect and roaming revenue and recognises interest revenue over the period between satisfying the related performance obligation and payment.

Other income

Other income is recognised when the related services are provided to the customers and payment is generally due on a monthly basis.

Capitalisation of subscriber acquisition costs

The Group expects that incremental subscriber acquisition costs for obtaining and renewing contracts are recoverable. These costs include agents' commission on post-paid contracts and SIM activation costs on prepaid contracts. The Group has therefore capitalised these costs as contract costs. Capitalised contract costs are amortised on a systematic basis over the average customer life and included in selling, distribution and marketing expenses in profit or loss.

In terms of a practical expedient, the Group has elected to recognise the incremental costs of obtaining contracts as a selling, distribution and marketing expense in profit or loss, when incurred, if the amortisation period of the assets that the Group otherwise would have recognised is 12 months or less.

Contract costs are assessed for impairment in accordance with IFRS 9 ***Financial Instruments.***

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 Uganda Shillings, which is the functional and presentation currency of the Group.

(ii) 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 and equipment

Property and equipment are measured at historical cost less accumulated depreciation and impairment losses. Property 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 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.

2 Material accounting policy information (continued)

D Property and equipment (continued)

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.

Property 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.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property 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 Group uses historical sales and management's best estimate based on market prices of similar items.

Useful lives of property 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 and equipment are as follows:

Buildings leased	Over the period of the lease
Leasehold improvements	Over the period of the lease
Building owned	2%
Telecommunications equipment	5 % to 33.3%
Mobile phones	33.3 %
Computer equipment	20% to 33.3%
Furniture and equipment	14.3 %
Motor vehicles	20 %

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.

Right-of-use assets 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.

2 Material accounting policy information (continued)

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.

F Intangible assets with finite useful lives

Intangible assets are measured at historical cost less accumulated amortisation and impairment losses. The Group annually reviews the carrying amounts of its property 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	Over the period of the licence
Network software licenses	Over the period of the licence
Ericsson software license[1]	5 years
Software	3 years
Other intangible assets	3 years

[1]This includes Mobile Money Platform software licence, deployment and migration costs that relate to Fintech services.

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.

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 Leases

The Group leases various network sites, offices, motor vehicles and other property. Rental contracts are typically made for fixed periods of 2 years to 10 years but may have extension options as described below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

2 Material accounting policy information (continued)

G Leases (continued)

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date; and
- amounts expected to be payable by the Group under residual value guarantees.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security, and conditions.

To determine the incremental borrowing rate, the Group:

i) where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; and

ii) makes adjustments specific to the lease, e.g., term, country, currency and security.

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

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

Right-of-use assets are measured at historical cost less accumulated depreciation and accumulated impairment. Cost comprises of the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Extension and termination options

Extension and termination options are included in several property leases. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.

2 Material accounting policy information (continued)

G Leases (continued)

Indefeasible right of use (IRU) arrangements

The Group applies the principles of IFRS 16 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 the right to control the use of an identified asset for a period of time in exchange for consideration.

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.

The IRU assets are amortised on a straight-line basis to write off the cost of assets over their contract period.

H Inventories

Inventories 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 inventories 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 and the inventory carrying value will be net of this provision.

I 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 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. Details about the Group's impairment policies and the calculation of the loss allowance are provided in (W) below.

J Income tax

The tax expense for the period comprises current, deferred tax and withholding 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 tax

Current 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. Management 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.

2 Material accounting policy information (continued)

J Income tax (continued)

Deferred tax

Deferred 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 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 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.

K 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 facilities 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.

L Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held on call and investments in money market instruments, net of bank overdrafts, all of which are available for use by the Group. Bank overdrafts are included within current liabilities on the statement of financial position, unless the Group has a legally enforceable right to set off the amounts and intends to settle on a net basis or realise the asset and settle the liability simultaneously.

M 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.

The amount recognised as provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting its obligations under the contract.

2 Material accounting policy information (continued)

M Provisions (continued)

The provision is measured at the present value of the lower of the expected cost of terminating the contract or the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with the contract.

Bonus provision

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

Provision for cash-settled share-based payments

For the accounting policy on cash-settled share-based payments, refer to V (Employee benefits).

N Dividends

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

O 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.

P 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.

Q Finance income and costs

Finance income
Finance income comprises interest income on funds invested and dividend income. 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, unwinding of the discount on provisions and interest expense on lease liabilities. 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.

R 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.

2 Material accounting policy information (continued)

R Contingent liabilities (continued)

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.

S Consolidation

The Company has prepared consolidated financial statements which incorporate the results of its subsidiaries, all of which are wholly owned. These subsidiaries are: MTN Mobile Money (U) Limited and the dormant entities, MTN Publicom (Uganda) Limited and MTN VillagePhone (Uganda) Limited. The Company directly holds 100% of the ordinary shares and the voting rights of the aforementioned subsidiaries.

Subsidiaries

Subsidiaries are all 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. Intercompany 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.

Business combinations

The Group accounts for business combinations using the acquisition method when control is obtained by the Group. A business is defined as an integrated set of activities and assets that are capable of being conducted and managed for the purposes of providing a return directly to investors or other owners, members or participants. The consideration transferred is measured at the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are recognised in profit or loss. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests. For business combinations under common control – where control is not transitory - the Group applies predecessor accounting, transferring the assets and liabilities at the carrying book values, accounting for this prospectively.

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.

2 Material accounting policy information (continued)

U Employee benefits (continued)

(ii) Share-based payment transactions

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

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.

Each NSO (Notional Share Option) may only be exercised by a participant as a factor of continuous employment with MTN Uganda Limited with the following time frame for allocations granted before 2014:

- up to 20% after two years;
- up to 40% after three years;
- up to 70% after four years; and
- up to 100% after five years of granting the notional options.

Each allocation of NSO's granted remains in force for a period of 10 years from the date of offer. Exercising refers to the decision by the participant to cash out any net realisable increase in value over and above the NSO's offer price of vested NSO's.

For allocations granted after 2014, these are granted annually, with 100% vesting after 3 years and expiring after 5 years.

The fair value is expensed over the vesting period on a straight-line basis based on the Group's estimate of the shares that will eventually vest.

(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.

(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 are within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets.*

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.

2 Material accounting policy information (continued)

V Comparatives

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

W Financial instruments

Accounting for financial instruments

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.

The classification is dependent on the purpose for which the financial instruments were acquired. Management determines the classification of financial instruments at initial recognition. Financial instruments comprise trade and other receivables, cash and cash equivalents, borrowings and trade and other payables.

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

Financial liabilities comprise trade and other payables, bank overdrafts, borrowings, and other non-current liabilities (excluding provisions).

2 Material accounting policy information (continued)

W Financial instruments (continued)

Financial liabilities (continued)

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

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.

Other liabilities

Other liabilities include the Mobile Money Platform liability.

It is initially measured at its fair value, which is the present value of the payments in respect of the minimum commitment. The entity will account for the interest expense and decrease the financial liability over the course of the licensing agreement as and when the liability is settled.

An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. A portion of the cash flows varies according to changes in foreign currency. The economic characteristics and risks of these cashflows are however closely related to the fixed minimum commitments.

Derivative financial liabilities are measured at fair value through profit or loss. Gains or losses on derivative liabilities are recognised in the statement of profit or loss.

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'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.

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

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.

X Mobile Money deposits

The expected loss rates are based on the payment profiles of sales over a period of 24 months before 31 December 2022 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.

2 Material accounting policy information (continued)

X Mobile Money deposits (continued)

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 120 days past due.

Mobile Money (MoMo) deposits 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 they are not co-mingled with the Group's cash and cash equivalents and that these are ring-fenced to settle MoMo customers’ obligations. The deposits held are accounted for at amortised cost.

Upon recognition of the MoMo financial asset, the Group recognises a corresponding current liability, in the ordinary course, to refund MoMo customers for the deposits made.

The Group earns transactional fees on these MoMo balances and recognises transactional fees as part of digital and fintech services revenue. Transactional fees are recognised over time as the transactions occur. The Group accounts for fees paid to agents as a commission expense in selling, distribution, and marketing expenses.

Cash flows that relate to the principal MoMo deposit balances and corresponding liabilities are reflective of customer transactions, but only interest received and paid to customers in relation relating to these balances is recorded on the Company’s statement of cash flows.

Y Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board has appointed an Executive Committee which assesses the financial performance and position of the Group and makes strategic decisions. The executive committee, has been identified as being the chief operating decision maker.

Z Direct Network Costs

These are costs incurred by the business in maintaining the network and telecommunications equipment.

AA Government and Regulatory Fees

These are costs relating to the annual gross revenue levy and spectrum fees paid to the regulator.

AB Handset and Accessories costs

These are costs relating to the handsets, data devices and accessories sold by the company.

AC Interconnect and Roaming costs

Interconnect costs are charges resulting from MTN Uganda customers making calls to another operator and roaming costs result from MTN Uganda customers using another network when they travel and leave our network.

AD Earnings per Share

The Group calculates basic earnings per share by dividing the profit or loss after tax attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares in issue during the period. On the other hand, dilutive EPS are calculated by adjusting profit or loss attributable to ordinary equity holders of the Group and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares.

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.

At 31 December 2023, if the Shilling had weakened/strengthened by 5% (2022: 5%) against the US dollar with all other variables held constant, the pre-tax profit for the year and the Group’s equity would have been Shs 2,320 million lower/higher (2022: Shs 2,480 million) and Shs 1,624 million lower/higher (2022: Shs 1,736 million) respectively, mainly as a result of US dollar receivables, payables, borrowings and bank balances. The Group’s exposure to the US Dollar currency risk expressed in Ugandan shillings, is as follows:

	2023 Shs’000	2022 Shs’000
Trade and other receivables	**47,758,392**	60,847,265
Cash and cash equivalents	**32,900,370**	28,655,771
Trade and other payables	**(34,943,286)**	(39,902,096)
	45,715,476	**49,600,940**

(ii) Interest rate risk

The Group’s interest rate risk arises from long-term borrowings and leases. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. The Group regularly monitors financing options available to ensure optimum interest rates are obtained.

At 31 December 2023, an increase/decrease of 5% in the interest rate would have resulted in a decrease/increase in the Group’s equity of Shs 1,710 million (2022: Shs 1,196 million) and the pre-tax income by Shs 2,443 million (2022: Shs 1,709 million), respectively.

The Group’s exposure to interest rate risk is as follows:

	2023 Treasury bill rate Shs’000	2022 Treasury bill rate Shs’000
Current borrowings	**(184,736,253)**	**(166,675,565)**
Non-current borrowings	**(17,651,546)**	**(82,897,391)**
	(202,387,799)	**(249,572,956)**

Credit risk

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.

3 Financial risk management (continued)

Credit risk (continued)

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.

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

i) Risk management

Credit risk on financial assets with banking institutions is managed by dealing with institutions with strong balance sheets and a proven track record.

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.

ii) Impairment of financial assets

Trade receivables are subject to the expected credit losses (ECL) model. Details of impairment of trade and other receivables are included in note 22. While contract assets, Mobile money deposits and cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss is immaterial since they are considered very low risk.

To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due.

The ECL for trade receivables, which comprise post-paid debtors, dealer debtors, mobile money debtors, interconnect debtors and roaming debtors is arrived at as a product of the probability of default, loss given default and exposure at default. The expected loss rates are based on the payment profiles of sales over a period of 12 months to December 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. adjusts the historical loss rates based on expected changes to the inflation rate.

The Group identified the inflation rate to be the most relevant factor, and accordingly related party receivable balances are assessed for impairment based on the counterparty's ability to settle on demand. The ECL for contract assets is arrived at as a product of the probability of default, loss given default and exposure at default.

Cash and cash equivalents and Mobile money deposits have been assessed for credit loss based on the credit rating of the financial institutions holding the assets.

The amount that best represents the Group's maximum exposure to credit risk at 31 December 2023 is made up as follows:

	2023 Shs'000	2022 Shs'000
Cash at bank and deposits on call (note 24)	**238,562,937**	200,772,719
Mobile money deposits (note 23)	**1,488,546,693**	1,207,758,423
Trade receivables (note 22)	**57,580,754**	71,942,929
Other receivables (note 22)	**51,278,562**	23,879,077
Non-current trade receivables (note 20)	**5,410,318**	6,554,173
Receivables from related companies (note 22)	**45,483,044**	52,465,661
Current investment	**12,265,000**	-
	1,899,127,308	1,563,372,982

3 Financial risk management (continued)

Credit risk (continued)

Set out below is the information about the credit risk exposure on the Company's trade receivables and contract assets using a provision matrix:

31 December 2023	**Trade receivables**						
	Days past due						
	0–30 days	**31–60 days**	**61–90 days**	**91–120 days**	**120–180 days**	**>180 days**	**Total**
	Shs '000	**Shs '000**	**Shs '000**	**Shs '000**	**Shs '000**	**Shs '000**	**Shs '000**
Corporate customers (a)	9,347,819	8,953,822	4,968,575	3,792,134	5,096,536	14,637,319	46,796,205
Expected credit loss rate	0.9%	0.3%	0.3%	0.5%	0.3%	85.8%	
Other receivables (b)	6,372,559	9,756,909	2,148,741	2,730,648	4,855,307	11,886,560	37,750,724
Expected credit loss rate	0.9%	0.3%	0.3%	0.5%	0.3%	96.0%	
Estimated total gross carrying amount at default [(a)+(b)]	15,720,378	18,710,731	7,117,316	6,522,782	9,951,843	26,523,879	84,546,929
Expected credit loss	**(380,339)**	**(41,115)**	**(48,523)**	**(55,994)**	**(366,974)**	**(26,073,230)**	**(26,966,175)**
Net carrying amount	**15,340,039**	**18,669,616**	**7,068,793**	**6,466,788**	**9,584,869**	**450,649**	**57,580,754**

31 December 2022	**Trade receivables**						
	Days past due						
	0–30 days	**31–60 days**	**61–90 days**	**91–120 days**	**120–180 days**	**>180 days**	**Total**
	Shs '000	**Shs '000**	**Shs '000**	**Shs '000**	**Shs '000**	**Shs '000**	**Shs '000**
Corporate customers (a)	12,459,529	5,138,202	4,378,498	2,115,528	3,574,302	16,340,153	44,006,212
Expected credit loss rate	1.6%	1.8%	1.9%	2.1%	2.3%	95.4%	
Other receivables (b)	30,591,258	7,943,884	188,989	5,341,348	351,629	4,398,472	48,815,580
Expected credit loss rate	1.6%	1.8%	1.9%	2.1%	2.3%	97.4%	
Estimated total gross carrying amount at default [(a)+(b)]	43,050,787	13,082,086	4,567,487	7,456,876	3,925,931	20,738,625	92,821,792
Expected credit loss	**(313,710)**	**(204,173)**	**(174,733)**	**(368,227)**	**(115,105)**	**(19,702,915)**	**(20,878,863)**
Net carrying amount	**42,737,077**	**12,877,913**	**4,392,754**	**7,088,649**	**3,810,826**	**1,035,710**	**71,942,929**

3 Financial risk management (continued)

Credit risk (continued)

iii) Security

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 fair value of security deposits held was Shs 2,984 million (2022: Shs 2,984 million). In case of default, the security deposit is used to clear the receivable balance.

iv) Definition of default

The Company considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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.

3 Financial risk management (continued)

Liquidity risk (continued)

	0–30 days	31–90 days	90 days to 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At 31 December 2023:							
- trade and other payables	**136,582,300**	**240,489,928**	**-**	**-**	**-**	**-**	**377,072,228**
- mobile money deposits	**1,488,546,693**	**-**	**-**	**-**	**-**	**-**	**1,488,546,693**
- borrowings	**-**	**55,362,229**	**144,231,669**	**18,393,938**	**-**	**-**	**217,987,836**
- financial liability	**2,811,694**	**5,623,387**	**25,305,244**	**43,036,188**	**98,181,504**	**-**	**174,958,017**
- lease liabilities	**58,228,182**	**25,325,097**	**248,580,968**	**330,047,836**	**763,990,509**	**627,249,577**	**2,053,422,169**
	1,686,168,869	**326,800,641**	**418,117,881**	**391,477,962**	**862,172,013**	**627,249,577**	**4,311,986,943**

	0–30 days	31–90 days	90 days to 1 year	Between 1 and 2 years	Between 2 and 5 years	Between 2 and 5 years	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At 31 December 2022:							
- trade and other payables	134,336,430	215,050,043		-	-	-	349,386,473
- mobile money deposits	1,207,758,423	-		-	-	-	1,207,758,423
- borrowings	-	57,192,331	142,396,553	101,516,324	16,130,792	-	317,236,000
- lease liabilities	50,519,825	16,109,813	200,505,321	265,086,341	720,373,798	579,530,248	1,832,125,346
	1,392,614,678	**288,352,187**	**342,901,874**	**366,602,665**	**736,504,590**	**579,530,248**	**3,706,506,242**

3 Financial risk management (continued)

Liquidity risk (continued)

The trade payables balances in the liquidity risk disclosure exclude tax and regulatory fees accruals amounting to Shs 132,981 million (2022: Shs 111,044 million).

	2023 Shs'000	2022 Shs'000
Financial assets at amortised cost		
Cash and bank balances (note 24)	**238,562,937**	200,772,719
Mobile money deposits (note 23)	**1,488,546,693**	1,207,758,423
Non-current trade receivables and other receivables (note 20)	**5,410,318**	6,554,173
Trade and other receivables (note 22)	**154,342,360**	148,287,667
	1,886,862,308	1,563,372,982
Financial liabilities at amortised cost		
Trade and other payables	**377,072,228**	349,386,473
Mobile money deposits (note 23)	**1,488,546,693**	1,207,758,423
Borrowings (note 27)	**202,387,799**	249,572,956
Lease liabilities (note 18 (b))	**1,256,749,181**	1,072,486,871
	3,324,755,901	2,879,204,723
Financial liability at fair value through profit or loss		
Other financial liability (note 19 (b))	**121,639,038**	-

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 measures its financial liability in respect of payments under the Ericsson contract at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

• In the principal market for the asset or liability
Or

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

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

3 Financial risk management (continued)

Fair value (Continued)

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The financial liability disclosed measured at fair value (note 19 (b)) is held at level 3 of the fair value hierarchy.

The carrying amounts of the Group's financial assets and liabilities measured at amortised cost, that is trade receivables, mobile money deposits, cash and cash equivalents, trade payables and mobile mobile money deposit liabilities is a reasonable approximation of the carrying amounts disclosed in notes 22, 23, 24, 25, and 23, respectively. The fair values of these instruments approximate their carrying amounts largely due to their short-term maturities.

The fair values of the above instruments were determined using level 3 techniques by discounting cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

Fair-value related disclosures for the financial liability measured at fair value is summarised under note 19 (b). The fair value is determined using level 3 techniques by discounting future cash flows using the Company's incremental borrowing rate.

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new capital or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including lease liabilities) less cash and cash equivalents. Total capital is calculated as equity plus net debt. The Group does not have a target gearing ratio or externally imposed capital requirements.

3 Financial risk management (continued)

Capital management (continued)

The gearing ratios at 31 December 2023 and 2022 were as follows:

	2023 Shs'000	2022 Shs'000
Total borrowings and lease liabilities (note 27 and 18 (b))	**1,459,136,980**	1,322,059,827
Financial liability held at fair value	**121,639,038**	-
Less: cash and cash equivalents (note 24)	**(238,562,937)**	(200,772,719)
Net debt	**1,342,213,081**	1,121,287,108
Total equity	**1,014,218,899**	903,997,553
Total capital	2,356,431,980	2,025,284,661
Gearing ratio	**57%**	55%

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances. 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

Property and equipment

Critical estimates in determining the useful lives of property and equipment are made by the directors in determining depreciation rates for property and equipment. The rates used are set out in 2(D) above. The directors have established over the lifetime of the business that the depreciation rates have been consistent with the useful lives of the Group's assets. As at 31 December 2023, an increase/decrease in the annual depreciation rate of 5% would have resulted in an increase/decrease in the net book value of approximately Shs 17,576 million (2022: Shs 9,708 million).

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

Determining the 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 following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations, the costs and business disruption required to replace the leased asset and the business planning horizon, which is 5 years.
- Extension options have been included in the lease liability to the extent that they are within the Group's current business plan.

As at 31 December 2023, potential future cash outflows of Shs 2,053,422 million (undiscounted) have been included in the lease liability because it is reasonably certain that the leases will be extended (or not terminated) (2022: Shs 1,828,299 million).

5 Revenue from contracts with customers

(a) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major service and product lines:

	2023 Shs'000	2022 Shs'000
Revenue earned over time		
Network services	**1,683,056,310**	1,472,553,328
Interconnect and roaming	**108,576,298**	90,333,606
Digital and fintech services	**781,012,656**	660,799,119
Information technology infrastructure services	**57,216,453**	42,241,720
Revenue earned over time	**2,629,861,717**	2,265,927,773
Mobile devices	**39,283,980**	20,324,201
	2,669,145,697	2,286,251,974

Network services, interconnect and roaming, digital services and other revenue are recognised over time, whereas mobile devices are recognised at a point in time. Network services revenues relate to outgoing voice revenue, outgoing sms revenue and mobile data revenues. Other revenue primarily relates to ICT revenue and IT services provided to MTN Zambia and MTN Swazi. The revenue is recognised based on the output method in consideration of actual minutes called, SMSes sent or bytes utilised. This is most appropriate as these are concluded within short periods of time. Network services are earned within the consumer business segment (CBU) (Shs 1,508,589 million), Enterprise Business Unit (EBU) (Shs 165,526 million) and Wholesale and Carrier (Shs 8,941 million). Interconnect revenue is recognised within wholesale and carrier services. Mobile devices revenue is primarily within the consumer business segment. Digital and fintech services are within mobile financial services (MFS) (Shs 771,643 million), the consumer business segment (Shs 8,733 million) and Enterprise Business Unit (Shs 637 million). Other revenue is within EBU sales (Shs 36,558 million), CBU (4,986 million), Wholesale (14,840) and MFS (832 million).

(b) Assets and liabilities related to contracts with customers

	2023 Shs'000	2022 Shs'000
Trade receivables and receivables from related parties	**130,029,973**	145,287,453
Loss allowance (note 22)	**(26,966,175)**	(20,878,863)
Total trade receivables (note 22)	**103,063,798**	124,408,590
Contract liabilities - deferred revenue	**31,960,239**	16,507,615

Deferred revenue represents unused activated airtime subscriber balances for prepaid products, as well as the cash equivalent of any unused bonus points on the 1-4-1 customer loyalty promotion.

Revenue is recognised in profit or loss as calls are made, SMSes sent and data used on the unused activated airtime. Revenue in relation to the customer loyalty program is recognised when the points are redeemed through calls or when they expire 12 months after the initial sale.

(i) Significant changes in trade receivables and contract liabilities

The increase in trade receivables and other receivables was primarily driven by the increase in amounts due from related parties especially Bayobab Africa (Formely "MTN Global Connect Solutions") and MTN Management Services. The Group has related payables that will be used to settle the bulk of these receivables. Refer to Note 22 for further information on loss allowances recognised. The increase in contract liabilities is as a result of an increase in outstanding airtime and data balances on account of the increase in subscribers.

5 Revenue from contracts with customers (continued)

(b) Assets and liabilities related to contracts with customers (continued)

(ii) 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.

	2023 Shs'000	2022 Shs'000
Revenue recognised that was included in deferred revenue at start of year	**16,507,615**	7,709,821

(iii) Assets recognised from costs to fulfil a contract

The incremental subscriber acquisition costs are capitalised as contract costs and are amortised on a systematic basis over the average customer life of 3 years.

The movement of the contract assets is as below:	2023 Shs'000	2022 Shs'000
At start of year	**21,287,496**	19,513,988
Additions	**39,428,464**	10,691,895
Amortised as costs in the year	**(15,574,918)**	(8,918,387)
At end of year	**45,141,042**	21,287,496
Current contract assets	**21,716,960**	10,585,068
Non-current contract assets	**23,424,082**	10,702,428
	45,141,042	21,287,496

6 Segment reporting

Operating segments reflect the Group's management structure, and the way financial information is regularly reviewed. The Group has identified reportable segments that are used by the Executive Committee (EXCO) to make key operating decisions, allocate resources and assess performance. The EXCO primarily focuses on revenue at the segment level. The structure of the business is such that the assets and liabilities are primarily utilised across the segments, so are reviewed for the entire Group. The reportable segments are identified as below:

i. Telecommunications services
ii. Mobile Financial services This relates to Digital and Fintech services.

Nature of operations:	Telecommunications Shs'000	Mobile Financial services Shs'000	Total Shs'000
2023 Revenue	**1,897,503,066**	**771,642,631**	**2,669,145,697**
2023 Profit after tax	**289,615,452**	**203,461,324**	**493,076,776**
2023 Total assets	**2,882,355,929**	**1,800,184,545**	**4,682,540,474**
2023 Total liabilities	**1,968,760,538**	**1,699,561,037**	**3,668,321,575**
2022 Revenue	1,663,241,262	623,010,712	2,286,251,974
2022 Profit after tax	237,957,259	168,093,102	406,050,361
2022 Total assets	2,583,596,125	1,386,202,489	3,969,798,614
2022 Total liabilities	1,774,309,163	1,291,491,898	3,065,801,061

6 Segment reporting (continued)

The EXCO also focuses on revenue by customer segment for internal revenue reporting. The structure of the business is such that the assets and liabilities are primarily utilised across the segments, so are reviewed for the entire Group. The reportable segments are identified as below:

i. Consumer – This comprises prepaid subscriber revenue.
ii. Enterprise Business Unit – This comprises revenue earned from corporate customers, SMEs, governments, and post-paid customers.
iii. Wholesale and Carrier services – This relates to revenue earned from other telecommunication companies that provide support services such as Interconnect, roaming and leased lines services.
iv. Mobile Financial services – This relates to revenue earned from Digital and Fintech services.

Customer segments:	Consumer	Enterprise Business Unit	Wholesale & Carrier services	Mobile Financial services	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
2023 Revenue	**1,558,264,935**	**208,388,565**	**130,849,566**	**771,642,631**	**2,669,145,697**
2023 Costs	**(832,589,357)**	**(36,918,159)**	**(3,638,989)**	**(425,907,896)**	**(1,299,054,401)**
2023 Other income	**1,110,147**	**-**	**-**	**-**	**1,110,147**
2023 EBITDA	**726,785,725**	**171,470,406**	**127,210,577**	**345,734,735**	**1,371,201,443**
2022 Revenue	1,383,783,191	172,948,870	106,509,201	623,010,712	2,286,251,974
2022 Costs	(731,141,264)	(16,722,626)	(3,964,443)	(385,831,154)	(1,137,659,487)
2022 Other income	30,799,413	-	-	-	30,799,413
2022 EBITDA	683,441,340	156,226,244	102,544,758	237,179,558	1,179,391,900

7 Direct network operating costs

	2023	2022
	Shs'000	Shs'000
Leased line costs	**23,749,583**	15,883,248
TowerCo related costs	**181,905,980**	150,784,226
Network and IT maintenance	**132,503,449**	117,675,546
	338,159,012	284,343,020

8 Government and regulatory fees

	2023	2022
	Shs'000	Shs'000
Spectrum fees	**24,300,373**	19,361,833
Regulatory fees and levies	**41,479,718**	38,573,839
	65,780,091	57,935,672

9 Employee benefits expenses

Salaries and wages	**106,924,763**	80,752,780
MTN Uganda Limited Provident Fund contributions [note 32 (vii)]	**3,023,810**	2,787,233
Contributions to National Social Security Fund	**6,793,143**	6,050,453
Notional share options (note 26)	**3,373,425**	11,736,465
Other staff costs	**15,194,567**	25,247,546
	135,309,708	126,574,477

Remuneration for the Group's permanent employees is disclosed under salaries and wages. Staff welfare costs together with costs for the Group's contract personnel are disclosed under other staff costs.

10 Selling, distribution and marketing expenses

	2023 Shs'000	2022 Shs'000
Commissions	**397,649,169**	360,581,578
Marketing	**56,721,060**	46,601,170
Content costs	**7,459,768**	6,994,075
	461,829,997	**414,176,823**

11 Other operating expenses*

	2023 Shs'000	2022 Shs'000
Professional and consulting	**8,071,620**	4,739,778
Auditor's remuneration	**2,851,591**	2,958,250
Directors' fees	**972,299**	367,772
General expenses	**40,847,020**	51,915,116
Motor vehicle and insurance	**13,261,532**	10,645,396
Security costs	**1,165,399**	1,112,422
Communication costs	**1,133,583**	2,533,685
Management fees	**84,702,995**	72,424,185
MTN Foundation [note 32 (viii)]	**2,769,746**	5,755,342
Travel and entertainment	**4,461,442**	3,589,451
Electricity and diesel – non network	**9,457,025**	8,380,956
Other utilities – non network	**19,000**	51,907
Information technology fees	**7,404,457**	4,959,564
Office building and maintenance	**3,056,600**	4,064,104
	180,174,309	173,497,928

*In the prior year, the gain on disposal of property, plant and equipment was presented as part of other operating expenses. This has been reclassified to other income.

12 (a) Net foreign exchange losses*

	2023 Shs'000	2022 Shs'000
- Foreign exchange gains	**11,025,689**	9,877,689
- Foreign exchange losses	**(12,801,942)**	(27,659,804)
Net foreign exchange losses	**(1,776,253)**	(17,782,115)

12 (b) Finance income / (costs)

	2023 Shs'000	2022 Shs'000
Interest income calculated using the effective interest method:		
- Interest income on mobile money deposits	**42,366,940**	20,706,131
- Other Interest income	**12,181,182**	7,340,101
	54,548,122	28,046,232
Interest expense calculated using the effective interest method:		
- Interest expense and other charges on borrowings (note 27)	**(33,463,228)**	(29,091,127)
- Interest expense on lease liabilities (note 18 (b))	**(187,003,962)**	(141,072,847)
- Interest expense on mobile money deposits	**(42,366,940)**	(20,706,131)
- Other interest expenses	**(2,590,797)**	(642,169)
	(265,424,927)	(191,512,274)
Interest expenses not calculated using the effective interest method:		
Interest on financial liability (note 19 (b))	**(10,042,824)**	-
	(275,467,751)	(191,512,274)

12 (b) Finance income / (costs) (continued)

*For the year ended 31 December 2022, interest income and interest expense calculated using the effective interest rate was not presented separately in the financial statements. To comply with IFRS, interest income and interest expense that is calculated using the effective interest rate has been presented separately in the financial statements for the year ended 31 December 2023. Therefore, the comparative information has been aligned for consistency in presentation.

13 Income tax expense

	2023 Shs'000	2022 Shs'000
Current income tax	**220,244,650**	193,137,258
Deferred tax credit (note 17)	**(6,994,010)**	(8,158,554)
	213,250,640	184,978,704

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

	2023 Shs'000	2022 Shs'000
Profit before income tax expense	**706,327,416**	591,029,065
Tax calculated at a rate of 30% (2022: 30%)	**211,898,225**	177,308,719
Tax effect of:		
- Expenses not deductible for tax purposes	**4,446,304**	3,494,189
- Prior year (over) / under provision of current income tax	**(1,104,578)**	4,715,072
- Prior year over provision of deferred tax asset	**(1,989,311)**	(539,276)
Income tax expense	**213,250,640**	184,978,704

The effective tax rate for the year ended 31 December 2023 was 30.2% (2022: 31.3%)

The movement in current income tax recoverable is as follows:

	2023	2022
At start of year	**3,893,911**	(2,351,797)
Income tax charge	**220,244,650**	193,137,258
Tax paid	**(223,580,166)**	(186,891,550)
At end of year	**558,395**	3,893,911

The current income tax recoverable relates to:

	2023 Shs'000	2022 Shs'000
Income tax (recoverable) / payable - Company	**(1,976,045)**	4,323,181
Income tax payable / (recoverable) - Subsidiary	**2,534,440**	(429,270)
At end of year	**558,395**	3,893,911

14 Earnings per share

The Group calculates basic earnings per share by dividing the profit or loss after tax attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares in issue during the period. On the other hand, dilutive EPS is calculated by adjusting profit or loss attributable to ordinary equity holders of the Group and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares.

14 Earnings per share (continued)

The weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares bought back or issued during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the period; a reasonable approximation of the weighted average is adequate in many circumstances.

The weighted average number of ordinary shares outstanding during the period and for all periods presented is adjusted for events, other than the conversion of potential ordinary shares, that have changed the number of ordinary shares outstanding without a corresponding change in resources.

	2023 Shs'000	**2022 Shs'000**
Weighted average number of shares at 31 December	**22,389,044,239**	**22,389,044,239**
Profit from continuing operations attributable to shareholders (Shs '000)	**493,076,776**	**406,050,361**
Basic/ diluted earnings per share (Shs / Share)	**22.02**	**18.14**

At the reporting date, the basic and diluted earnings per share were the same. There are no outstanding shares with a potential dilutive effect on the weighted average number of ordinary shares in issue.

15 Share capital

	2023			**2022**		
	Number of shares	**Par Value**	**Ordinary share capital Shs'000**	**Number of shares**	**Par Value**	**Ordinary share capital Shs'000**
Authorised:						
Ordinary shares	**28,000,000,000**	**1**	**28,000,000**	28,000,000,000	1	28,000,000
Issued and fully paid:						
Ordinary shares	**22,389,044,239**	**1**	**22,389,044**	22,389,044,239	1	22,389,044

The holders of ordinary shares are entitled to participate in dividends and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

16 Dividends

	2023		**2022**	
	Dividend per share Shs'000	**Total Shs'000**	**Dividend per share Shs'000**	**Total Shs'000**
Dividends declared and paid	**17.1**	**382,855,430**	15.1	338,211,678
Dividends for the year				
Interim dividend	11.6	259,715,687	10.4	232,848,836
Final dividend	6.4	143,289,883	5.5	123,139,743
Dividends for the year (paid and proposed)	18.0	403,005,570	15.9	355,988,579

Payment of dividends is subject to withholding tax at rates depending on the residence of the respective shareholders. The directors recommend the payment of a final dividend of Shs 143,290 million (2022: Shs 123,140 million.).

17 Deferred tax assets

Deferred tax assets are recognised to the extent it is probable that future taxable profit will be available against which the tax losses can be utilised. Deferred tax assets can be utilised for a period of seven years. Effective from 1 July 2023, Uganda tax laws were revised such that tax losses can be carried forward for seven years, following which, only 50% of the income tax losses are allowed. The Company had no tax losses as at 31 December 2023 (31 December 2022). The directors have made an assessment that the deferred tax losses which arise from short-term differences will be utilised during the normal course of business. Therefore, the net deferred tax assets have been fully recognised on the statement of financial position.

Deferred tax is calculated using the enacted income tax rate of 30% (2022: 30%). The movement on the deferred income tax account is as follows:

	2023 **Shs'000**	**2022** **Shs'000**
At start of year	**14,615,302**	6,456,748
Credit to profit or loss	**6,994,010**	8,158,554
At end of year	**21,609,312**	14,615,302

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

Year ended 31 December 2023	**1 January 2023** **Shs'000**	**Credit to profit or loss** **Shs'000**	**31 December 2023** **Shs'000**
Deferred tax liabilities:			
Accelerated tax depreciation	**(13,741,292)**	**1,310,315**	**(12,430,977)**
Deferred tax assets:			
Provisions	**22,286,154**	**1,859,472**	**24,145,626**
Net unrealised foreign exchange	**827,761**	**(785,321)**	**42,440**
Deferred income	**5,242,680**	**4,609,543**	**9,852,223**
	28,356,595	**5,683,694**	**34,040,289**
Net deferred tax assets	**14,615,303**	**6,994,009**	**21,609,312**

Year ended 31 December 2022	**1 January 2022** **Shs'000**	**Credit to profit or loss** **Shs'000**	**31 December 2022** **Shs'000**
Deferred tax liabilities:			
Accelerated tax depreciation	(13,280,008)	(461,284)	(13,741,292)
Deferred tax assets:			
Provisions	17,817,978	4,468,176	22,286,154
Net unrealised foreign exchange	(601,609)	1,429,370	827,761
Deferred income	2,520,387	2,722,292	5,242,679
	19,736,756	8,619,838	28,356,594
Net deferred tax assets	6,456,748	8,158,554	14,615,302

18 (a) Property and equipment

	Land and buildings Shs'000	Leasehold improvements Shs'000	Tele-communications equipment Shs'000	Furniture, computers and other equipment Shs'000	Motor vehicles Shs'000	Work in progress Shs'000	Total Shs'000
Year ended 31 December 2023							
Opening net book amount	45,646,352	7,069,056	843,931,243	41,740,921	1,099,532	9,702,163	**949,189,267**
Additions	2,463,935	2,019,994	283,950,151	19,006,562	8,944	11,578,414	**319,028,000**
Transfers*							
- cost	333,640	790,475	5,466,529	1,895,315	-	(8,485,959)	**-**
- accumulated depreciation	-	-	-	-	-	-	**-**
Disposals:							**-**
- cost	-	(416,325)	(10,609,159)	(4,275,889)	(2,950,375)	-	**(18,251,748)**
- accumulated depreciation	-	416,325	10,578,430	3,961,504	2,802,426	-	**17,758,685**
Reallocations**	67	(1,067)	(51,430)	84,125	-	1,631,880	**1,663,575**
Impairment	-	-	(294,976)	-	-	-	**(294,976)**
Depreciation charge	(3,023,292)	(3,273,406)	(158,358,021)	(17,751,984)	(138,483)	-	**(182,545,186)**
Closing net book amount	**45,420,702**	**6,605,052**	**974,612,767**	**44,660,554**	**822,044**	**14,426,498**	**1,086,547,617**
At 31 December 2023							
Cost	55,189,176	32,117,239	2,452,505,943	224,665,156	9,644,887	14,426,498	**2,788,548,899**
Accumulated amortisation	(9,768,474)	(25,512,187)	(1,477,893,176)	(180,004,602)	(8,822,843)	-	**(1,702,001,282)**
Net book amount	**45,420,702**	**6,605,052**	**974,612,767**	**44,660,554**	**822,044**	**14,426,498**	**1,086,547,617**

18 (a) Property and equipment (continued)

	Land and buildings Shs'000	Leasehold improvements Shs'000	Tele-communications equipment Shs'000	Furniture, computers and other equipment Shs'000	Motor vehicles Shs'000	Work in progress Shs'000	Total Shs'000
At January 2022							
Cost	49,882,647	30,166,226	1,982,671,880	204,329,810	13,619,129	7,408,779	**2,288,078,471**
Accumulated amortisation	(4,270,112)	(24,433,592)	(1,218,348,099)	(164,892,661)	(12,429,346)	-	**(1,424,373,810)**
Net book amount	**45,612,535**	**5,732,634**	**764,323,781**	**39,437,149**	**1,189,783**	**7,408,779**	**863,704,661**
Year ended 31 December 2022							
Opening net book amount	45,612,535	5,732,634	764,323,781	39,437,149	1,189,783	7,408,779	**863,704,661**
Additions	1,971,766	4,750,591	257,541,772	23,165,761	140,135	8,003,647	**295,573,672**
Transfers							**-**
- cost	537,186	1,226,744	969,296	752,672	-	(3,485,898)	**-**
- accumulated depreciation	-	-	-	-	-	-	**-**
Disposals:							
- cost	-	(6,437,339)	(41,677,905)	(20,245,320)	(1,172,946)	-	**(69,533,510)**
- accumulated depreciation	-	5,146,782	40,851,790	16,870,642	1,124,859	-	**63,994,073**
Reallocations**	-	18,961	(7,711,474)	43,492	-	(2,224,365)	**(9,873,386)**
Impairment	-	-	(509,391)	-	-	-	**(509,391)**
Depreciation charge	(2,475,135)	(3,369,317)	(169,856,626)	(18,283,475)	(182,299)	-	**(194,166,852)**
Closing net book amount	**45,646,352**	**7,069,056**	**843,931,243**	**41,740,921**	**1,099,532**	**9,702,163**	**949,189,267**
At 31 December 2022							
Cost	52,391,599	29,725,183	2,191,793,569	208,046,415	12,586,318	9,702,163	**2,504,245,247**
Accumulated amortisation	(6,745,247)	(22,656,127)	(1,347,862,326)	(166,305,494)	(11,486,786)	-	**(1,555,055,980)**
Net book amount	**45,646,352**	**7,069,056**	**843,931,243**	**41,740,921**	**1,099,532**	**9,702,163**	**949,189,267**

**Reallocations relate to reclassifications between property and equipment at the time when management confirms that intangible asset was integral / not integral to the operation of the tangible asset.

18 (b) Leases

i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2023 Shs'000	2022 Shs'000
Right-of-use assets		
Network sites	**1,072,990,725**	930,780,307
Offices and services centres	**1,217,741**	5,006,339
Motor vehicles	**17,505,388**	13,571,169
	1,091,713,853	**949,357,815**
Lease liabilities		
Current	**149,728,208**	106,595,075
Non-current	**1,107,020,973**	965,891,796
	1,256,749,181	**1,072,486,871**

ii) Amounts recognised in profit or loss

	2023 Shs'000	2022 Shs'000
Depreciation charge for right-of-use assets		
Network sites	**156,826,012**	128,929,090
Offices and services centres	**4,747,150**	4,027,981
Motor vehicles	**6,427,100**	3,381,150
	168,000,262	**136,338,221**

iii) The movement in right-of-use assets is as follows:

	2023 Shs'000	2022 Shs'000
At 1 January 2023	**949,357,815**	636,870,389
Additions	**221,072,079**	616,998,075
Remeasurements	**90,185,199**	31,071,924
Depreciation	**(168,000,262)**	(136,338,221)
Disposal	**(900,978)**	(199,244,352)
At end of year	**1,091,713,853**	949,357,815
At end of the year		
Cost	**1,580,262,768**	1,272,590,629
Accumulated depreciation	**(488,548,915)**	(323,232,814)
Net right-of-use asset	**1,091,713,853**	**949,357,815**

iv) The movement in lease liabilities is as follows:

	2023 Shs'000	2022 Shs'000
As at 1 January	**1,072,486,871**	732,219,836
Additions	**222,192,985**	616,998,075
Remeasurements	**90,185,199**	31,071,924
Interest expense	**187,003,962**	141,072,847
Payment of interest portion of lease liabilities	**(185,140,944)**	(141,072,847)
Payment of principal portion of lease liabilities	**(129,004,180)**	(79,680,325)
Foreign exchange losses	**330,725**	1,093,788
Disposal	**(1,305,437)**	(229,216,427)
As at 31 December	**1,256,749,181**	**1,072,486,871**

See note 2 (g) for the accounting policies relevant to leases.

19 (a) Intangible assets

	License fee Shs'000	IT software Shs'000	Total Shs'000
Year ended 31 December 2023			
Opening net book amount	301,582,965	56,133,611	357,716,576
Additions	-	165,214,399	165,214,399
Amortisation	(31,744,904)	(59,887,795)	(91,632,699)
Reallocation	(6,371)	(1,657,204)	(1,663,575)
Impairment reversal	-	2,063	2,063
Disposal:			
- cost	(50,001)	(1,799,500)	(1,849,501)
- accumulated depreciation	50,001	1,799,500	1,849,501
Closing net book amount	**269,831,690**	**159,805,074**	**429,636,764**
At 31 December 2023			
Cost	380,938,857	357,571,074	738,509,931
Accumulated amortisation	(111,107,167)	(197,766,000)	(308,873,167)
Net book amount	**269,831,690**	**159,805,074**	**429,636,764**
Year ended 31 December 2022			
Opening net book amount	333,344,537	49,470,376	382,814,913
Additions	-	42,085,919	42,085,919
Amortisation	(31,761,572)	(44,848,034)	(76,609,606)
Reallocation		9,873,386	9,873,386
Disposal:			
- cost	-	(9,702,762)	(9,702,762)
- accumulated depreciation	-	9,254,726	9,254,726
Closing net book amount	**301,582,965**	**56,133,611**	**357,716,576**
At 31 December 2022			
Cost	380,988,858	194,154,112	575,142,970
Accumulated amortisation	(79,405,893)	(138,020,501)	(217,426,394)
Net book amount	**301,582,965**	**56,133,611**	**357,716,576**

License fee

The Group's initial license to operate as a telecommunications company in Uganda expired on 20 October 2018 after 20 years. Uganda Communications Commission (UCC) granted MTN Uganda Limited a formal long-term licence in July 2021 for a period of 12 years.

Software

Software that is separately identifiable from components of the Group's plant and equipment has been recognised as an intangible asset. This software is amortised over its useful life which is considered to be 3 years. The additions to IT software include software charges arising from the new contract signed with Ericsson during the year. The additions were acquired by assuming directly related liabilities and therefore, there was no cash movement. The Ericsson software is amortised over a period of five years. The movement in the intangible asset arising from the Ericsson contract is summarised below:

	2023 Shs'000	2022 Shs'000
At 1 January	**-**	-
Additions	**131,849,116**	-
Amortisation	**(26,369,823)**	
At 31 December	**105,479,293**	-

19 (b) Other financial liability

The financial liability arising from the Ericsson software contract is disclosed below. The financial liability is measured at fair value through profit or loss:

	2023 Shs'000	2022 Shs'000
Financial liability measured at fair value		
Current	**24,192,394**	-
Non-current	**97,446,644**	-
	121,639,038	**-**

The movement in the financial liability is disclosed below:

	2023 Shs'000	2022 Shs'000
At 1 January	**-**	-
Additions	**131,849,116**	-
Interest accrued (note 12)	**10,042,824**	-
Interest paid on financial liability	**(10,042,824)**	-
Payments made during the year	**(10,210,078)**	-
	121,639,038	-

Annual maintenance charges arising from the new contract of Ushs 6,005 million were expensed to profit of loss during the year ended 31 December 2023. The fair value of the financial liability is determined using level 3 techniques by discounting future cash flows using the Group's incremental borrowing rate. The significant unobservable inputs in the fair value measurement are the long-term growth rate for the Group's service revenue, the annual movement in the foreign exchange rate and the incremental borrowing (discount) rate. A 1% increase in the discount rate results into a Ushs 2,865 million decrease in the fair value of the financial liability. A 1% increase in the foreign exchange rate and the service revenue results in an increase of Ushs 1,390 million and Ushs 1,685 million in the fair value of the financial liability, respectively.

20 Prepayments and advances to business partners

		2023 Shs'000	2022 Shs'000
(a)	**Indefeasible right-of-use ("IRU") assets**		
	At start of year	**57,624,020**	50,289,239
	Additions	**35,554,502**	21,797,425
	Charge for the year	**(21,339,022)**	(14,462,644)
	At end of year	**71,839,500**	57,624,020
	IRU assets – current	**10,696,873**	8,302,149
	IRU assets – non–current	**61,142,627**	49,321,871
	Total indefeasible right-of-use assets	**71,839,500**	**57,624,020**
(b)	**Non-current receivables and prepayments**		
	IRU non-current receivables	**61,142,627**	49,321,871
	Advances to dealers	**5,410,318**	6,554,173
	Net book amount at end of year	**66,552,945**	**55,876,044**

The other non-current receivables are the amounts due from the dealers that the Group expects to collect within two to three years from the end of the reporting period. These amounts are guaranteed by banks. The fair value of the receivables is not significantly different from their carrying amount. The prepaid site and lease rentals primarily relate to indefeasible right of use arrangements with Africa Bayobab (formerly, "MTN Global Connect") on undersea cables.

20 Prepayments and advances to business partners

		2023 Shs'000	2022 Shs'000
(c)	Deferred revenue from sub lease arrangements – current	**1,002,623**	1,043,005
	Deferred revenue from sub lease arrangements – non-current	**12,395,428**	12,215,045

21 Inventories

	2023 Shs'000	2022 Shs'000
Sim cards, phones, and accessories	16,301,595	29,189,912
Provision for obsolete stock	(3,556,388)	(1,757,475)
	12,745,207	27,432,437
Inventories expensed during the year	**(41,562,051)**	(23,878,564)
Increase in impairment provision during the year	**(2,089,993)**	(69,724)

22 Trade and other receivables

Trade receivables	**84,546,929**	92,821,792
Loss allowance	**(26,966,175)**	(20,878,863)
Trade receivables – net	**57,580,754**	71,942,929
Receivables from related parties - net (Note 32 (iv) a)	**45,483,044**	52,465,661
Prepayments[1]	**32,900,699**	37,075,598
Other receivables	**51,278,562**	23,879,077
	187,243,059	**185,363,265**

[1]Included under prepayments is an amount of Ushs 10,697 million (2021: Ushs 8,302 million) relating to the current portion of IRU assets.

The carrying amount of the above receivables balances approximates their fair value. The closing loss allowances for trade receivables as at 31 December reconciles to the opening loss allowances as set out below.

	2023 Shs'000	2022 Shs'000
As at start of year	**22,432,807**	16,170,196
Increase in loss allowance recognised in profit or loss	**7,038,379**	7,797,794
Receivables written off during the year as uncollectible	**(1,701,068)**	(1,535,183)
At end of year	**27,770,118**	**22,432,807**
Consisting of:		
	26,966,175	20,878,863
Trade receivables	**803,943**	1,553,944
Other receivables	**27,770,118**	**22,432,807**

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

23 Mobile money deposits

	2023 Shs'000	2022 Shs'000
MoMo customers' balances (held on escrow accounts)	**1,478,832,194**	1,207,758,423
Add: Interest on customer deposits received but not allocated	**6,106,744**	-
Add: Interest on customer deposits accrued but not received	**3,607,755**	-
	1,488,546,693	**1,207,758,423**
Less amounts due to, and allocable to subscribers (liabilities)	**(1,488,546,693)**	**(1,207,758,423)**
	-	**-**

The Group recognises 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 Group to refund MoMo customers in the event of any bank failure.

As a result of the uncertain and evolving legal and regulatory environment, this assessment has become increasingly complex and dependent on legal interpretations that are largely untested. The Group has however noticed that, as the MoMo products mature and the regulatory and legal positions are codified, the underlying exposure to its MoMo customers is clarified ultimately resulting in the MoMo balances being recorded on the statement of financial position. Given that the legal and regulatory positions relating to MoMo have not yet been fully clarified, in 2019, the Company reviewed and changed its accounting policy as set out below.

The Group recognises MoMo balances held by the respective banks and the customers' rights to these balances as an obligation (financial liability) in the ordinary course to repay the balances to the MoMo customers and a right to claim the corresponding amounts from the relevant banks (financial asset). Cash flows that relate to the principal MoMo deposit balances and corresponding liabilities are reflective of customer transactions and, consequently, are not recorded in the Group's statement of cash flows.

24 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held on call, all of which are available for use by the Group. Below is breakdown of cash and cash equivalents:

	2023 Shs'000	2022 Shs'000
Cash at bank	**238,469,448**	191,872,549
Cash at hand	**-**	42,186
Deposits on call (mobile money)	**93,489**	8,857,984
	238,562,937	200,772,719

25 Trade and other payables

	2023 Shs'000	2022 Shs'000
Financial liabilities		
Trade payables	**203,739,408**	174,203,551
Payables to related parties [note 32 (iv) b]	**24,069,950**	39,885,901
Sundry creditors*	**149,262,870**	135,297,021
	377,072,228	349,386,473
Non-financial liabilities		
Statutory taxes due*	**132,980,544**	111,043,999
	510,052,772	460,430,472

This includes the current portion of the IRU liability disclosed in note 20 (c). Trade and other payables are unsecured and usually paid within 45 - 60 days of recognition. The carrying amounts of the above trade and other payables approximate their fair values. Other creditors and accruals mostly relate to accruals for goods received but not invoiced, statutory deductions and other payables.

26 Other liabilities

	2023 Shs'000	2022 Shs'000
Non-current		
Deferred revenue from IRU sub lease arrangements (note 20 (c))	**12,395,428**	12,215,045
Employee share-based payment liability (note 26 (a))	**10,135,073**	19,513,613
	22,530,501	31,728,658
Current		
Deferred revenue from IRU sub lease arrangements (note 20 (c))	**1,002,623**	1,043,005
Employee share-based payment liability (note 26 (a))	**4,629,720**	5,446,593
Provisions (note 26 (b))	**27,291,192**	17,546,292
Total provisions and other liabilities	**55,454,036**	**55,764,548**

26 (a) *Employee share-based payment liability*

	At start of year Shs'000	Additional provisions Shs'000	Utilised/ reversed Shs'000	At end of year Shs'000	Non-current provision Shs'000	Current provision Shs'000
Year ended 31 December 2023						
Notional share options	24,960,206	3,373,425	(13,568,838)	14,764,793	10,135,073	4,629,720
Year ended 31 December 2022						
Notional share options	25,788,684	11,736,465	(12,564,943)	24,960,206	19,513,613	5,446,593

The Board approved a share incentive scheme to eligible employees effective 1 April 2004. The first vesting under the terms of this scheme was due on 1 April 2007 and specific amounts vest annually over a four-year period. The value of the notional share options is based on MTN Group Limited's share price and performance of the Group (note 2 (U)).

The following table illustrates the number, and movements in, share options during the year ended 31 December 2023:

	2023		2022	
	Locally aligned NSOs	Group aligned NSOs	Locally aligned NSOs	Group aligned NSOs
Outstanding at 1 January	**376,540**	**584,440**	**483,997**	**845,292**
Granted during the period;	101,040	190,770	88,560	93,800
Forfeited during the period;	(38,000)	(39,460)	(111,937)	(169,592)
Exercised during the period;	(74,240)	(125,220)	(84,080)	(185,060)
Expired during the period;	-	-	-	-
Outstanding at the end of the period; and	365,340	610,530	376,540	584,440
Exercisable at the end of the period.	**81,600**	**124,060**	**95,670**	**76,782**

26 (b) *Provisions*

	At start of year	Additional provisions	Utilised/ reversed	At end of year	Non-current provision	Current provision
Year ended 31 December 2023						
Bonus provision[1]	12,654,012	15,203,663	(10,304,174)	17,553,501	-	17,553,501
Other provisions[2]	4,892,280	4,845,411	-	9,737,691	-	9,737,691
	17,546,292	**20,049,074**	**(10,304,174)**	**27,291,192**	**-**	**27,291,192**
Year ended 31 December 2022						
Bonus provision[1]	9,827,567	13,175,994	(10,349,549)	12,654,012	-	12,654,012
Other provisions[2]	-	4,892,280	-	4,892,280	-	4,892,280
	9,827,567	**18,068,272**	**(10,349,549)**	**17,546,292**	**-**	**17,546,292**

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. The bonus payment is expected in March 2024.

Other provisions relate to tax matters and litigation.

27 Borrowings

Borrowings comprise a syndicated loan facility broken down below:

		Currency	2023 Shs'000	2022 Shs'000
(i)	Loan facility A	Shs	34,874,905	62,900,321
(ii)	Loan facility A – Stanbic Bank	Shs	-	12,550,685
(iii)	Loan facility B – Revolving credit	Shs	113,489,640	77,577,000
(iv)	Loan facility D (Amalgamated)	Shs	55,002,497	97,785,634
	Interest bearing loans		**203,367,042**	**250,813,640**
	Capitalised transaction costs		**(979,243)**	**(1,240,684)**
	Total borrowings		**202,387,799**	**249,572,956**

None of the facilities is secured against assets of the Group.

The movement in borrowings is as follows:	2023	2022
At start of year	249,572,956	364,153,769
Proceeds from borrowings	60,000,000	-
Interest expense	33,174,757	28,468,677
Amortisation of transaction costs	288,471	622,450
Principal repayments	(108,419,269)	(120,451,228)
Interest repayments	(32,229,116)	(29,191,791)
Unrealised foreign exchange (loss)/ gain	-	5,971,079
At end of year	**202,387,799**	249,572,956

The maturity profile of the above borrowings is as follows:

	2023	2022
More than one year but not exceeding two years	17,651,546	66,858,140
More than two years but not exceeding five years	-	16,039,251
Non - current borrowings	**17,651,546**	**82,897,391**
Current borrowings	**184,736,253**	**166,675,565**
	202,387,799	**249,572,956**

27 Borrowings (continued)

The Group's borrowings are in respect of an unsecured syndicated loan facility that the Group obtained from Stanbic Bank Uganda Limited, Standard Bank, Standard Chartered Bank, Absa and Citibank on 4 February 2016. This facility was refinanced on 25 February 2020, and the values reported are the carrying amounts which approximate their fair value. The Group also has an unsecured loan facility from Stanbic Bank which run from 21 December 2018. The facilities denominated in USD were extinguished in December 2022 and converted to a Uganda Shillings facility which runs from 31 December 2022. There were no penalties at conversion.

None of the borrowings was in default at any time during the year.

Capitalised transaction costs relate to costs that are directly attributable to the acquisition of the above facilities.

(i) Loan facility A
This facility has a limit of Shs 110,000 million. At 31 December 2023, the principal loan outstanding in respect of this facility amounted to Shs 34,875 million. The loan is repayable in 16 quarterly instalments starting May 2021 with the final payment due in February 2025. The rate of interest on this facility is the aggregate of the Ugandan Government 182-day Treasury Bill rate plus a margin of 3.25%. The average interest rate for the year was 14.39% (2022: 13.09 %).

(ii) Loan facility A – Stanbic Bank
This facility had a limit of Shs 50,000 million. The loan, repayable in 16 quarterly instalments started in March 2020 and was fully repaid at 31 December 2023. The rate of interest on this facility is the aggregate of the Ugandan Government 182-day Treasury Bill rate plus a margin of 2.5%. The average interest rate for the year was 14.47% (2022: 12.25%)

(iii) Loan facility B – Revolving credit
This facility has a limit of Shs 110,000 million. At 31 December 2023, the principal loan outstanding in respect of this facility amounted to Shs 113 billion. The loan is repayable in either 3, 6, 9, or 12 months with an option to re-draw any amounts paid to a maximum of Shs 110 billion depending on the cash requirements. The rate of interest on this facility is the aggregate of the Ugandan Government 182-day Treasury Bill rate plus a margin of 3.5%. The average interest rate for the year was 14.72% (2022: 13.01%).

(iv) Loan facility D – Club Deal. Stanbic Bank and ABSA
This facility has a limit of Ush 97,703 million. At 31 December 2023, the principal loan outstanding in respect of this facility amounted to Ush 55 billion. The loan is repayable in 9 quarterly instalments, which started in February 2023 with the final payment due in February 2025. The rate of interest on this facility is the aggregate of the Ugandan Government 182-day Treasury Bill rate plus a margin of 1.85%. The average interest rate for the year was 12.86% (2022: 11.14%).

Unutilised facilities

The Group had an unutilised overdraft and short-term loan facilities of Shs 49,142 million (2022: Shs 37,236 million). These facilities are unsecured. The overdraft interest rate is the aggregate of the Ugandan Government 90-day Treasury Bill rate plus a margin of 3.25%.

Bonds and Guarantees

The Group had letters of credit facilities of Shs 5,419 million with Standard Chartered Bank as of 31 December 2023 (2022: Shs 32,792 million).

Compliance with covenants

The Group complied with the financial covenants of its borrowing facilities during the 2023 and 2022 reporting periods.

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

27 Borrowings (continued)

Compliance with covenants (Continued)

Net debt	**2023 Shs'000**	**2022 Shs'000**
Cash and cash equivalents (note 24)	244,669,681	200,772,719
Borrowings	(202,387,799)	(249,572,956)
Lease liabilities [note 18 (b)]	(1,256,749,181)	(1,072,486,871)
At end of year	**(1,214,467,299)**	**(1,121,287,108)**

Net debt reconciliation	**Cash Shs'000**	**Leases Shs'000**	**Borrowings Shs'000**	**Total Shs'000**
Year ended 31 December 2022				
At 1 January 2022	188,814,310	(732,219,836)	(364,153,769)	(907,559,295)
Cash flows	16,194,229	220,753,172	149,643,019	386,590,420
Foreign exchange losses	(4,235,820)	(1,093,788)	(5,971,079)	(11,300,687)
Other changes	-	(559,926,419)	(29,091,127)	(589,017,546)
Net debt at 31 December 2022	**200,772,719**	**(1,072,486,871)**	**(249,572,956)**	**(1,121,287,108)**
Year ended 31 December 2023				
At 1 January 2023	200,772,719	(1,072,486,871)	(249,572,956)	(1,121,287,108)
Cash flows	80,333,703	314,145,124	140,648,383	535,127,210
Foreign exchange losses	(1,436,741)	(330,724)		(1,767,465)
Other changes	-	(498,076,709)	(93,463,227)	(591,539,936)
Net debt at 31 December 2023	**279,669,681**	**(1,256,749,180)**	**(202,387,800)**	**(1,179,467,299)**

Other changes in the net debt reconciliation above include amortisation of transaction costs, the net of interest accruals and payments as well as additions and disposals of leases.

28 Current investments

The Group's current investments consist of a fixed deposit held at Standard Chartered Bank Limited. The fixed deposit is held at amortised cost.

Set out below are the carrying amounts of the fixed deposit and the movements during the period.

	2023 Shs'000	**2022 Shs'000**
As at 1 January	**-**	-
Additions	**11,000,000**	11,000,000
Accretion of interest	**1,265,000**	1,265,000
Maturity of investment	**-**	(12,265,000)
	12,265,000	**-**

The investment will mature within a period of one year and accrues interest at a rate of 11.5%.

The carrying amount of the above investment approximates the carrying amount due to the short-term nature of its maturity period.

29 Cash generated from operations

	2023 Shs'000	2022 Shs'000
Reconciliation of profit before income tax to cash generated from operations:		
Profit before tax	706,327,416	591,029,065
Adjustments for:		
Depreciation and amortisation (notes18 (a) and 18(b))	350,545,448	330,505,073
Amortisation of intangible assets (note19)	91,632,699	76,609,606
Impairment of property and equipment	294,976	509,391
(Gain) / loss on sale of property and equipment	(650,729)	706,597
Loss on disposal of intangible assets	-	448,036
Reversal of impairment on intangible assets (note19)	(2,063)	-
Interest and other changes in borrowings (note 27)	33,463,228	35,062,206
Interest and other changes in lease liabilities (note 18 (b))	188,124,868	142,166,635
Gain on disposal of right of use asset and lease liabilities	(404,459)	(29,972,075)
Interest expense on mobile money deposits (note 12)	42,366,940	20,706,131
Interest income (note 12)	(54,548,122)	(28,046,231)
Interest on financial liability (Note 19 (b))	10,042,824	-
Other foreign exchange movements	1,776,253	4,235,820
Changes in working capital:		
Decrease / (increase) in inventories	14,687,230	(19,621,706)
Increase in trade and other receivables	(12,556,695)	(11,173,448)
Increase in contract assets	(23,853,546)	(1,773,508)
Increase in current investments	(11,000,000)	-
Increase in contract liabilities	15,633,007	8,797,794
Increase in trade and other payables	39,426,887	108,717,030
Increase in provisions	9,744,900	8,273,883
Cash generated from operations	**1,401,051,062**	**1,237,180,299**

30 Capital commitments

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

	2023 Shs'000	2022 Shs'000
Property and equipment		
Authorised and contracted for	66,466,915	64,813,671
Authorised but not contracted for	267,297,936	193,999,603
	333,764,851	**258,813,274**
Intangible assets - software		
Authorised and contracted for	1,409,397	1,544,463
Authorised but not contracted for	85,028,752	70,578,203
	86,438,149	**72,122,666**
	420,203,000	**330,935,940**

31 Contingent liabilities

i) Following a tax audit conducted by the Uganda Revenue Authority (URA) covering the financial years of 2003 to 2009, the URA disallowed certain expenses and issued revised income tax assessments in December 2011 for those periods. The impact of this would be Shs 10,500 million. The Company did not agree with these assessments and declared a dispute, following which the matter was referred to the court mediation process stipulated in the Uganda Income Tax Act. The key tax issues referred to mediation included the treatment of brand expense and management fees. The matter is still under discussion and the final exposure has not been confirmed as at the date of these financial statements.

31 Contingent liabilities (continued)

ii) Uganda Revenue Authority is undertaking a comprehensive tax audit and has issued an assessment in regard to OTT tax amounting to Shs 33,911 million. MTN Objected to the ruling and the matter is currently with the Tax Appeals Tribunal (TAT).

32 Related party transactions

The Group is controlled by MTN International (Mauritius) Limited incorporated in Mauritius. The ultimate parent and ultimate controlling party of the Company is MTN Group Limited, incorporated in South Africa. The other related party companies whose transactions are disclosed below are sister companies controlled by MTN Group Limited except for Nilecom that is majority owned by a shareholder who has influence on the entity. The following transactions were carried out with related parties, with whom the Group has common shareholdings or common directorships:

i) Sale of goods and services

	2023 Shs'000	2022 Shs'000
Nilecom (U) Limited	**2,363,280**	1,252,517
MTN Rwandacell (sister company)	**45,747**	180,326
MTN Zambia (sister company)	**429,754**	828,525
MTN Swaziland (sister company)	**343,593**	339,951
Global Connect Fibre Kenya (sister company)	**266,857**	488,811
MTN South Sudan (sister company)	**-**	28,065
Africa Bayobab (Formerly, "MTN Global Connect Solutions Limited") (sister company)	**75,021,359**	75,103,530
MTN Management Services (sister company)	**28,178**	107,126
	78,498,768	78,328,851

ii) Purchase of goods and services

	2023 Shs'000	2022 Shs'000
MTN Rwandacell (sister company)	**106,663**	180,767
Interserve Overseas Ltd (BVI)	**29,735**	-
Africa Bayobab (Formerly "MTN Global Connect Solutions Limited") (sister company)	**50,699,989**	43,150,014
	50,836,387	43,330,781

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

iii) Management, technical and other fees

	2023 Shs'000	2022 Shs'000
MTN Group Fintech - Holding Company	**23,406,038**	**-**
MTN International (Mauritius) Limited (Parent company)	**57,486,907**	70,642,773
Global Trading Company (sister company)	**3,810,051**	1,781,412
	84,702,996	**72,424,185**

32 Related party transactions

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

	2023 Shs'000	2022 Shs'000
a) Receivables from related parties (note 22)		
MTN Management Services Company (sister company)	3,814,539	4,287,019
MTN Rwandacell (sister company)	-	34,251
MTN Swaziland (sister company)	417,956	540,360
MTN South Sudan (sister company)	512,274	18,062
MTN Zambia (sister company)	6,454,517	7,589,359
MTN Botswana (sister company)	-	-
MTN Iran (sister company)	-	2,795
MTN Nigeria (sister company)	151,071	18,618
MTN Ghana (sister company)	21,293	20,974
MTN Guinea Bissau (sister company)	45,797	45,110
MTN South Africa (sister company)	942,521	855,984
MTN Global Connect Fibre Kenya Limited (sister company)	1,730,330	1,788,453
MTN Liberia (sister company)	-	117,679
MTN Conakry (sister company)	424,478	352,723
MTN Congo Brazzaville (sister company)	307,130	308,256
MTN Global Connect Solutions Limited (sister company)	25,082,516	36,479,997
MTN Afghanistan Limited (sister company)	6,113	6,021
MTN Liberia Mobile Money (sister company)	30,389	-
MTN Dubai Limited	74,583	-
MTN Group Fintech - Holding Company	5,322,608	-
MTN Afghanistan Limited (sister company)	144,929	-
Receivables from related parties - net	**45,483,044**	**52,465,661**
Unamortised IRU Prepayments		
MTN Global Connect Solutions Limited (sister company) *	63,683,699	35,146,093
MTN Dubai Limited (sister company)	-	16,712,322
	63,683,699	**51,858,415**

*IRU arrangements with Dubai have been transferred to Africa Bayobab (Formerly, “MTN Global Connect Solutions Limited”). The Group.

b) Payables to related parties (note 25)	**2023 Shs'000**	**2022 Shs'000**
MTN International (Mauritius) Limited - management fees	4,690,063	6,402,081
MTN Dubai Limited (Sister company)	-	911,102
MTN South Africa (sister company)	15,627	15,392
MTN Group Management Services Company (sister company)	10,682,119	7,117,299
MTN Rwandacell (sister company)	-	43,564
MTN Global Trading Company	1,917,631	149,293
MTN Zambia (sister company)	9,281	9,142
MTN Swaziland (sister company)	7,042	6,937
Interserve BV (sister company)	1,383,156	1,362,455
MTN Afghanistan Ltd (sister company)	18,633	18,356
MTN Irancell (sister company)	205,986	205,698
MTN Global Connect Solutions Limited (sister company)	3,564,468	23,639,231
MTN Congo Brazzaville (sister company)	-	5,351
MTN Holdings (Sister company)	50,394	-
MTN Group Fintech - Holding Company	1,525,550	-
	24,069,950	**39,885,901**

32 Related party transactions (continued)

v) Key management compensation	2023 Shs'000	2022 Shs'000
Short term employee benefits	9,191,010	10,746,732
Notional share options	86,074	197,066
	9,277,084	**10,943,798**
vi) Directors' remuneration		
Directors' remuneration	**972,299**	**367,772**
vii) Contributions to the MTN Uganda Limited Staff Provident Fund		
Employer contributions	**3,023,810**	**2,787,233**
viii) Contributions to the MTN Foundation		
Contributions	**2,873,537**	**5,755,342**
ix) Dividends paid		
MTN International (Mauritius) Limited	**317,954,185**	280,878,124
Other shareholders	**64,901,245**	57,333,554
	382,855,430	**338,211,678**

33 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 and in spite of the current liabilities exceeding the current assets, 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.

34 Retirement benefit plans

The Group set up a defined contributory provident fund scheme for its employees in 1999. 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.

35 Interest rate benchmarks and reference interest rate reform

Following the financial crisis, the reform and replacement of benchmark interest rates such as the USD LIBOR and other inter-bank offered rates ('IBORs') has become a priority for global regulators. There remains some uncertainty around the timing and precise nature of these changes. The IASB 'phase 2' amendments address issues arising during interest rate benchmark reform. They require that for financial instruments measured using amortised cost, measurement changes to the basis for determining the contractual cash flows are reflected by adjusting their effective interest rate. For lease liabilities where there is a change to the basis for determining the contractual cash flows, as a practical expedient, the lease liability is remeasured by discounting the revised lease payments using a discount rate that reflects the change in the interest rate where the change is required by IBOR reform.

35 Interest rate benchmarks and reference interest rate reform (continued)

The alternative benchmark that the Group has transitioned to is the Secured Overnight Financing Rate (SOFR). At the time of reporting, all the management was in the early stages of managing the transition, considering changes to processes, risk management and valuation models, as well as managing any related tax and accounting implications.

The Group's borrowing contracts previously denominated in USD which referenced the USD LIBOR and extend beyond 2021 were fully repaid and new facilities obtained in Uganda Shillings. The Company also has USD lease liabilities now discounted at SOFR. These contracts are disclosed within the table below:

	2023 Shs'000	2022 Shs'000
Measured at amortised cost:		
Lease liabilities	**10,401,108**	**13,243,020**
Total liabilities exposed to USD LIBOR	**10,401,108**	**13,243,020**

36 Events after the reporting period

There were no adjusting or non-adjusting subsequent events that would have an impact on the financial statements as at 31 December 2023.