



ROUTESMS SOLUTIONS NIGERIA LIMITED

**ANNUAL REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2022**

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RouteSms Solutions Nigeria Limited
Annual report and financial statements
For the year ended 31 March 2022

Directors

Sandipkumar Gupta	-	Director
Rajdipkumar Gupta	-	Director
Deborah Omolara Babatunde	-	Director

Registered office

Suite 202, 2nd floor
AHCN Towers, CIPM Avenue
Central Business District
Alausa
Ikeja, Lagos
Nigeria.

Company secretary

Toyin Olujitan & Co
Suite C01H, 2nd Floor,
Peace Park Plaza "B"
No 35 Ajoye Adeogun Street,
Utako, Abuja
Nigeria

Independent auditors

Idris Adelabu & Co.
(Chartered Accountants)
4 Festus Dike Avenue,
Lekki-Epe Expressway,
Ajah, Lagos
Nigeria

Bankers

Guaranty Trust Bank

Company registration number

RC 1217910

RouteSms Solutions Nigeria Limited
Annual report and financial statements
For the year ended 31 March 2022

The directors have the pleasure in presenting their reports on the affairs of RouteSms Solutions Nigeria Limited ("the Company") together with the audited financial statements and the auditor's report for the year ended 31 March 2022.

Legal form

RouteSms Solutions Nigeria Limited ("the Company") was incorporated on 10 October 2014 in Nigeria under the Companies and Allied Matters Act, 1990 as a private limited liability company and is domiciled in Nigeria. The Company commenced business operations on 6 March 2015.

Principal activities

The principal activity of the Company is to carry on the business of buying and selling of bulk Short Message Service (SMS) as a Telecom value added service provider.

Results for the year

The Company's results is set out below. The Company is not proposing dividends for the year ended 31 March 2022.

	2022	2021
	N'000	N'000
Revenue	<u>6,676,351</u>	<u>5,504,229</u>
Profit before tax	626,792	567,322
Taxation	(224,110)	(195,247)
Profit after tax	<u>402,682</u>	<u>372,075</u>

Directors

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

Sandipkumar Gupta	-	Director
Rajdipkumar Gupta	-	Director
Deborah Omolara Babatunde	-	Director

RouteSms Solutions Nigeria Limited
Annual report and financial statements
For the year ended 31 March 2022

Directors' shareholdings

The direct and indirect interests of directors in the issued share capital of the Company as recorded in the register of directors' shareholdings and as notified by the directors for the purposes of sections 122 and 123 of the Companies and Allied Matters Act 2020 are as follows:

Directors	Numbers of ordinary shares of ₦1 each held as at 31 March 2022	Percentage of holdings
Sandipkumar Gupta (nominee shareholder on b/o Route mobile Ltd)	100,000	1
Rajdipkumar Gupta (nominee shareholder on b/o Route mobile Ltd)	100,000	1
Route Mobile Limited (Represented by) Deborah Omolara Babatunde)	9,800,000	98
Total	10,000,000	100

Donations and charitable gifts

The Company did not make any charitable donation or gift during the year under review. In accordance with Section 43 (2) of the Companies and Allied Matters Act 2020 which is also consistent with the Company's donation policy, the Company did not also make any donation or gift to any political party, political association or for any political purpose in the course of the year under review.

Property, plant, and equipment

Information relating to changes in the property, plant and equipment is given in Note 10 to the financial statements. In the opinion of the directors, the fair value of the company's properties are not significantly different from the carrying amount in the financial statements.

Employee health, safety, and welfare

The Company enforces strict health and safety rules and practices in the work environment, which are reviewed and tested regularly. The Company provides free medical care for its employees and families through designated hospitals and clinics. Fire prevention and fire-fighting equipment are installed in strategic locations within the Company's premises.

The Company operates both a Group Personal Accident and the Workmen's Compensation Insurance cover for the benefit of its employees. It also operates a defined contributory pension scheme in compliance with the new Pension Reform Act 2014.

RouteSms Solutions Nigeria Limited
Directors' report (continued)
For the year ended 31 March 2022

Equal employment opportunity

The Company pursues an equal employment opportunity policy. It does not discriminate against any person on the ground of race, religion, colour or physical disability.

Employment of disabled persons

The Company operates a non-discriminatory policy in the consideration of applications for employment, including those received from disabled persons. The Company's policy is that the most qualified and experienced persons are recruited for appropriate job levels irrespective of an applicant's state of origin, ethnicity, religion, or physical condition. In the event of any employee becoming disabled in the course of employment, the Company is in a position to arrange appropriate training to ensure the continuous employment of such a person without subjecting him/her to any disadvantage in his/her career development. As at 31 March 2022, the Company had no disabled persons in its employment.

Employee training and involvement


The directors maintain regular communication and consultation with the employees on matters affecting them.

There is a great emphasis on staff development and training through carefully planned courses and seminars to update the special skills and job requirements of the staff throughout the Company.

Independent auditors

In accordance with section 401(2) of the Companies and Allied Matters Act, 2020 **Messrs Idris Adelabu & Co. (Chartered Accountants)** was re-appointed by the directors during the year under review as external auditors of the Company and have agreed to continue in office in that capacity.

ON BEHALF OF THE BOARD



A handwritten signature in blue ink is written over a horizontal dashed line. The signature is stylized and appears to be a cursive representation of a name.

RouteSms Solutions Nigeria Limited
Statement of directors' responsibilities
In relation to the financial statements

The Companies and Allied Matters Act, 2020 requires the directors of the Company to prepare the financial statements in respect of each financial year, which give a true and fair view of the state of affairs of the Company as at the end of the year and of profit or loss generated by the company for the period ended on that date.

This responsibility includes:

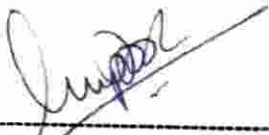
- i. ensuring that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act 2020
- ii. designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; and
- iii. preparing the Company's financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates that are consistently applied.

The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, 2020.


The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its profit or loss. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements as well as adequate systems of internal financial control.

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:



Director
Sandipkumar Gupta



Director
Deborah Omolara Babatunde

.....May....., 2022

Independent auditor's report

To the members of ROUTESMS SOLUTIONS NIGERIA LIMITED

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of RouteSms Solutions Nigeria Limited as at 31 March 2022 and of its financial performance and its statement of cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS), and the relevant provisions of the Companies and Allied Matters Act, 2020 and the Financial Reporting Council of Nigeria Act No 6, 2011.

We have audited the accompanying financial statements of RouteSms Solutions Nigeria Limited which comprise the statement of financial position as at 31 March 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (IESBA) and other independence requirements applicable to performing audits of RouteSms Solutions Nigeria Limited. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audits of RouteSms Solutions Nigeria Limited. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, the Statement of Directors' Responsibilities, the Statement of Value Added and Five-Year Financial Summary as required by the Companies and Allied Matters Act (CAMA). The other information does not include the financial statements and our Auditor's report thereon.

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

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Audit and Assurance	Tax	Advisory	Consulting
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Independent auditor's report (cont'd)

Responsibilities of Management and those Charged with Governance for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards, relevant provisions of the Companies and Allied Matters Act 2020 and in compliance with the Financial Reporting Council of Nigeria Act, No 6 2011, and for such internal control as the Directors determines necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- i) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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Audit and Assurance

Tax

Advisory

Consulting

(Chartered Accountants)

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act 2020, we confirm that:

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- ii) In our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books; and
- iii) The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Idris Adelabu, FCA
FRC/ICAN/2013/00000004430

09 May 2022



For and on behalf of:
Idris Adelabu & Co.
(Chartered Accountants)
Lagos, Nigeria



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Audit and Assurance	Tax	Advisory	Consulting
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RouteSms Solutions Nigeria Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 March 2022

	Notes	2022 N'000	2021 N'000
Continuing operations			
Revenue	3	6,676,351	5,504,229
Cost of sales	4	<u>(5,959,480)</u>	<u>(4,678,189)</u>
Gross profit		716,871	826,040
Other income	5	14,800	16,389
Administrative expenses	6	<u>(104,879)</u>	<u>(275,107)</u>
Profit before tax from continuing operations		626,792	567,322
Income tax expense	8	<u>(224,110)</u>	<u>(195,247)</u>
Profit for the year from continuing operations	7	402,682	372,075
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income, net of tax		<u>402,682</u>	<u>372,075</u>
Earnings per share (kobo) – basic/diluted	9		

The accompanying notes on pages 15 – 49 form an integral part of these financial statements.

RouteSms Solutions Nigeria Limited
Statement of financial position
For the year ended 31 March 2022

		2022	2021
Assets	Notes	₦'000	₦'000
Non-current assets			
Property, plant, and equipment	10	745	405
Deferred tax asset	8	62	13,864
Long-term deposit	11	100	100
Total non-current assets		907	14,369
Current assets			
Trade and other receivables	13	1,601,174	1,039,588
Cash and cash equivalents	14	746,832	843,870
Total current assets		2,348,006	1,883,458
Total assets		2,348,913	1,897,827
Equity and liabilities			
Equity			
Share capital	15	10,000	10,000
Retained earnings	16	1,189,212	786,530
Total equity		1,199,212	796,530
Current liabilities			
Trade and other payables	17	939,393	864,818
Taxation	8	210,308	236,479
Total liabilities		1,149,701	1,101,297
Total equity and liabilities		2,348,913	1,897,827

The financial statements and accompanying notes on pages 15 to 49 were approved and authorised for issue by the Board of Directors on 3 May 2022 and were signed on its behalf by:


 Director
 Sandipkumar Gupta


 Director
 Deborah Omolara Babatunde

RouteSms Solutions Nigeria Limited
Statement of changes in equity
For the year ended 31 March 2022

	Share capital N'000	Retained earnings N'000	Total equity N'000
As at 1 April 2021	10,000	786,530	796,530
Profit for the year	-	402,682	402,682
As at 31 March 2022	10,000	1,189,212	1,199,212

	Share capital N'000	Retained Earnings N'000	Total equity N'000
As at 1 April 2020	10,000	414,455	424,455
Profit for the year	-	372,075	372,075
As at 31 March 2021	10,000	786,530	796,530

The accompanying notes on pages 15 – 49 form an integral part of these financial statements.

RouteSms Solutions Nigeria Limited
Statement of cash flows
For the year ended 31 March 2022

	Note	2022 N'000	2021 N'000
Cash flows from operating activities:			
Profit before tax from continuing operations		626,792	567,323
Adjustments for:			
Net unrealised exchange loss	6	10,960	46,151
Impairment	6	-	86
Depreciation of non-current assets	6	219	144
Operating profit before working capital changes		637,971	613,704
Changes in working capital:			
(Increase) in trade and other receivables		(561,586)	(246,689)
Increase in trade and other payables		63,615	304,720
Cash generation from operation		140,000	671,736
Income tax paid	8	(236,479)	(59,718)
Under provision		-	(2,627)
Net cash generated/consumed from operating activities		(96,479)	609,390
Cash flows from investing activities:			
Purchase of property, plant, and equipment	10	(559)	(250)
Net cash consumed in investing activities		(559)	(250)
Net increase/(decrease) in cash and cash equivalents		(97,038)	609,140
Cash and cash equivalents, beginning of year		843,870	234,730
Cash and cash equivalents, end of year	14	746,832	843,870

The accompanying notes on pages 15 – 49 form an integral part of these financial statements.

RouteSms Solutions Nigeria Limited
Notes to the financial statements
For the year ended 31 March 2022

1. General information

RouteSms Solutions Nigeria Limited ("the Company") was incorporated on 10 October 2014 in Nigeria under the Companies and Allied Matters Act as a private limited liability company and is domiciled in Nigeria. It commenced business operations on 6 March 2015. The business office is located at 16, Afolabi Aina street, off Allen Avenue, Ikeja, Lagos Nigeria. The Parent Company is RouteSms Solutions Limited, Mumbai, India.

The financial statements of the Company for the year ended 31 March 2022 were authorised for issue in accordance with a resolution of the directors on 1 May 2022.

The Company is principally engaged in the buying and selling of bulk Short Message Service (SMS) as a Telecom value-added service provider.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

The financial statements have been prepared on a historical basis. The financial statements are presented in Nigerian naira and all values are rounded to the nearest thousands (N'000), except when otherwise stated.

The financial statements provide comparative information in respect of the previous period. An additional statement of financial position at the beginning of the preceding period was not presented because there was no retrospective application of an accounting policy, correction of error, restatement, or a reclassification of items in the financial statements.

The preparation of financial statement in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.5

2.2 Summary of significant accounting policies

a) Revenue recognition

The Company's business includes the purchase and sales of bulk Short Message Service (SMS) as a Telecom value-added service provider.

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The Company has applied IFRS 15 practical expedient to a portfolio of contracts (or performance obligations) with similar characteristics since the Company reasonably expects that the accounting result will not be materially different from the result of applying the standard to the individual contracts. The Company has been able to take a reasonable approach to determine the portfolios that would be representative of its types of customers and business lines. This has been used to categorise the different revenue streams detailed below.

Bulk SMS sales

Revenue from the sale of bulk is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the products to customers through its technology platform.

Detailed policies of revenue stream(s) are itemized below

Sale of goods

Revenue from the sale of goods are recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 90 days upon delivery.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. discounts and rebates). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

(i) Variable consideration

If the consideration in a contract includes a variable amount, the company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable

RouteSms Solutions Nigeria Limited
Notes to the financial statements (continued)
For the year ended 31 March 2022

consideration is subsequently resolved. The contracts for the sale of RouteSms Solutions Nigeria Limited products do not provide customers with a right of return and volume rebates.

Rights of return

The Company uses the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics. The Company then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. A refund liability is recognised for the goods that are expected to be returned (i.e., the amount not included in the transaction price). A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover the goods from the customer.

Volume rebates

The Company applies either the most likely amount method or the expected value method to estimate the variable consideration in the contract. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The most likely amount is used for those contracts with a single volume threshold, while the expected value method is used for those with more than one volume threshold. The Company then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. A refund liability is recognised for the expected future rebates (i.e., the amount not included in the transaction price).

(ii) Significant financing component

The Company receives advance payments from customers for the sale of bulk SMS products delivery lead time of 30 to 90 days after signing the contract and receipt of payment. There is a significant financing component for these contracts considering the length of time between the customers' payment and the transfer of the product, as well as the prevailing interest rate in the market. As such, the transaction price for these contracts is discounted, using the interest rate implicit in the contract (i.e., the interest rate that discounts the cash selling price to the amount paid in advance). This rate is commensurate with the rate that would be reflected in a separate financing transaction between the Company and the customer at contract inception.

The Company applies the practical expedient for short-term advances received from customers. That is, the promised amount of consideration is not adjusted for the effects of a significant financing component if the period between the transfer of the promised good or service and the payment is one year or less.

Contract balances

Contract assets

A contract asset is initially recognised for revenue earned from product transfer because the receipt of consideration is conditional on successful delivery of products. Upon delivery and acceptance by the customer, the amount recognised as contract assets is reclassified to trade receivables.

Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial Assets in Trade receivables. A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

b) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in Nigeria where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences except:

RouteSms Solutions Nigeria Limited
Notes to the financial statements (continued)
For the year ended 31 March 2022

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

RouteSms Solutions Nigeria Limited
Notes to the financial statements (continued)
For the year ended 31 March 2022

c) Foreign currencies

(i) Functional and presentation currency

The performance of the Company is measured and reported to the investors in Naira. The Board of Directors considers the Naira as the currency that most faithfully represents the economic effects of the underlying transactions, events, and conditions. The financial statements are presented in Naira, which is the Company's functional currency.

(ii) Transactions and balances

Foreign currency transactions are converted into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

d) Cash dividend

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws of Nigeria, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

The Company did not declare dividend for the year 31 March 2022.

e) Property, plant, and equipment

All categories of property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.

Office properties are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

RouteSms Solutions Nigeria Limited
Notes to the financial statements (continued)
For the year ended 31 March 2022.

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets, as follows:

- | | |
|--------------------|---------|
| ▪ Computer | 5 years |
| ▪ Office Equipment | 4 years |

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

g) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i. Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

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Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Company's financial assets at amortised cost includes trade receivables,

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired
or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

(a) the Company has transferred substantially all the risks and rewards of the asset, or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- | | |
|---|---------|
| • Disclosures for significant assumptions | Note 12 |
| • Trade receivables | Note 13 |

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest

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rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs.

Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost

or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

The Company's does not have debt instruments at fair value through OCI.

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.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables.

Subsequent measurement:

The measurement of financial liabilities depends on their classification, as described below:

RouteSms Solutions Nigeria Limited
Notes to the financial statements (continued)
For the year ended 31 March 2022.

Trade payables classified as financial liabilities are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method. Other payables that are within the scope of IAS 39 are subsequently measured at amortized cost.

Derecognition

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

h) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

i) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

j) Pensions and other post-employment benefits

The Company operates a defined contribution scheme for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The employer's contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

k) Related party transactions

The Company determines related party relationships by directing attention to the substance of the relationship and not merely the legal form.

Relationships between the Company and its related parties shall be disclosed irrespective of whether there have been transactions between them. The Company shall disclose the name of its parent and, if different, the ultimate controlling party.

Where the Company has had related party transactions during the periods covered by the financial statements, it shall disclose the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements. At a minimum, disclosures shall include:

- a) the amount of the transactions.
- b) the amount of outstanding balances, including commitments, and:
 - (i) their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement; and
 - (ii) details of any guarantees given or received.
- c) provisions for doubtful debts related to the amount of outstanding balances; and
- d) the expense recognised during the period in respect of bad or doubtful debts due from related parties.

l) Fair value measurement

The Company measures financial instruments and non-financial assets at fair value at each balance sheet date.

The 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:

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For the year ended 31 March 2022

- 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.

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 and liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly and indirectly observable
- Level 3 – Valuation techniques for which the lowest level of 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 Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

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For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Disclosures for valuation methods, significant estimates, and assumptions
- Quantitative disclosures of fair value measurement hierarchy
- Property, plant, and equipment under revaluation model
- Financial instruments (including those carried at amortised cost)

m) Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.3 Changes in accounting policies and disclosures

New and amended standards and interpretations

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

i. Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

On 27 August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. With publication of the phase two amendments, the IASB has completed its work in response to IBOR reform. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). It is Effective for annual periods beginning on or after 1 January 2021.

ii. Covid-19-Related Rent Concessions and Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendments to IFRS 16

In May 2020, the IASB amended IFRS 16 to provide relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic (2020 amendment). The 2020 amendment does not apply to lessors. As a practical expedient, a lessee may elect not to assess whether a covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16 if the change were not a lease modification. It is effective for annual periods beginning on or after 1 June 2020. The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (for example, a rent concession will meet this condition if it results in reduced lease payments before 30 June 2021 and increased lease payments that extend beyond 30 June 2021).
- There is no substantive change to other terms and conditions of the lease.

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Annual Improvements 2018-2020 Cycle (issued in May 2020)

These improvements include:

i. Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.

ii. Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39.

- An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.
- An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.

iii. Lease incentives

The amendment removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

iv. Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

- An entity applies the amendment to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted.

2.4. Standards issued but not yet effective.

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

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i. IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance, and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

Other amendments issued but not yet effective and will not have impact on the Company are:

- Reference to the Conceptual Framework – Amendments to IFRS 3, effective 1 January 2022
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16, effective 1 January 2022.
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37, effective 1 January 2022.
- Classification of liabilities as Current or Non-current – Amendments to IAS 1. effective for annual periods beginning on or after 1 January 2023.
- Definition of Material – Amendments to IAS 1 and IAS 8 – effective for annual periods beginning on or After 1 January 2023

2.5 Significant accounting judgments estimates and assumptions.

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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Notes to the financial statements (continued)
For the year ended 31 March 2022.

Other disclosures relating to the Company's exposure to risks and uncertainties includes:

- Capital management Note 21
- Financial instruments risk management and policies Note 12

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements:

Estimates and assumptions

Going concern

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Property, plant, and equipment

The company carries its property, plant, and equipment at cost in the Statement of financial position. Estimates and assumptions made to determine their carrying value and related depreciation are critical to the company's financial position and performance. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of the assets are determined by management at the time the asset is acquired and reviewed periodically. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. The carrying amount of the property, plant and equipment at the reporting date is disclosed in Note 10.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The fair value of the assets is based on the market value. This is the price which an asset may be reasonably expected to be realised in a sale in a private contract.

Provision for expected credit losses of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, and customer type).

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The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the telecommunication sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in Note 12.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

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3	Revenue	2022	2021
		N'000	N'000
	Sales of bulk SMS	6,676,351	5,504,229
	Total revenue from contract with customers	6,676,351	5,504,229
	Geographical markets		
	Within Nigeria	5,180,824	5,286,224
	Outside Nigeria	1,495,527	218,005
	Total revenue from contract with customers	6,676,351	5,504,229
	Timing of revenue recognition		
	Goods transferred at point in time	6,676,351	5,504,229
	Services transferred over time	-	-
	Total revenue from contract with customers	6,676,351	5,504,229

Performance obligations

Sales of bulk SMS

The performance obligation is satisfied upon delivery of the bulk SMS to the customers through the Company's technology platform and payment is generally due within 30 to 90 days from delivery. The contracts provide customers with a right of return and volume rebates which give rise to variable consideration subject to constraint.

Sale of goods represents invoice value of sales to third parties less value added tax and rebates.

3.1	Contract balance		
	Trade receivables (note 13)	1,024,520	498,061
	Contract liabilities	<u>116,808</u>	<u>61,741</u>

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. Contract liabilities include advances received from customers in respect of purchase of bulk SMS.

4	Cost of sales	2022	2021
		N'000	N'000
	SMS Purchase cost	5,959,480	4,678,189
		<u>5,959,480</u>	<u>4,678,189</u>

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For the year ended 31 March 2022

5	Other operating income	2022	2021
		N'000	N'000
	Write back	10,673	669
	Exchange gain	4,127	15,720
		<u>14,800</u>	<u>16,389</u>
6	Administrative expenses	2022	2021
		N'000	N'000
	Audit fee	2,200	2,200
	Bank charges	9,568	8,406
	Bad debt written off	-	100
	Credit loss expenses (note 6.1)	-	86
	Depreciation	219	144
	Electricity	130	45
	Exchange loss unrealised	15,087	62,541
	General expenses	31	62
	Internet expenses	654	1,013
	Management fee (6.2)	52,379	36,864
	Marketing and technical support services		49,473
	Office expenses	221	368
	Postage and courier		2
	Professional fee	3,253	61,412
	Rent	831	780
	Printing & Stationery	75	
	Penalty	796	
	Repairs and maintenance	3	30
	Salaries and allowances	18,802	19,977
	Staff welfare	47	101
	Traveling expenses	313	398
	Telephone expenses	270	292
	VAT expenses	-	27,420
	NITDEF A/c Exp. – RSNL	-	3,393
		<u>104,879</u>	<u>275,107</u>
6.1	Credit loss expense	2022	2021
		N'000	N'000
	Impairment on trade receivables per IFRS 9 expected credit loss model	-	86
		<u>-</u>	<u>86</u>
6.2	Management fee represent the company's share of all cost incurred on its behalf by the parent company in respect of manpower and other overheads.		

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Notes to the financial statements (continued)
For the year ended 31 March 2022.

7	Profit before tax	2022	2021
		N'000	N'000
	This is stated after charging/(crediting)		
	Auditors' remuneration	2,200	2,200
	Depreciation of property plant and equipment	219	144
	Unrealized exchange loss	15,087	46,152
8	Income tax		
	The components of income tax expense for the year ended 31 March 2022 and 2021 are:		
		2022	2021
		N'000	N'000
	Current income tax:		
	Company income tax	188,338	184,162
	Income tax under provision in prior year	-	2,627
	Education tax	15,702	12,395
	Information technology tax	6,268	6,142
		210,308	205,326
	Deferred tax:		
	Relating to origination and reversal of temporary Difference	13,802	(10,079)
		224,110	195,247
	Reconciliation of the total tax expense and accounting profit:	2022	2021
		N'000	N'000
	Accounting profit before tax	626,792	567,323
	At Nigeria's statutory income tax rate of 30%	188,038	170,197
	Non-deductible expenses for tax purposes	4,831	20,637
	Effect of Income tax under provision in prior year	-	2,627
	Non-taxable Income	(4,531)	(6,672)
	Education tax	15,702	12,394
	Information technology levy	6,268	6,143
	Deferred tax credit	13,802	(10,079)
		224,110	195,247
	Reconciliation of income tax liabilities:		
	At the beginning of the year	236,479	93,498
	Company income tax	188,338	184,162
	Education tax	15,702	12,395
	Information technology levy	6,268	6,142
	Payment during the year	(236,479)	(59,718)
	Closing balance as at 31 March	210,308	236,479

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Deferred tax		
Deferred tax relates to the following	2022	2021
	N'000	N'000
Balance as at 1 April	(13,864)	(3,785)
Tax credit recognised in profit or loss	13,802	10,079
	<u>(62)</u>	<u>(13,864)</u>

Deferred tax relates to the following	Statement of Financial Position		Profit or loss and other comprehensive income	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Property plant and equipment	24	7	17	7
Trade and other receivables	-	(26)	26	1,123
Trade and other payables	(86)	(13,845)	13,759	(11,209)
			<u>13,802</u>	<u>(10,079)</u>
Net deferred tax assets	<u>(62)</u>	<u>(13,864)</u>		

The charge for taxation has been computed in accordance with the provision of the Companies Income Tax Act (CAP C21, Laws of the Federal of Nigeria) as amended to date and the Education Tax Act (CAP E4 Laws of the Federations of Nigeria).

9 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

The following reflects the income and share data used in the basic earnings per share computations:

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	2022 ₦'000	2021 ₦'000
Profit attributable to ordinary equity holders for basic earnings per share	626,792	372,075
	<u>626,792</u>	<u>372,075</u>
	2022 Thousand	2021 Thousand
Average number of ordinary shares for basic earnings per share @ ₦1each	10,000	10,000
	<u>10,000</u>	<u>10,000</u>
Basic/diluted earnings per share (Naira)	62.6	37.2
	<u>62.6</u>	<u>37.2</u>

10. Property plant and equipment

	Office equipment ₦'000	Computer accessories ₦'000	Total ₦'000
Cost			
Opening balance	440	325	765
Additions		559	559
Closing balance	<u>440</u>	<u>884</u>	<u>1,324</u>
Depreciation			
Opening balance	175	185	360
Charge for the year	92	127	219
Closing balance	<u>268</u>	<u>312</u>	<u>580</u>
Net book value			
As at 31 March 2022	<u>173</u>	<u>572</u>	<u>745</u>
As at 31 March 2021	<u>265</u>	<u>140</u>	<u>405</u>

Leases

Impairment

Based on the Company's assessment, there is no impairment on any item of property plant and equipment during the year

Contractual Commitments

As at 31 March 2022, the Company has no contractual obligation to acquire PPE.

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11	Long term deposit	2022 ₦'000	2021 ₦'000
	Long term deposit	100	100
12	Financial Assets and Financial Liabilities	2022 ₦'000	2021 ₦'000
	Financial assets		
	Debt instrument at amortised cost (Note 13)	1,024,520	498,061
	Debt instrument at amortised cost include trade receivables.		
	Financial liabilities		
		2022 ₦'000	2021 ₦'000
	At amortised cost		
	Trade and other payables	808,552	649,292
		808,552	649,292
	Debt instrument at amortised cost include trade and staff receivables.		

Fair value of financial assets and liabilities

The management assessed that bank balances, trade receivables and trade and other payables approximate their carrying amounts largely due to the short- term maturities of these instruments.

The table below provides a reconciliation of the line items in the Company's financial position to the categories of financial instruments.

	Carrying amount		Fair value	
	2022	2021	2022	2021
	₦'000	₦'000	₦'000	₦'000
Financial assets:				
Trade receivables	1,024,520	441,665	1,024,520	441,665
Bank balances	746,832	843,870	746,832	843,870
	1,771,352	1,825,535	1,771,352	1,825,535
Liabilities				
Trade and other payables	808,552	649,292	808,552	649,292
	808,552	649,292	808,552	649,292

The financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Financial Risk Management objectives and policies

The company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's financial assets include trade receivable and bank balances.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company.

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

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include deposits and financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates is been reduced since the Company's long-term debt obligations are fixed interest rates.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

Management monitors rolling forecasts of the Company's liquidity reserve and cash and bank balances (Note 14) on the basis of expected cash flows.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political, or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

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For the year ended 31 March 2022

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 Months	1 to 5 years	> 5 years
31 March 2022					
Trade and other payables	-	94,620	374,480	-	-
	On demand	Less than 3 months	3 to 12 Months	1 to 5 years	> 5 years
31 March 2021					
Trade and other payables	-	68,863	580,429	-	-

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's presentation currency). Management has set up a policy requiring the Company to manage its foreign currency risk against its functional currency. To manage its foreign currency risk arising from future commercial transaction and recognised asset and liabilities, the Company ensures that significant transactions are contracted in the functional currency.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, Euro exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

	Change in USD rate	Effect on profit before tax N'000
March 2022	5%	15
	-5%	(15)
March 2021	5%	3
	-5%	(3)

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	Change in EURO rate	Effect on profit before tax N000
March 2022	5%	15,450
	-5%	(15,450)
March 2021	5%	11,071
	-5%	(11,071)

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily receivables) and from its financing activities, including deposits with banks.

(i) Impairment of trade and other receivables

Expected credit loss measurement

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 13.2. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix as at 31 March 2022

	Days past due					
	Total	1-30	31-60	61-90	91-120	>120
	N'000	N'000	N'000	N'000	N'000	N'000
ECL rate		0.16%	0.32%	0.43%	0.53%	0.8%
Gross Amount	866,236	172,325	196,094	222,830	1,482	273,503
ECL	4,059	272	635	956	8	2,188

The ECL is determined by projecting the Probability of default, Loss given Default (LGD) and Exposure at default (EAD) for each future month and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The 12-month and Lifetime PDs are derived by mapping the internal rating grade of the obligors to the PD term structure of an external rating agency for all asset classes. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs, etc. – are monitored and reviewed on a regular basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period. The significant changes in the balances of the other financial assets including information about their impairment allowance are disclosed below respectively.

The Company considers a financial asset in default when contractual payments are 30 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. The reconciliation of these balances are as stated above.

Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note 4 Significant accounting judgements, estimates and assumptions. To ensure completeness and accuracy, the Company obtains the data used from third party sources (Central Bank of Nigeria, Standards and Poor's etc.) and a team of expert within its credit risk department verifies the accuracy of inputs to the Company's ECL models including determining the weights attributable to the multiple scenarios. The Company used GDP growth, oil price and inflation as key drivers in computing expected credit loss and also as assumptions for the Company's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios as at 31 March 2022.

(ii) Bank balances

Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. Investment of surplus funds is made only with approved counterparties and with credit limits assigned to each counterparty. The Company's maximum exposure to credit risk for the components of the statement of financial position at 31 March 2022 and 31 March 2021 is the carrying amount as illustrated above.

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Notes to the financial statements (continued)
For the year ended 31 March 2022.

13. Trade and other receivables

	2022	2021
	N'000	N'000
Trade receivables	262,981	289,370
Intercompany receivables from related parties (notes 13.1)	735,593	92,487
WHT receivables	25,946	120,098
Allowance for credit loss (note 13.2)	-	(3,894)
Debt instruments at amortised cost	1,024,520	498,061
Advance payment to suppliers	545,949	541,019
VAT receivables	106	106
Prepayments	361	402
License fees	30,238	-
	<u>1,601,174</u>	<u>1,039,588</u>

13.1 Intercompany receivables from related parties

	2022	2021
	N'000	N'000
Advance to related parties(Route Mobile (UK) Limited)	25,522	25,195
Sale of goods		
Route Mobile Limited	146	1,421
RouteSms Solutions FZE	79,883	(78,101)
Route Mobile Ghana	40	40
Route Mobile (UK) Limited	630,002	143,932
	<u>735,593</u>	<u>92,487</u>

Trade receivables are non-interest bearing and are generally on 30-120 day terms. For terms and conditions relating to related party receivables, refer to Note 18.

Other receivables are due and payable within one year from the end of the reporting period.

13.2. Set below is the movement in the allowance for expected credit losses of trade and other receivables.

	2022	2021
	N'000	N'000
As at 1 April 2021	3,894	3,808
Charge for the year	-	86
As at 31 March 2022	<u>3,894</u>	<u>3,894</u>

RouteSms Solutions Nigeria Limited
Notes to the financial statements (continued)
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14. Cash and cash equivalents

For the purpose of statement of cash flows and statement of financial position, cash and cash equivalents comprise cash in hand, and balances held with banks excluding overdrafts. Cash and cash equivalents are current and have maturities of less than 90 days.

The year-end cash and cash equivalents comprise the following:

	2022 N'000	2021 N'000
Cash and cash equivalents	<u>746,832</u>	<u>843,870</u>
15. Share capital	2022 N'000	2021 N'000
Authorised share capital:		
10,000,000 ordinary shares of ₦1 each	<u>10,000</u>	<u>10,000</u>
Issued and allotted:		
At the start of year, ordinary shares of ₦1 each	10,000	10,000
Issued during the year	<u>-</u>	<u>-</u>
At the end of year	<u>10,000</u>	<u>10,000</u>
16. Retained earnings	2022 N'000	2021 N'000
Balance, beginning of year	786,530	414,455
Transferred from profit or loss account	<u>402,682</u>	<u>372,075</u>
Balance, end of year	<u>1,189,212</u>	<u>786,530</u>

RouteSms Solutions Nigeria Limited
Notes to the financial statements (continued)
For the year ended 31 March 2022.

17. Trade and other payables	2022	2021
	₦'000	₦'000
Trade payable	111,033	24,784
Intercompany payable and related parties (note 17.1)	391,166	270,611
Loan and advances from related parties (note 17.1)	306,353	353,897
	<u>808,552</u>	<u>649,292</u>
Contract liabilities (note)	116,808	61,741
Provisions	2,122	5,289
VAT payables	5,228	6,314
WHT payables	4,572	130,209
Pension liabilities	-	5,887
PAYE	1,411	4,003
ITF	-	362
Accruals	700	1,721
	<u>939,393</u>	<u>864,818</u>
17.1. Intercompany advances and payables	2022	2021
	₦'000	₦'000
Route Mobile (UK) Limited	165,512	109,536
Route Mobile LLC	108,167	106,780
Route Mobile LTD (Ghana)	2,497	2,269
RouteSms Solutions FZE	53,306	68,201
RouteSms Mobile limited	61,662	-
Send Clean Private Limited	22	-
	<u>391,166</u>	<u>286,786</u>

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled on 60-day terms.

For terms and conditions relating other related parties, refer to Note 18

For explanations on the Company's credit risk management processes, refer to Note 19.4.

Loan and advances were received from related parties at zero percent interest rates and are repayable on demand without a definitive length of time.

17.2 Contract liabilities	2022	2021
	₦'000	₦'000
Advance from customers	<u>116,808</u>	<u>61,741</u>

Advance from customers represents advances received from customers in respect of sales of bulk SMS not yet delivered. This is a non-interest-bearing liability.

RouteSms Solutions Nigeria Limited
Notes to the financial statements (continued)
For the year ended 31 March 2022.

18. Related party transactions

Information about related parties

The parent company

The parent company of the Company is Route Mobile formally known as RouteSms Solutions Limited which is domiciled in India.

During the year, the Company had significant business dealings with companies which are related to RouteSms Solutions Limited.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

		Sales to related parties N '000	Purchases from related parties N '000	Management, marketing and technical support fee	Amount owed to related parties N '000	Amount owed b relate partie N '00
<i>Parent</i>						
	March					
Route Mobile Limited	2022	136	-	52,379	61,662	146
	March					
	2021	9,776	-	36,864	-	1,42
<i>Fellow subsidiaries:</i>						
	March					
RouteSms Solutions FZE	2022	119,370	4,507	-	53,306	79,88
	March					
	2021	101,759	3,953	49,473	68,201	(78,101
	March					
Route Mobile (UK) Limited	2022	1,366,997	73,486		165,512	630,00
	March					
	2021	101,578	72,306	-	109,536	143,93
	March					
Route Mobile LLC	2022				108,167	
	March					
	2021	-	-	-	106,780	
	March					
Route Mobile LTD (Ghana)	2022		217	-	2,497	41
	March					
	2021	39	2,224	-	2,269	3

RouteSms Solutions Nigeria Limited
Notes to the financial statements (continued)
For the year ended 31 March 2022

	March					
Send Clean Private LTD	2022	-	24	-	22	-
	March					
	2021	-	-	-	-	-

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

Key management personnel of the Company

Compensation of key management personnel of the Company	2022	2021
	N'000	N'000
Short-term employee benefits		8,619
Post -employment benefit	-	-
Share based payment	-	-
	<u>-</u>	<u>8,619</u>

19. Capital commitments and contingent liabilities

There was no capital commitments or contingent liabilities which could have a material effect on the financial statements as of the date of the statement of financial position.

20. Events after the reporting period

There were no significant events after the reporting period which could have a material effect on the state of affairs of the company as at 31 March 2022 and on the profit for the year ended on that date which have not been adequately provided for or disclosed in these set of financial statements.

21. Capital management

The directors consider that capital includes net debt and equity attributable to the equity holders of the parent.

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the

RouteSms Solutions Nigeria Limited
Notes to the financial statements (continued)
For the year ended 31 March 2022

Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is total capital divided by net debt. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash, and cash equivalents.

	2022	2021
	N'000	N'000
Trade and other payables (Note 17)	939,393	864,817
Less cash and short-term deposits (Note 14)	(746,832)	(843,870)
Net debt	192,561	20,947
Equity	1,423,322	796,531
Capital and net debt	1,615,883	817,478
Gearing ratio (%)	14%	3%

No changes were made in the objectives, policies, or processes for managing capital during the year ended 31 March 2022 and 31 March 2021.

22. Information relating to employees

The average number of persons, excluding directors, employed by the Company during the period by category were:

	2022	2021
	Number	Number
Directors	3	3
Employee (Head count from India shared salaries per transfer pricing)	5	5
	<u>8</u>	<u>8</u>

Staff costs for the above persons (excluding directors) were:

	2022	2021
	N'000	N'000
Salaries and wages	18,802	1,320
Other employee costs and benefits (management fee)	52,379	36,864
	<u>71,181</u>	<u>38,184</u>

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Value added statement
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	2022		2021	
	N'000	%	N'000	%
Revenue	6,676,351		5,504,229	
Value added services	<u>(5,992,959)</u>		<u>(4,896,310)</u>	
Value Added from Operation	683,392		607,919	
Other income	<u>14,800</u>		<u>16,389</u>	
Value Added Available for Distribution	<u>698,192</u>	100	<u>624,308</u>	100
Distributed as follows:				
<i>Employees</i>				
Salaries and management fee	71,181	10	56,841	9
<i>Government</i>				
Taxation	224,110	32	195,247	31
<i>The future</i>				
Depreciation	219		144	
Retained for future growth and expansion	<u>402,682</u>	58	<u>372,076</u>	60
Value added	<u>698,192</u>	100	<u>624,308</u>	100

The value added represents the wealth created through the use of the company's assets by its employees and its allocation between employees, shareholders, government, and re-investment for the creation of wealth.