

GAMBIA TELECOMMUNICATIONS CELLULAR COMPANY LTD
(GAMCEL)

FINAL

Audit Report & Financial Statements

For the year ended

31st December 2017

Gambia Telecommunications Cellular Company Ltd.
Financial Statements For The Year Ended 31st December 2017

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General Information

Registered Office 59 Franklin D. Roosevelt Highway
 P.O.Box 541
 Banjul
 The Gambia

Board of Directors

Mr. Alhaji Tafsir Samba Alieu Njie	Chairman	(Up to 28th AUG. 2017)
Mr. Shola Mahoney	Chairman	(WEF 28th AUG. 2017)
Mr. Alhaji Bai Matarr Drammeh	Vice Chairman	(Up to 28/8/ 2017)
Mrs Janet Sallah - Njie	Vice Chairperson	(WEF 28/7/2017)
Mr. Baboucarr J. Sanyang - Gamtel MD	Member	(Up to 28th AUG. 2017)
Mr. Sulayman Suso - Gamtel MD	Member	(WEF 28th AUG. 2017)
Perm. Sect. - Office of the President	Member	
Perm. Sect. - Min. of Finance and Econ. Affairs(MOFEA	Member	
Perm. Sect. - Min. of Info & Comm. Infrastructure (MOIC	Member	
Mr. Momodou O.S. Badjie - Managing Director GNPC	Member	(Up to 28th AUG. 2017)
Miss Niania Darboe Touray	Member	(WEF 28th AUG. 2017)
Dr. Momodou Jain	Member	(Up to 28th AUG. 2017)
Mr. Njundu Fatty	Member	(WEF 28th AUG. 2017)
Mr. Sulayman Suso - Gamtel MD	Member	
Mr. Edrissa. Mass Jobe - Staff Representative	Member	(Up to 28th AUG. 2017)
Mr. Hafigy Sisawo - Staff Representative	Member	(WEF 28th AUG. 2017)

Company Secretary : Mr. Sarjo .S.A. Ceesay

In-Attendance :

Mrs. Elizabeth Mendy- Johnson Gamcel GM

Auditors:

Real Time Consulting
 Chartered Certified Accountants & Consultants
 Elton Filling Station
 Old Jeshwang
 P.O Box 978
 Banjul, The Gambia

Solicitors:

Amie Bensouda & Co. Ltd.
 Kanifing Institutional Area
 P.O.Box 907
 Banjul, The Gambia

 State Council
 Attorney General's Chambers
 4 Marina Parade, Banjul

Bankers :

Arab Gambia Islamic Bank	Guarantee Trust Bank Ltd	Trust Bank Ltd.
7 Ecowas Avenue	56 Ecowas Avenue	3-4 Ecowas Avenue
Banjul,	Banjul,	Banjul,
The Gambia	The Gambia	The Gambia

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Bankers Contd.:

First Int'l. Bank Ltd.
2 Kairaba Avenue
Serrekunda
The Gambia

Zenith Bank Ltd.
Kairaba Avenue
Serrekunda
The Gambia

Access Bank (G) Ltd.
34 Kairaba Avenue
Serrekunda
The Gambia

Eco Bank (Gambia) Ltd.
42 Kairaba Avenue
Serrekunda
The Gambia

FBN (Gambia) Ltd.
Kairaba Avenue
Serrekunda
The Gambia

BSIC Ltd.
52 Kairaba Avenue
Serrekunda
The Gambia

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Financial Highlights

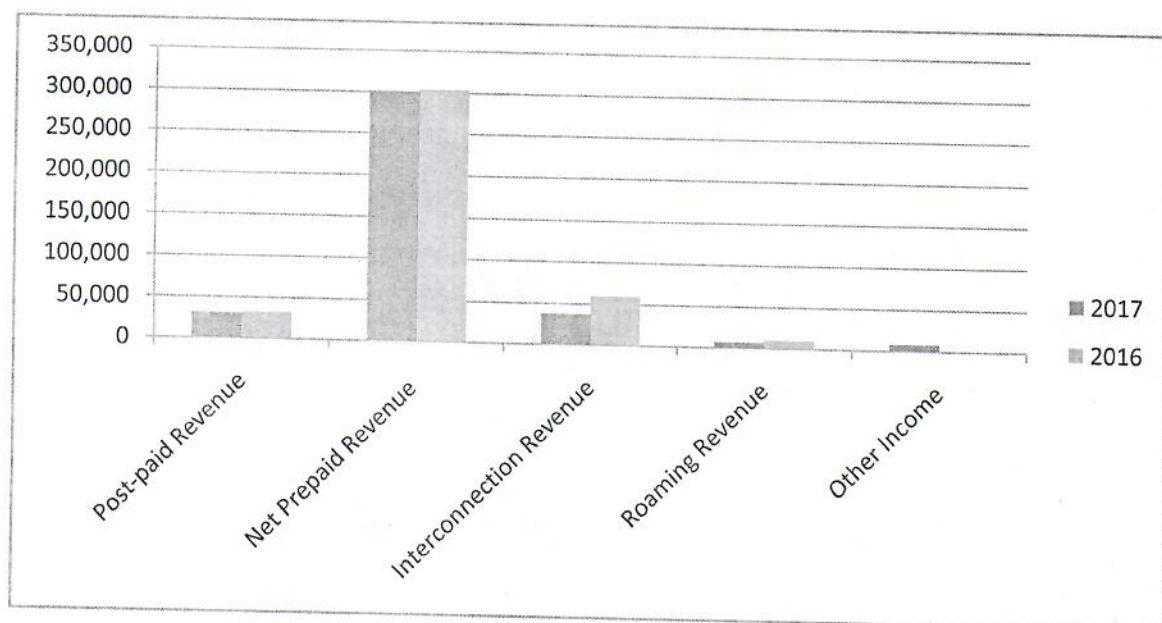
		2017	2016	Net Change (%)
Net Equity	(D'000)	-486,489	-261,864	-86%
Revenue	(D'000)	387,415	407,438	-5%
Profit / (Loss)	(D'000)	-132,239	-69,955	-89%
Total Assets	(D'000)	545,536	619,582	-12%

Net Operating Loss to Revenue	-32%	-16%
Net Loss to Revenue	-34%	-17%
Staff Cost to Revenue	16%	14%
Management Expenses to Revenue	33%	26%
Taxation to Revenue	-1.50%	-1.50%
Property, Plant & Equipm't to Total Assets	71%	77%
Receivables to Total Assets	24%	17%
Liquid Assets to Total Assets	-114%	-103%
Net Equity to Total Assets	-89%	-42%

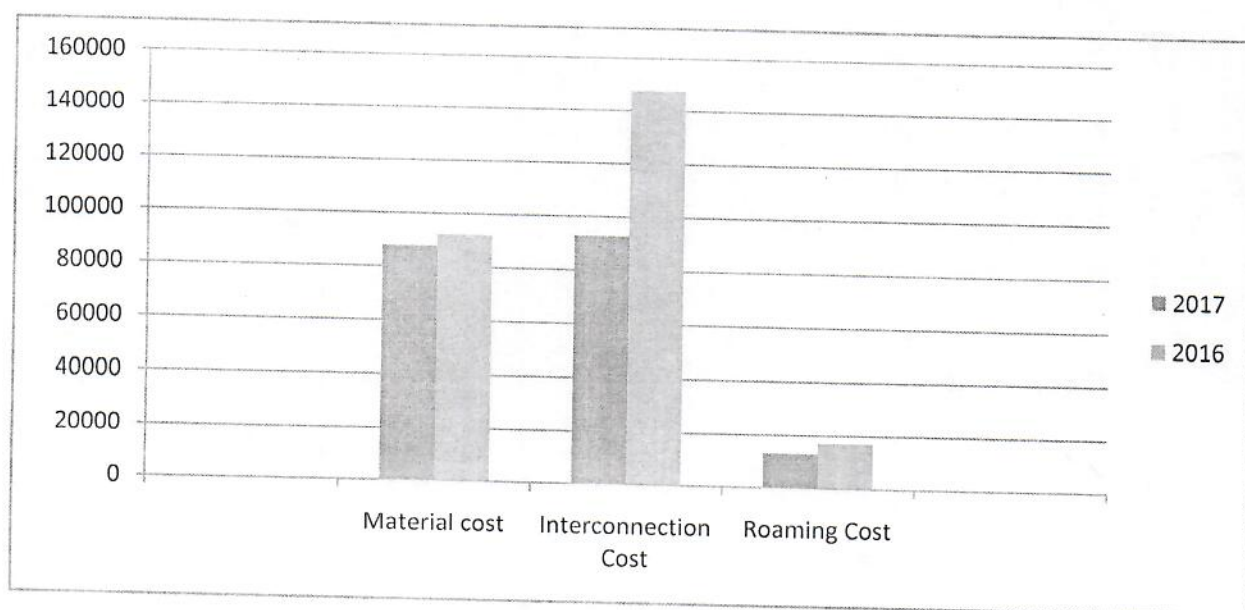
Revenue Analysis	2017		2016	
	D.000	%	D.000	%
Post-paid Revenue	31,561	8.15%	32,589	8.00%
Net Prepaid Revenue	301,458	77.81%	303,751	74.55%
Interconnection Revenue	38,274	9.88%	59,980	14.72%
Roaming Revenue	7,557	1.95%	9,943	2.44%
Other Income	8,566	2.21%	1,174	0.29%
	387,415	100%	407,438	100%

Cost of Sales Analysis	2017		2016	
	D.000	%	D.000	%
Material cost	87,621	45.29%	91,964	35.83%
Interconnection Cost	92,805	47.97%	147,778	57.57%
Roaming Cost	13,040	6.74%	16,959	6.61%
	193,466	100%	256,701	100%

REVENUE ANALYSIS



COST OF SALES ANALYSIS



DIRECTORS' REPORT

The Directors present their report and audited financial statements of The Gambia Telecommunications Cellular Company (Gamcel) Limited for the year ended 31st December 2017.

Principal Activity of the Company

The principal activity of the Company is to provide Global Systems Mobile (GSM) Services to customers. During the year under review the Company continues to upgrade some of its sites **from 2G to 3G** as part of its global expansion programme.

Statement of Directors' Responsibilities & Commitments

The Company's Act 2013 requires the Directors to prepare the financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and of its Profit and Loss for that period. In preparing the financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the Company and to enable them to ensure that the financial statements comply with the Statement of Accounting Practices and The companies Act, 2013 and the Gamtel Act.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

(a) Before the financial statements of the Company were made the directors took reasonable steps:

- (i) To ascertain that proper action had been taken in relation to the writing off bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts have been written off and that adequate provision had been made for doubtful debts; and

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(ii) To ensure that any current assets which were unlikely to realize their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected to realize.

(b) At the date of this report, the directors are not aware of any circumstances, which would make:-

(i) It necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements inadequate to any substantial extents; and

(ii) The value attributed to current assets in the financial statements misleading.

(c) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements misleading.

(d) As at the date of this report, there does not exist:

(i) any charge on the assets of the Company which has arisen since the end of the financial period which secures the liabilities of any other person; or

(ii) Any contingent liability in respect of the Company which has arisen since the end of the financial period.

(e) In the opinion of the Directors:

(i) No contingent liabilities or other liabilities have become enforceable or are likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the directors, will or may substantially affect the ability of the Company to meet its obligation as and when they fall due; and

(ii) No item, transaction or event of material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which is likely to affect substantially the result of the operations of the Company for the financial period in which this report is made.

Financial Results	2017	2016
	GMD	GMD
	D'000	D'000
Net (Loss) for the financial period	-132,239	-69,955

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Dividends

No dividend was paid during the financial period and the Directors do not recommend any dividend to be paid for the financial period under review.

Reserves and Provisions

There were no transfers to or from reserves other than the Net Loss reported during the year and taken to retained earnings. Provisions for bad and doubtful debts and for obsolete stocks have been made during the financial period and disclosed in the financial statements with corresponding notes.

Share Capital

The **authorised share capital** of the Company has been changed in its revised memorandum and articles of association from GMD 30,000,000 divided into 100,000 ordinary shares of GMD 300.00 each to 3,000,000 ordinary shares of GMD 10.00 each.

The **issued and paid up share capital** of the Company is now GMD 30,000,000 divided into 3,000,000 ordinary shares of GMD 10.00 each. The company is a subsidiary of Gamtel and Gambia Ports Authority (GPA) which owns one (1)% of the shares of the parent company, Gamtel.

Directors and Directors' Interest

The Directors in office as at the date of this report are as detailed on page 2. The beneficial financial interest of shares of Gamtel represented by their Managing Director is detailed as below:

	% Holding	2017	2016
Gamtel	%	99	99

Auditors

The Auditors, Real Time Consulting Gambia Limited (RTC), having been appointed by the National Audit Office for a term of five (5) years with effect from the financial year ending 2014 have indicated their willingness to continue in office in accordance with Section 342 (2) of the Companies Act 2013.

By order of the Board of Directors

Chairman

Date: 21 May 2019 2018

Secretary

Date: 21 May 2018

AUDITOR'S REPORT



Opinion

We have audited the financial statements of GAMCEL, which comprise the statement of financial position as at December 31st, 2017, and the statements of profit and loss, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of GAMCEL as at December 31st, 2017, and its financial performance and its cash flows for the year then ended in accordance with generally accepted accounting standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). 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 ethical requirements of code of ethics for Professional Accountants (IESBA) together with other ethical requirements that are relevant to our audit of the financial statements in the Gambia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to **Note 21** in the financial statements, which indicates that the Company incurred a net loss of **D132,238,667** during the year ended December 31st, 2017 and, as of that date, the Entity's current liabilities exceeded its total assets by **D236,551,068** as stated in the Balance sheet on **page 14**, these events or conditions, along with other matters as set forth in Note 17, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

i) Fixed Asset Register:

A verification exercise was conducted to all greater Banjul cell sites and offices to verify existence and conditions of assets and the outcome are reported in the Management letter.

ii) Debtors and Creditors

We conducted detailed analysis of the Debtors and Creditors, identified the sources, confirmed acquisition and authorization and evaluated the need for provisioning. End of year circularization for direct confirmation of balances owing or owed were conducted and results considered in our evaluation.

iii) Postpaid Billing Revenue

In August 2017 the contracted billing vendor REDKNEE who provided billing solution for Gamcel shutdown abruptly and unceremoniously prompting Gamcel to revert to an old solution's provider MOBILIS (now YOUTAP) to provide temporary solution for its billing to enable billing for customers and "Nopal" card operations. The restoration of the system was completed in the same August after three (3) weeks and we as auditors confirmed restoration via visit to billing department and took assurance from Management on the reliability of the consumer postpaid bills from restored solutions. Further evaluation of billable revenue for August 2017 was done via consistency check on prior months' reported revenue.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (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:

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

We communicate with 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.

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

Report on Other Legal and Regulatory Requirements

In carrying out our audit work we have considered the application and compliance by our client to regulations and laws governing the industry and have also read financial and non financial information to determine consistence with the financial statements. No material inconsistencies or misstatements have been apparent in the course of our audit.

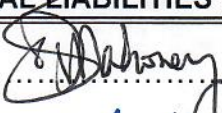
Real Time Consulting
REAL TIME CONSULTING LIMITED
CERTIFIED CHARTERED ACCOUNTANTS
REGISTERED AUDITORS

Date: *21st May*2018⁹



Gambia Telecommunications Cellular Company Ltd.
Financial Statements For The Year Ended 31st December 2017

BALANCE SHEET

	<u>Notes</u>	2017 D'000	2016 D'000
NON-CURRENT ASSETS			
Property, Plant and Equipment	22	387,573	478,695
		<u>387,573</u>	<u>478,695</u>
CURRENT ASSETS			
Trade Receivables	10	104,178	86,302
Other Receivables	10	6,257	177
Staff Loans	10	16,450	16,080
In Put VAT Credit		4,736	0
Stocks Inventory	11	23,499	24,820
Cash and Bank Balances	12	2,139	11,920
Prepayments	13	704	1,588
Total Current Assets		<u>157,963</u>	<u>140,887</u>
TOTAL ASSETS		<u>545,536</u>	<u>619,582</u>
CURRENT LIABILITIES			
Trade Payables	14	604,196	552,590
Other Payables	15	59,937	90,068
Taxation	9	6,912	2,456
Accruals & Similar Payables	16	108,728	49,107
Deferred Liabilities -Pre-Paid Customers		1,019	77,158
Bank Overdraft	12a	1,295	7,512
Total Current Liabilities		<u>782,087</u>	<u>778,890</u>
NON-CURRENT LIABILITIES			
Long -Term Loans	17	84,937	102,556
Other Liabilities		165,000	0
TOTAL NON-CURRENT LIABILITIES		<u>249,937</u>	<u>102,556</u>
TOTAL LIABILITIES		1,032,024	881,446
EQUITY & RESERVES			
Share Capital	18	30,000	30,000
Share Premium	19	64,345	64,345
Revaluation Reserves	20	44,655	44,655
Retained Earnings	21	-625,489	-400,864
Total Equity & Reserves		<u>-486,489</u>	<u>-261,864</u>
TOTAL LIABILITIES , EQUITY & RESERVES		<u>545,536</u>	<u>619,582</u>
..... 	DIRECTOR		
..... 	DIRECTOR		

The notes on pages 14 to 28 form part of the financial statements

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INCOME STATEMENT

INCOME	Notes	2017 D'000	2016 D'000
Revenue	2	387,415	407,438
Less: Cost of sales	3	-193,466	-256,701
Gross Profit		193,949	150,737
Staff Cost	4	62,471	57,527
Administrative Expenses	5	126,763	105,397
Depreciation Charge	22	103,864	96,738
Loan Interest		21,125	20,353
Bank Charges		3,762	6,946
(Dec.) / Incr. in Prov. For Bad & Doubtful Debts	6	160	-71,924
Bad Debts Written-Off		316	204
Total Operating Expenses		318,460	215,241
Net Operating Profit / (Loss)		-124,510	-64,504
Other Interest Receivable & Similar Income	7	108	662
Gain on Asset Disposal		1	0
Exchange Gain/(Loss)		-2,026	-1
Net Profit / (Loss) before Tax	8	-126,427	-63,843
Taxation	9	-5,811	-6,112
Net Profit / (Loss) After Tax		-132,239	-69,955
Basic Loss Per Share (bututs)		-1,322	-700
Dividend Per Share (bututs)		Nil	Nil

The notes on pages 14 to 28 form part of the financial statements.

CASH FLOW STATEMENT

	<u>Notes</u>	<u>2017</u> D'000	<u>2016</u> D'000
Cash flows from operating activities			
Surplus /(Deficit) from operations		-132,239	-69,955
		<u>-132,239</u>	<u>-69,955</u>
Adjustments for:-			
Depreciation:	22	103,864	96,738
Other Adjustments (Exchange (Gain)/Loss)		2,026	1
Prior Year Adjustment (Net)		-92,381	16
Bad Debts Written-off		316	204
Operating Profit/(Loss) before Working Capital Changes		<u>-118,413</u>	<u>27,004</u>
Changes in Working Capital:			
(Increase) / Decrease in Inventories		1,321	4,373
(Increase) / Decrease in Trade Receivables		-17,876	-31,789
(Increase) / Decrease in Other Receivables		-10,816	287
(Increase) / Decrease in Staff Loans		-370	2,449
(Increase) / Decrease in Prepayments		883	282
Increase / (Decrease) in Trade Creditors		51,606	127,500
Increase / (Decrease) in Other Payables		-30,130	-6,438
Increase/(Decrease) in Taxation		2,000	-3,123
Increase / (Decrease) in Accruals & Similar Payables		59,621	11,119
Increase / (Decrease) in Deferred Liabilities		-76,139	34,378
		<u>-138,312</u>	<u>166,042</u>
Cash generated from operating activities			
Interest Received		108	662
Interest Paid			
Tax Credit Recouped			
Net Cash generated from operating activities		<u><u>-138,204</u></u>	<u><u>166,704</u></u>
Cash flows from investing activities			
Purchase of Fixed Assets		-12,742	-173,599
Re-Couped / Purchase of Investments		0	0
Net cash used in investing activities		<u>-12,742</u>	<u>-173,599</u>
Cash flows from financing activities			
Increase / (Decrease) in Long-Term Borrowings		147,382	11,798
		<u>147,382</u>	<u>11,798</u>
Net cash used in financing activities			
		<u>147,382</u>	<u>11,798</u>
Net Cash Inflows / (outflows)		<u>(3,564)</u>	<u>4,903</u>
Net increase/(decrease) in cash and cash equivalents		<u>(3,564)</u>	<u>4,903</u>
Cash equivalents at beginning of period	12&12a	4,408	-495
Cash equivalents at the end of period	12&12a	<u>844</u>	<u>4,408</u>

The notes on pages 14 to 28 form part of the financial statements

STATEMENT OF CHANGES IN EQUITY

	Share Capital D'000	Share Premium D'000	Accumulated Profit/(Loss) D'000	Revaluation Reserve D'000	Total D'000
Balance As At 1st January 2016	30,000	64,345	(330,925)	0	(236,580)
Additions	0	0	(69,955)	44,655	(25,299)
Issuance of Share Capital	0	0	16	0	16
Net Profit/(Loss) for the period	0	0	0	0	-
Prior Year Adjustment	0	0	-	0	-
Balance As At 31st December 2016	30,000	64,345	(400,865)	44,655	(261,864)
Transfers	0	0	0	0	0
Balance Re-Styled As At 31/12/2016	30,000	64,345	(400,865)	44,655	(261,864)
Balance As At 1st January 2017	30,000	64,345	(400,865)	44,655	(261,864)
Net Profit/(Loss) for the period	0	0	(132,239)	0	(132,239)
Prior Year Adjustment	0	0	(61)	0	(61)
Prov. For Contingency Reserve	0	0	0	0	-
Balance As At 31st December 2017	30,000	64,345	(533,164)	44,655	(394,164)
Transfers	0	0	0	0	0
Balance Re-Styled As At 31/12/2017	30,000	64,345	(533,164)	44,655	(394,164)

Notes (forming part of the financial statements)

1a ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are material in relation to the Company's financial statements.

b ACCOUNTING CONVENTION

The financial statements have been prepared under the historical cost convention of accounting and in accordance with applicable International Accounting Standards and locally generally acceptable accounting principles. Provisions have been made for accruals and prepayments, where appropriate.

c DEPRECIATION

Property, Plant & Equipment is stated at cost, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of such equipment when that cost is incurred if the recognition criteria are met. The cost of self-constructed assets includes the cost of materials and direct labour cost. The cost of Property, Plant & Equipment acquired by the Company includes cost of acquisition together with any incidental expenses incurred in bringing the assets to its working condition for the intended use.

Depreciation of Fixed Assets is calculated and charged to the income statement on a simple straightline method **using** the annual rates shown below. Depreciation is charged with effect from the year of purchase unless stated otherwise and no depreciation is charged in the year of disposal. The annual depreciation rates applied are as follows:-

DEPRECIATION RATES

Land		0%
Buildings	20 YRS	5%
GSM Equipment	6.66 YRS	15%
Motor Vehicles / Motor Cycles	4 YRS	25%
Furniture, Fixtures & Office Equipment	6.66 YRS	15%
Generators	10 YRS	10%
Accounting Software	3 YRS	33.33%

d Employee Benefits

Obligation for contribution to the Social Security and Housing finance Corporation Administered National Provident Fund Scheme at the rate of 5% on employees' basic salaries are recognised as expenses in the Income and Expenditure Account. 10% of employees' basic salary is contributed by the employer. Obligations under the federated pension scheme at the rate of 15% of employees' gross salaries are contributed by the employer and also recognised as expenses in the Income and Expenditure Account.

Under the federated pension scheme, employees are entitled to lump sum payments in addition to a monthly pension upon attaining the retirement age of 60 for both men and women. Those under the provident fund scheme received only a one off payment. The company registers under the federated pension scheme for all its employees.

e Share Capital

The Authorized Share Capital of the Company is GMD30,000,000 divided into 3,000,000 ordinary shares of GMD10.00 each.

The issued and paid up Share Capital of the Company is GMD30,000,000 divided into 3,000,000 ordinary shares of GMD10.00 each.

f Reserves and Provisions

Transfers to or from reserves or provisions during the year are those disclosed in the financial statements and its corresponding notes.

g Dividends

No dividend was paid during the financial period and the Directors do not recommend any dividend to be paid for the financial period under review..

h Conversion of Foreign Currencies

All foreign currency transactions are converted to Gambian Dalasi, which is the reporting currency, at the rate of exchange prevailing at the time the transactions were effected. Monetary assets and liabilities denominated in foreign currencies are translated to reporting currency at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities are translated using the exchange rate that existed when the values were determined. The resulting gains and/or losses are accounted for in the Income Statement. We use GMD 47.38/\$1 (2016:43.97/\$1) and GMD57.13/1Euro (2016: 46.04/1 Euro) as the reporting date exchange rates.

i Prepaid Expenditure

Expenditure which is deemed to have a benefit or relationship to more than one reporting period is classified as prepaid expenditure. Such expenditure is written off over the period, to which it relates, on a straight-line basis.

j Receivables

Trade receivables are stated at the amounts they are estimated to realise net of provision for impairment of bad and doubtful debts. The other receivables and dues from related parties are recognised and carried at cost less impairment losses on any uncollectible amount.

k Taxation

The corporation tax is based on the higher of 1.5% of revenue and 30% of Net profit after adjusting for depreciation, other unacceptable expenses and capital allowances. No deferred tax is recognised in the financial statements.

l Cash and Cash Equivalents

Cash and Cash Equivalents comprise of cash at bank and cash in hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value

m Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset recoverable amount is the higher of an asset's or cash-generating unit's fair value less selling cost and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing the value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflect current market assessments of the time value of money and the risk specific to the asset. In determining the fair value less costs to sell, an appropriate valuation model is used.

n Maintenance Service contract Liabilities and Other Liabilities

Maintenance Services contract liabilities and other liabilities, which fall due for payment on demand or within one year from the closing date are also carried at cost.

o Events After the Reporting Date

All material events after the reporting date have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the Financial Statements.

p Capital Commitment and Contingencies

Following the termination of the partnership contract between Spectrum and the Government of the Gambia in June 2014, the latter has decided that Gamcel pays for all its outstanding tax liabilities due to the Gambia Revenue Authority (GRA) from this relationship.

The reconciliation exercise between MOFEA and Gamtel/Gamcel which indicated a total amount of **D294,423,203** for various taxes such as corporation tax, VAT, Excise tax and the fixed line operators license and Spectrum fees including penalties and interest charges owed by Gamcel as at 31st December 2014 was finalised with outstanding balance of **D195,102,518.79** and not **D10,613,245.79** as reported earlier owed by Gamcel. Having agreed to make a down payment of D102,518.79 the balance is to be paid by equal monthly installment of Two (2) Million Dalasi with effect from January 2017.

Notes (forming part of the financial statements)				2017	2016
				D'000	D'000
2 REVENUE					
Pre-paid Revenue				438,299	475,454
Less: Free Bonus Calls				-136,841	-171,703
Net Pre-paid Revenue				301,458	303,751
Post-paid Revenue				31,561	32,589
Interconnection Revenue				38,274	59,980
Roaming Revenue	2a			7,557	9,944
Miscellaneous Income	2b			8,566	1,174
				387,415	407,438
2a. Roaming Revenue					
Inbound revenue derived from international roaming partners is accounted for under roaming revenue. This accounts for revenue from customers of international network operators roaming in the Gambia and calling through the Gamcel network. The collection of the roaming revenue which was outsourced to an international company, MACH.					
2b Miscellaneous Income					
Miscellaneous Income comprises of revenue realized from other services provided such as replacement of SIM Cards, Sale of bidding documents, 2G&3G USB Dongles, 3G Routers, 3G WiFi, subscription revenue, etc.					
3 COST OF SALES				2017	2016
				D'000	D'000
Material Cost	See	3a below		87,621	91,964
Interconnection Cost	See	3b below		92,805	147,778
Roaming Cost	See	3c below		13,040	16,959
				193,466	256,701
3a Material Cost				2017	2016
				D'000	D'000
Material Refreshment				617	1,183
Material Scratch Cards				870	2,147
GSM Phone Sets				1,017	1,146
Material Sim Cards				6,944	6,767
Dealers Commission				32,965	38,081
GSM Licenses/Spectrum Fees				45,208	40,396
Co.-Location Cost				0	2,244
				87,621	91,964
3b Interconnection Cost				2017	2016
				D'000	D'000
Interconnection Cost - Africell				7,411	8,465
Interconnection Cost - Comium				1,817	2,439
Interconnection Cost - QCell				3,395	3,646
Interconnection Cost - Gamtel				80,181	133,228
				92,805	147,778
3c Roaming Cost				2017	2016
				D'000	D'000
International - Outbound Roaming				7,582	11,928
International - Inbound Roaming				5,458	5,031
				13,040	16,959

Gambia Telecommunications Cellular Company Ltd.
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4 STAFF COST

	2017	2016
	D'000	D'000
Basic Salaries (See Other Staff Cost below)	19,113	19,013
Casuals & Wages	3,968	3,008
SSHFC Pensions Contributions	7,690	6,006
Injury Contributions	69	107
Extra Duty Allowance	5,949	6,038
Responsibility Allowance	1,056	1,008
Telephone Allowance	449	428
Transport Allowance	3,815	4,097
Vehicle Allowance	2,312	1,880
Acting Allowance	164	394
Project Allowance	4,085	4,063
Mileage Allowance	898	734
Professional Allowance	1,537	1,426
Provincial Allowance	558	448
Residential Allowance	4,562	1,875
Staff Training Allowance - Local	318	295
Cashiers' Allowance	727	770
Staff Medical Expenses	2,771	4,653
Staff Loans' Subsidies	1,725	280
Other Staff Cost	347	859
Staff Drawback	357	145
	62,471	57,527

5 ADMINISTRATIVE EXPENSES

	2017	2016
	D'000	D'000
The breakdown is as follows:-		
National /Local Travelling	1,307	1,147
Overseas Travelling	-	-
Local Training	1,974	3,136
Overseas Training	5,364	3,514
Repairs & Maintenance 5a	26,920	13,269
3rd Party Obligatory Fees 5b	8,015	8,877
Electricity & Water	12,171	16,745
Insurance Expenses 5c	126	3,023
Freight Handling & Insurance	3,659	5,282
Rents & Rates	4,167	5,678
O/Seas Travelling, Conferences and Meetings	4,563	1,020
Printing and Stationery	1,400	1,452
Materials - Publications/Journals	144	89
Fuel & Lubricants	17,360	12,519
Materials - Uniforms	1	69
Board fees **	-	-
Audit fees	500	510
Other fees (Tax Mngt., Acct. Software Lic., etc)	-	-
Professional / Consultancy fees	702	270
Marketing Expenses 5d	16,945	17,013
Donations and Sponsorship	9,222	8,472
Organisation Contributions	1,237	-
National Education Levy	50	50
Refreshment & Entertainment	661	606

Gambia Telecommunications Cellular Company Ltd.
Financial Statements For The Year Ended 31st December 2017

CONT'D.

Tel., Internet & Computer Expenses	9,220	648
Consumables & Cleansing Mats.	540	974
Postages	100	107
Assets below Capitalisation Amts.	143	326
Other Expenses	270	599
	126,763	105,397

** The Board Fees are paid by the holding company Gamtel.

	2017	2016
	D'000	D'000
5a Repairs & Maintenance Materials		
- Small Tools	70	30
- Spares	-	19
- Vehicles	4,298	3,468
- Technical Equipment / IT	18,328	5,559
- GSM Cell Sites	1,515	1,103
- Buildings	790	1,610
- Generators	1,763	1,205
- Furniture & Office Equipment	156	275
	26,920	13,269

	2017	2016
	D'000	D'000
5b 3rd Party Obligatory Fees		
PURA Regulatory Fees	5,333	6,740
GPPA Levy	-	729
Licenses	2,682	1,408
	8,015	8,877

	2017	2016
	D'000	D'000
5c Insurance Expenses		
Buildings & Equipment	85	2,121
Vehicles	37	882
Staff Travel Insurance	4	20
	126	3,023

	2017	2016
	D'000	D'000
5d Marketing Expenses		
Advertising	11,068	12,305
Promotions	5,878	4,708
	16,945	17,013

		2017	2016
	Basis	D'000	D'000
6 PROV. FOR BAD & DOUBTFUL DEBTS			
GIA Loan	100%/96.	12,298	12,298
Post paid	2/ 100%	22,106	22,175
Staff Loans	2% /Diff.	648	2,541
Other Debtors	100%	522	522
		35,573	37,535

Gambia Telecommunications Cellular Company Ltd.
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	2017	2016
	D'000	D'000
7 INTEREST RECEIVABLE & SIMILAR INCOME		
Bank Interest Receivables	62	627
Interest Received On Staff Loans	46	35
	108	662
8 LOSS BEFORE TAXATION		
	2017	2016
	D'000	D'000
(Loss) before taxation is derived after charging :-	-132,239	-69,955
Auditors' remuneration	500	510
Depreciation (PP&E)	103,864	96,738
Rent & Rates of premises	4,167	5,678
Staff costs	62,471	57,527
	171,002	160,454
9 TAXATION		
	2017	2016
	D'000	D'000
The tax charge in the financial statements is derived as follows:		
Income Statement		
Provision for corporation tax is 1.5% on Turnover	5,811	6,112
Balance Sheet	D'000	D'000
Tax (Credit)/ Balance B/F	2,456	4,710
Add/(Less): GRA/GOVT./Gamcel Recon. Ex.Net Bal.	-	-
Re-instated Bal. B/F	2,456	4,710
Current Tax Charge	5,811	6,112
Payments Made	(1,355)	(8,366)
Tax Credit Balance C/F	6,912	2,456
10 RECEIVABLES		
	2017	2016
	D'000	D'000
Trade Debtors		
- Post Paid Debtors	69,567	54,903
- Net Of Interconnection - Africell	1,107	(0)
- Net Of Interconnection - Qcell	493	213
- Roaming Receivables	55,117	53,361
- Dealers Debtors	-	-
Other Debtors - GIA Loan	12,298	12,298
- Hire Purchase Debtors	3	3
- Gamtel/Gamcel Inter Co. A/C	6,257	64
- Sundry Debtors	33	146
-Gamtel/Gamcel Staff Assoc.	486	486
Staff Loans -Building Loans	12,346	12,849
-Car Loans	3,094	2,374
-Personal Loans	429	606
-Computer Loans	370	246
-"1x6" Loans	22	273
-Other Loans(Incl. dormant loans)	836	2,274
	162,458	140,095
Less: Prov. For Bad & Doubtful Debts	(35,573)	(37,535)
	126,885	102,558

The notes on pages 14 to 25 form part of the financial statements

Gambia Telecommunications Cellular Company Ltd.
Financial Statements For The Year Ended 31st December 2017

Notes (forming part of the financial statements)			
11 STOCKS INVENTORY	Notes	2017 D'000	2016 D'000
Main Store Stock Items	11a	23,192	25,165
Stationary Items		982	1,056
		24,174	26,221
Less:- Provision for Obsolete Stock		-675	-1,401
		23,499	24,820

11a Inventories are stated at the lower of cost and net realisable value where cost is the purchase cost plus any related duty, freight and other directly attributable costs, on a first-in-first-out basis. The net realisable value is based on the estimated selling price less all cost to be incurred in marketing and selling the items.

12 CASH AND BANK BALANCES	2017 D'000	2016 D'000
Trust Bank - Savings Account	194	9,687
Trust Bank - Current Account	846	-
F I Bank Ltd.	62	71
Guaranty Trust Bank-Current Account		989
Guaranty Trust Bank-Savings Account	19	18
FBN BANK	131	131
Access Bank - Current Account	518	446
Access Bank - Dep./Savings Accounts	0	0
ECO Bank	226	400
ICB Ltd.	90	-
BSIC (Sahelian Bank)	36	22
Cash Control Account - Eco Bank	-	-
Zenith Bank Ltd.	18	155
Petty Cash - H/Office	-	-
Petty Cash - Abuko	-	-
	2,139	11,920

12a CASH AND BANK BALANCES O/DRAWN	2017 D'000	2016 D'000
Trust Bank - Current Account	-	7,491
Guaranty Trust Bank-Current Account	515	-
AGIB Bank Ltd.	781	2
ICB Ltd.	-	19
	1,295	7,512

13 PREPAYMENTS	2017 D'000	2016 D'000
Rentals for H/Qtrs. and Other Cell Sites	704	1,588
These were renewals for some rental agreements which go beyond the year under review.		

14 TRADE PAYABLES: Amounts Falling Due Within 1 Yr.	2017 D'000	2016 D'000
Trade Creditors ***	163,941	175,634
Interconnection Payable - Comium	1,810	1,457
Interconnection Payable - Gamtel	375,932	318,444
Roaming Creditors	62,513	57,055
	604,196	552,590

***Note :

This includes D88,642,600 for Phase 2 of the 3G Network Expansion but subject to availability of funds.

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15 OTHER PAYABLES		2017	2016
		D'000	D'000
Subscribers' Deposits (IDD)		1,200	1,200
Roaming Deposit		408	408
"Goods Received" Not Invoiced		5,640	6,693
Staff Land Allocation		-	2
Loan Repayments Within 1 Yr.		52,689	81,766
		59,937	90,068
16 ACCRUALS AND SIMILAR PAYABLES		2017	2016
		D'000	D'000
✓ NRA -Billboards Rentals		45	45
✓ PURA - Regulatory Fees (August to Dec.)		2,667	2,808
GRA - VAT Payables		-	-
GRA - Excise Tax		7,199	3,919
GRA - National Education Levy Bal.		50	34
GRA - With-holding Tax		-	-
✓ Nawec Bills		4,281	3,870
GSM (GRTS) Levy Tax (Dec.)		4,484	2,474
GRA/Government/Gamcel Recon. Bal.	*	24,000	10,511
SSHFC - Contrib. For Oct., Nov. & Dec.		-	-
✓ GSM Lic./Spectrum Fees (Jan. to Dec.)		45,208	30,122
✓ Audit Fees		500	546
✓ SSHFC Loan Interest		-	(929)
Others (GTMI,Promotions,Medical)		20,295	1,751
		108,728	55,150
Less: Sales Tax Credit		0	(6,043)
		108,728	49,107
17 LONG-TERM LOANS		2017	2016
		D'000	D'000
Guarantee Trust Bank Loan (1)	17a	0	-
Trust Bank Loan	17a	49,980	71,897
SSHFC Loan	17b	80,071	86,667
Guarantee Trust Bank Loan (2)	17c	7,576	25,758
Total Loans		137,627	184,321
Less:- Amounts Due Within 1 Year		(52,689)	(81,766)
Amounts Due After 1 Year		84,937	102,556

17a Guarantee Trust Bank (1) and Trust Bank Loans

A syndicated medium term loan facility of D100 million was obtained jointly from Guaranty Trust Bank and Trust Bank Limited, Guaranty Trust Bank being the lead bank to partly finance the expansion of the company's GSM network. The facility is repayable over 60 months at a rate of interest of 17% p.a. with a monthly repayment of D1.3 million respectively. A moratorium was granted for the first 6 months with only interest payment with the balance including the principal payable over the remaining 54 months. Having fully settled the Loan in 2016, and additional D80 Million was issued by Trust Bank Ltd. This facility is still secured by a corporate guarantee from Gambia Telecommunication Company Limited (Gamtel) with 11 properties valued at D141 million in total as collateral, and a letter of pledge and trust receipts on the GSM equipments financed.

17b SSHFC Loan

Gamcel obtained a D100 million loan from SSHFC (Social Security and Housing Finance Corporation) towards the funding of its 3G project. A contract was signed with Huawei International Pte. Limited on 16th March 2012 for the supply and installation of the 3G facilities. The SSHFC loan was repayable over five years at an interest rate of 15% per annum but due to some financial difficulties the loan was rescheduled the second time w.e.f. January 2018 to December 2022 with monthly Principal payment of D1,332,347.07. The Project (first Phase) has now been completed and is fully operational.

17c Guarantee Trust Bank Loan (2)

Gamcel took a second loan of D50 Million in June 2015 to part-finance the purchase of 3G equipment worth US\$ 5 Million from Huawei. The loan is to be repaid in 36 equal monthly installments at an interest rate of 21% p.a. in addition to arrangement and legal fees of 0.75% of the facility amount. The loan was guaranteed by the parent company Gamtel with collaterals in the form of properties valued at D71.1 Million.

18 SHARE CAPITAL	No. Of Shares	2017 D'000	2016 D'000
Authorised	100,000	30,000	30,000
Ordinary Shares @ D300 Each			
Issued and Fully Paid	Cost Per Share		
100,000 Ordinary Shares	D300	30,000	30,000

Gambia Telecommunication Company (Gamtel) Limited, the parent company, holds 99% of the paid up share capital and Gambia Ports Authority (GPA) holds the remaining 1%.

19 SHARE PREMIUM

The amount for share premium represents the excess of the price paid by the parent company over the nominal share value of D300.00 per share.

20 REVALUATION RESERVE

The company conducted an independent revaluation exercise of its Land and Buildings in 2015 and approved by its board in 2016. The net value increase for the Land and Buildings were D19,829,055 and D24,826,439 respectively resulting to a total net increase of D44,655,494 as shown in the accounts as at 31st December 2016.

21 <u>RETAINED EARNINGS</u>	2017 D'000	2016 D'000
Balance b/f	(400,864)	(330,925)
Add/(Less): Prior year adjustments		
Unclaimed Input VAT from 2013 to 2015	5,983	
Data and Subscription Revenue for 2015/2016	75,498	
RE: SSHFC Recovered Accrued Interest	9,801	
W/off Obsolete Scratch Cards against provisioning	883	
Net Adjustment as per Note P on Page 20	(184,489)	
Others	(61)	16
Retained profit /(Loss) Re-instated	(493,250)	(330,909)
Profit/(Loss) for the year	(132,239)	(69,955)
Balance c/f	(625,489)	(400,864)

Notes (forming part of the financial statements)

22 PROPERTY, PLANT & EQUIPMENT

	LAND & BUILDINGS	GSM EQUIPMENT	M/VEHICLES & M/CYCLES	GENERATORS	FIX., FITT. & OFF. EQUIPM'T	ACCESS SOFTWARE	W.I.P.	TOTAL
	D'000	D'000	D'000	D'000	D'000	D'000	D'000	D'000
COST								
As At 1/1/2017	67,755	1,511,118	47,365	13,566	80,489	6,249	237,242	1,963,784
Additions	0	2,610	110	2,148	7,874	0	0	12,742
Adjs./ Revaluation	0	113,386	0	0	0	0	-113,386	-
Disposals	0	0	-11,227	0	0	0	0	-11,227
As At 31/12/2017	67,755	1,627,115	36,247	15,715	88,363	6,249	123,855	1,965,299
DEPRECIATION								
As At 1/1/2017	6,535	1,352,082	46,771	10,513	62,939	6,249	0	1,485,089
Adjustments								0
Disposals			-11,227					-11,227
Charge for the year	2,396	93,551	193	1,571	6,153	0	0	103,864
As At 31/12/2017	8,931	1,445,633	35,737	12,085	69,091	6,249	0	1,577,726
NBV								
As At 31/12/2017	58,824	181,482	510	3,630	19,271	0	123,855	387,573
As At 31/12/2016	61,220	159,036	593	3,053	17,550	0	237,242	478,695
	5%	15%	25%	10%	33.33%	33.33%	0%	

The notes on pages 14 to 25 form part of the financial statements