GAMBIA TELECOMMUNICATIONS COMPANY LIMITED
(GAMTEL)

FINANCIAL STATEMENTS & REPORTS
FOR THE YEAR ENDED 31ST DECEMBER 2017

AUGUSTUS PROM
AUDIT. TAX. ADVISORY.
REGISTERED AUDITORS

3 KAIRABA AVENUE
3RD FLOOR CENTENARY HOUSE
SERREKUNDA, KMC
THE GAMBIA

MAY 2019

TABLE OF CONTENTS

Contents	Page
General Information	2-3
Board of Director's Report	4-5
Auditors Report	6-9
Income Statement	10
Balance Sheet	11
Statement of Changes in Equity	12
Cash Flow Statement	13
Notes to the Financial Statements	14-28

General Information

Board of Directors

Mr.Alhajie Tamsirr Samba Alieu Njie	Chairman
Mr.Bai Matarr Drammeh	Vice Chairman
Mr.Baboucarr Sanyang	Managing Director
Mr.Momodou Badjie	Member
Permananet Secratary – MOICI	Member
Ministry of Communication, Information & Technology	Member
Mr.Kebba Bojang- Staff Representative	Member

Board Secretary

Mr.Sarjo A S Ceesay

Bankers

Trust Bank Limited
3/4 Ecowas Avenue
Banjul, The Gambia

Zenith Bank (Gambia) Limited
49 Kairaba Avenue, Serrekunda
Banjul, The Gambia

Arab Gambian Islamic Bank Limited
Ecowas Avenue
Banjul, The Gambia

FBN Bank
48 Kairaba Avenue
Serrekunda, The Gambia.

Guaranty Trust bank (Gambia) Limited
Limited
56 Kairaba Avenue
KSMD, The Gambia

Platinum Habib Bank (Gambia)
11 Liberation Avenue
Banjul, The Gambia

Standard Chartered Bank (Gambia) Limited
8 Ecowas Avenue
Banjul, The Gambia

First International Bank Limited
Kairaba Avenue
KSMD, The Gambia

Access Bank (Gambia) Limited
Kairaba Avenue
KSMD, The Gambia

Eco Bank (Gambia) Limited
Kairaba Avenue
KSMD, The Gambia

Skye Bank (Gambia) Limited
Kairaba Avenue
KSMD, The Gambia

External Auditor

Augustus Prom
Audit. Tax. Advisory.
Registered Auditors
3Kairaba Avenue,
3rd Floor Centenary House
Serrekunda, KMC
The Gambia

Solicitors

Amie Bensouda & Co
Kanifing, KMC
The Gambia

Attorney General's Chambers
4 Marina Parade
Banjul, The Gambia.

Registered Office

GAMTEL House
3 Nelson Mandela Street
Banjul, The Gambia

Director's Report for the Year Ended 31st December 2017

1. The Directors present the audited financial statements of the Company for the year ended 31st December 2017.

2. **State of Affairs**

The results for the year ended 31st December 2017 are as set out in the attached financial statements.

3. **Principal Activities**

The principal activity of the Company is to provide voice and data services to its customers.

4. **Directors & Director's Interest**

The Directors who held office during the year are as detailed on page 2. None of the Directors who held office at the end of the financial year had beneficial financial interest in the shares of the company.

5. **Directors Responsibilities to the Financial Statements**

The Companies Act, 2013 requires the Company's Directors to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for that period.

In preparing these financial statements, the Directors are required to:

- *Select suitable accounting policies and then apply them consistently;*
- *Make judgements and estimates that are reasonable and prudent;*
- *State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;*
- *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 that disclose with reasonable accuracy at any given time, the financial position of the Company and to enable them to ensure that the financial statements comply with the provisions of the Companies Act, 2013.

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.

6. Significant Changes in Fixed Assets

Additions, disposals and revaluation of fixed assets are detailed in Note 8 of the financial statements.

7. Dividend

The Directors do not propose the payment of dividend for the year.*(Nil for 2016).*

8. External Auditors

The Company's external auditor, Augustus Prom - Audit. Tax. Advisory, as appointed through the National Audit Office has expressed willingness to continue office.

BY ORDER OF THE
GAMTEL BOARD OF DIRECTORS

.....
COMPANY SECRETARY

DATE: 21 May 2019

REGISTERED OFFICE
3 Nelson Mandela Street
Banjul, The Gambia.

AUGUSTUS PROM
AUDIT.TAX.ADVISORY.

3 Kairaba Avenue – P O Box 587, The Gambia - Telephone (220) 4378146/ 4392376 / 4378147 – Fax (220) 4378148
E-mail : admin@augustusprom.com www.augustus-prom.gm

Auditor's Opinion

We have audited the accompanying financial statements of Gambia Telecommunications Company Ltd (GAMTEL) which comprises the Balance Sheet, Income Statement, Cash Flows Statement, Statement of Changes in Equity and notes to the Financial Statements including Accounting Policies applicable to the Company.

Basis for Qualified Opinion

1. CFD Loan

As at 1st January 2017, there was an amount of GMD36.3million which was captured as a long term loan. During the year, Government settled this amount on behalf of GAMTEL. However, there was no correspondence provided to ascertain the terms and conditions of the payment and as result because of the uncertainty management has captured it as a payable to Government until a confirmation is obtained from Government. Due to the above, we were unable to express an opinion on this payable balance because there is no documents/evidence to ascertain the basis of this transaction.

Audit Opinion

In our opinion, except for the matters described in the Basis for Qualified Opinion Paragraph above, the Financial Statements give a true and fair view of the Financial Position of the Company as at 31st December 2017 and of its financial performance and its cash flows for the year then ended and has been prepared in accordance with Generally Accepted Accounting Principles and adhere to the Companies Act 2013.

Emphasis of Matter

Due to the materiality and the impact on the financial statements, we would want to bring the following to the attention of the users of the Financial Statements;

1. GAMCEL Investment

As at 31st December 2017, there is an amount of GMD93.8million captured as investments in Gamcel as per note 9 of the Financial Statements. However during our review on the investment performance of this investment, we noted there has been no dividend paid to GAMTEL from this investment and based on our review on its performance, we noted a high amount of losses has been incurred over the past 3 years. In 2015 the loss was (GMD108.03) million and further declined in 2017 to (GMD132,239). Revenue also declined from GMD492.2m in 2015 to GMD387.4m in 2017. Based on the above review, it indicates that the investment is non performing and should be impaired in line with recommend practise. However, based on discussions with management, it has been confirmed that a restructuring process is in place with regard to GAMCEL. An impairment review will be carried out as at 31st December 2018 if no improvements are noted with regard to the investment.

2. GATEWAY Funds

During the period under review, we noted an amount of GMD424.1m was recognized as income (*Inpayments)* in ledger code 1114 and GMD263,249m in ledger code 1118 as expenditure (*Outpayments)* on GATEWAY. Furthermore, we noted that on the 30th November 2017, there was a letter sent from the Ministry of Finance & Economic Affairs stating that ***all Gateway Funds*** should be transferred to the Central Bank of the Gambia Gateway Account. This correspondence indicates that Gateway Funds do not belong to GAMTEL. This is not in line with IAS 18 (*Revenue Recognition).* The main criteria for revenue recognition as per IAS 18 is that ***"It is probable that any future economic benefit associated with the item of revenue will flow to the entity".*** Government requesting the funds indicates that the economic benefit is not flowing to the entity but back to Government. As a result, ***all income and expenditure in relation to the Gateway Funds has been reversed as at 31st December 2018 and funds in the Bank Account that belong to Government are captured as a Liability to Government as per note 13. As at 31st December 2017, the total amount owed to Government on Gateway funds amounts to GMD156.8million.***

We are bringing it to the attention of the users of the Financial Statements because of its materiality and its impact on the Financial Statements of the company.

Basis of Opinion

We conducted our audit in accordance with International Standard on Auditing (ISAs). 0ur 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 Code) together with the ethical requirements that are relevant to our audit of the financial statements in The Gambia and we have fulfilled our other responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and those charged with governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles, and in the manner required by the Companies Act, 2013 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 Authorities' ability to continue as a going concern, disclosing, as applicable, matters related to going concern operations, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditors Responsibilities for the Audit of 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. Misstatement 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 scepticism throughout the audit. We also:

- *Identify and assess the risk 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, intention omissions, misrepresentations, or the override of internal control.*

- *Obtain an understanding of internal control relevant to the audit in order to design 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 management.*
- *Conclude on the appropriateness of management's use of the going concern basis of accounting and basic on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Authority'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 Company's 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. We also provide those charged with governance with a statement that we have complied with relevant ethical requirement regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The Engagement Partner on the audit resulting in this independent auditor's report is Mr Augustus F. Prom.

Augustus Prom
.....

AUGUSTUS PROM
AUDIT. TAX. ADVISORY.
REGISTERED AUDITORS

DATE: 22nd May **2019**

AUGUSTUS PROM
AUDIT, TAX ADVISORY
3 KAIRABA AVENUE, WESTFIELD KSMD
3RD FLOOR CENTENARY BUILDING
TEL:(220) 4378146 / FAX:(220) 4378148
email:admin@augustusprom.com

Income Statement

For the year ended 31st December 2017

	Notes	31st Dec 2017 GMD'000	31st Dec 2016 GMD'000
Revenue	2	684,894	939,193
Cost of sales	3	(274,633)	(474,343)
Gross Profit		**410,261**	**464,850**
Operating Expenses			
Administrative Cost	15	(177,850)	(119,434)
Personnel Costs	6	(147,353)	(137,668)
Depreciation	8	(84,800)	(171,059)
Net Operating Expenses		**(410,003)**	**(428,161)**
Operating Profit		**258**	**36,689**
Other Income	5	44,481	47,258
Profit before Interest and Tax		**44,739**	**83,947**
Interest Expense & Similar Charges		(5,066)	(12,019)
Profit before Tax	4	**39,673**	**71,928**
Taxation	7	(10,254)	(8,850)
Profit After Tax		**29,419**	**63,078**

The notes on pages 14 to 28 form an integral part of these financial statements.

Balance Sheet

As at 31st December 2017

Assets	Notes	31st Dec 2017 GMD'000	31st Dec 2016 GMD'000
Non Current Assets			
Property, Plant & Equipment	8	548,367	620,365
Investments	9	138,388	163,981
Total Non Current Assets		**686,755**	**784,346**
Current Assets			
Inventories	10	26,053	20,981
Receivables	11	914,389	730,164
Cash & Cash equivalents	14	127,111	10,323
Total Current Assets		**1,067,553**	**761,468**
Total Assets		**1,754,308**	**1,545,814**
Equity & Liabilities			
Equity			
Share capital (*Page 12*)		60,000	60,000
General reserve (*Page 12*)		10,000	10,000
Retained earnings (Page 12)		632,919	599,934
Revaluation Reserve (*Page 12*)		404,107	404,107
Total Equity		**1,107,026**	**1,074,041**
Liabilities			
Non Current Liabilities			
Borrowings due after 1 Year	12	-	31,170
		-	**31,170**
Current Liabilities			
Borrowings within 1Year	12	3,058	39,181
Trade and Other Payables	13	585,017	352,968
Bank Overdraft	14	29,409	19,167
Taxation	7	29,798	29,287
Total Current Liabilities		**647,282**	**440,603**
Total Equity & Liabilities		**1,754,308**	**1,545,814**

The Financial Statements were approved by the Board of Directors on 21 MAY *2019 and signed on its behalf by:*

DIRECTOR: ..... ***DIRECTOR:*** .....

The notes on pages 14 to 28 form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31st December 2017

	Share Capital GMD'000	General Reserve GMD'000	Retained Earnings GMD'000	Revaluation Reserve GMD'000	Total GMD'000
At 1st January 2016	**60,000**	**10,000**	**553,668**	**404, 107**	**1,027,775**
Profit for the year (***See Page 10***)	-	-	63,078	-	63,078
Prior Year Adjustment	-	-	(9,522)	-	(9,522)
Opening Balance Difference	-	-	(7,290)	-	(7,290)
At 31st December 2016	**60,000**	**10,000**	**599,934**	**404,107**	**1,074,041**
At 1st January 2017	**60,000**	**10,000**	**599,934**	**404,107**	**1,074,041**
Movements Revaluation Reserve	-				
Profit for the Year (***See Page 10***)	-	-	29,419	-	29,419
Prior Year Adjustment (***See Note 17***)	-	-	3,566	-	3,566
At 31st December 2017	**60,000**	**10,000**	**632,919**	**404,107**	**1,107,026**

The notes on pages 14 to 28 form an integral part of these financial statements.

Cash Flow Statement

As at 31st December 2017

	Notes	31st Dec 2017 GMD'000	31st Dec 2016 GMD'000
Operating Activities			
Operating Profit before tax and interest		258	36,689
Adjustments for:			
Depreciation		84,800	171,059
Increase in Provision for bad Debt.		16,718	14,738
Increase in Provision -Stock		1,032	145
Prior Year Adjustments – Tax adjustment		(20,609)	26,609
Prior Year Adjustment- Retained Earnings		3,566	(16,812)
Stock take Adjustments		2,751	24
Profit before Working Capital Changes		88,516	232,452
(Increase) /Decrease in inventory		(5,072)	(3,471)
(Increase) /Decrease in receivables		(184,225)	(39,897)
Increase in payables		232,049	(99,849
Cash Generated from Operations		131,268	89,235
Interest paid		(5,066)	(12,019)
Interest received		44,481	47,258
Income tax paid		(9,743)	(34,373)
Net Cash from operating activities		**160,940**	**90,101**
Investing Activities			
Acquisition of tangible fixed assets	8	(12,694)	(18,280)
Decrease in Investments		25,593	-
Net Cash Used by Investing Activities		**12,899**	**(18,280)**
Financing Activities			
(Decrease) in long term borrowings		(31,170)	(106,492)
(Decrease) in short term borrowings		(36,123)	(1,771)
Net Cash from Financing Activities		**(67,293)**	**(108,263)**
Net (Decrease)/Increase in Cash & Cash Equivalents		106,546	(36,442)
Cash and cash equivalent at 1st January 2017		(8,844)	27,598
Cash & Cash Equivalent at 31st December 2017		**97,702**	(8,844)

The notes on pages 14 to 28 form an integral part of these financial statements.

Notes to the Financial Statements

1. 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.

1.1 Accounting Convention

The financial statements have been prepared under the historic cost convention in accordance with Generally Accepted Accounting Principles using an accruals basis of accounting and relevant provisions of the Companies Act, 2013.

1.2 Revenue Recognition

Revenue represents the invoiced amount to local and international billing customers, prepaid revenue arising from recharge cards, interconnection revenue and sale of data services.

Revenue is recognised net after deducting Value Added Tax of 15%, Excise Duty of 5% and GRTS user fees of 1.25%.

1.3 Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation. Cost includes all cost incurred in acquiring the asset plus all directly attributable costs incurred in bringing the asset to its present location and condition for the asset to become operational.

Depreciation is provided on property, plant and equipment, excluding land, at annual rates calculated to write off the cost of each asset over its estimated useful life on a straight line basis as follows:

Buildings	*5%*
Technical equipment	*15%*
Furniture and equipment & office equipment	*15%*
Motor Vehicles	*25%*
Computer hard ware and software	*33.3%*

Subsequent measurement

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognised in the income statement as incurred.

Development expenditure

Capitalised development expenditure is stated at cost less accumulated amortisation and impairment loss.

1.4 Inventories

Inventories are valued at the lower of cost and net realisable value where cost is the purchase cost together with the related duty, freight, insurance and commission charges on a first in first out basis. Net realisable value is based on estimated selling price less all cost to be incurred in marketing and selling.

1.5 Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are converted at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Gains and losses on exchange are transferred to the income statement in the period in which they arise.

1.6 Pension scheme

Effective 1st January 2004, the company contributes 15% of employees' gross salaries to the Social Security and Housing and Finance Corporation Pension Fund. Obligations for contributions to the pension plan are recognised as expense in the income statement when incurred.

1.7 Taxation

Tax charged in the income statement is calculated in accordance with the income tax laws of the Gambia. This is based on the higher of 1.5% of turnover or 31% of taxable profits. Current tax is the expected tax payable on the taxable income for the year and is recognised in the income statement.

1.8 Impairment

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment. Assets that are subject to amortisation are reviewed whenever events or changes in circumstances indicate that the carrying value is greater than the recoverable amount. An impairment loss is recognised for the amount by which the carrying amount exceeds the recoverable amount.

1.9 Provisions

A provision is recognised in the balance sheet when the company has a legal or constructive obligation as a result of a past event, and which is probable that resources embodying economic benefits will be required to settle the obligations. A general provision of 2% on receivables and inventory.

	31- Dec 2017 GMD'000	31- Dec 2016 GMD'000
2. Revenue		
International revenue	45,801	187,196
Interconnection revenue	408,135	538,036
Local revenue	32,961	42,131
Telephone rentals	14,383	14,508
Leased lines	118,829	102,573
Prepaid card sales	148	932.00
3G Internet Services	54,146	36,626
Other services	10,491	17,191
	684,894	**939,193**

3. Cost of sales		
Material cost	92,317	77,908
Interconnection cost	136,240	212,478
International cost	46,076	183,957
	274,633	**474,343**

4. Profit on Ordinary Activities before Tax

The loss on ordinary activities before taxation is stated after charging the following:

Auditors' remuneration	844	844
Depreciation	84,800	171,059
Directors' remuneration	539	574

5. Other Income		
Insurance recoveries		
Training income	4,496	4,142
Internet services	26,621	3,143
Co- locations & E1 Link	13,063	35,349
Miscellaneous income	301	4,624
	44,481	**47,258**

6. Staff Numbers & Costs

The average number of staff employed (including directors) during the year, analyzed by category was as follows:

	31- Dec 2017	31- Dec 2016
Management	**17**	17
General Staff	**1,065**	1,043
	1,082	1,060

The aggregate payroll costs were as follows:

	31- Dec 2017 GMD'000	31- Dec 2016 GMD'000
Salaries	51,756	50,614
Pensions	16,702	15,875
Casuals	4,069	3,014
Allowances	68,892	60,052
Others	5,934	8,113
	147,353	**137,668**

7.Taxation

Income Statement

Tax charged at 30% on *Assessable* Profit based on adding back disallowed expenses	**10,254**	**8,850**

Balance Sheet

At beginning of the year	29,287	81,419
Charge for the year	10,254	8,850
Less Tax paid during the year	(9,743)	(34,373)
Less Tax Adjustments (See Note 16)	-	(26,609)
At the year end	**29,798**	**29,287**

8. Property, Plant and Equipment

	Land & Building GMD'000	Work in Progress GMD'000	Plant, equipment distribution network GMD'000	Motor Vehicle GMD'000	Furniture & office equipment GMD'000	Total GMD'000
Cost						
At 1st Jan 2017	502,527	99,408	2,686,674	59,858	230,538	3,579,005
Additions	-	3,449	1,283	3,636	4,326	12,694
Disposals	-	-	(11)	(76)	(18)	(105)
At 31 Dec 2017	**502,527**	**102,857**	**2,687,946**	**63,418**	**234,846**	**3,591,594**
Depreciation						
At 1st January 2017	114,937	-	2,571,090	49,559	222,946	2,958,532
Charge for the year	23,174	-	52,039	4,828	4,760	84,800
Disposals	-	-	(11)	(76)	(18)	(105)
At 31 Dec 2017	**138,111**	**-**	**2,623,118**	**54,311**	**227,688**	**3,043,227**
Net Book Value						
At 31st Dec2017	**364,417**	**102,857**	**64,829**	**9,107**	**7,158**	**548,367**
At 31 Dec 2016	387,590	99,408	115,584	10,299	7,484	620,365

9. Investments

	Notes	**31- Dec 2017 GMD'000**	31- Dec 2016 GMD'000
RASCOM	*9.1*	25,593	25,593
GAMCEL	*9.2*	93,833	93,833
GAMCO	*9.3*	15,600	15,600
GIA	*9.4*	166	166
GSC	*9.5*	44,389	44,389
		179,581	179,581
Provision for GAMCO impairment		(15,600)	(15,600)
Provision for RASCOM Investment		(25,593)	-
		138,388	**163,981**

9.1 RASCOM

Rascom is an inter-governmental Regional African Satellites Communications Organisation with a membership of 45 African states. Gamtel currently holds 1,113,594 shares in Rascom at $1 each out of a total share capital of $63 million.

9.2 GAMCEL

The investment represents the amount spent in the setting up of Gamcel,99% subsidiary of Gamtel which was incorporated in November 2002 with share capital of £1 million.

9.3 GAMCO

This investment represents the total advances made to the Gambia Agricultural Marketing Company Limited (GAMCO) during the period 2004 to 2005 following Gambia Government's directives issued by the Ministry of Agriculture to facilitate the groundnut trade. GAMCO is now liquidated and the amount has been fully provided for as part of the company's impairment review procedures.

9.4 GIA

This represents a 1% stake in Gambia International Airlines valued at D16,600,000 divided into 1,660,000 shares of D10 each.

9.5 Africa Coast to Europe (ACE)

On 12 July 2011, a joint agreement was signed between The Government of The Gambia through the Ministry of Finance and Economics Affairs with six companies namely: Africell, Gamtel/ Gamcel, Comium, Qcell, Netpage and Unique Solutions to establish a Public- Private Partnership (PPP) financing agreement worth USD $25 million. The purpose of the partnership was to jointly contribute towards the cost of financing the African Coast to Europe Submarine Cable (ACE) landing station in The Gambia. The project was to provide a branch landing station for the country by connecting from a submarine fibre cable laid from France through the coast of Africa to South Africa.

In the agreement, Gamtel and Gamcel are allocated 20% and 10% respectively of the capacity allocated to The Gambia representing the equivalent to their contributions to PPP financing agreement. Funds contributed through the PPP went towards the financing The Gambia Submarine Cable Company Limited (GSC Ltd) established to coordinate the activities of the landing station. The ACE landing station was completed and inaugurated in December 2012.

10. Inventories

	31- Dec 2017 GMD'000	31- Dec 2016 GMD'000
Technical materials	46,107	39,067
Stationery	3,181	4,070
Stock take Adjustment	2,234	2,281
	51,522	45,418
Less; Provision for obsolescence	(25,469)	(24,437)
	26,053	**20,981**

11. Receivables

Trade Debtors	*11.1*	1,410,828	1,235,231
Advances to Related Parties	*11.2*	2,300	2,300
Other Receivables	*11.3*	72,146	46,801
Less; Provision for Doubtful Debt	*11.4*	(570,885)	(554,168)
		914,389	**730,164**

11.1 Trade receivables

	Notes	31- Dec 2017 GMD'000	31- Dec 2016 GMD'000
Interconnection (Gamcel)	*11.1a*	371,754	330,928
Interconnection (Qcell)	*11.1a*	4,125	7,464
Interconnection (Africell)	*11.1a*	123,936	117,744
Overseas receivables	*11.1b*	28,239	1,560
Post-paid receivables	*11.1c*	842,592	737,597
Intercompany receivable- GRTS	*1 1.1d*	40,182	40,182
Intercompany -Gamtel / Gamcel		-	(244)
		1,410,828	**1,235,231**

11.1a Interconnections

The interconnections receivables represent net movements between incoming termination calls from other network operators and outgoing originating calls from Gamtel. Settlement is done after netting off as dictated in the provisions of the interconnection agreements between the operators.

11.1b Overseas receivables

Overseas receivables relates to balances due to various international network carriers. They are managed by an international partner called MGI. The international partner in 2013 was TELL Incorporated.

11.1c Post paid receivables

These relates to revenue received from customers based on various products lines offered. Any increase or decrease in provision is accounted for through the income statement.

11.1d Intercompany receivables- GRTS

This balance relates to payments made on behalf of GRTS in the form of property, plant and equipment, supplier repayment commitment and other recurring expenses.

	31- Dec 2017 GMD'000	31- Dec 2016 GMD'000
11.2 Advance to Related Parties		
GPTC	500	500
GRTS	500	500
Gamtel Staff Association	800	800
Gamtel credit union	500	500
	2,300	**2,300**

These are advances made to related party institutions which have been outstanding for several years, and have been fully provided for in these financial statements.

11.3 Other Receivables		
Staff loans	40,371	35,134
ACE Project	2,355	1,106
G2G Fraud recovery	182	187
Goods Received Note not Invoiced	19,183	7,758
GRA 10% Withholding Tax	2,690	2,616
GTMI Tuition Fees Arrears	4,861	-
Staff Association Loans Support Fund	2,251	-
Staff Association Endowment Fund	250	-
Staff Credit Union	3	-
	72,146	**46,801**
11.4 Provision for Doubtful Debts		
Post paid receivables	405,137	388,420
BEFAG Loan	80,000	80,000
Other receivables	26,162	26,162
Un-reconciled receivables	19,450	19,450
Intercompany receivables	22,197	22,197
Related parties	2,743	2,743
Ex. Staff loans	15,196	15,196
	570,885	**554,168**

12. Borrowings

	Notes	31- Dec 2017 GMD'000	31- Dec 2016 GMD'000
Due after one year			
CFD loan	*12.1*	-	32,646
Trust Bank Loan	*12.2*	3,058	-
GTMI Tuition Fees Arrears		-	(1,476)
		3,058	**31,170**
Due within one year			
CFD Loan		-	3,748
Trust bank loan		-	35,433
		-	**39,181**
Total Borrowings		**3,058**	**70,351**

12.1 Caisse Centrale De Cooperation Economique

A loan of 21.5 million French francs was obtained from CFD in July 1988 to improve and develop the telecommunications network for the Greater Banjul region, repayable over 16 years at a rate of 5%. In December 1994, the balance of the loan was settled and a new loan obtained in 1995 of 21.5 million French Francs. The loan is repayable over 30 years at a rate of interest of 1.5% to 2% repayable half yearly on 30th April and 31st October each year.

12.2 Trust Bank Loan

A loan of GMD 80 million was obtained from Trust Bank Limited in July 2009 to finance capital projects. This loan is repayable over 36 months at a rate of interest of 18.5% per annum. The facility was extended to July 2017 with an additional loan of GMD 45.996 million in July 2012. This facility is secured on a fixed charged over the company's head office properties. The loan is secured by title deeds of four properties.

13. Trade & Other Payables

	Notes	31- Dec 2017 GMD'000	31- Dec 2016 GMD'000
Trade Payables		52,073	17,868
Inter-Connection Fees – Comium	*13.1*	60,587	76,726
Deposit by Subscribers		10,310	10,283
Accruals & Other payables		34,610	23,466
Sales Tax		-	-
VAT & Excise Payable		35,504	9,694
GRTS Tax		9,487	8,069
Staff Association		-	(1,074)
MGI Tawa Advance		10,000	10,000
CDMA Network		119,936	119,936
GRA Tax Liabilities after Reconciliation		52,919	78,000
Gateway Funds due to Government	*13.2*	156,846	-
Gamtel/Gamcel Inter Company	*13.2*	6,351	-
Gambia Government/CFD Loan	*13.3*	36,394	-
		585,017	**352,968**

13.1 Interconnection - Comium

Operators charge each other interconnection fees for receiving and passing calls for other operator's network. In such a process, operators exchange at the end of each month Call detail reports (CDR's) for reconciliation purposes. Over the years, Gamtel/Comium as a result of the above process had disputes relating to the interconnection rate charges to Gamtel from Comium in which Gamtel management and the board of directors have reservations about. The matter was arbitrated by the Public Utility Regulatory Authority (PURA) and concluded with a determination in favour of Comium. However, Gamtel management and the Board of Directors continue to review and investigate the matter to find a proper resolution.

13.2 Gateway Funds due to Government – GMD 156,486million

The GMD156,486 million is the amount owed to Government of the Gambia as at 31st December 2017 through revenue generated from the GATEWAY.

13.3 Gambia Government/CFD Loan – GMD36.3million

During the year, Government settled this amount on behalf of GAMTEL. However, there was no correspondence provided to ascertain the terms and conditions of the payment and as result because of the uncertainty management has captured it as a payable to Government until a confirmation is obtained from Government.

14. Cash & Cash Equivalent

	31- Dec 2017 GMD'000	31- Dec 2016 GMD'000
Cash at Bank	126,801	7,758
Cash in Hand	310	2,565
	127,111	10,323
Bank Overdraft	(29,409)	(19,167)
	97,702	**(8,844)**

15. Administrative Cost

	31- Dec 2017 GMD'000	31- Dec 2016 GMD'000
Electricity and water	29,834	22,179
Licences/ insurance	2,824	543
Freight	261	373
Rent / rates	4,547	2,342
Directors' fees	539	574
Training	14,031	9,144
Conferences/ meetings	6,790	2,347
National travel	3,473	1,964
Consultation fees	2,533	914
Audit fee	844	844
Advertisements	3,959	1,834
Maintenance	886	2,836
International contributions	-	143
Medical	14,289	9,550
Telecommunications	301	25
Bank charges	7,912	8,536
Donations	7,225	6,160
Computer expenses	1,355	584
Internet services	18,652	19,219
Miscellaneous expenses	188	222
Other contracts	-	1,115
Other COT contributions	777	1,445
Social development expenses	755	276
Write offs account	3,119	839
Provision for bad and doubtful debts	16,718	14,738
Increase in stock provision	1.032	145
Prepaid card expenses	384	145
Fixed line operator licence	6,110	2,755
Repair 3rd party	-	15
CTO Contribution	-	25
PURA Regulatory fee	-	1,500
Postage	126	228
Cleaning material	359	328
Stock take adjustment	(2,751)	(24)
Tawa Expenses	535	37
GPPA Procurement Levy	-	1,435
Education Levy	-	50
Asset Disposal	(8)	(293)
Provision for RASCOM Investment	25,593	-

15. Administrative Cost (Continuation)

	31- Dec2017 GMD'000	31- Dec 2016 GMD'000
Exchange Loss	-	4,281
Phone shop Expenses	74	20
Other Satellite Phone Cost	-	41
Other Entertainment	6	-
Other Contribution	4,578	
	177,850	**119,434**

16. Capital Commitments

As at 31st December 2017, there were no capital commitments for the National Road Authority. (*2016; Nil).*

17. Prior Year Adjustment – GMD3,566m

The Prior year adjustment in the Retained Earnings Account is due to invoices from previous years not captured in the Creditor Account. This was adjusted to ensure the year end balances of creditors reconciled to creditor customer statements.

18. Contingent Liabilities

The contingent liabilities for the period under review is as follows;

1. Babadi Baldeh Vs GAMTEL & 1 Other Civil Suit No: HC529/09/CO/137/C1

Judgment was entered in favor of Babadi Baldeh on 20th May 2013 for the sum of:-

- *D1,350.000 (One Million Three Hundred and Fifty Thousand Dalasis) as contributory negligence;*
- *D9,715.00 (Nine Thousand Seven Hundred and Fifteen Thousand Dalasis) and CFA francs 40,715.00 as special damages.*
- *Interest of 25% per annum from 5th June 2008 to 20th May 2013 and thereafter 4% till 2payment; and,*
- *Cost of D50,000.00 (Fifty Thousand Dalasis)*

GAMTEL has appealed against the said judgment. A partial consent terms was agreed and filed in the sum of GMD350,000.00 to be paid to Babadi Baldeh plus cost awarded in the High Court in the sum of D65,000.00.

The Court of appeal on 11th February 2016 dismissed the appeal filed by GAMTEL. GAMTEL has appealed to the Supreme Court and the appeal is pending. The appeal is pending before the Supreme Court.