

GAMBIA TELECOMMUNICATIONS COMPANY LIMITED (GAMTEL)

FINANCIAL STATEMENTS & REPORTS FOR THE YEAR ENDED 31ST DECEMBER 2018

AUGUSTUS PROM AUDIT.TAX.ADVISORY. REGISTERED AUDITORS

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

AUGUST 2019

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General Information

Board of Directors

Mr Sola Mahoney

Mrs Janet Sallah - Njie

Ms Amie Njie Mr Mod Secka

Mr. Njundu Fatty Mr. Seedy Jaiteh

Mr. Abdoulie Tambedou

Mr. Ousman Jobarteh Mr. Hafigy Sisawo

Mrs Niania Dabo-Touray

Chairman

Vice Chairperson

Permanent Secretary – MOICI Permanent Secretary – MOFEA

Independent Member Ag. Managing Director

Managing Director GPA (Up to October 2018)

Managing Director GPA (From November 2018)

Staff Representative to the Board

Independent Member (Resigned in July 2018)

Board Secretary

Mr.Sarjo A S Ceesay

Bankers

Trust Bank Limited 3/4 Ecowas Avenue

Banjul, The Gambia

Arab Gambian Islamic Bank Limited

Ecowas Avenue

Banjul, The Gambia

Guaranty Trust bank (Gambia) Limited

Limited

56 Kairaba Avenue KSMD, The Gambia

FBN Bank

48 Kairaba Avenue

Banjul, The Gambia

KSMD, Serrekunda, The Gambia

Zenith Bank (Gambia) Limited

49 Kairaba Avenue, Serrekunda

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
3 Kairaba Avenue,
3rd Floor Centenary House
Serrekunda, KSMD
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 2018

1. The Directors present the audited financial statements of the Company for the year ended 31st December 2018.

2. State of Affairs

The results for the year ended 31st December 2018 are as set out in the enclosed 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 2017).

8. External Auditors

The Company's external auditor, Augustus Prom-Audit.Tax.Advisory, as appointed through the National Audit Office tenure has ended as at 31st December 2018 Audit. Auditors of the company going forward will be hired by the National Audit Office.

BY ORDER OF THE GAMTEL BOARD OF DIRECTORS

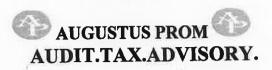
COMPANY SECRETARY

DATE: 12/12/19

REGISTERED OFFICE

3 Nelson Mandela Street Banjul, The Gambia

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

Independent Auditor's Report to the Members of Gambia Telecommunications Company Ltd (GAMTEL)

Qualified Audit Opinion

We have audited the Financial Statements of Gambia Telecommunications Company Ltd (GAMTEL) which comprises the Balance Sheet, Income Statement, Statement of Changes in Equity, Cash Flow Statements, Notes to the Accounts and Significant accounting policies including a summary of significant accounting policies.

In our opinion, except for the matters described in the Basis for Qualified Opinion Paragraph below, the Financial Statements give a true and fair view of the Financial Position of the Company as at 31st December 2018 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 adhering to the Companies Act 2013.

Basis for Qualified Opinion

A. GAMCEL Investment

As at 31st December 2018, there is an amount of GMD93.8 million captured as investments in Gamcel as per note 9 of the Financial Statements. However, during our review on the financial performance of this investment, we noted that there has been no dividend paid to GAMTEL from this investment within the investment period. We noted a high amount of losses has been incurred over the past 3 years. Furthermore, during our review on the 2018 Audited Financial Statements of GAMCEL, we noted that the Auditors have qualified their opinion that they doubt the Entity's ability to continue as a going concern mainly due to the fact that GAMCEL's current liability exceeds the total assets by GMD364.9m. As a result, we are off the opinion that the carrying value of the investment in the GAMTEL Financial Statements is overstated which should be Nil Value. Therefore, we are unable to express an opinion on this balance reported in the Financial Statements of GAMTEL as at 31st December 2018.

B. Receivables from GAMCEL - GMD424m

As at 31st December 2018, there is an amount of GMD424 million to be received from GAMCEL. Considering the current financial situation of GAMCEL as declared by their auditors, we are off the view that a 100% provision should be raised because we highly doubt the recoverability of this amount. We are unable to express an opinion on this receivable balance due to GAMTEL from GAMCEL.

C. Goods Received Notes not Invoiced

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We noted an amount of GMD19.8million in ledger code 7415 titled Goods Received note not invoiced. Upon discussions with the procurement unit we were informed it relates to a control account for stock items due to be received. We requested for the breakdown of stock to be received or invoices but management was unable to provide. As a result, we were unable to express an opinion on this balance.

D. Receivable from GRTS

During the audit, we sent a letter to the Gambia Radio Television Services (GRTS) to confirm on amount owed to GAMTEL as at year end. As at 31st December 2018, GAMTEL has a total amount to be received from GRTS amounting to GMD40.63million whilst GRTS only confirmed GMD247,481 giving a difference of GMD40.38million not confirmed. As a result of this difference, we are unable to express an opinion on the existence of the Receivable Balance from GRTS.

E. AGIB BANK-PARTNERSHIP ACCOUNT

We noted that Bank Reconciliations were not prepared for the AGIB Partnership Account with a closing balance of GMD4.59m whilst the Bank Statement has a Nil Balance. As a result, we will be unable to express an opinion on the bank balance reported in the Financial Statements.

We conducted our audit in accordance with International Standard 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 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.

Emphasis of Matter - Gateway Revenue

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

1. GATEWAY Funds - International Gateway

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 is not captured in the Financial Statements of GAMTEL as at 31st December 2018 (2017). The only amount captured in relation to the GATEWAY Funds is the amount to be paid to Government as per note 13 amounting to GMD142.6m which is recognised as a liability. 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.

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 Companies' 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 Company'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 communicated 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.

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

AUGUSTUS PROM AUDIT.TAX.ADVISORY. REGISTERED AUDITORS

DATE: 13" DELEMBE 2019

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Income Statement

For the year ended 31^{st} December 2018

a 8		31st Dec 2018	31st Dec 2017
	Notes	GMD'000	GMD'000
Revenue	2	544,239	684,894
Cost of sales	3	(160,617)	(274,633)
Gross Profit		383,622	410,261
Operating Expenses			
Administrative Cost	15	(163,894)	(177,850)
Personnel Costs	6	(148,273)	(147,353)
Depreciation	8	(78,364)	(84,800)
Net Operating Expenses		(390,531)	(410,003)
Operating Profit		(6,909) ≯	258
Other Income	5	53,620	44,481
Profit before Interest and Tax		46,711	44,739
Interest Expense & Similar Charges		(19,582)	(5,066)
Profit before Tax	4	27,129	39,673
Taxation	7	(19,049)	(10,254)
Net Profit for the Year		8,080	29,419
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The notes on pages 14 to 29 f	orm an inte	egral part of these fina	ncial statements.

Balance Sheet

TO OCTUBE OF THE PARTY OF THE P			
As at 31st December 2018			01st Day 2017
		31st Dec 2018	31st Dec 2017
Assets	Notes	GMD,000	GMD'000
Non Current Assets		495 450	548,367
Property, Plant & Equipment	8	477,459	138,388
Investments	9	138,388	
Total Non Current Assets		615,847	686,755
Current Assets	10	24.099	26,053
Inventories	10	24,988	914,389
Receivables	11	1,052,301	127,111
Cash & Cash equivalents	14	104,161	12/,111
Total Current Assets		1,181,450	1,067,553
Total Assets		1,797,297	1,754,308
Equity & Liabilities		*	
Equity & Diabilities	V. 18.	- 5.50	
Equity		60,000	60,000
Share capital (Page 12)		10,000	10,000
General reserve (Page 12)		573,816	632,919
Retained earnings (Page 12)		404,107	404,107
Revaluation Reserve (Page 12)		404,107	
Total Equity		1,047,923	1,107,026
Liabilities	81 D. 15 T	A TOTAL NAME OF	*** ***
Non Current Liabilities			
Borrowings due After 1 Year	12	13,203	Ø ≡
		13,203	
			<u> </u>
Current Liabilities		12 166	3,058
- Borrowings within 1Year	12		585,017
Trade and Other Payables	13	11	29,409
Bank Overdraft	14		•
Taxation ·		42,062	29,798
Total Current Liabilities		736,171	647,282
		1,797,297	1,754,308
Total Equity & Liabilities			

The Financial Statements were approved by the Board of Directors on 12/12/2019 and signed on its behalf by:

DIRECTOR: DIRECTOR: DIRECTOR: The notes on pages 14 to 29 form an integral part of these financial statements.

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Gambia Telecommunications Company Ltd. (GAMTEL) Financial Statements & Reports for The Year Ended 31st December 2018

Statement of Changes in Equity

For the year ended 31st December 2018

Total GMD'000	1,074,041	29,419	1,107,026	1,107,026 8,080 (67,183)	1,047,923
Revaluation Reserve GMD'000	404, 107	1. ai	404,107	404,107	404,107
Retained Earnings GMD'000	599,934	29,419 3,566	632,919	632,919 8,080 (67,183)	573,816
General Reserve GMD'000	10,000	į ir	10,000	10,000	10,000
Share Capital GMD'000	000'09		000'09	- (2	000'09
	At 1st January 2017	Profit for the Year (See Page 10) Prior Year Adjustment (See Note 17)	At 31st December 2017 ==	At 1st January 2018 Profit for the Year (See Page 10) Prior Year Adjustment (See Note 17)	At 31st December 2018

The notes on pages 14 to 29 form an integral part of these financial statements.

Cash Flow Statement

As at 31st December 2018

As at 31" December 2018			
		31st Dec 2018	31st Dec 2017
	Notes	GMD'000	GMD'000
Operating Activities			
Operating Profit before tax and interest Adjustments for:		(6,909)	258
Depreciation		78,364	84,800
Increase in Provision for bad Debt.		17,814	16,718
Increase in Provision -Stock		970	1,032
Prior Year Adjustments - Tax adjustment			(20,609) عدر
Prior Year Adjustment- Retained Earnings		(67,183)	3,566
Stock take Adjustments		- 400	2,751
Prior Year Adjustment - Depreciation		44,654 ch	western carry
D. Call Con Working Conital Changes		67,710	88,516
Profit before Working Capital Changes		97	(5,072)
(Increase) /Decrease in inventory		(155,727)	(184,225)
(Increase) /Decrease in receivables		94,138	232,049
Increase in payables		<u>74,130</u>	<u>232,047</u>
Cash Generated from Operations		6,218	131,268
Interest paid		(19,582)	(5,066)
Interest received		53,620	44,481
Income tax paid		(6,785)	(9,743)
Net Cash from operating activities		33,471	160,940
Investing Activities		3	
Acquisition of tangible fixed assets	8	(52,111)	(12,694)
Decrease in Investments		-	25,593
Net Cash Used by Investing Activities		(52,111)	12,899
Financing Activities			-
(Decrease) in long term borrowings		26,369	(31,170)
(Decrease) in short term borrowings		(3,058)	(36,123)
Net Cash from Financing Activities		23,311	(67,293)
		16	· ·
Net (Decrease)/Increase in Cash & Cash E	quival	ents 4,671	106,546
Cash and cash equivalent at 1st January 20)18	97,702	(8,844)
Cash & Cash Equivalent at 31st Decemb	er 201	18 102,373	97,702
·			

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 the 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% of turnover or 27% 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 2018 GMD'000	31- Dec 2017 GMD'000
2.	Revenue		
	International revenue		45,801
	Interconnection revenue	367,905	408,135
	Local revenue	22,402	32,961
	Telephone rentals	14,239	14,383
	Leased lines	101,171	118,829
	Prepaid card sales	="	148
	Internet Services	17,418	54,146
	Other services	21,104	10,491
		544,239	684,894
3	. Cost of sales		
	N. 6 (82,070	92,317
	Material cost Interconnection cost	78,547	136,240
	International cost	70,517	46,076
		160,617	274,633
	. Profit on Ordinary Activi	ties before Tax	
4	The Profit on ordinary activity following:		ted after charging the
	Auditors' remuneration	844	844
	Depreciation	78,364	84,800
	Directors' remuneration	623	539
	Directors tollimiciation		
5	5. Other Income		
	Training income	7,649	4,496
	Internet services	44,138	26,621
	Hitellief selvices	1,064	12.062

Co-locations & El Link

Miscellaneous income

1,364

53,620

469

13,063 301

44,481

6. Staff Numbers & Costs

The average number of staff employed during the year, analysed by category was as follows:

	31- Dec 2018	31- Dec 2017
Management	17	17
General Staff	1,079	1065
	1,096	1,082
	*******	,)
The aggregate payroll costs were as follow	vs:	
	31- Dec 2018 GMD'000	31- Dec 2017 GMD'000
Salaries	55,050	51,756
Pensions	17,350	16,702
Casuals	4,115	4,069
Allowances	67,418	68,892
Others	4,340	5,934
	148,273	147,353
7. Taxation		
Income Statement		
Tax charged at 27% on <u>Assessable</u> Profit based on adding back disallowed expense	19,049 ======	10,254
Balance Sheet		15
At beginning of the year	29,798	29,287
Charge for the year	19,049	10,254
Less Tax paid during the year	(6,785)	(9,743)
At the Year End	42,062	29,798

Gambia Telecommunications Company Ltd. (GAMTEL) Financial Statements & Reports for The Year Ended 31st December 2018

	Total GMD'000	3,591,594	52,111	3,643,736	3,043,228 78,364 31 44,654	3,166,277	548,367
	Furniture & Office Equipment GMD'000	234,846	7,966	242,842	227,688 3,362 29 41	231,120	7,158
	Motor Vehicle GMD'000	63,418	18,735	82,155	54,311 9,512 2	63,825	9,107
	Plant, equipment distribution network GMD'000	2,687,946	2,253	2,750,146	2,623,118 41,828 - 44,127	2,709,073	64,829
	Work in Progress GMD'000	102,857	23,128	56,284			56,284
Property, Plant and Equipment	Land & Building GMD'000	502,527	28	512,310	138,111 23,662 - 487	162,259	350,050
8. Property, Plan		Cost At 1st Jan 2018	Additions Disposals	At 31 Dec 2018	Depreciation At 1st January 2018 Charge for the year Disposals Prior Year Adjustment	At 31 Dec 2018	Net Book Value At 31 Dec 2018 At 31st Dec 2017

9. Investments

	Notes	31- Dec 2018 GMD'000	31- Dec 2017 GMD'000
RASCOM	9.1	7 <u>-</u>	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
		153,988	179,581
Provision for GAMCO in	npairment	(15,600)	(15,600)
Write-Off - RASCOM I	nvestment	•	(25,593)
		138,388	138,388

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. As at 31st December 2017, due to the investment non performing; the board approved the write off.

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.

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 GMD16,600,000 divided into 1,660,000 shares of GMD10 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	l- Dec 2018	31- Dec 2017
		GMD'000	GMD'000
Technical materials		45,478	46,107
Stationery		3,442	3,181
Stock take Adjustment		2,507	2,234
*		51,427	51,522
Less; Provision for obsolescence		(26,439)	(25,469)
		24,988	26,053
			1 -1-1/1-1/1-1
11. Receivables			
Trade Debtors	11.1	1,567,064	1,410,828
Advances to Related Parties	11.2	1,800	2,300
Other Receivables	11.3	72,137	72,146
Less; Provision for Doubtful Debt	11.4	(588,700)	(570,885)
		1,052,301	914,389

		31- Dec 2018 GMD'000	31- Dec 2017 GMD'000
11.1 Trade receivables			
	Notes		
Interconnection (Gamcel)	11.1a	424,001	371,754
Interconnection (Qcell)	11.1a	20,011	4,125
Interconnection (Africell)	11.1a	156,087	123,936
Overseas receivables	11.1b	28,539	28,239 🚜
Post-paid receivables	11.1c	897,794	842,592
Receivable- GRTS	11.1d	40,632	40,182
		1,567,064	1,410,828

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 2018 GMD'000	31- Dec 2017 GMD'000
11.2 Advance to Related Parties		
GPTC		500
GRTS	500	500
Gamtel Staff Association	800	800
Gamtel Credit Union	500	500
	1,800	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	46,653	40,371
	ACE Project	2,663	2,355
	G2G Fraud recovery		182
	Goods Received Note not Invoiced	19,874	19,183
	GRA 10% Withholding Tax	2,690	2,690
	GTMI Tuition Fees Arrears	#	4,861
	Staff Association Loans Support Fund		2,251
	Staff Association Endowment Fund	250	250
	Staff Credit Union	4	3
	Others	3	2
		72,137	72,146
11.4	Provision for Doubtful Debts) <u></u> Y	
	Post-paid receivables	422,952	405,137
	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
		588,700	570,885

12. Borrowings

	Notes	31- Dec 2018 GMD'000	31- Dec 2017 GMD'000
Due after one year			
Trust Bank Loan 2% Gov't Loan 2018/2022	12.1 12.2	13,203	3,058
		13,203	3,058
Due within one year			
2% GOV'T Loan 2018/2022 AGIB/GAMTEL Loan	12.2 12.3	4,950 8,216	-
		13,166	-
Total Borrowings		26,369 ======	3,058

12.1 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.

12.2 Government Loan from Gateway Funds - 2%

On the 12th of July 2018, the Ministry of Finance & Economic Affairs approved management to use an amount of USD410,000 / GMD19,803 million to be withdrawn from the restricted GATEWAY Funds as a soft loan to procure 12 Pick Up Vehicles. The loan will attract an interest rate of 2% per annum and repayable in 48 Instalment months effective September 2018.

12.3 AGIB Loan Facility

On the 27th March 2018, AGIB Bank have offered a Murabaha Financing Facility of GMD15,325,000 to GAMTEL to be repaid from 27th March 2018 to 31st August 2019 to cover a period of 18 Months.

31- Dec 2018 GMD'000	31- Dec 2017 GMD'000	
59,727	52,073	
45,478		
171	•	
•	•	1 (M Baumb
		act of payme
•		
10,000	•	
119,936	119,936	
52,919	52,919	
142,609	156,846	
14,939	6,351	
36,394	36,394	
679,155	585,017	
	59,727 45,478 83,711 102,955 10,487 10,000 119,936 52,919 142,609 14,939 36,394	GMD'000 GMD'000 59,727 52,073 45,478 60,587 10,310 34,610 83,711 34,610 102,955 35,504 10,487 9,487 10,000 10,000 119,936 119,936 52,919 52,919 142,609 156,846 14,939 6,351 36,394 36,394

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 142,609million (2017; GMD156,486)

The GMD142,609 million is the amount owed to Government of the Gambia as at 31st December 2017 through revenue generated from the GATEWAY Funds.

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.

31- Dec 2018 GMD'000	31- Dec 2017 GMD'000
103,009 1,152	126,801 3,429
104 161	130,230
(1,788)	(29,409)
102,373	100,821
	103,009 1,152 104,161 (1,788)

	31- Dec2018 GMD'000	31- Dec 2017 GMD'000
15. Administrative Cost		
Electricity and water	39,338	29,834
Licences/insurance	5,928	2,824
Freight	805	261
Rent / rates	1,317	4,547
Directors' fees	623	539
Space Segment Rental	861	= > =
Training	11,292	14,031
Conferences/ meetings	5,932	6,790
National travel	3,847	3,473
Consultation fees	1,274	2,533
Audit fee	844	844
Advertisements	1,809	3,959
Maintenance	4,468	886
International contributions	9,523	,
Medical	13,675	14,289
Telecommunications	18	301
Bank charges	5,510	7,912
Donations	₹868	7,225
Computer expenses	95	1,355
Internet services	21,001	18,652
Miscellaneous expenses	267	188
Other COT contributions		777
Social development expenses	4 8,688	755
Write Off Accounts	≟ (1	3,119
Provision for bad and doubtful debts	17,814	16,718
Other Provision for Obsolete	970	
Increase in stock provision		1,032
Prepaid card expenses	131	384
Fixed line operator licence	3,613	6,110
Postage	241	126
Cleaning material	472	359
Stock take adjustment	1,597	(2,751)
Tawa Expenses	25	535
Education Levy	100	-
Asset Disposal	(31)	(8)
Provision for RASCOM Investment		25,593

15. Administrative Cost (Continuation)

	31- Dec2018 GMD'000	31- Dec 2017 GMD'000
Phone shop Expenses	19	74
Other Entertainment	175	6
Other Contribution	<u> </u>	4,578
GTMI YEP Expenditure	785	-
	163,894	177,850
16. Capital Commitments		
Authorised by the Board & Contracted		=
	- 200 magai	-
		1 :

17. Prior Year Adjustment

The Prior year adjustment in 2017 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.

The Prior Year Adjustment in 2018 amounts to GMD67.1million which is an opening balance difference between the Accounting System of GAMTEL and the Closing Audited Balances as at 31st December 2018.

18. Events after the Reporting Period

The Company has no events after the Financial Position date which would materially impact on its Financial Position or results.

19. Related Party Transactions

During the year, the Company entered into the following transactions with related parties;

A. Amount owed by Related Parties

	Notes	31- Dec2018 GMD'000	31- Dec 2017 GMD'000
Interconnection (Gamcel) Receivables – GRTS	11.1	424,001	371,754
	11.1	41,132	40,182

GAMTEL owns 99% of GAMCEL and the amount owed to GAMTEL by the Subsidiary is captured above. GRTS is owned by the Gambia Government and GAMTEL is also owned by the Gambia Government. The above balances have been Qualified in the Audit Opinion due to the doubt of GAMCEL being able to settle the outstanding balance due to going concern of GAMCEL. With regard to the GRTS balance, this balance has not been confirmed by GRTS as amount owed to GAMTEL.

B. Directors Remuneration

Details of Directors Remuneration is captured in the disclosures under Note 4 of the Financial Statements.

C. Amounts due to Related Parties

	Notes	31- Dec2018 GMD'000	31- Dec 2017 GMD'000
2% Government Loan	12.1	18,153	S=
Gateway Funds due to Gov't	13	142,609	156,846
Gambia Government CFD	13	36,394	36,394

The above amounts are yearend balances which are due to Government that owns 100% of GAMTEL.

Note	es	31- Dec2018 GMD'000	31- Dec 2017 GMD'000
GAMTEL/GAMCEL Inter Co. 1	3	14,939	6,351

The above amount is the year end balance owed to GAMCEL by GAMTEL in which GAMTEL owns 99% of the Company.

20. 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:-

- GMD1,350.000 (One Million Three Hundred and Fifty Thousand Dalasis) as contributory negligence;
- GMD9,715.00 (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 payment;
 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 GMD65,000.00.

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 now pending before the Supreme Court.

2. MGFS Business VS Gambia Telecommunications Company Limited (GAMTEL)

The Complaint filed this review application to the Independent Complaints Review Board (ICRB) on the 9th day of May 2018 against the decision of the Respondent (GAMTEL) to award a tender to Nifty ICT Solutions for the supply of a Biometric Attendance Machine.

The Respondent opposed the application on point of jurisdiction. Written briefs ordered on the objection are exchanged.

The matter is now pending for ruling.