GAMBIA TELECOMMUNICATIONS COMPANY LIMITED
(GAMTEL)

FINANCIAL STATEMENTS & REPORTS
FOR THE YEAR ENDED 31ST DECEMBER 2016

AUGUSTUS PROM
AUDIT. TAX. ADVISORY.
REGISTERED AUDITORS

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

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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

Arab Gambian Islamic Bank Limited
Ecowas Avenue
Banjul, The Gambia

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

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

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

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

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

FBN Bank
48 Kairaba Avenue
Serrekunda, The Gambia.

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

First International Bank Limited
Kairaba Avenue
KSMD, The Gambia

Eco 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, 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 2016

1. The Directors present the audited financial statements of the Company for the year ended 31st December 2016.

2. **State of Affairs**

The results for the year ended 31st December 2016 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 (Gambia) 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 (Gambia) 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 2015).*

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: 29 March 2018

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 REPORT TO THE MEMBERS OF THE GAMBIA TELECOMMUNICATIONS COMPANY LIMITED (GAMTEL)

We have audited the Company's financial statements and notes thereto for the year ended 31st December 2016 set out on pages 8 to 25.The financial statements have been prepared under the historical cost convention.

DIRECTORS RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation and the fair presentation of these financial statements in accordance with the Companies (Gambia) Act, 2013 and Generally Accepted Accounting Principles (GAAP). These responsibilities also include maintaining adequate internal controls relevant to the preparation of financial statements that are to be free from material misstatement whether due to fraud or error; selecting and applying appropriate accounting policies that are consistent with Generally Accepted Accounting Principles and making reasonable accounting estimates.

AUDITOR'S RESPONSIBILITIES

Our objective is to express an independent opinion on the Company's financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA) as promulgated by the International Federation of Accountants (IFAC). These standards require that we comply with ethical requirements, plan and perform the audit in-order to obtain reasonable assurance, as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Income Statement

For the year ended 31st December 2016

	Notes	2016 GMD'000	2015 GMD'000
Revenue	2	**939,193**	1,321,874
Cost of sales	3	**(474,343)**	(884,548)
Gross Profit		**464,850**	437,326
Operating Expenses			
Administrative Cost	15	**(119,434)**	(121,900)
Personnel Costs	6	**(137,668)**	(132,449)
Depreciation & Amortisation	8	**(171,059)**	(162,055)
Net Operating Expenses		**(428,161)**	(416,404)
Operating Profit		**36,689**	20,922
Other Income	5	**47,258**	40,607
Profit before Interest and Tax		**83,947**	61,529
Interest Expense & Similar Charges		**(12,019)**	(28,765)
Profit before Tax	4	**71,928**	32,764
Taxation	7	**(8,850)**	(20,437)
Profit after Tax		**63,078**	12,327

The notes on pages 12 to 25 form an integral part of these financial statements.

AUDITOR'S OPINION

In our opinion, the Financial Statements give a true and fair view of the Financial Position of the Company as at 31st December 2016 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 (Gambia) Act 2013.

Augustus Prom
.....
AUGUSTUS PROM
AUDIT. TAX. ADVISORY
REGISTERED AUDITORS

Augustus Prom
Audit . Tax Advisory

DATE: 30-March- **2018**

Balance Sheet

As at 31st December 2016

Assets	*Notes*	**2016 GMD'000**	2015 GMD'000
Non Current Assets			
Property, Plant & Equipment	*8*	**620,365**	773,143
Investments	*9*	**163,981**	163,981
		784,346	937,124
Current Assets			
Inventories	*10*	**20,981**	17,510
Receivables	*11*	**730,164**	690,267
Cash & Cash equivalents	*14*	**10,323**	41,500
Total Current Assets		**761,468**	749,277
Total Assets		**1,545,814**	1,686,401
Equity & Liabilities			
Equity			
Share capital (*Page 10*)		**60,000**	60,000
General reserve (*Page 10*)		**10,000**	10,000
Retained earnings (Page 10)		**599,934**	553,668
Revaluation Reserve (*Page 10*)		**404,107**	404,107
Total Equity		**1,074,041**	1,027,775
Liabilities			
Non Current Liabilities			
Borrowings due after 1 Year	*12*	**31,170**	137,662
		31,170	137,662
Current Liabilities			
Borrowings within 1Year	*12*	**39,181**	40,952
Trade and Other Payables	*13*	**352,968**	384,692
Bank Overdraft	*14*	**19,167**	13,901
Taxation	*7*	**29,287**	81,419
Total Current Liabilities		**440,603**	520,964
Total Equity & Liabilities		**1,545,814**	1,686,401

The Financial Statements were approved by the Board of Directors on 29 March *2018 and signed on its behalf by:*

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

The notes on pages 12 to 25 form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31st December 2016

	Share Capital GMD'000	General Reserve GMD'000	Retained Earnings GMD'000	Revaluation Reserve GMD'000	Total GMD'000
At 1st January 2015	60,000	10,000	559,389	-	629,389
Revaluation Reserve	-	-	-	404,107	404,107
Profit for the year (*See Page 8*)	-	-	12,326	-	12,326
Prior Year Adjustment (*See note 16*)	-	-	(18,047)	-	(18,047)
At 31st December 2015	**60,000**	**10,000**	**553,668**	**404,107**	**1,027,775**
At 1st January 2016	60,000	10,000	553,668	404,107	1,027,775
Movements Revaluation Reserve	-	-	-	-	-
Profit for the year	-	-	63,078		63,078
Prior Year Adjustment (*See Note 17*)	-	-	(9,522)	-	(9,522)
Opening Balance Diff. (*See Note 17*)	-	-	(7,290)	-	(7,290)
At 31st December 2016	**60,000**	**10,000**	**599,934**	**404,107**	**1,074,041**

The notes on pages 12 to 25 form an integral part of these financial statements.

Cash Flow Statement

As at 31st December 2016

	Notes	2016 GMD'000	2015 GMD'000
Operating Activities			
Operating Profit before tax and interest		36,689	20,922
Adjustments for:			
Depreciation		171,059	162,054
Increase in Provision for bad Debt.		14,738	1,558
Increase in Provision -Stock		145	11,473
Prior Year Adjustments – Tax adjustment		26,609	4,561
Prior Year Adjustment- Retained Earnings		(16,812)	(18,515)
Stock take Adjustments		24	175
Profit before Working Capital Changes		232,452	182,228
(Increase) /Decrease in inventory		(3,471)	12,150
(Increase) /Decrease in receivables		(39,897)	(128,479)
Increase in payables		(99,849)	126,236
Cash Generated from Operations		89,235	192,135
Interest paid		(12,019)	(28,765)
Interest received		47,258	40,607
Income tax paid		(34,373)	(6,000)
Net Cash from operating activities		90,101	197,977
Investing Activities			
Acquisition of tangible fixed assets	8	(18,280)	(148,824)
Net Cash Used by Investing Activities		(18,280)	(148,824)
Financing Activities			
(Decrease) /Increase in long term borrowings		(106,492)	(25,732)
Increase in short term borrowings		(1,771))	31,671
Net Cash from Financing Activities		(108,263)	5,939
Net (Decrease)/Increase in Cash & Cash Equivalents		(36,442)	54,742
Cash and cash equivalent at 1st January 2016		27,598	(27,144)
Cash & Cash Equivalent at 31st December 2016		(8,844)	27,598

The notes on pages 12 to 25 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 (Gambia) 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.

2. Revenue

	31- Dec 2016 GMD'000	31- Dec 2015 GMD'000
International revenue	187,196	592,387
Interconnection revenue	538,036	554,068
Local revenue	42,131	47,600
Telephone rentals	14,508	14,706
Leased lines	102,573	85,143
Prepaid card sales	932	1,217
3G Internet Services	36,626	21,169
Other services	17,191	5,584
	939,193	1,321,874

3. Cost of sales

Material cost	77,908	51,033
Interconnection cost	212,478	255,922
International cost	183,957	577,593
	474,343	884,548

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	171,059	162,054
Directors' remuneration	574	568

5. Other Income

Insurance recoveries	-	9
Training income	4,142	4,505
Internet services	3,143	7,507
Exchange loss	-	2,900
Co- locations & E1 Link	35,349	24,423
Miscellaneous income	4,624	1,263
	47,258	40,607

6. Staff Numbers & Costs

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

	31- Dec 2016	31- Dec 2015
Management	17	17
General Staff	1,043	1,068
	1,060	1,085

The aggregate payroll costs were as follows:

	31- Dec 2016 GMD'000	31- Dec 2015 GMD'000
Salaries	50,614	50,080
Pensions	15,875	15,333
Casuals	3,014	1,912
Allowances	60,052	59,312
Others	8,113	5,812
	137,668	132,449

7 .Taxation

Income Statement

Tax charged at 31% on *Assessable* Profit based on adding back disallowed expenses to the loss before tax and then deducting allowable tax deductions.	8,850	20,437

Balance Sheet

At beginning of the year	81,419	71,542
Charge for the year	8,850	20,437
Less Tax paid during the year	(34,373)	(6,000)
Less Tax Adjustments (See Note 16)	(26,609)	(4,560)
At the year end	29,287	81,419

8. Property, Plant and Equipment

	Land & Building GMD	Work in Progress GMD	Plant, equipment distribution network GMD	Motor Vehicle GMD	Furniture & office equipment GMD	Total GMD
Cost						
At 1st Jan 2016	502,527	96,899	2,684,510	50,017	226,771	3,560,724
Additions	-	2,509	2,164	9,841	3,767	18,281
At 31 Dec 2016	**502,527**	**99,408**	**2,686,674**	**59,858**	**230,538**	**3,579,005**
Depreciation						
At 1st January 2016	90,032	-	2,432,265	45,194	220,090	2,787,581
Charge for the year	24,905	-	138,825	4,365	2,964	171,059
At 31 Dec 2016	**114,937**	**-**	**2,571,090**	**49,559**	**223,054**	**2,958,640**
Net Book Value						
At 31st Dec 2016	**387,590**	**99,408**	**115,584**	**10,299**	**7,484**	**620,365**
At 31 Dec 2015	412,494	96,899	74,656	4,823	184,268	773,140

9. Investments

	Notes	31- Dec 2016 GMD'000	31- Dec 2015 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)
		163,981	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 2016 GMD'000	31- Dec 2015 GMD'000
Technical materials	**39,067**	36,012
Stationery	**4,070**	3,716
Stock take adjustment	**2,281**	2,074
	45,418	41,802
Less; Provision for obsolescence	**(24,437)**	(24,292)
	20,981	17,510

11. Receivables

	Notes		
Trade Debtors	*11.1*	**1,235,231**	1,298,030
Advances to Related Parties	*11.2*	**2,300**	2,300
Other Receivables	*11.3*	**46,801**	31,574
Less; Provision for Doubtful Debt	*11.4*	**(554,168)**	(607,763)
		730,164	690,267

11.1 Trade receivables

	Notes	31- Dec 2016 GMD'000	31- Dec 2015 GMD'000
Interconnection (Gamcel)	*11.1a*	330,928	264,346
Interconnection (Qcell)	*11.1a*	7,464	10,417
Interconnection (Africell)	*11.1a*	117,744	132,850
Overseas receivables	*11.1b*	1,560	97,616
Post-paid receivables	*11.1c*	737,597	718,746
Intercompany receivable- GRTS	*11.1d*	40,182	40,181
Intercompany -Gamtel / Gamcel		(244)	-
		1,235,231	1,264,156

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.

11.2 Advance to Related Parties

	31- Dec 2016 GMD'000	31- Dec 2015 GMD'000
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	35,134	31,574
ACE Project	1,106	-
G2G Fraud recovery	187	-
Goods Received Note not Invoiced	7,758	-
GRA 10% Withholding Tax	2,616	-
	46,801	31,574

11.4 Provision for Doubtful Debts

Post paid receivables	415,250	442,015
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
	580,998	607,763

12. Borrowings

	Notes	31- Dec 2016 GMD'000	31- Dec 2015 GMD'000
Due after one year			
CFD loan	*12.1*	**32,646**	30,429
Trust Bank Loan	*12.2*	-	23,443
AFREXIM bank loan	*12.3*	-	39,910
Gambia Government loan	*12.4*	-	43,880
GTMI Tuition Fees Arrears		**(1,476)**	-
		31,170	137,662
Due within one year			
CFD Loan		**3,748**	3,512
Trust bank loan		**35,433**	37,440
AFREXIM bank loan		-	-
		39,181	40,952
Total Borrowings		**70,351**	178,614

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 2016 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.

12.3 AFREXIM Bank Loan

Due to obsolesce condition of the network infrastructure posing high risk to service delivery, Gamtel sought approval from the Government for replacement of exchange areas that are vulnerable to occurrence of such risk. In preventing such a risk occurring, the company embarked on replacing some of the switching equipment through vendor financing from Huawei International. For the vendor to be certain of servicing of the facility, Gamtel decided to enter into a facility agreement in relation to the receivable purchase agreement with African Export-Import Bank (AFREXIM Bank). The facility was for USD $3 million payable over 3 years to end of December, 2016.

12.4 Gambia Government Loan

The above loan represents a refund to Ministry of Finance and Economic Affairs for payment on behalf of Gamtel on over-due installments from the Afrexim bank loan.

13. Trade & Other Payables

	Notes	**31- Dec 2016 GMD'000**	31- Dec 2015 GMD'000
Trade Payables		**17,868**	12,417
Inter-Connection Fees – Comium	*13.1*	**76,726**	92,118
Deposit by Subscribers		**10,283**	10,267
Accruals & Other payables		**23,466**	53,909
Sales Tax		**-**	31,142
VAT & Excise Payable		**9,694**	29,687
GRTS Tax		**8,069**	7,185
Staff Association		**(1,074)**	(250)
GTMI Tuition Arrears		**-**	1,343
MGI Tawa Advance		**10,000**	10,000
CDMA Network		**119,936**	119,936
Foreign Admin		**-**	16,938
GRA Tax Liabilities after Reconciliation		**78,000**	-
		352,968	384,692

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.

14. Cash & Cash Equivalent

	31- Dec 2016 GMD'000	31- Dec 2015 GMD'000
Cash at bank	**7,758**	41,198
Cash in hand	**2,565**	302
	10,323	41,500
Bank Overdraft	**(19,167)**	(13,902)
	(8,844)	27,598)

15. Administrative Cost

	31- Dec 2016 GMD'000	31- Dec 2015 GMD'000
Electricity and water	22,179	13,961
Licences/ insurance	543	3,041
Freight	373	310
Rent / rates	2,342	1,705
Directors' fees	574	568
Space segment rental	-	993
Training	9,144	13,410
Conferences/ meetings	2,347	2,989
National travel	1,964	1,351
Consultation fees	914	679
Audit fee	844	844
Entertainments	-	24
Advertisements	1,834	2,937
Maintenance	2,836	3,674
International contributions	143	-
Medical	9,550	11,113
Telecommunications	25	293
Bank charges	8,536	4,765
Donations	6,160	3,489
Computer expenses	584	498
Internet services	19,219	19,688
Miscellaneous expenses	222	180
Other contracts	1,115	1,673
Other COT contributions	1,445	1,126
Social development expenses	276	607
Write offs account	839	-
Provision for bad and doubtful debts	14,738	1,558
Increase in stock provision	145	11,473
Prepaid card expenses	145	2,728
Fixed line operator licence	2,755	3,040
FAD ACT other loan interest	-	2,460
Repair 3rd party	15	28
CTO Contribution	25	70
PURA Regulatory fee	1,500	10,301
Postage	228	94
Cleaning material	328	398
Stock take adjustment	(24)	(175)
Tawa Expenses	37	7
GPPA Procurement Levy	1,435	-
Education Levy	50	-
Asset Disposal	(293)	-

15. Administrative Cost (Continuation)

	31- Dec 2016 GMD'000	31- Dec 2015 GMD'000
Exchange Loss	4,281	-
Phoneshop Expenses	20	-
Other Satellite Phone Cost	41	-
	119,434	121,900

16. Capital Commitments

As at 31st December 2016, there were no capital commitments for the National Road Authority. *(2015; Nil).*

17. Adjustments in the Retained Earnings Account

The following adjustments were done on the Retained Earnings Account as highlighted in the Statement of Changes in Equity;

1. **Opening Balance Difference – GMD7.2m**

   We noted an opening balance difference with regard to the Retained Earnings account between the signed audit report as at 31st December 2015 and the opening balance on the 1st January 2016 in the Accounting System of GAMTEL. This has to be incorporate to ensure that the audit report reconciles to the Accounting System. This has been reported in the Management Letter Report.

2. **Prior Year Adjustment – GMD9.5m**

   This relates to the posting of 2015 invoices which were not captured in 2015 but had to be paid in 2016. The amount related to 2015 was captured as Prior Year to ensure the complete Liability can be recognised in 2016.

18. Contingent Liabilities

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.

2. Mustapha Jadama Vs Gamtel and 1 Other – Civil Suit No: HC310/06/CO/038/C1

Judgement was entered in favour of Mustapha Jadama on the 21st January 2009 for the sum of: -

- *3,000,000 (Three Million Dalasis) for pain and suffering, loss of amenities and inconvenience for life;*
- *D30,275.00 (Thirty Thousand Two Hundred and Seventy Five Dalasis) as special damages;*
- *Interest for the period claimed at the prevailing rate to be determined (i.e Interest at the rate of 25% on the awards from the 2nd day of October , 2003 to date of payment and thereafter 4% to date of payment); and,*
- *Cost of D20,000.00 (Twenty Thousand Dalasis)*

GAMTEL appealed against the said judgment. On 18th April 2013, the Court of Appeal allowed GAMTEL's appeal and set aside the awards made in the judgment of the High Court dated 21st January 2009. Mustapha Jadama has appealed to the Supreme Court and the appeal is pending.