



Creating a brighter
future in Communication

Gambia Telecommunications Company (Gamtel) Limited

Annual Report and Financial Statements
for the year ended 31 December 2013



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General information

Directors	Mohammed Jammeh	Chairman (up to 12 May 2014)
	Alhaji Tafsirr Samba Alieu Njie	Chairman (from 13 May 2014)
	Bai Matarr Drammeh	Vice Chairman (from 13 May 2013)
	Baboucarr Sanyang	Managing Director
	Muhammed L. Gibba	Member (up to 12 May 2014)
	Momodou Badjie	Member
	The Permanent Secretary - Ministry of Communication, Information & Technology	Member
	Kebba Bojang Staff representatives	Member
Secretary	Sarjo A S Ceesay	
Bankers	Trust Bank Limited 3/4 Ecowas Avenue, Banjul	Access Bank (Gambia) Limited 47 Kairaba Avenue, Serekunda
	Guaranty Trust Bank (Gambia) Limited 56 Kairaba Avenue, Serrekunda	Standard Chartered Bank (Gambia) Limited 8 Ecowas Avenue, Banjul
	Bank PHB (Gambia) Limited 11a Liberation Avenue, Banjul	First International Bank (Gambia) Limited 2 Kairaba Avenue, Serekunda
	Ecobank (Gambia) Limited 42 Kairaba Avenue, Serekunda	International Commercial Bank (Gambia) Limited 48 Kairaba Avenue, Serekunda
	Standard Chartered Bank UK England	Zenith Bank (Gambia) Limited 49 Kairaba Avenue, Serekunda
	Skye Bank (Gambia) Limited 70 Kairaba Avenue, Serekunda	Agence Francaise De Development (Dakar) 15 Avenue Nelson Mandela B.P. 475, CP 18524, Dakar, Senegal
	Arab Gambia Islamic Bank (Gambia) Limited 7 Ecowas Avenue, Banjul	
Auditors	DT Associates - The Gambia Audit, Tax, Advisory 1 Paradise Beach Place P.O Box 268 Banjul, The Gambia	
Solicitors	Amie Bensouda & Co. Kanifing P.O.Box 907 Banjul, The Gambia	Attorney General's Chambers 4 Marina Parade P.O. Box 907 Banjul, The Gambia



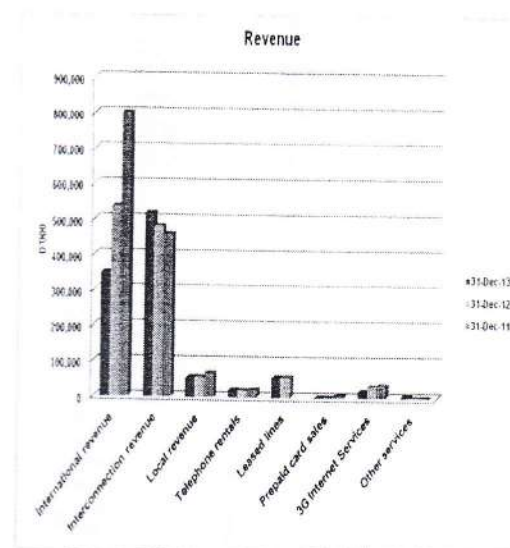
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**Registered
Office** Gambia Telecommunications Company (Gamtel) Limited
3 Nelson Mandela Street
Banjul, The Gambia

Financial highlights

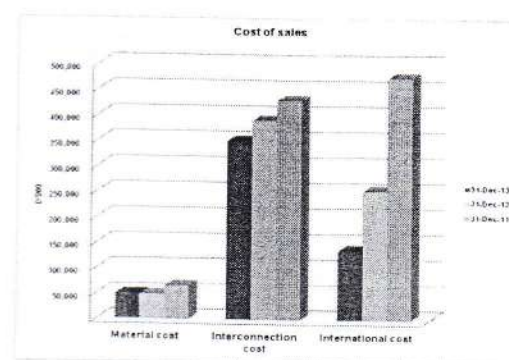
Revenue

	31-Dec-13	31-Dec-12	31-Dec-11
International revenue	352,488	539,162	801,684
Interconnection revenue	518,136	482,882	460,634
Local revenue	55,592	57,047	68,088
Telephone rentals	21,097	21,014	22,103
Leased lines	56,967	57,689	-
Prepaid card sales	1,598	1,761	7,588
3G Internet Services	18,497	33,094	37,138
Other services	5,745	1,382	1,236
Total revenue	1,030,120	1,194,031	1,398,471



Cost of sales

	31-Dec-13	31-Dec-12	31-Dec-11
Material cost	49,576	48,346	65,138
Interconnection cost	350,153	390,357	429,595
International cost	137,062	253,475	475,103
Total cost of sales	536,791	692,178	969,836

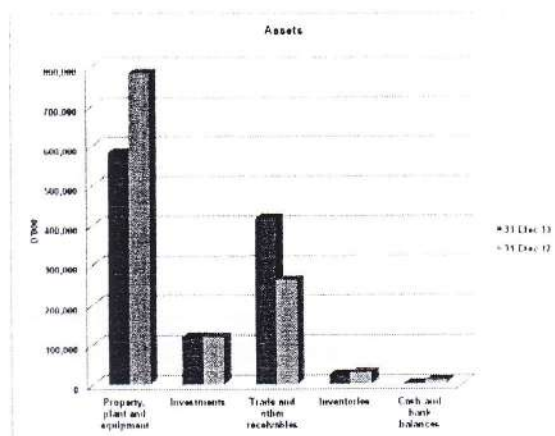


Financial ratios

	31-Dec-13	31-Dec-12	31-Dec-11
Return on Assets (ROA)	(11.48%)	(7.74%)	(6.61%)
Return on Equity (ROE)	(17.84%)	(10.74%)	(8.89%)
Operating Loss (D.000)	(115,612)	(74,654)	(63,058)
Loss post tax (D.000)	(131,768)	(93,482)	(85,068)

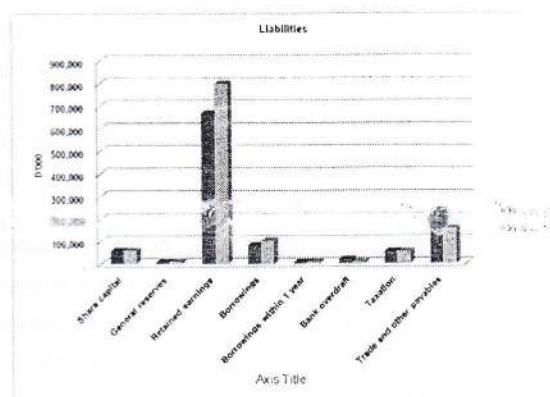
Distribution of Total Assets

	31-Dec-13		31-Dec-12	
	D.000	%	D.000	%
Property, plant and equipment	539,674	47%	784,338	65%
Investments	163,981	14%	119,592	10%
Trade and other receivables	417,542	36%	262,104	22%
Inventories	25,242	2%	30,595	2%
Cash and bank balances	1,838	0%	10,466	1%
	1,148,277	100%	1,207,095	100%



Distribution of Total Liabilities

	31-Dec-13		31-Dec-12	
	D.000	%	D.000	%
Share capital	60,000	5%	60,000	5%
General reserves	10,000	1%	10,000	1%
Retained earnings	668,738	58%	800,506	66%
Borrowings	84,486	7%	103,870	9%
Borrowings within 1 year	7,681	1%	9,443	1%
Bank overdraft	22,371	2%	8,760	0%
Taxation	56,780	5%	55,626	5%
Trade and other payables	238,221	21%	158,890	13%
	1,148,277	100%	1,207,095	



Financial structure ratios

	31-Dec-13	31-Dec-12
Capital adequacy ratio (%)	36%	28%
Gearing ratio (times)	1.55	1.39
Liquidity (%)	137%	130%
Aggregate provisioning level (%)	4%	1%
Debt to Asset ratio	0.36	0.28
Debt to Equity ratio	0.55	0.39

Directors report

The Directors of the company present their report and the audited financial statements of Gambia Telecommunications Company (Gamtel) Limited for the year ended 31 December 2013.

Statement of directors' responsibilities

The Companies Act 2013 requires the directors to prepare the financial statements for the financial period which give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing the 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, which disclose with reasonable accuracy at any time, the financial position of the Company and to enable them to ensure that the financial statements comply with the 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.

Principal activities

The principal activity of the company is to provide voice and data services to its customers. Following the liberalisation of the telecommunications industry, Gamtel lost its incumbency to the competition and hence its dominance of the market.

In light of the above, the Government of The Gambia divested part of the Gamtel and Gamcel shares in 2007 to an international strategic partner (Spectrum Group) in order to allow for investment and development by the partners in the already obsolete network infrastructure. The Government, decided to terminate the agreement in 2008 due to non fulfilment of the contractual agreement by the partners. Following the termination of the agreement, joint ownership by the Government and Spectrum continued to exist in both companies resulting to inconsistencies over the ownership right.

In regularising the legal ownership status, the Government incorporated the new ownership rights by issuing new share certificates to the Ministry of Finance and Economic Affairs representing the interest of the Gambia Government and also to Gambia Ports Authority in compliance with the Companies Act of . Consequently, a new Memorandum and Articles of Association together with certificates of incorporation were developed in fulfilment of the companies of 2013



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Results and dividends

The results of the company are as detailed in the accompanying financial statements. The directors do not propose any dividend for the year 2013 [2012 Nil].

Property, plant and equipment

The Company's property, plant and equipment are detailed in note 8 of the financial statements. There has not been any permanent diminution in the value of the Company's property, plant and equipment as disclosed in note 8 of the financial statements.

Directors and director's interests

The directors who held office during the year are as detailed on page 3. None of the directors who held office at the end of the financial year had beneficial financial interest in the shares of the Company.

Auditors

The auditors, DT Associates - The Gambia, who were appointed by the National Audit Office for a period of five years, completed their term as at 31 December 2013.

By Order of the Directors

Secretary

Dated: 27th December 2014

DT Associates

DT Associates - The Gambia
Audit | Tax | Advisory
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Report of the independent auditors

To the members of Gambia Telecommunications Company (Gamtel) Limited

We have audited the accompanying financial statements of Gambia Telecommunications Company (Gamtel) Limited, set out on pages 11 to 27, which comprise the balance sheet as at 31 December 2013, the income statement, statement of cash flows and statement of changes in equity for the year then ended, and significant accounting policies, financial summary and other explanatory information.

Directors' responsibility for the financial statements

The directors of the company are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies Act 2013, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit 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 auditors' judgement, including the assessment of risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

DT Associates

DT Associates - The Gambia
Audit | Tax | Advisory
1 Paradise Beach Place
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Kololi
P.O. Box 268
Banjul
The Gambia

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Gambia Telecommunications Company (Gamtel) Limited as at 31 December 2013, and of its financial performance and its statement of cash flows for the year then ended; the company has kept proper books of account, which are in agreement with the balance sheet and income statement, in the manner required by the Companies Act 2013.

DT Associates

DT Associates

Chartered Accountants

Registered Auditors

Date 23rd December 2014



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Income Statement

for the year ended 31 December 2013
In thousands of Gambian Dalasis

	Notes	31-Dec-13	31-Dec-12
Revenue	1.2, 2	1,030,120	1,194,031
Cost of sales	3	(536,791)	(692,177)
Gross profit		493,329	501,854
Administration costs		(387,748)	(332,248)
Depreciation and amortisation	1.3, 8	(237,628)	(285,226)
Net operating expenses		(625,376)	(617,474)
Operating loss		(132,047)	(115,621)
Other interest receivable and similar income	5	28,679	61,156
Loss before interest and tax		(103,368)	(54,464)
Interest expenses		(12,244)	(20,190)
Loss before tax		(115,612)	(74,654)
Taxation	1.5, 7	(16,156)	(18,828)
Loss for the financial year		(131,768)	(93,482)
Basic loss per share (bututs)	17	(22)	(16)
Dividend per share (bututs)	17.1	Nil	Nil

Balance Sheet

as at 31 December 2013
In thousands of Gambian Dalasis

	Notes	31-Dec-13	31-Dec-12
Assets			
Non current assets			
Property, plant and equipment	1.3, 1.7, 8	539,674	784,338
Investments	9	163,981	119,592
Total non current assets		703,655	903,930
Current assets			
Trade and other receivables	11	417,542	262,104
Inventories	1.8, 10	25,242	30,595
Cash and bank balances	1.4, 16	1,838	10,466
Total current assets		444,622	303,165
Total assets		1,148,277	1,207,095
Equity and liabilities			
Capital and reserves			
Share capital	14	60,000	60,000
General reserves	15	10,000	10,000
Retained earnings	15	668,738	800,506
Total equity		738,738	870,506
Non current liabilities			
Borrowings	12	84,486	103,870
Total non current liabilities		84,486	103,870
Current liabilities			
Borrowings within 1 year	12	7,681	9,443
Bank overdraft	16	22,371	8,760
Taxation	1.5, 7	56,780	55,625
Trade and other payables	13	238,222	158,891
Total current liabilities		325,054	232,719
Total equity and liabilities		1,148,277	1,207,095

These financial statements were approved by the Board of Directors on 23rd Dec 2014 and signed on its behalf by:

 Chairman

 Managing Director

 Director

The notes on pages 15 to 27 form part of these financial statements.

Statement of changes in equity

for the year ended 31 December 2013
In thousands of Gambian Dalasis

	Share capital	General reserves	Profit & Loss account	Total
At 1 January 2012	60,000	10,000	893,988	963,988
Loss for the year	-	-	(93,482)	(93,482)
At 31 December 2012	60,000	10,000	800,506	870,506
Loss for the year	-	-	(131,768)	(131,768)
At 31 December 2013	60,000	10,000	668,738	738,738

The notes on pages 15 to 27 form part of these financial statements.



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Statement of cash flows

for the year ended 31 December 2013
In thousands of Gambian Dalasis

	31-Dec-13	31-Dec-12
Cash flows from operating activities	Note	
Loss from operations	(132,047)	(115,620)
Adjustment for:	237,628	285,226
Depreciation and amortisation		
Profit on disposal	105,581	169,606
Operating profit (loss) before working capital changes	5,353	(3,552)
Increase in inventories	(155,438)	(134,527)
(Increase) decrease in trade receivable	79,331	(8,478)
Decrease in trade payables		
	<u>34,827</u>	<u>23,050</u>
Cash generated from operations		
Interest received	28,679	61,155
Interest paid	(12,244)	(11,180)
Income taxes paid	(15,001)	(15,000)
Prior year adjustment on tax liability	7.1 -	(2,001)
Net cash from operating activities	<u>36,261</u>	<u>51,016</u>
Cash flows from investing activities		
Net purchase of property, plant and equipment	7,038	(79,174)
(Increase) Decrease in investments	(44,389)	8,929
Net cash used by investing activities	<u>(37,353)</u>	<u>(70,245)</u>
Cash flows from financing activities		
Increase (decrease) in Long-term Borrowing	(21,147)	16,655
Net cash from (used by) financing activities	<u>(21,147)</u>	<u>16,655</u>
Net (decrease) increase in cash and cash equivalents	16 (22,239)	(2,574)
Cash and cash equivalents at the beginning of the year	16 1,706	4,280
Cash and cash equivalents at the end of the year	16 <u>(20,533)</u>	<u>1,706</u>

The notes on pages 15 to 27 form part of these financial statements.

Notes (forming part of 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 historical cost convention in accordance with Generally Accepted Accounting Principles and applicable provisions of the Companies Act 2013.

1.2. Revenue recognition

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

International revenue is recognised based on remittance invoices received from the gateway manager, Tell INC on a cash basis net of the cost of the international revenue which is provided in periodic invoices and profit and loss statements received from Tell Inc.

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

Owned assets

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

Depreciation

Depreciation is provided at the following annual rates in order to write off the cost of each asset on a straight-line basis over its estimated useful life.

Building	5%
Technical equipment	15%
Motor vehicles	25%
Furniture, fittings and office equipment	15%
Computer hardware and software	33.3%

Subsequent expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhauled 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 an expense as incurred.

Development expenditure

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

1.4. Foreign currencies

Monetary assets and liabilities denominated in foreign currency are converted to Dalasi at the period end exchange rate ruling on the Balance Sheet date. Transactions in foreign currencies are recorded at the rates ruling on the date of the transaction. All gains or losses arising are transferred to the income statement.

1.5. Taxation

Tax is charged on the basis of the higher of 1.5% of gross income and 32% of tax adjusted accounting profits in accordance with sections 79 (3a,b) and first schedule of the Income and Value Added Tax Act 2012. Income tax is recognised in the income statement. Current tax is the expected tax payable on the taxable income for the year.

1.6. Pension scheme

The company is registered with the Social Security and Housing Finance Corporation and contributes 10% of the employees' basic salaries to the national provident fund. Employees' contributions are 5% of basic salaries which are deducted before arriving at net salaries. Obligations for contributions to the Social Security and Housing Finance Corporation administered retirement benefit plan are recognised as expense in the income statement when incurred.

Under the scheme, employees are entitled to lump sum payments in addition to a monthly pension upon attaining the retirement age of 60 and 55 for men and women respectively.

1.7. Impairments

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 for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

1.8. Inventories

Inventories are stated at the lower of cost and net realisable value where cost is purchase cost together with related duty, freight and other directly attributable costs, 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.



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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 when it is probable that an outflow of economic benefits will be required to settle the obligation. A general provision of 2% is applied on receivables and inventory.

2. Revenue

Revenue comprises of:

	31-Dec-13	31-Dec-12 D.000
International revenue	352,488	539,162
Interconnection revenue	518,136	482,882
Local revenue	55,592	57,047
Telephone rentals	21,097	21,014
Leased lines	56,967	57,689
Prepaid card sales	1,598	1,761
3G Internet Services	18,497	33,094
Other services	5,745	1,382
Total revenue	1,030,120	1,194,031

3. Cost of sales

Cost of sales comprises of:

	31-Dec-13 D.000	31-Dec-12 D.000
Material cost	49,576	48,345
Interconnection cost	350,153	390,357
International cost	137,062	253,475
Total cost of sales	536,791	692,177

4. Loss before taxation is stated:

after charging:

	31-Dec-13 D.000	31-Dec-12 D.000
Auditors remuneration	1,002	932
Depreciation and amortisation	237,628	285,226



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5. Other interest receivable and similar income

	31-Dec-13 D.000	31-Dec-12 D.000
Rental Income	110	110
Insurance recoveries	100	49
Training Income	3,728	4,524
Internet services	11,674	13,370
Interest income	1	217
Exchange loss	(18,252)	20,887
Co-location & E1 Link	24,676	18,064
Miscellaneous income	6,642	3,934
	<u>28,679</u>	<u>61,155</u>

6. Staff cost

The total number of persons (including executive directors) employed by the company during the period were as follows:

	31-Dec-13	31-Dec-12
Management	17	13
Others	1,208	1,096
	<u>1,225</u>	<u>1,109</u>

The total remuneration of the staff employed by the company is as detailed below:

	31-Dec-13 D.000	31-Dec-12 D.000
Salaries	50,537	49,327
Pension	15,610	19,440
Casuals	1,795	3,189
Allowances	56,713	58,278
Others	5,617	5,380
	<u>130,272</u>	<u>135,614</u>

8. Property, plant and equipment

	Work in progress	Plant, equipment distribution network	Land & building	Motor vehicles	Furniture & office equipment	Total
	D.000	D.000	D.000	D.000	D.000	D. 000
Cost						
At 1 Jan 2013	139,907	2,391,737	87,262	64,186	216,697	2,899,789
Additions	5,721	25,370	1,300	1,783	3,179	37,353
Reclassified	(44,389)	-	-	-	-	(44,389)
At 31 December 2013	101,239	2,417,107	88,562	65,969	219,876	2,892,753
Depreciation						
At 1 Jan 2013	-	(1,825,933)	(52,841)	(25,282)	(211,395)	(2,115,451)
Charge for the year	-	(226,313)	(4,027)	(3,913)	(3,375)	(237,628)
At 31 December 2013	-	(2,052,246)	(56,868)	(29,195)	(214,770)	(2,353,079)
Net book value						
At 31 December 2013	101,239	364,861	31,694	36,774	5,106	593,674
At 31 December 2012	139,907	565,804	34,421	38,904	5,302	784,338

8.1 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 Economic Affairs with six companies namely Africell, Gamtel/Gamcel, Comium, Qcell, Netpage and Unique Solutions to establish a Public - Private Partnership financing agreement worth \$25 million. The purpose of the partnership was to jointly contribute towards the cost of financing the Africa 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 of their contributions to the PPP financing agreement. Funds contributed through the PPP went towards financing The Gambia Submarine Cable Company Limited established to coordinate the activities of the landing station.

The ACE landing station was completed and inaugurated in December 2012; as a result, D44.389 million was reclassified from work in progress to investment in Gambia Submarine Cable Company in Note 9.

9. Investments

	Notes	31-Dec-13 D.000	31-Dec-12 D.000
Regional African Satellite Communications Organisation (Rascom)			
Gambia telecommunications cellular company (Gamcel)	9.1	25,593	25,593
Gambian Agricultural Marketing Corporation (Gamco)	9.2	93,833	93,833
Gambia International Airlines (GIA)	9.3	15,600	15,600
Gambia Submarine Cable Company Limited (GSCC)	9.4	166	166
	8.1	44,389	-
		<u>179,581</u>	<u>135,192</u>
Provision for impairment - Gamco	9.3	(15,600)	(15,600)
		<u>163,981</u>	<u>119,592</u>

9.1 Rascom

Rascom is an intergovernmental Regional African Satellite Communication Organisation with a membership of 45 African states. Gamtel currently holds 1,113,594 shares in Rascom at \$1 each of a total share capital of over \$63m.

9.2 Gamcel

This investment represents the amounts spent in the setting up of Gamcel Company Limited, a 50% subsidiary of Gamtel which was incorporated in November 2000 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 directives issued by the Ministry of Agriculture to facilitate the groundnut trade. GAMCO is now under liquidation and the amounts advanced have been fully provided as part of the Company's impairment review procedures.

9.4 GIA

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

10. Inventories

	31-Dec-13 D.000	31-Dec-12 D.000
Technical materials		
Stationery	45,753	50,339
Mini store prepaid stock card	3,069	4,177
Stock take adjustment	431	431
	<u>138</u>	<u>(203)</u>
	49,391	54,744
Provision for obsolete stock	(24,149)	(24,149)
	<u>25,242</u>	<u>30,595</u>



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11. Trade and other receivables

	Notes	31-Dec-13 D.000	31-Dec-12 D. 000
Trade receivables			
Less:			
Provision for doubtful debts	11.1	1,120,934	937,281
	11.2	(703,392)	(675,177)
		<u>417,542</u>	<u>262,104</u>

11.1 Trade receivables

	Notes	31-Dec-13 D.000	31-Dec-12 D. 000
Accounts receivable - Interconnection (Gamcel)	11.1a	216,466	78,264
Accounts receivable - Interconnection (Qcell)	11.1a	8,280	3,772
Accounts receivable - Interconnection (Africell)	11.1a, 18.2	53,138	37,561
Overseas receivables	11.1b	29,104	39,301
Postpaid receivables	11.1c	648,019	604,328
Intercompany receivable - GRTS	11.1d	22,197	32,858
Advances to related parties:			
GPTC		500	500
GRTS		500	500
Gamtel staff association		500	500
Gamtel credit union		500	500
Advances to BEFAG	11.1e	2,300	2300
Staff loans	11.1f	80,000	80,000
Unreconciled receivables		35,219	32,337
ACE Project	11.1g	24,852	25,717
G2G Fraud Recovery		1,353	837
		6	6
		<u>1,120,934</u>	<u>937,281</u>

11.1a. Interconnections

The interconnection receivables represent net movements between incoming terminating 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 Agreement between the operators.

11.1b. Overseas receivables

Overseas receivables relate to balances due from various international network carriers. They are managed by an international partner called TELL Incorporation (System One up to March 2011).

11.1c. Post paid receivables

Post paid balances make up a major part (75%) of trade receivables. These relate to revenue received from customers based on the various product lines offered. Any increase or decrease in provision is accounted for through the income statement.

11.1d. Intercompany receivable – GRTS

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

11.1e. Advances to related parties

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.

11.1f. Advances to BEFAG

In 2002, BEFAG, a purported financier, was issued a Standard Chartered Bank guarantee bond by Gamtel of \$3 million to partly finance the Basse- Barra fibre link and Wireless Local Loop Project. In 2002, BEFAG encashed the guarantee bond without fulfilling its financial obligation. Gamtel repaid the amount as a loan from Standard Bank Gambia Limited and fully provided for the balance.

11.1g. Unreconciled receivables

Included in this balance are receivables dating back several years. A detailed breakdown of these balances is unavailable and are therefore provided for in full.

11.2 Provision for doubtful debts

	Note	31-Dec-13 D.000	31-Dec-12 D.000
Post paid receivables		537,643	497,170
BEFAG loan	11.1f	80,000	80,000
Other receivables		26,162	37,132
Unreconciled receivables		19,450	25,717
Intercompany receivable - GRTS		22,197	32,858
Related Parties		2,743	2,300
Staff loans		15,196	-
		<u>703,391</u>	<u>675,177</u>

12. Borrowings: amounts falling due after one year

		31-Dec-13 D.000	31-Dec-12 D. 000
<u>Bank loans:</u>	Notes		
CFD Loan	12.1	42,151	37, 274
Trust Bank Loan	12.2	47,301	70, 969
Guaranty Trust Bank	12.3	2,714	5, 070
		<hr/>	<hr/>
		92,166	113, 313
Due within one year			
CFD Loan		(3,512)	(3, 106)
Trust bank loan		(3,942)	(5,914)
Guaranty Trust Bank		(226)	(423)
		<hr/>	<hr/>
		(7,680)	(9,443)
		<hr/>	<hr/>
		84,486	103, 870

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 of the Greater Banjul region, repayable over 16 years at a rate of interest of 5%. In December 1994, the balance on 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 between 1.5% to 2% repayable half yearly on 30th April and 31st October each year.

12.2 Trust Bank Loan

A loan of D80 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 balance outstanding on this loan as at end of 2013 was D47.3 million. This facility was extended to July 2015 with an additional loan of D45.996 million in July 2012. This facility is secured by a fixed charge over the company's head office properties. The loan is secured by title deeds of four properties.

12.3 Guaranty Trust Bank (Lease Finance Loan)

A loan of D7 million was obtained from Guaranty Trust Bank to finance vehicles capital expenditures (Vehicle purchases). The leased finance duration is for 36 months and is effective from 31st January 2012 to 31st December 2014 with an interest rate of 18% per annum. The monthly repayment for both principal and interest charges is D256, 592.14.

13. Trade Payables: amounts falling due within one year

	Notes	31-Dec-13 D.000	31-Dec-12 D.000
Trade payables		7,228	5,197
Intercompany payable - Gamcel	13.1	42,919	6,780
Accruals and other payables		33,120	5,159
Accounts payable - Interconnection (Comium)	11.1a, 18.2	99,348	88,317
Deposits by subscribers		10,219	10,179
Sales tax		31,142	40,239
VAT and Excise		10,249	-
GRTS Tax		4,512	3,020
Good's received not invoiced		(515)	-
		<u>238,222</u>	<u>158,891</u>

13.1 Intercompany payable - Gamcel

This amount relates to payments made by Gamcel on behalf of Gamtel to acquire fixed assets, and meet supplier repayment commitments and other recurring expenses.

14. Share Capital

	No of shares	31-Dec-13 D.000	31-Dec-12 D.000
<u>Authorised</u>			
At the beginning of the year			
Ordinary shares at D10 each	6,000,000	60,000	60,000
At the end of the year	6,000,000	60,000	60,000

	No of shares	31-Dec-13 D.000	31-Dec-12 D.000
<u>Issued and fully paid</u>			
At the beginning of the year			
Ordinary shares of D10 each	6,000,000	60,000	60,000
At the end of the year	6,000,000	60,000	60,000

14.1 Holding Company

Gambia Telecommunications Company (Gamtel) Limited is 100% owed by The Gambia Government.

15. Statement of movement in reserves

	General reserve D.000	Profit and Loss D.000	Profit & loss reserve	
			31-Dec-13 D.000	31-Dec-12 D.000
At the beginning of the year	10,000	800,506	810,506	903,988
Loss for the financial year	-	(131,768)	(131,768)	(93,482)
At the end of the period	10,000	668,738	678,738	810,506

16. Analysis of the balances of cash as shown on the balance sheet

	31-Dec-13 D.000	31-Dec-12 D.000	Changes D.000
Bank balances	1,564	10,260	(8,696)
Cash balances	274	206	68
	1,838	10,466	(8,628)
Less:			
Bank overdraft	(22,371)	(8,760)	(13,611)
	(20,533)	1,706	(22,239)

17. Loss per share

	31-Dec-13	31-Dec-12
Basic loss per share (bututs)	(23)	(16)
Weighted average number of shares used in calculating LPS	6,000,000	6,000,000
Loss for the financial year (Dalasis)	(131,768,000)	(93,482,000)

Loss per share was arrived at by dividing loss after tax by the weighted average number of shares.

17.1 Dividend

The results of the company are as detailed in the accompanying financial statements. There was no dividend payment in 2013 [2012 Nil].

18. Contingencies

18.1 Pending court cases

Ebou Corr Vs Gamtel

Ebou Corr the plaintiff is claiming the sum of D144, 000 against Gamtel with an interest of 25% per annum from 12th October 2007 to the date of Judgment. The case was dismissed in the High Court and the plaintiff filed an appeal in the Gambia Court of Appeal.

Babadi Baldeh Vs Gamtel

Babadi Baldeh is claiming the sum of D5, 500,000, D9, 715 and CFA 40, 715. An interest of 25% is also claimed per annum from 5th June 2008 to Judgment. Judgment was entered in favor of Babadi Baldeh. Gamtel has appealed. A partial consent term was filed in the sum of D350, 000 to be paid to Babadi Baldeh plus cost awarded in the high Court of D65, 000. The Appeal still continues.

18.2 Interconnection disputes with GSM Operators

Interconnection agreements exist between telecommunications operators for managing of other operators' calls other than their main traffic. In light of these agreements operators charge each other interconnection fees for receiving and passing such calls destined for another operators' network. In such a process, operators exchange at end of each month Call Detail Reports (CDRs) for reconciliation.

Comium

Over the years, Gamtel/Comium as a result of the above processes, had disputes relating to the interconnection rate, and then the fact that the monthly net results always due to Comium being constant in the range of D3 million which Gamtel management and the Board of Directors have reservations about. The balance owed to Comium currently stood at D99 million. The matter was arbitrated by the Regulator, 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.

Supplementary information

	31-Dec-13 D.000	31-Dec-12 D'000
Net revenue		
International revenue	352,488	539,162
Interconnection revenue	518,136	482,882
Local revenue	55,592	57,047
Telephone rentals	21,097	21,014
Leased lines	56,967	57,689
Prepaid card sales	1,598	1,761
3G Internet Services	18,497	33,094
Other services	5,745	1,382
Total revenue	1,030,120	1,194,031
Cost of sales		
Material cost	49,576	48,345
Interconnection cost	350,153	390,357
International cost	137,062	253,475
Total cost of sales	536,791	692,177
Gross operating profit	493,329	501,854