



DIRECTORS REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

INDEX

	PAGE
DIRECTORS REPORT	1 - 2
AUDITORS REPORT	3
STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME	4
STATEMENT OF CHANGES IN EQUITY	5
STATEMENT OF FINANCIAL POSITION	6
CASH FLOW STATEMENT	7
FIVE YEAR FINANCIAL SUMMARY	8
NOTES TO THE ACCOUNTS	9 - 31

AIRTEL (SEYCHELLES) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED DECEMBER 31, 2018

The directors present herewith their report and audited financial statement of the company for the year ended 31st December 2018.

Activities

The company carries on the business of providing telecommunication services and also has a license to operate mobile money services in the Seychelles Islands.

Revenue (Note3) decreased by 2% (2017: increased by 10%) during this financial year to SR 314M (2017: SR 321M) due to the impact of adjustments for the Initial application of IFRS 15. Data/Internet revenue continues to be the major growth driver following the extensive full 4G/LTE coverage of the Islands. In addition, during the year the company has recorded strides of penetration into the enterprise (leased line /broadband) revenue segment.

Direct costs (Note4) dropped by 26% (2017: remained flat) due to a 44% drop in Interconnect and Roaming expense as the uniform practice of recording roaming revenues net of preferential discounts was implemented.

The profit for the year is SR 39M (42M in prior year) has declined due to delayed collection and realization of Postpaid and Enterprise debt especially owed by the Public sector which led to high debt provisions in the year. Management is in advanced dialogue with Government ministries and is expectant to have significant debt collection in the first half of the new year.

Consolidated accounts

Airtel Seychelles Limited is a joint shareholder in the Seychelles Cable Systems Limited in a Joint Equipment Scheme. The impact of Seychelles Cable Systems results has been incorporated in the Other Comprehensive Income in note 12 of this financial statement.

Results

As described in Statement of Income – by nature of expenses on page 4, activities for the year gives operating result (before finance cost and taxation) of SR 77M (2017: SR 86M) arising from the increased growth of the data and enterprise revenue segments.

Operating expenses grew by 23% (2017: 7% reduction) mainly fueled by increased debtor provisions, increase in Head office rent fees, and increase in sales and marketing expenses for the penetration into the new enterprise and broadband segment.

During the year the company has contributed SR 46M Net (2017: SR 47M) to the exchequer on account of VAT, Licensee fees, Business Tax, Income Tax and Withholding Tax.

During the year dividend of SR 97M (2017: NIL) that had been declared in 2017 was paid in full to the shareholders.

Fixed Assets

Significant investment was made in 2018 to the tune of SR 137M (2017: SR128M) to fully cover the country with 4G/LTE, modernize the network data center and to extend fibre footprint in the country.

The carrying amounts of property, plant and equipment were reviewed to determine whether they are in excess of their market or recoverable amount at balance sheet date. If the carrying amount exceeded the recoverable amounts, the assets were written down to the lower amount. No assets have been written down during the year 2018 (2017: SR NIL).

Employees

As at 31st December 2018 the company employed 55 staff (2017: 56 staff). The board gratefully acknowledges the wholehearted and sincere efforts made by its employees in making it possible for the company to achieve continuous revenue growth in a saturated market like Seychelles.

As a matter of policy, the company has in the past, and will continue in the future to put special emphasis on training and development of human resources. The company follows a policy of participative management and suggestions given by employees have been implemented to constantly improve the efficiency of operations.

AIRTEL (SEYCHELLES) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED DECEMBER 31, 2018

Statutory disclosures under section 153 of the Companies Ordinance 1972

Principal Activities

Principal activity of the company continues to be to provide telecommunication services and mobile money services in the Republic of Seychelles.

Directors and their interest in the company

The directors of the company during the year and their interest in accordance with register maintained under section 111 of the Companies Act 1972 were as follows: -

	Shares held	
	1 January	31 December
Amadou Mahamat Dina	-	-
Alok Bafna (appointed 28th November 2017)	-	-
Ramakrishna Lella (appointed 28th November 2017)	-	-

The directors are of the opinion that all transactions with related parties, further described in note 21 of the financial statements were conducted at arms length.

All non-executive directors will resign and offer themselves for re-election in the next AGM scheduled for September 2019.

Statement of directors' responsibilities

The directors are required to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for the period. In preparing those accounts, the directors are required to:-

- Prepare financial statements on the going concern basis unless inappropriate to assume continuance of business;
- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent; and
- Disclose and explain any material departures from applicable accounting standards.

The Companies Act 1972 also requires the directors to keep proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company. They also have the general responsibility for taking reasonable steps to safeguard the assets of the company and detect fraud and other irregularities.

The directors consider they met their responsibilities as set out in the Companies Act 1972.

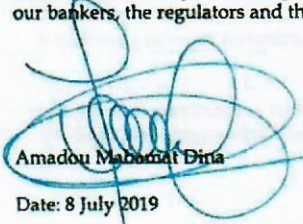
The financial statements are signed by current directors of the company.

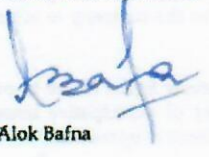
Auditors

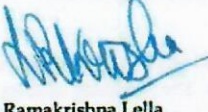
M/S Pool and Patel, Chartered Accountants, retire and being eligible offers themselves for appointment.

Acknowledgements

The Directors wish to place on record their sincere appreciation of the valuable contribution, unstinted efforts and sprit of dedication shown by all the employees of the company. The Directors would also like to place on record assistance provided by our bankers, the regulators and the Government of Seychelles.


Amadou Mahamat Dina


Alok Bafna


Ramakrishna Lella

Date: 8 July 2019



INDEPENDENT AUDITOR'S REPORT

AIRTEL (SEYCHELLES) LIMITED

We have audited the accompanying financial statements of Airtel (Seychelles) Limited on pages 4 to 31, which comprise the statement of financial position as at December 31, 2018, the income statement including changes in equity and cash flow statement for the year then ended, a five year financial summary and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management, under the historical cost convention and the financial reporting provisions of the Seychelles Companies Act 1972.

This report is made solely for the Company's members as a body in accordance with Section 158 of the Companies Act 1972. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's Members as a body for our audit work, for this report or for the opinion we have formed.

Management's Responsibility for the Financial Statements

Management is responsible for keeping proper accounting records and for the preparation of financial statements that give a true and fair view of the company's affairs in accordance with the financial reporting provisions of the Seychelles Companies Act 1972, 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.

Auditor's 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 about whether the financial statements are free from material misstatement.

We have no relationship with, or material interest in the company other than in our capacity as auditors and tax and business advisors and arm's length dealings with the company in the ordinary course of business.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and that these are in accordance with the accounting records maintained by the management. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control 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.

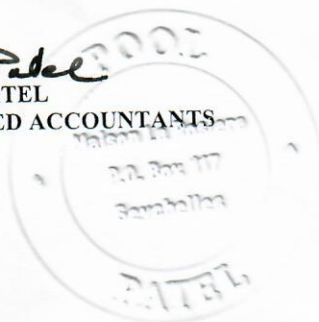
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements set out on pages 4 to 31 give a true and fair view of the financial position of Airtel (Seychelles) Limited as at December 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with the financial reporting provisions of the Seychelles Companies Act 1972.

Pool & Patel
POOL & PATEL
CHARTERED ACCOUNTANTS

8 July 2019



AIRTEL (SEYCHELLES) LIMITED

Statement of profit or loss and Other Comprehensive Income

Financial statements are prepared in Seychelles Rupees

	Note	Year ended 31 December	
		2018	2017
Revenue	3	314,200,508	320,862,657
Direct costs	4	(52,667,765)	(70,852,642)
Network expenses	5	(40,247,092)	(46,449,332)
Gross Profit		221,285,651	203,560,683
Administrative expenses	6	(17,857,467)	(11,411,400)
Bad and doubtful debts		(30,642,372)	(537,992)
Depreciation and amortisation	10/11	(44,316,893)	(36,208,356)
Management fees and royalties		(9,642,267)	(7,928,605)
Employee salaries and benefits	7	(34,587,162)	(40,274,449)
Sales and marketing		(7,603,334)	(18,912,212)
Exchange gains/(losses)		(67,633)	(2,730,215)
Operating profit		76,568,523	85,557,455
Share of operating profit in associate	12	(5,877,895)	2,229,887
Finance costs	9	(9,372,378)	(16,854,019)
Profit before income tax		61,318,250	70,933,323
Income tax expense	13	(20,192,558)	(34,641,282)
Profit/(Loss) for the year		41,125,692	36,292,041
Other comprehensive income, net of income tax			
Share of associate	12	(1,817,683)	6,104,164
Total comprehensive income for the year		39,308,009	42,396,205

The notes on pages 9 to 31 are an integral part of these financial statements.

AIRTEL (SEYCHELLES) LIMITED

Statement of Changes in equity

Financial statements are prepared in Seychelles Rupees.

	Share capital (Note 16)	Retained Earnings Total	Total
At 1 January 2017	1,000,000	64,502,207	65,502,207
Operating profit for the year	-	42,396,207	42,396,207
Shares issues in the year	34,969,000	-	34,969,000
At 31 December 2017	35,969,000	106,898,414	142,867,414
Adjustment of Initial application of IFRS 15 (Note 2.3.1)		849,562	849,562
Adjusted balance at 1 January 2018	35,969,000	107,747,976	143,716,976
Operating profit for the year	-	39,308,009	39,308,009
Dividend paid	-	(97,396,803)	(97,396,803)
At 31 December 2018	35,969,000	49,659,182	85,628,182

The notes on pages 9 to 31 are an integral part of these financial statements.

AIRTEL (SEYCHELLES) LIMITED

Statement of financial position

Financial statements are prepared in Seychelles Rupees

	Note	As at 31 December	
		2018	2017
Assets			
Property, plant and equipment	10	247,281,215	161,670,164
Intangible assets	11	52,651,865	44,866,574
Investment in associate	12	42,394,416	50,089,995
Deferred tax asset	13	29,911,585	15,354,991
Non-current assets		372,239,080	271,981,724
Inventories	14	13,233,227	10,071,387
Trade and other receivables	15	56,637,760	78,266,705
Cash and cash equivalents	20	28,043,696	54,496,262
Current assets		97,914,683	142,834,354
Total assets		470,153,764	414,816,078
Liabilities			
Employee benefit obligations	17	3,988,581	5,293,999
Deferred tax liability	13	58,635,530	45,685,151
Borrowings	18	39,078,851	120,992,536
Embedded derivatives - non current portion	21	-	31,756
Other non-current liabilities		16,571	399,688
Non-current liabilities		101,719,533	172,403,130
Current tax liability	13	3,888,434	17,032,104
Borrowings	18	204,758,277	-
Trade and other payables	19	74,159,338	82,289,480
Embedded derivatives - current portion	21	-	223,950
Current liabilities		282,806,049	99,545,534
Total liabilities		384,525,582	271,948,664
Share capital	16	35,969,000	35,969,000
Retained earnings		49,659,182	106,898,414
Equity		85,628,182	142,867,414
Total liabilities and equity		470,153,764	414,816,078

The notes on pages 9 to 31 are an integral part of these financial statements.

Directors

Amadou Mahamad Difa

8 July 2019

Alok Bafna

Ramakrishna Lella

AIRTEL (SEYCHELLES) LIMITED

Cash flow statement

Financial statements are prepared in Seychelles Rupees.

	Note	As at 31 December	
		2018	2017
Cash flows from operating activities			
Profit for the year (before Taxation)		61,318,250	70,933,323
Adjustments for:-			
Depreciation and amortisation	10/11	44,316,893	36,208,356
Changes in provision for employee benefits	17	(1,305,418)	(1,781,419)
Share of operating profit in associate		5,877,895	(2,229,887)
Bad and doubtful debts		30,642,372	537,992
Exchange gains/(losses)		67,633	2,730,215
Finance costs - net	9	9,372,378	16,854,019
Operating cash flow before changes in working capital		150,290,003	123,252,599
Increase in inventories		(3,161,840)	(8,456,621)
Decrease in debtors		(9,013,426)	3,862,818
Decrease in creditors		(22,512,084)	(8,876,811)
Net Cash generated from operations before Tax		115,602,653	109,781,985
Taxation	13	(30,465,986)	(14,391,786)
Net cash from operating activities		85,136,667	95,390,199
Cash flows from investing activities			
Payments to acquire tangible fixed assets	10	(106,914,450)	(51,904,314)
Payments to acquire intangible fixed assets	11	(20,682,561)	-
Net cash used in investing activities		(127,597,011)	(51,904,314)
Cash flow from financing activities			
Increase in Borrowings		242,372,000	-
Repaid to bank	18.1	(3,165,308)	-
Repaid to step up parent	22.4	(123,575,101)	(71,339,530)
Dividends paid		(97,396,803)	
Net cash flow from financing activities		18,234,788	(71,339,530)
Decrease in cash and cash equivalents		(24,225,556)	(27,853,645)
Cash & cash equivalent at 1 January		54,496,262	85,560,972
Exchange adjustments on cash & cash equivalent	9	(2,227,010)	(3,211,065)
Cash & cash equivalents 31 December	20	28,043,696	54,496,262

AIRTEL (SEYCHELLES) LIMITED

FIVE YEAR FINANCIAL SUMMARY - 31 DECEMBER 2018

Financial statements are prepared in Seychelles Rupees

	2018 SCR'000	2017 SCR'000	2016 SCR'000	2015 SCR'000	2014 SCR'000
Statement of financial position					
Share capital					
Authorised	35,969	35,969	1,000	1,000	1,000
Issued and fully paid	35,969	35,969	1,000	1,000	1,000
Retained earnings	49,659	106,898	64,502	59,364	38,028
Group credits	39,079	120,993	210,928	194,350	191,556
Net assets employed	124,707	263,860	276,430	254,714	230,584
Income statement					
Turnover	314,201	320,863	292,919	286,523	260,547
Profit / (loss) before Tax for the year	59,501	77,037	16,106	56,972	(10,123)
Taxation	(20,193)	(34,641)	(10,968)	(35,636)	(13,828)
Comprehensive Income for the year	39,308	42,396	5,138	21,336	(23,951)
Dividends	(97,397)	-	-	-	-
Retained earnings - 1 January	106,898	64,502	59,364	38,028	61,979
Retained earnings - 31 December	49,659	106,898	64,502	59,364	38,028

AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Financial statements are prepared in Seychelles Rupees

1 Corporate Information

Airtel (Seychelles) Limited is a limited liability company incorporated and domiciled in the Seychelles. The address of the company's registered office is Maison La Rosiere, Mahe, Seychelles.

The company provides telecommunication services in Seychelles.

The financial statements for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 23 May 2019.

2 Summary of significant accounting policies

The principal accounting policies applied in preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated below.

2.1 Basis of presentation

The statements of Airtel (Seychelles) Limited are prepared in accordance with the requirements of the Seychelles Companies Act, 1972 and the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SME's). They have been prepared under the historical cost convention. Financial instruments are accounted for in accordance with IAS 39 of the International Financial Reporting Standard.

The preparation of financial statements in conformity with IFRS for SME's requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying accounting policies. Areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements are disclosed in the notes.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

2.2 Functional and reporting currency

The financial statements are presented in the Seychelles Rupee, which is the reporting currency under the Companies Act, 1972.

2.3 Application of new and revised International Financial Reporting Standards (IFRSs)

2.3.1 New and amended Standards that are effective for the current year

New and revised IFRSs in issue effective annual periods beginning on or after 1 January 2018

AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Financial statements are prepared in Seychelles Rupees

2 Summary of significant accounting policies (cont...)

2.3.1 New and amended Standards that are effective for the current year (cont...)

IFRS 9 Financial Instruments

IFRS 15 Revenue from contracts with customers and the related clarifications

Amendments to IFRS 2 classification and measurement of share based payment transactions

Amendments to IFRS 10 and IAS 28 sale or contribution of Assets between an Investor and its associate or Joint Venture

Amendments to IAS 40 transfers of investment property

Annual improvements to IFRS 2014 -2016 cycle

Above amendments does not have material impact on the company except as mentioned below :

Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Company has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives.

IFRS 9 introduced new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities,
- 2) Impairment of financial assets, and
- 3) General hedge accounting.

Details of these new requirements as well as their impact on the Company's financial statements are described below.

The Company has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

(a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Company has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 January 2018. Accordingly, the Company has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. Comparative amounts in relation to instruments that continue to be recognised as at 1 January 2018 have not been restated as the impact has been deemed to be insignificant.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Financial statements are prepared in Seychelles Rupees

2 Summary of significant accounting policies (cont...)

2.3.1 New and amended Standards that are effective for the current year (cont...)

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and

- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

In the current year, the Company has not designated any debt investments that meet the amortised cost or FVTOCI criteria as measured at FVTPL. When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment. See (b) below.

The directors of the Company reviewed and assessed the Company's existing financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had an insignificant impact on the Company's financial assets as regards their classification and measurement:

- financial assets classified as held-to-maturity and loans and receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

(b) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Company to recognise a loss allowance for expected credit losses on:

- (1) Debt investments measured subsequently at amortised cost or at FVTOCI;
- (2) Lease receivables;
- (3) Trade receivables and contract assets; and
- (4) Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

In particular, IFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset.

However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Company is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

For the purpose of assessing whether there has been a significant increase in credit risk since initial recognition of financial instruments that remain recognised on the date of initial application of IFRS 9 (i.e. 1 January 2018), the directors have compared the credit risk of the respective financial instruments on the date of their initial recognition to their credit risk as at 1 January 2017.

AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Financial statements are prepared in Seychelles Rupees

2 Summary of significant accounting policies (cont...)

2.3.1 New and amended Standards that are effective for the current year (cont...)

The result of the assessment is as follows:

Items existing as at 01/01/18 that are subject to the impairment provisions of IFRS 9	Note	Credit risk attributes 1 January 2017 and 1 January 2018
Amount due from related parties	22	Amounts due from related parties are assessed regarding credit risk at each reporting date. As the same are closely monitored and controlled by the same management, there is no provision matrix being followed on ageing basis. There have been no instances observed in the past where collection are assumed to be at risk for such related party receivable
Trade and other receivables	15	The Company uses a provision matrix to measure the expected credit loss of trade receivables. Based on the industry practices and the business environment in which the entity operates, management considers that the trade receivables are credit impaired if the payments are more than 90 days past due (Interconnect more than 9 Months).
Cash and bank	20	All bank balances are assessed to have low credit risk at each reporting date as they are held with reputable international banking institutions.

(c) Classification and measurement of financial liabilities

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised.

Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss. The application of IFRS 9 has had no impact on the classification and measurement of the Company's financial liabilities.

(d) General hedge accounting

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about the Company's risk management activities have also been introduced.

In accordance with IFRS 9's transition provisions for hedge accounting, the Company has applied the IFRS 9 hedge accounting requirements prospectively from the date of initial application on 1 January 2018. The Company's qualifying hedging relationships in place as at 1 January 2018 also qualify for hedge accounting in accordance with IFRS 9 and were therefore regarded as continuing hedging relationships. No rebalancing of any of the hedging relationships was necessary on 1 January 2018. As the critical terms of the hedging instruments match those of their corresponding hedged items, all hedging relationships continue to be effective under IFRS 9's effectiveness assessment requirements. The Company has also not designated any hedging relationships under IFRS 9 that would not have met the qualifying hedge accounting criteria under IAS 39.

AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Financial statements are prepared in Seychelles Rupees

2 *Summary of significant accounting policies (cont...)*

2.3.1 New and amended Standards that are effective for the current year (cont...)

IFRS 9 requires hedging gains and losses to be recognised as an adjustment to the initial carrying amount of non-financial hedged items (basis adjustment). In addition, transfers from the hedging reserve to the initial carrying amount of the hedged item are not reclassification adjustments under IAS 1 Presentation of Financial Statements and hence they do not affect other comprehensive income. Hedging gains and losses subject to basis adjustments are categorized as amounts that will not be subsequently reclassified to profit or loss in other comprehensive income. This is consistent with the Company's practice prior to the adoption of IFRS 9.

Consistent with prior periods, when a forward contract is used in a cash flow hedge or fair value hedge relationship, the Company has designated the change in fair value of the entire forward contract, i.e. including the forward element, as the hedging instrument.

When the option contracts are used to hedge the forecast transactions, the Company designates only the intrinsic value of the options as the hedging instrument. Under IAS 39 the changes in the fair value of time value of option (i.e. non-designated component) were recognised immediately in profit or loss. Under IFRS 9, the changes in the time value of the options that relate to the hedged item ('aligned time value') are recognised in other comprehensive income and accumulated in the cost of hedging reserve within equity. The amounts accumulated in equity are either reclassified to profit or loss when the hedged item affects profit or loss or removed directly from equity and included in the carrying amount of non-financial item. IFRS 9 requires that the accounting for non-designated time value of option should be applied retrospectively. This only applies to hedging relationships that existed at 1 January 2017 or were designated thereafter.

(e) Disclosures in relation to the initial application of IFRS 9

There were no financial assets or financial liabilities which the Company had previously designated as at FVTPL under IAS 39 that were subject to reclassification or which the Company has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the Company has elected to designate as at FVTPL at the date of initial application of IFRS 9.

Impact of application of IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It will supersede the following revenue Standards and Interpretations upon its effective date:

- IAS 18 Revenue;
- IAS 11 Construction Contracts;
- IFRIC 13 Customer Loyalty Programmes;
- IFRIC 15 Agreements for the Construction of Real Estate;
- IFRIC 18 Transfers of Assets from Customers; and
- SIC 13 Revue-Barter Transactions involving advertising services

As suggested by the title of the new Revenue Standard, IFRS 15 will only cover revenue arising from contracts with customers. Under IFRS 15, a customer of an entity is a party that has contracted with the entity to obtain goods or services that are an output of the entity's activities in exchange for consideration. Unlike the scope of IAS 18, the recognition and measurement of interest income and dividend income from debt and equity investments are no longer within the scope of IFRS 15. Instead, they are within the scope of IAS 39 (or IFRS 9 if it is early adopted).

As mentioned above, the new Revenue Standard has a single model to deal with revenue from contracts with customers. Its core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Far more prescriptive guidance has been introduced by the new Revenue Standard:

- Whether or not a contract (or a combination of contracts) contains more than one promised good or service, and if so, when and how the promised goods or services should be unbundled.
- Whether the transaction process allocated to each performance obligation should be recognised as revenue over time or at a point in time. Under IFRS 15, an entity recognises revenue when a performance obligation is satisfied, which is when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Unlike IAS 18, the new Standard does not include separate guidance for 'sale of goods' and 'provision of services' rather the new Standard requires entities to assess whether revenue should be recognised over time or a particular point in time regardless of whether revenue relates to 'sales of goods' or 'provision of services'.

AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Financial statements are prepared in Seychelles Rupees

2 Summary of significant accounting policies (cont...)

2.3.1 New and amended Standards that are effective for the current year (cont...)

- When the transaction price includes a variable consideration element, how it will affect the amount and timing of revenue to be recognised. The concept of variable consideration is broad; a transaction price is considered variable due to discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties and contingency arrangements. The new standard introduces a high hurdle for variable consideration to be recognised as revenue – that is, only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

- When costs incurred to obtain a contract and costs to fulfil a contract can be recognised as an asset.

In April 2016, the IASB issued clarifications to IFRS 15 in response to feedback received by the IASB/FASB Joint Transition Resource Group for Revenue Recognition, which was formed to address potential issues associated with the implementation of IFRS 15 and the US GAAP equivalent, ASC topic 606. The Clarification to IFRS 15 clarified the following areas:

- Identify performance obligations; by providing illustrative factors for consideration in assessing whether the promised goods or services are distinct.

- Principal versus agent considerations; by clarifying that an entity should assess whether it is a principal or agent for each distinct good or service promised to the customer, and by amending and reframing the indicators to assess whether an entity is a principal or agent; and

- Licensing application guidance: in determining whether the license grants customers a right to use the underlying intellectual property ("IP") (which would result in point in time revenue recognition) or a right to access the IP (which would result in revenue recognition over time), an entity is required to determine whether (i) its ongoing activities are expected to significantly change the form or the functionality of the IP or (ii) the ability to the customer to obtain benefit from the IP is substantially derived from or dependent upon those activities.

- In the current year, Airtel Seychelles Limited has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5 step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. The Company has adopted IFRS 15, 'Revenue from Contracts with Customers' applying the cumulative effect method applied retrospectively to the contracts that are not completed as of Jan 1, 2018 (being the date of initial application). Accordingly, the comparative information has not been restated. Revenue is recognized upon transfer of control of promised products or services to the customer at the consideration, which the company has received or expects to receive in exchange of those products or services, net of any taxes / duties, discounts and process waivers. In order to determine if it is acting as a principal or as an agent, the company assesses whether it is primarily responsible for fulfilling the performance obligation. Details of the new requirements as well as their impact on the company financial statements are described below

Trade discounts and commissions

Airtel Seychelles limited allows distributors a discount on the sales price of RCVs or E-top-ups provided to distributors. The discount is calculated as a percentage of the sales price and is contractually defined per contracts in place between Airtel Seychelles Limited and the distributors.

This discount was a commission expense to Airtel Seychelles limited, which Airtel Seychelles limited historically recognised as selling and distribution expense. In accordance with IFRS 15, the company has recognised revenue net of this commission expense and presented revenue accordingly in its financial statements. As such, the commission expense forms part of the revenue balance. The impact of this will be to reduce selling and distribution expenses and reduce revenue, with a nil net effect on gross profit and the bottom line. The opening balance of equity at 1 January 2018 has been adjusted in accordance with the modified retrospective method and cumulative effect of SCR 849,562 for the primary recharge commission adjusted on equity at the date of initial application.

Free of cost handsets with early termination fees

Transaction price is allocated between handset sale and service sale. Handset revenue is recognized upfront (Subject to adjustment for early termination charges.). Inventory is expensed upfront on handset sale. Thus, current accounting is in line with IFRS 15.

Liquidated damages and SLA penalty

One time revenue and liquidated damages forms a very insignificant part of the total lease line revenue. As a one time revenue, company has concluded that the further IFRS adjustment impact itself would not be material.

Loyalty points

As at 31st Dec 2018, no loyalty accruals were in the company books, impact of IFRS 15 not applicable.

AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Financial statements are prepared in Seychelles Rupees

2 Summary of significant accounting policies (cont...)

2.3.2 New and Revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

IFRS 16 - Leases

Amendments to IFRS 9 - Prepayment Features with Negative Compensation

Amendments to IAS 19 Employee - Plan Amendment, Curtailment or Settlement

IFRIC 23 - Uncertainty over Income Tax Treatments

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods, except as noted below:

IFRS 16 - Leases:

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It will supersede the following lease standard and interpretations when it becomes effective for annual periods beginning on or after 1 January 2019:

- IAS 17 leases;
- IFRIC 4 determining whether an arrangement contains a lease;
- SIC-15 operating leases - incentives; and
- SIC -27 evaluating the substance of transactions involving the legal form of a lease.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right of use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any measurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 models the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows

Lessee Accounting

IFRS 16 introduces significant changes to leases accounting: it removes the distinction between operating and finance leases under IAS 17 and requires a lessee to recognise a right - of - use asset and a lease liability at lease commencement for all leases, except for short-term leases and leases if low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

If a lessee elects not to apply the general requirements of IFRS 16 to short-term leases (i.e. one that does not include a purchase option and had a lease term at commencement date of 12 months or less) and leases if low value assets, the lessee should recognise the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis, similar to the current accounting for operating leases.

Lessor Accounting

In contrast to lessee accounting, the IFRS 16 lessor accounting requirements remain largely unchanged from IAS 17, which continue to require a lessor to classify a lease either as an operating lease or a finance lease.

In addition, IFRS 16 also provides guidance on the accounting for sale and leaseback transactions. Extensive disclosure is also required by the new Standard.

AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Financial statements are prepared in Seychelles Rupees

2 Summary of significant accounting policies (cont...)

2.3.2 New and Revised IFRSs in issue but not yet effective: (cont...)

Lessor Accounting (cont...)

IFRS 16 is effective for reporting periods beginning on or after 1 January 2019 with early application permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16. A lessee can apply IFRS 16 either by a full retrospective approach of a modified retrospective approach. If the latter approach is selected, an entity is not required to restate the comparative information and the cumulative effect of initially applying IFRS 16 must be presented to opening retained earnings (or other component of equity as appropriate).

Amendments to IFRS 9 Prepayment Features with Negative Compensation

The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the SPPI condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI.

The amendment applies to annual periods beginning on or after 1 January 2019, with earlier application permitted. There are specific transition provisions depending on when the amendments are first applied, relative to the initial application of IFRS 9. The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement:

The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). IAS 19 is now clear that the change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognised in the normal manner in other comprehensive income.

The paragraphs that relate to measuring the current service cost and the net interest on the net defined benefit liability (asset) have also been amended. An entity will now be required to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In the case of the net interest, the amendments make it clear that for the period post plan amendment, the net interest is calculated by multiplying the net defined benefit liability (asset) as remeasured under IAS 19.99 with the discount rate used in the remeasurement (also taking into account the effect of contributions and benefit payments on the net defined benefit liability (asset)).

The amendments are applied prospectively. They apply only to plan amendments, curtailments or settlements that occur on or after the beginning of the annual period in which the amendments to IAS 19 are first applied. The amendments to IAS 19 must be applied to annual periods beginning on or after 1 January 2019, but they can be applied earlier if an entity elects to do so. The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial

IFRIC 23 Uncertainty over Income Tax Treatments

The Annual Improvements include amendments to four Standards.

IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to:

- determine whether uncertain tax positions are assessed separately or as a Company; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
 - If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
 - If no, the entity should reflect the effect of uncertainty in determining its accounting tax position. The Interpretation is effective for annual periods beginning on or after 1 January 2019. Entities can apply the Interpretation with either full retrospective application or modified retrospective application without restatement of comparatives retrospectively or prospectively.

AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Financial statements are prepared in Seychelles Rupees

2 Summary of significant accounting policies (cont...)

2.3.2 New and Revised IFRSs in issue but not yet effective: (cont...)

IFRIC 23 Uncertainty over Income Tax Treatments

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

2.4 Foreign Currency Translation

Foreign currency transactions are translated in the Seychelles Rupee at the rate of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of profit or loss & other comprehensive income within "finance income or costs". All other exchange gains and losses are presented in the statement of profit or loss & other comprehensive income within "operating expenses".

The Banks closing-rate for the period were:

Currency	Exchange rates at 31 December			Changes in percent (Sr)	
	2018	2017	2016	2017-2018	2016-2017
US \$/Sr	13.65	14.05	13.46	-3%	4%
Euro/Sr	15.62	16.29	14.04	-4%	16%
UK Pound/Sr	17.31	18.45	16.37	-6%	13%

2.5 Comparatives

Where necessary comparative figures have been adjusted to conform to changes in presentation in the current year.

2.6 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner indicated by the management. The cost of property, plant and equipment constructed by the company includes the cost of materials and direct labour .

The company adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of such an item when cost is incurred if the replacement part is expected to provide future benefits to the company. The carrying amount of the replaced part is derecognised. All repairs and maintenance are charged to the statement of income during the period in which they are incurred.

Depreciation on assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives. The estimated useful lives range as follows:

Leasehold improvements	7 years
Office equipment	3-10 years
Operating equipment	10 years
Motor vehicles	5 years

The assets residual values and depreciation methods are reviewed, and adjusted prospectively, if there is an indication or a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other income or expenses" in the statement of income .

AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Financial statements are prepared in Seychelles Rupees

2 *Summary of significant accounting policies (cont...)*

2.7 *Intangibles*

Intangible assets are recognised when the company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the company and the cost of the asset can be reliably measured.

Amortisation is recognised in income statement on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use or placed in service. The amortisation period and the amortisation method for an intangible asset is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Software is capitalised at the amounts paid to acquire the respective license for use and is amortised over the period of license.

Bandwidths capacities are capitalized at the amounts incurred to acquire the right to use capacities and are amortised over the period of the agreement (10-15 years).

2.8 *Inventories*

Inventories are carried at the lower of cost and net realisable value.

Cost is based on the first-in, first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location.

At each reporting date, inventories are assessed for impairment. If the inventory is impaired, the carrying amount is reduced to its selling price less cost to complete and sell; the impairment loss is recognised immediately in the statement of income.

2.9 *Taxation*

The tax expense for the period comprises of current, corporate social responsibility, tourism marketing taxes and deferred tax. Tax is recognised in the statement of income, except that a charge attributable to an item of income or expense as recognised as other comprehensive income is also recognised directly in other comprehensive income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and unused tax losses or tax credits.

The current income tax charge and deferred tax is calculated on the basis of tax rates and laws that have been enacted or substantially enacted by the reporting date.

2.10 *Financial Instruments*

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) *Financial assets*

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Financial statements are prepared in Seychelles Rupees

2 *Summary of significant accounting policies (cont...)*

(i) *Financial assets (cont..)*

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets are classified as at FVTPL when the financial asset is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL

A financial asset is classified as held for trading if:

it has been acquired principally for the purpose of selling it in the near term; or

on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'exchange gains / (losses) line item in the Statement of profit or loss and Other Comprehensive Income.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

In the year ended, the Company did not have assets designated at available for sale financial assets.

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Financial statements are prepared in Seychelles Rupees

2 Summary of significant accounting policies (cont...)

2.10 Financial Instruments (cont..)

(i) Financial assets (cont..)

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities and

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments

The component parts of compound instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Financial statements are prepared in Seychelles Rupees

2 Summary of significant accounting policies (cont...)

2.10 Financial Instruments (cont..)

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

it has been incurred principally for the purpose of repurchasing it in the near term; or

on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item.

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with IAS 37;
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Financial statements are prepared in Seychelles Rupees

2 Summary of significant accounting policies (cont...)

2.10 Financial Instruments (cont..)

Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non- derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the Company revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Company revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in

2.11 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2.12 Trade receivables

Trade receivables are initially recognised at the transaction price. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to original terms of the receivables.

AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Financial statements are prepared in Seychelles Rupees

2 Summary of significant accounting policies (cont...)

2.13 Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is done within one year or less. If not, they are presented as non-current liabilities.

2.14 Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made or received under operating leases are charged to the income statement on a straight line basis over the period of the lease.

2.15 Revenue recognition

Company's revenue arises from billing customers for monthly subscription, airtime usage, connections and sale of simcards, handsets and accessories, roaming and interconnection revenue.

Revenue is measured at the fair value of the consideration received or receivable for the sale/provision of goods and services in the ordinary course of the company's activities. Revenue is shown net of value-added tax (VAT), excise duties, discount and rebates.

In relation to the rendering of services, revenue is recognised by reference to the state of completion of the transaction at the date of the statement of financial position, and is stated net of taxes in the statement of income.

Sale of goods, revenue is recognised where the ownership has been transferred to the buyer and no significant uncertainties remain regarding the derivation of consideration, associated costs or the possible return of goods.

The company writes off to revenue credits after six months for prepaid sales which are unutilised by deactivated customers through forfeiture.

3 Revenue

Analysis of revenue by category

	2018	2017
Cellular	250,485,433	268,875,334
Fixed & leased line	32,603,315	15,176,190
International incoming	20,428,495	23,425,812
Sale of handsets	10,298,219	10,629,185
Other services including sales of other equipment	385,046	2,756,136
Total	314,200,508	320,862,657

4 Direct costs

	2018	2017
Cost of goods sold	8,183,649	7,367,605
License fees	21,275,923	21,829,182
Interconnect & roaming expenses	23,208,193	41,655,855
Total	52,667,765	70,852,642

5 Network expenses

	2018	2017
Bandwidth charges	5,822,725	8,235,722
Annual maintenance Charges	8,709,503	8,923,979
Electricity	11,436,775	11,000,123
Maintenance costs	1,647,660	1,290,886
Other network expenses	12,630,429	16,998,622
Total	40,247,092	46,449,332

AIRTEL (SEYCHELLES) LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Financial statements are prepared in Seychelles Rupees

6 Administrative expenses

	2018	2017
Security	204,979	969,358
Repairs and maintenance	2,301,705	1,119,056
Travelling and transport	510,664	1,527,268
Utility	1,237,357	383,062
Rental of offices and showrooms	7,428,649	2,990,647
Legal and professional fees	1,130,720	756,668
Postage, courier, and stationery	1,239,116	1,051,009
Office operational costs	3,804,278	2,614,332
Total	17,857,467	11,411,400

7 Employee salaries and benefits expense

	2018	2017
Salaries and wages	27,530,353	30,641,142
Employee benefit obligation (note 17)	111,339	1,712,993
Performance linked bonuses	4,334,062	3,248,085
Staff transport and staff welfare	2,611,408	4,672,229
Total	34,587,162	40,274,449

8 Profit for the year

	2018	2017
Profit for the year has been arrived at after charging/(crediting):		
Auditors remuneration	309,000	289,000
Depreciation and amortisation	44,316,893	36,208,356
Rental	7,428,649	2,990,647
Management fees and brand royalty	9,642,267	7,928,605

9 Finance costs

	2018	2017
Interest on loan	10,807,257	10,460,799
Exchange loss / (gain) on borrowings	(3,594,257)	5,912,370
Exchange losses on cash and cash equivalents	2,159,377	480,850
Total	9,372,378	16,854,019

10 Property, plant and equipment

	Leasehold improvements	Office & operating equipment	Vehicles	Capital Work In Progress	Total
Cost					
At 1 January 2017	2,228,698	405,212,718	6,885,030	9,156,162	423,482,608
Additions	-	66,104	-	10,345,197	10,411,301
Disposals and cost adjustments	-	(14,535,727)	-	-	(14,535,727)
Transfers from capital work in progress	-	-	488,351	(488,351)	-
At 31 December 2017	2,228,698	390,743,095	7,373,381	19,013,008	419,358,182
Accumulated depreciation and impairment					
At 1 January 2017	1,334,098	222,407,555	4,715,884	-	228,457,537
Annual depreciation	47,896	28,477,447	705,138	-	29,230,481
Disposals	-	-	-	-	-
At 31 December 2017	1,381,994	250,885,002	5,421,022	-	257,688,018
Carrying amount					
At 1 January 2017	894,600	182,805,163	2,169,146	9,156,162	195,025,071
At 31 December 2017	846,704	139,858,093	1,952,359	19,013,008	161,670,164

AIRTEL (SEYCHELLES) LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Financial statements are prepared in Seychelles Rupees

10 Property, plant and equipment

	Leasehold improvements	Office & operating equipment	Vehicles	Capital Work In Progress	Total
Cost					
At 1 January 2018	2,228,698	390,743,095	7,373,381	19,013,008	419,358,182
Additions	-	110,040,195	-	117,030,673	227,070,868
Reclassification to intangibles	-	-	-	6,065,131	6,065,131
Transfers from capital work in progress	-	-	-	(110,040,195)	(110,040,195)
At 31 December 2018	2,228,698	500,783,290	7,373,381	32,068,617	542,453,986
Accumulated depreciation and impairment					
At 1 January 2018	1,381,994	250,885,002	5,421,022	-	257,688,018
Annual depreciation	47,776	36,731,844	705,133	-	37,484,754
Disposals	-	-	-	-	-
At 31 December 2018	1,429,770	287,616,846	6,126,155	-	295,172,772
Carrying amount					
At 1 January 2018	846,704	139,858,093	1,952,359	19,013,008	161,670,164
At 31 December 2018	798,928	213,166,444	1,247,226	32,068,617	247,281,215

11 Intangibles

	Bandwidth	Software	Capital Work In Progress	Total
Cost				
At 1 January 2017	42,343,005	28,002,212	-	70,345,217
Additions	-	605,423	6,065,131	6,670,554
Reclassification from property, plant and equipment	-	14,535,727	-	14,535,727
At 31 December 2017	42,343,005	43,143,362	6,065,131	91,551,498
Accumulated amortisation and impairment				
At 1 January 2017	11,914,983	27,792,066	-	39,707,049
Annual amortisation	3,873,671	3,104,204	-	6,977,875
At 31 December 2017	15,788,654	30,896,270	-	46,684,924
Carrying amount				
At 1 January 2017	30,428,022	210,146	-	30,638,168
At 31 December 2017	26,554,351	12,247,092	6,065,131	44,866,574
Cost				
At 1 January 2018	42,343,005	43,143,362	6,065,131	91,551,498
Additions	19,083,248	1,599,313	20,682,561	41,365,122
Reclassification to property, plant and equipment and capitalisator	-	-	(26,747,692)	(26,747,692)
At 31 December 2018	61,426,253	44,742,675	-	106,168,928
Accumulated amortisation and impairment				
At 1 January 2018	15,788,654	30,896,270	-	46,684,924
Annual amortisation	4,053,347	2,778,792	-	6,832,139
At 31 December 2018	19,842,001	33,675,062	-	53,517,063
Carrying amount				
At 1 January 2018	26,554,351	12,247,092	6,065,131	44,866,574
At 31 December 2018	41,584,252	11,067,613	-	52,651,865

AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Financial statements are prepared in Seychelles Rupees

12 Investment

Investment is stated at historical cost less losses retained in Seychelles Cable System Company Limited, an unquoted company incorporated in the Seychelles.

	Holding	2018	2017
Classified as:			
Investment in associate at cost	26%	49,861,046	49,861,046
Foreign exchange adjustment in accounting for initial cost		(7,484,580)	(5,666,896)
Share of profit/(losses) retained in associate		17,951	5,895,845
Increase in value of investment in associate	(7,695,578)	42,394,416	50,089,994

The Company was incorporated to set up a submarine fibre-optic link between Seychelles and Tanzania for improved telecommunication services. The Other shareholders of this company are the Government of Seychelles (40.6%) and Cable & Wireless (Seychelles) Limited (33.4%).

13 Taxation

	Statement of financial position		Statement of Income	
	2018	2017	2018	2017
13.1 Current tax				
Balance due from prior year	17,032,104	12,712,384	-	-
Adjustment to prior year provision	(677,684)	(4,288,494)	(677,684)	(4,288,494)
Refunded/(paid) for prior year	(23,399,594)	(8,423,890)	1,130,043	-
Provision for the year	18,000,000	23,000,000	18,000,000	23,000,000
Provisionally paid for current year	(7,066,392)	(5,967,896)	-	-
Total	3,888,434	17,032,104	18,452,359	18,711,506
13.2 Deferred tax asset				
On provisions not allowed for tax	29,911,585	15,354,991	(14,556,594)	3,973,663
13.3 Deferred tax liability				
Deferred due to accelerated tax depreciation	58,635,530	45,685,151	12,950,379	9,585,969
Total deferred tax expense			(1,606,215)	13,559,632
13.4 Corporate Social Responsibility & Tourism marketing Tax			3,346,414	2,370,144
Total income tax expense			20,192,558	34,641,282

14 Inventories

	2018	2017
Handsets and accessories	13,233,227	10,071,387
Scratch cards	195,690	165,708
Starter packs	347,900	297,801
Less: Provision for obsolescence	(543,590)	(463,509)
Total	13,233,227	10,071,387

15 Trade and other receivables

	2018	2017
Trade receivables	111,107,309	93,858,643
Less: Provision for impairment losses	(70,128,836)	(39,486,464)
	40,978,474	54,372,179
Receivable from related parties (note 21.2)	10,381,280	11,864,369
Deposits	144,630	25,000
Other debtors	799,204	1,616,155
Prepayments	4,334,172	10,389,002
Total	56,637,760	78,266,705

AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Financial statements are prepared in Seychelles Rupees

15 Trade and other receivables (cont...)

Movement in provision for impairment is as follows:

1 January	39,486,464	39,024,008
Provisions made in the year:		
- trade receivables	11,419,675	94,817
- interconnect and roaming partners	212,527	367,639
Total	51,118,666	39,486,464

16 Authorised & issued capital

	2018	2017
	Ordinary Shares	Share value
Share capital	35,969	35,969,000
Total	35,969	35,969,000

Authorised, issued and allotted 35,969 shares of SR 1,000 each

17 Employee benefit obligations

	2018	2017
1 January	5,293,999	7,075,418
Benefits paid	(1,416,757)	(3,494,412)
Current service cost	111,339	1,712,993
Total	3,988,581	5,293,999

As from current year, Employee benefits obligations are stated at present values of liabilities due for termination indemnities under Employment Amendment Act (1999); Long Service Awards and Compensated Absences. The actuarial assumptions in determining the obligation are:

- Discount rate 6% p.a.
- Salary interest rate 3% p.a.
- Mortality Table implicit withdrawal rate assumption
- Withdrawals 10% p.a. (rate of employee turnover)
- Retirement age 55 years
- Leave availment 8% p.a. of accrued leave of employees

18 Borrowings

	2018	2017
Due to:		
HSBC Bank - Mauritius (note 18.1)	204,758,277	-
Step up parent - Bharti Airtel Africa BV (note 21.4)	39,078,851	120,992,536
Total	243,837,128	120,992,536
Classified as:		
Current	204,758,277	-
Non-current	39,078,851	120,992,536

18.1 Loan from HSBC (Mauritius) Ltd

	US\$ 2018	US\$ 2017	SCR 2018	SCR 2017
At 1 January	-	-	-	-
Received in the year	15,000,000	-	204,180,000	-
Interest Capitalized in the year	222,899	-	3,192,169	-
Repaid in the year	(222,899)	-	(3,165,308)	-
Exchange difference	-	-	551,415	-
At 31 December	15,000,000	-	204,758,277	-

The loan matures on 31 August 2019 with a rollover option, is unsecured and attracts interest at a rate of libor + 2.2% per annum

AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Financial statements are prepared in Seychelles Rupees

19 Trade and other payables

	2018	2017
Trade payables	4,271,566	33,535,513
Payable to related parties (note 21.3)	20,541,509	12,489,763
Interconnect and roaming partners	20,566,906	5,181,491
Deferred income	10,002,496	7,569,714
Security deposits	1,687,714	1,454,447
Accruals for network maintenance & other services	17,089,147	22,058,552
Total	74,159,338	82,289,480

20 Cash and Cash Equivalents

	2018	2017
Cash at Bank	27,807,282	54,300,395
Cash at Hand	236,414	195,867
Total	28,043,696	54,496,262

21 Other financial (liability)/asset

	2018	2017
As at 31 December, 2018, the company no longer had any financial instruments held at fair value;		
Current portion of embedded derivative	-	223,950
Non-current portion of embedded derivative	-	31,756
Total	-	255,706

In 2017, these were derivatives not designated as hedges

The company through a host IT outsourcing contract entered into between Bharti Airtel Limited and IBM created an embedded foreign currency derivative, in 2018 the outsourcing contract was terminated.

22 Related parties and transactions

These relate to transactions with parent company and fellow subsidiaries and senior management of the company.

22.1 Services provided to Intergroup companies:

Name of related party	Relationship to Company	2018	2017
Sale of goods and services			
Airtel Networks Zambia Plc	Fellow subsidiary	1,075	(1,200)
Airtel Networks Kenya Limited	Fellow subsidiary	54,830	6,108,783
Airtel Malawi Limited	Fellow subsidiary	3,617	2,591
Airtel Tanzania Limited	Fellow subsidiary	(948)	1,856
Airtel Madagascar S.A	Fellow subsidiary	(14,218)	6,723
Airtel Gabon S.A	Fellow subsidiary	-	309
Airtel Tchad S.A	Fellow subsidiary	(141)	68
Airtel Nigeria S.A	Fellow subsidiary	(1,891)	919
Airtel Niger S.A	Fellow subsidiary	(3,400)	(72)
Airtel Uganda Limited	Fellow subsidiary	(1,298)	313,757
Airtel Ghana Limited	Joint venture*	-	52
Airtel Congo (DRC) S.A	Fellow subsidiary	(196)	66
Airtel Rwanda Limited	Fellow subsidiary	-	(6)
Bharti International Singapore Pte Limited	Fellow subsidiary	84,258	(828,154)
Bharti Airtel Lanka (Pvt Ltd), Sri Lanka	Fellow subsidiary	590	6,519
Airtel Bangladesh Ltd, Bangladesh	Fellow subsidiary	(897)	798
Bharti Airtel Limited	Step up parent	71,555	36,651
Bharti Airtel (UK) Limited	Fellow subsidiary	4,594,526	23,627,002
Jersey Airtel Limited	Fellow subsidiary	(163)	169
Singapore Telecommunications Limited	Step up parent	20,197	-
Total		4,807,495	29,276,833

*In 2017, there was a change in relationship from fellow subsidiary to Joint venture of group

AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Financial statements are prepared in Seychelles Rupees

22 Related parties and transactions (cont...)

22.2 Services received from Intergroup companies:

Name of related party	Relationship to Company	2018	2017
Purchase of goods and services			
Airtel Networks Zambia Plc	Fellow subsidiary	(2,005)	2,263
Airtel Networks Kenya Limited	Fellow subsidiary	1,068,331	3,156
Airtel Malawi Limited	Fellow subsidiary	(6,243)	2,796
Airtel Tanzania Limited	Fellow subsidiary	60,280	(685)
Airtel Madagascar S.A	Fellow subsidiary	2,616	1,269
Airtel Congo S.A	Fellow subsidiary	-	281
Airtel Gabon S.A	Fellow subsidiary	249	-
Airtel Tchad S.A	Fellow subsidiary	391	(81)
Airtel Niger S.A	Fellow subsidiary	(72)	-
Airtel Uganda Limited	Fellow subsidiary	(1,201)	(1,965)
Airtel Nigeria S.A	Fellow subsidiary	(7,214)	(560)
Airtel Ghana Limited	Joint venture*	-	665
Airtel Bangladesh Ltd, Bangladesh	Fellow subsidiary**	-	(99)
Airtel Congo (DRC) S.A	Fellow subsidiary	(1,955)	(66)
Airtel Rwanda Limited	Fellow subsidiary	203	-
Network i2i Limited	Step up parent	1,117,086	4,436,985
Bharti Airtel Lanka (Pvt Ltd), Sri Lanka	Fellow subsidiary	9,238	27,190
Bharti Airtel Limited	Step up parent	989,680	2,172,966
Bharti International Singapore Pte Limited	Fellow subsidiary	3,151,190	19,712,647
Bharti Airtel (UK) Limited	Fellow subsidiary	1,121,571	9,131,080
Bharti Airtel International (Netherlands) B.V.	Step up parent	1,795,288	524,553
Seychelles Cable Systems Company Limited	Associate	16,273,344	4,221,627
Singapore Telecommunications Limited	Step up parent	2,465	-
Jersey Airtel Limited	Fellow subsidiary	-	39
Nxtra Data Limited	Fellow subsidiary	108,683	646,189
Total		25,681,925	40,880,248

* In 2017, there was change in relationship from Fellow subsidiary to Join venture of group

** Subsidiary was liquidated/sold during 2016

Receivables from Intergroup companies

Name of related party	Relationship to Company	2018	2017
Airtel Networks Zambia Plc	Fellow subsidiary	595	480
Airtel Networks Kenya Limited	Fellow subsidiary	73,950	19,120
Airtel Malawi Limited	Fellow subsidiary	8,954	5,338
Airtel Tanzania Limited	Fellow subsidiary	866	1,814
Airtel Madagascar S.A	Fellow subsidiary	942	15,160
Airtel Tchad S.A	Fellow subsidiary	8	149
Airtel Uganda Limited	Fellow subsidiary	1,772	3,070
Airtel Niger S.A	Fellow subsidiary	116,235	119,636
Airtel Nigeria S.A	Fellow subsidiary	24	1,915
Airtel Gabon S.A	Fellow subsidiary	58	-
Airtel Rwanda Limited	Fellow subsidiary	190	-
Airtel Congo (DRC) S.A	Fellow subsidiary	-	196
Airtel Bangladesh Ltd, Bangladesh	Fellow subsidiary**	-	897
Jersey Airtel Limited	Fellow subsidiary	-	163
Airtel Mobile Commerce Seychelles Ltd	Fellow subsidiary	6,615,056	7,212,139
Bharti Airtel (UK) Limited	Fellow subsidiary	2,465,198	3,076,485
Bharti Airtel Limited	Step up parent	381,848	692,427
Bharti International (Singapore) Pte Ltd	Fellow subsidiary	689,494	715,379
Singapore Telecommunications Limited	Step up parent	26,089	-
Total		10,381,280	11,864,369

** Subsidiary was liquidated/sold during 2016

AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Financial statements are prepared in Seychelles Rupees

22 Related parties and transactions (cont...)

22.2 Services received from Intergroup companies:

Payables to Intergroup companies

Name of related party	Relationship to Company	2018	2017
Airtel Networks Zambia Plc	Fellow subsidiary	29	2,033
Airtel Networks Kenya Limited	Fellow subsidiary	2,285,926	1,217,594
Airtel Malawi Limited	Fellow subsidiary	194,459	200,702
Airtel Tanzania Limited	Fellow subsidiary	60,349	69
Airtel Madagascar S.A	Fellow subsidiary	2,804	188
Airtel Congo (DRC) S.A	Fellow subsidiary	64,869	66,825
Airtel Rwanda Limited	Fellow subsidiary	221	18
Airtel Tchad S.A	Fellow subsidiary	391	-
Airtel Uganda Limited	Fellow subsidiary	1,333	2,534
Airtel Niger S.A	Fellow subsidiary	-	72
Airtel Nigeria S.A	Fellow subsidiary	245,995	253,209
Airtel Gabon S.A	Fellow subsidiary	250	1
Bharti Airtel Limited	Step up parent	1,520,254	632,529
Bharti Airtel Lanka (Pvt Ltd), Sri Lanka	Fellow subsidiary	12,200	10,559
Bharti International (Singapore) Pte Ltd	Fellow subsidiary	6,769,447	4,781,944
Bharti Airtel International (Netherlands) B.V.	Step up parent	3,687,052	1,891,764
Seychelles Cable Systems Company Limited	Associate	994,389	-
Singapore Telecommunications Limited	Step up parent	-	1,578
Bharti Airtel (UK) Limited	Fellow subsidiary	268,699	196,766
Network I2I Limited	Step up parent	3,827,213	2,710,126
Nxtra Data Limited	Fellow subsidiary	605,629	521,250
Total		20,541,509	12,489,763

22.4 Loan from step up parent (Bharti Airtel Africa B.V)

	US\$ 2018	US\$ 2017	SCR 2018	SCR 2017
At 1 January	8,609,240	13,075,514	120,992,536	175,958,496
Received in the year	2,800,000	-	38,192,000	-
Interest Capitalized in the year	565,252	633,726	7,615,088	10,460,799
Repaid in the year	(9,109,556)	(5,100,000)	(123,575,101)	(69,773,850)
Less: Withholding tax	-	-	-	(1,565,279)
Exchange difference	-	-	(4,145,672)	5,912,370
At 31 December	2,864,936	8,609,240	39,078,851	120,992,536

The balance has a maturity date of 31 December 2021, is unsecured and attracts interest at a rate of 4.5% + 3 month libor

22.5 Directors emoluments, pensions or compensation

Emoluments, pensions or compensation and any other benefits paid to directors during the year are shown below;

Director	Salary for Management		Fees, Pensions & Others	
	2018	2017	2018	2017
Amadou Mahamat Dina	1,841,795	1,766,663	778,415	523,301
Alok Bafna	-	-	-	-
Ramakrishna Lella	-	-	-	-
Total	1,841,795	1,766,663	778,415	523,301

22.6 Parent and other controlling interests

The company's parent is Indian Ocean Telecom Limited, incorporated in the Jersey. The step up parent company is Bharti Airtel Africa BV, a company incorporated in the Netherlands.

AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Financial statements are prepared in Seychelles Rupees

23 Commitments

23.1 Capital commitments

Capital commitments in the form of Open Purchase orders as at 31 December 2018 were to the tune of SR 54M (2017: SR 102M) dedicated to completion of the Network expansion project, modernisation of the Data Centre and extension of fiber connectivity footprint in the country.

23.2 Leases

The future minimum lease payments under non-cancellable operating lease are as follows:

	2018	2017
No later than 1 year	8,563,983	7,882,863
Later than 1 year and no later than 5 years	16,655,930	21,055,930
Total	25,219,913	28,938,793

24 Exceptional Items

The directors are not aware of any exceptional items during the year ended 31 December 2018.

25 Contingencies

The directors are not aware of any outstanding contingent liabilities at 31 December 2018.