



**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

INDEX

	PAGE
DIRECTORS REPORT	1 - 2
AUDITORS REPORT	3 - 4
STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME	5
STATEMENT OF FINANCIAL POSITION	6
STATEMENT OF CHANGES IN EQUITY	7
CASH FLOW STATEMENT	8
FIVE YEAR FINANCIAL SUMMARY	9
NOTES TO THE ACCOUNTS	10- 29

AIRTEL (SEYCHELLES) LIMITED
(Formerly Telecom (Seychelles) Limited)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present herewith their report and audited financial statement of the company for the year ended 31 December 2020.

Activities

Airtel (Seychelles) Limited (the 'Company') carries on the business of providing telecommunication service in Seychelles.

Revenue (Note 3) decreased by 7% (2019: increased by 3%) in the current year to SCR 302M (2019: SCR 325M) due to the negative impact of the Covid-19 pandemic on the tourism industry and the Seychelles economy in general. Roaming revenue was crippled and purchasing power of local customers also reduced.

Direct costs (Note 4) dropped by 19% (2019: dropped 25%) due to decrease in Interconnect and Roaming expense on account of reduced international and roaming traffic.

The loss before tax of SCR 100 M (2019: Profit before tax SCR 65M) is on account of exchange losses arising from a 53% devaluation of the local currency (Note 2.4) fueled by the economic factors explained above.

Consolidated accounts

The Company is a shareholder (holding 26%) in Seychelles Cable Systems Company Limited. The results of Seychelles Cable Systems Company Limited have been incorporated in the Statement of profit or loss and Other Comprehensive Income.

Results

The Company's operating profit for the current year is SCR 57M (2019: Profit of SCR 89M). This is a result of a drop in revenues as detailed above. While the Operating profit for the year is positive, the company reported a loss before tax of SR 100M (2019: Profit of 65M) arising from exchange losses caused by the steep devaluation of the local currency by over 53% (Note 2.4) when tourism, the main economic activity ceased following the covid-19 lock downs in the year.

The operating expenses in current year increased by 4% (2019: 1% decreased) due to increase in bad debt provisions (SCR 7M) and network expenses (SCR 6M).

During the year the company has contributed SCR 72M Net (2019: SCR 54M) to the exchequer on account of VAT, License fees, Business Tax, Income Tax, Tourism Marketing Tax, CSR Tax and Withholding Tax.

During the year no dividend was paid (2019: SCR Nil). The Directors declared dividend of SCR 39.6M in the board meeting held on 22 June 2020.

Capital Expenditure

Significant capital expenditure was made in 2020 to the tune of SCR 104M (2019: SCR 89M) to construct a new Tier 3 data centre and Head office on Perseverance Island and to improve coverage in selected locations through modernization of the LTE network.

Property plant and equipment and right of use assets with definite lives are reviewed for impairment on each balance sheet date; or whenever events or changes in circumstances indicate that their carrying values may not be recoverable. There was no impairment during the year 2020 (2019: SCR Nil).

Employees

As at 31 December 2020 the company employed 58 staff (2019: 60 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
(Formerly Telecom (Seychelles) Limited)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Statutory disclosures under section 153 of the Companies Ordinance 1972

Principal Activities

Principal activity of the company continues to be to provide telecommunication 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 (appointed on 14 November 2014)	-	-
Alok Bafna (appointed on 28 November 2017)	-	-
Ramakrishna Lella (appointed on 28 November 2017)	-	-
Rogany Ramiah (appointed on 17 September 2019)	-	-
Michael Patrick Foley (appointed on 13 May 2020)	-	-

The directors are of the opinion that all transactions with related parties, further described in note 23 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.

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 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 appropriate accounting policies and 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.

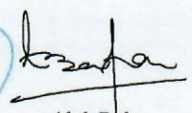
Auditors


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 spirit 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


Rogany Ramiah


Michael Patrick Foley

Date: 16 June 2021

AIRTEL (SEYCHELLES) LIMITED

Statement of profit or loss and other comprehensive income

Financial statements are prepared in Seychelles Rupees

		For the year ended 31 December	
	Note	2020	2019
Income			
Revenue	3	302,867,517	324,666,066
Expenses			
Direct costs	4	(19,157,237)	(23,569,103)
Network operating expenses	5	(67,188,185)	(55,971,390)
License fee		(16,756,477)	(19,304,714)
Employee benefits expense	7	(38,170,493)	(37,300,722)
Sales and marketing expenses		(10,833,169)	(12,229,772)
Other expenses	6	(39,665,159)	(28,564,865)
Depreciation and amortisation	10/11	(53,503,781)	(58,622,610)
		(245,274,501)	(235,563,175)
Operating profit		57,593,014	89,102,892
Share of operating profit in associate	12	15,823,090	6,237,557
Finance costs	9	(173,878,275)	(30,615,381)
Profit/(Loss) before income tax		(100,462,169)	64,725,068
Tax expense/credit	13	35,969,721	(23,550,299)
Profit/(Loss) for the year		(64,492,448)	41,174,768
Other comprehensive income/ (loss)			
Re-measurement gain on defined benefit plans	18	(513,208)	1,376,255
Share of associate	12	30,948,113	(834,236)
Total comprehensive income for the year		(34,057,543)	41,716,788

The notes on pages 10 to 29 are an integral part of these financial statements.

INDEPENDENT AUDITOR'S REPORT

AIRTEL (SEYCHELLES) LIMITED

Opinion

We have audited the financial statements of Airtel (Seychelles) Limited, comprising of page 5 to 29 which comprise the statement of financial position as at December 31, 2020, the statement of income, statement of changes in equity and cash flow statement for the year then ended, a five year financial summary and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and requirements of the Seychelles Companies Act, 1972.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Seychelles, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards (IFRS) and requirements 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

ICAEW membership number of the engagement partner responsible for signing this independent auditors' report is 6813446.

Pool Patel
POOL & PATEL
CHARTERED ACCOUNTANTS
16 June 2021

AIRTEL (SEYCHELLES) LIMITED

Statement of financial position

Financial statements are prepared in Seychelles Rupees

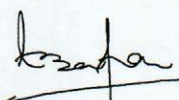
	Note	As at 31 December	
		2020	2019
Assets			
Non-current assets			
Property, plant and equipment	10	293,426,097	237,689,074
Right of use assets	11.1	13,930,329	14,173,030
Investment in associate	12	94,568,941	47,797,737
Deferred tax asset (net)	13	28,140,375	-
Other non-current assets	14	89,070,377	96,006,400
		519,136,119	395,666,241
Current assets			
Inventories	15	8,419,649	12,412,770
Trade and other receivables	16	36,602,799	45,513,114
Other current assets	14	10,980,919	18,325,943
Cash and cash equivalents	21	25,144,382	25,039,174
		81,147,749	101,291,001
Total assets		600,283,868	496,957,242
Liabilities			
Non-current liabilities			
Borrowings	19	-	43,835,724
Lease liabilities	11.2	13,496,526	13,408,227
Deferred tax liability (net)	13	-	23,379,731
Employee benefit obligations	18	3,656,111	3,298,453
		17,152,637	83,922,135
Current liabilities			
Borrowings	19	397,188,690	212,790,000
Lease liabilities	11.2	2,508,616	2,231,945
Trade and other payables	20	165,221,618	99,526,244
Deferred Revenue		8,282,108	11,012,402
Current tax liabilities (net)	13	3,229,121	8,295,776
Employee benefit obligations	18	2,697,267	1,460,484
		579,127,420	335,316,851
Total liabilities		596,280,056	419,238,987
Equity			
Share capital	17	35,969,000	35,969,000
Retained earnings		(55,457,532)	48,691,816
Other reserves		23,492,344	(6,942,561)
		4,003,812	77,718,255
Total liabilities and equity		600,283,868	496,957,242


The notes on pages 10 to 29 are an integral part of these financial statements.


Directors


Amadou Mahamat Dina

16 June 2021


Alok Bafna


Ramakrishna Lella


Rogany Ramiah


Michael Patrick Foley

AIRTEL (SEYCHELLES) LIMITED

Statement of changes in equity

Financial statements are prepared in Seychelles Rupees.

	Share capital (Note 17)	Retained earnings Total	Other reserves Total	Total
At 1 January 2019 (1)	35,969,000	57,176,229	(7,484,580)	85,660,649
Profit for the year	-	41,174,769	-	41,174,769
Other comprehensive income(2)	-	-	542,019	542,019
Interim dividend declared	-	(49,659,182)	-	(49,659,182)
At 31 December 2019	35,969,000	48,691,816	(6,942,561)	77,718,255
At 01 January 2020	35,969,000	48,691,816	(6,942,561)	77,718,255
Interim dividend declared	-	(39,656,900)	-	(39,656,900)
Profit/(loss) for the year	-	(64,492,448)	-	(64,492,448)
Other comprehensive income(2)	-	-	30,434,905	30,434,905
At 31 December 2020	35,969,000	(55,457,532)	23,492,344	4,003,812

(1) The company has applied *IFRS 16 Leases* using the modified retrospective approach on transition from *IAS 17 leases* to *IFRS 16 Leases* adoption as at 1 January 2019. The company has recognised the impact as an adjustment to the opening balance of retained earnings at the date of initial application (1 January 2019) with the impact of deferred tax thereof.

(2) Other reserves comprises mainly of currency translation gains and losses in associate.

The notes on pages 10 to 29 are an integral part of these financial statements.

AIRTEL (SEYCHELLES) LIMITED

Cash flow statement

Financial statements are prepared in Seychelles Rupees.

	Note	For the year ended 31 December	
		2020	2019
Cash flows from operating activities			
Profit before tax		(100,462,169)	64,725,068
Adjustments for:-			
Depreciation and amortisation	10/11	53,503,781	58,622,610
Provision for employee benefits	18	1,639,733	2,767,815
Share of operating profit in associate	12	(15,823,090)	(6,237,557)
Provision for bad and doubtful debts	16	6,812,482	(829,531)
Finance costs	9	173,878,275	30,615,381
Operating cash flow before changes in working capital		119,549,012	149,663,786
Decrease in inventories		3,993,121	820,457
Decrease in trade and other receivables		2,097,833	7,620,004
Decrease/(Increase) in other current and non current assets		14,281,047	(68,413,920)
(Decrease)/Increase in deferred revenue		(2,730,295)	1,009,907
Increase/(Decrease) in trade and other payables		3,134,424	(20,196,937)
Net Cash generated from operations before Tax		140,325,142	70,503,297
Tax paid		(20,617,041)	(24,487,171)
Net cash generated from operating activities		119,708,101	46,016,126
Cash flows from investing activities			
Payments to acquire property, plant & equipment	10	(104,867,967)	(33,239,039)
Net cash used in investing activities		(104,867,967)	(33,239,039)
Cash flow from financing activities			
Proceeds from borrowings	23.5	-	230,491
Interest paid	19.1/11.2	(10,801,845)	(11,117,329)
Repayment of lease liabilities	11.2	(3,765,167)	(4,690,913)
Net cash flow used in financing activities		(14,567,012)	(15,577,751)
Increase/(Decrease) in cash and cash equivalents		273,122	(2,800,664.06)
Cash & cash equivalent at 1 January		25,039,174	28,043,696
Exchange adjustments on cash & cash equivalent	9	(167,914)	(203,858)
Cash & cash equivalents 31 December	21	25,144,382	25,039,174

The notes on pages 10 to 29 are an integral part of these financial statements.

AIRTEL (SEYCHELLES) LIMITED

FIVE YEAR FINANCIAL SUMMARY - 31 DECEMBER 2020

Financial statements are prepared in Seychelles Rupees

	In SCR' 000				
	2020	2019	2018	2017	2016
Statement of financial position					
Share capital					
Authorised	35,969	35,969	35,969	35,969	1,000
Issued and fully paid	35,969	35,969	35,969	35,969	1,000
Retained earnings	(55,458)	48,692	57,144	106,898	64,502
Other reserves	23,492	(6,943)	(7,485)		
Group borrowings	-	43,836	39,079	120,993	210,928
Net assets employed	4,004	121,554	124,707	263,860	276,430
Income statement					
Revenue	302,868	324,666	314,201	320,863	292,919
Profit before income tax	(100,462)	64,725	59,501	77,037	16,106
Tax expense	35,970	(23,550)	(20,193)	(34,641)	(10,968)
Profit for the year	(64,492)	41,175	39,309	42,396	5,138
Dividends	(39,657)	(49,659)	(97,397)	-	-
Retained earnings - 1 January	48,692	57,176	106,898	64,502	59,364
Other reserves - 1 January	(6,943)	(7,485)	883	-	-
Retained earnings - 31 December	(55,458)	48,692	57,176	106,898	64,502
Other reserves - 31 December	23,492	(6,943)	(7,485)	-	-

AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020 were authorised for issue in accordance with a resolution of the directors on 10 June 2021.

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 financial statements of Airtel (Seychelles) Limited are prepared in accordance with the requirements of the Seychelles Companies Act, 1972 and the International Financial Reporting Standard (IFRS). They have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS 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 below.

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 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 Changes in accounting policies

2.3.1 Adoption of new and revised International Financial Reporting Standards (IFRSs)

(a) Adoption of new and revised International Financial Reporting Standards and interpretations in the year ended 31 December 2020

None of the new and revised standards and interpretations, which became effective during the year, have resulted in a change in the Company's accounting policies or in presentation. Neither have they had an effect on the reported results for the year.

(b) Relevant new and amended standards and interpretations issued but not yet effective in the year ended 31 December 2020

At the date of authorisation of these financial statements, several new and revised standards and interpretations were in issue but not yet effective. The Directors are in the process of evaluating the potential effect of these standards and interpretation on the financial statements of the Company when effective.

(c) Early adoption of standards

The Company did not early-adopt any new or amended standards for the year ended 31 December 2020.

2.4 Foreign Currency Translation

The financial statements are presented in Seychelles Rupee, being the currency of the primary economic environment in which the Company operates (the functional currency). Transactions in foreign currencies are converted into Seychelles Rupee using the exchange rates prevailing at the dates of the transactions.

AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Financial statements are prepared in Seychelles Rupees

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

2.4 Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated at the foreign exchange rate ruling at that date. Exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at the closing date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at the date of the transaction.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of profit or loss.

The Banks closing-rate for the period were:

Currency	Exchange rates at 31 December			Changes in percent (SCR)	
	2020	2019	2018	2020-2019	2018-2019
US \$/SCR	21.75	14.19	13.65	-53%	-4%
Euro/SCR	26.72	15.31	15.62	-75%	2%
UK Pound/SCR	29.58	17.96	17.31	-65%	-4%

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.

All categories of property, plant and equipment are initially recorded at historical cost. All property, plant and equipment is subsequently measured at historical cost less accumulated depreciation and impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Impairment losses or reversals of impairment losses on property, plant and equipment are recognized in profit or loss during the period.

When funds borrowed are specifically for the purpose of obtaining a qualifying asset, the entity determines the amount of the borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of the borrowings.

When significant parts of property and equipment are required to be replaced in intervals, the Company recognizes such parts as separate components of assets with specific useful lives and provides depreciation over their useful lives. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are recognised in profit or loss as incurred.

Assets are depreciated to the residual values on a straight-line basis over the estimated useful lives. The assets' residual values and useful lives are reviewed at each financial year end or whenever there are indicators for impairment, and adjusted prospectively.

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	20 years
Office equipment	3-10 years
Network equipment	10 years
Motor vehicles	5 years

AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Financial statements are prepared in Seychelles Rupees

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

2.6 *Property, plant and equipment (cont...)*

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 profit or loss.

2.7 *Intangibles*

Intangible assets are recognised when the company controls the asset, and 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 Statement of profit or loss 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.

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. 100% provision is made for sim cards on purchase.

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; and the impairment loss is recognised immediately in the statement of income.

2.9 *Tax*

The tax expense for the period comprises of current business, 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.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.10 *Financial Instruments*

Financial assets and financial liabilities are recognised when the 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 FVTPL) 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 FVTPL are recognised immediately in profit or loss.

2.10.1 *Financial assets*

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. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Financial statements are prepared in Seychelles Rupees

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

2.10 Financial Instruments (cont...)

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at FVTPL.

Investment in equity are always measured at fair value.

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; 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.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses (ECL) on trade receivable measured at amortised cost.

The Company considers that default has occurred when a financial asset is more than 90 days past due.

The Company always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated based on past experiences where ECL is deemed to be all debts which remain unpaid over 90 days and over 270 days for interconnect debts.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the trade receivables has crossed the law of limitation period past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Derecognition of financial assets

The Company derecognises a financial asset only 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 entity. 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 measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Financial statements are prepared in Seychelles Rupees

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

2.10. Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

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 amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other gains and losses' line item in profit or loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the bank selling rate at the end of the reporting period.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company'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.

2.11 Share capital and Share premium

Issued ordinary shares are classified as 'share capital' in equity when the Company has an un-conditional right to avoid delivery of cash or another financial asset, that is, when the dividend and repayment of capital are at the sole and absolute discretion of the Company and there is no contractual obligation whatsoever to that effect. Any premium received over and above the par value of the shares are classified as 'share premium' in equity.

2.12 Employee benefits

2.12.1 Retirement benefit obligations

The company operates a defined contribution scheme for all its employees. The company and all its local employees also contribute to the Seychelles Pension Scheme Fund, which is a defined contribution scheme. A defined contribution plan is a retirement benefit plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions to the defined contribution schemes are recognised in profit or loss in the year in which they fall.

2.12.2 Other entitlements

The employees of the company are entitled to compensated absences as well as other long-term benefits. Compensated absences benefit comprises of encashment and the availing of leave balances that were earned by the employees over the period of past employment. The liability for employees' annual leave entitlement and compensation as determined by actuaries at the reporting date are recognised as an expense accrual.

2.13 Impairment of non-financial assets

Property plant and equipment, right of use assets and intangible assets with definite lives are reviewed for impairment, whenever events or changes in circumstances indicate that their carrying values may not be recoverable. For the purpose of impairment testing, the recoverable amount (that is, higher of the fair value less costs to sell and the value-in-use) is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets, in which case the recoverable amount is determined at the cash-generating-unit ('CGU') level to which the said asset belongs. If such individual assets or CGU are considered to be impaired, the impairment to be recognised in the statement of profit and loss is measured by the amount by which the carrying value of the asset / CGU exceeds their estimated recoverable amount and allocated on pro rata basis. Impairment losses, if any, are recognised in statement of profit and loss.

Reversal of impairment losses

Impairment losses are reversed and the carrying value is increased to its revised recoverable amount provided that this amount does not exceed the carrying value that would have been determined had no impairment loss been recognised for the said asset in previous years.

AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Financial statements are prepared in Seychelles Rupees

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

2.14 Dividends

Dividends payable to the Company's shareholders are charged to equity in the period in which they are declared.

2.15 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.16 Contingencies

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are not recognised and disclosed only where an inflow of economic benefits is probable.

2.17 Critical accounting estimates and judgements

2.17.1 Critical accounting estimates and assumptions

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Receivables

Critical estimates are made by the Directors in determining the recoverable amount of impaired receivables. The expected credit loss of trade receivables are estimated based on past experiences where ECL is deemed to be all debts which remain unpaid over 90 days.

Taxes

1 Current income tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date.

2 Deferred tax

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Determination of residual values and useful lives

Judgment and estimations are used when determining the residual values and useful lives of property, plant and equipment on annual basis.

2.17.2 Critical judgments in applying the entity's accounting policies

In the process of applying the company's accounting policies, management has made judgments in determining:

- the classification of financial assets and lease liabilities.
- revenue recognition allocation to different components.
- determining whether assets are impaired, or not.

AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Financial statements are prepared in Seychelles Rupees

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

2.17 Critical accounting estimates and judgements (cont..)

(a) Multiple element contracts with vendors

The Company has entered into multiple element contracts for supply of goods and rendering of services. In certain cases, the consideration paid is determined independent of the value of supplies received and services availed. Accordingly, the supplies and services are accounted for based on their relative fair values to the overall consideration. The supplies with finite life under the contracts have been accounted under Property, Plant and Equipment and / or as Intangible assets, since the Company has economic ownership in these assets and represents the substance of the arrangement.

(b) Arrangement containing lease

The Company assesses the contracts entered with telecom operators / passive infrastructure services providers to share tower infrastructure services so as to determine whether these contracts that do not take the legal form of a lease convey a right to use an asset or not. The Company has determined, based on an evaluation of the terms and conditions of the arrangements that such contracts are in the nature of leases.

2.18 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.

2.19 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.

2.20 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.

2.21 Leases

At inception of a contract, the Company assesses a contract as, or containing, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether the contract involves the use of an identified asset, the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and the Company has the right to direct the use of the asset.

On initial application of IFRS 16, the Company recognised a lease liability measured at the present value of all the remaining lease payments, discounted using the lessee's incremental borrowing rate at January 1, 2019 whereas the Company has elected to measure right-of-use asset at its carrying amount as if IFRS 16 had been applied since the lease commencement date, but discounted using the lessee's incremental borrowing rate at January 1, 2019. The Company has elected not to recognise a lease liability and a right-of-use asset for leases for which the lease term ends within twelve months and has accounted for these leases as short-term leases.

Subsequently, the lease liability is measured at amortised cost using the effective interest method.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs, and restoration costs.

Subsequent to initial recognition, right-of-use asset are stated at cost less accumulated depreciation and any impairment losses and adjusted for certain remeasurements of the lease liability. Depreciation is computed using the straight-line method from the commencement date to the end of the useful life of the underlying asset or the end of the lease term, whichever is shorter.

2.22 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.

AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Financial statements are prepared in Seychelles Rupees

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

2.22 Revenue recognition

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.

Service revenue is derived from the provision of telecommunication services to customers. The majority of the customers of the Company subscribe to the services on a pre-paid basis. Telecommunication service revenues mainly pertain to usage, subscription and customer onboarding charges, which include activation charges and charges for voice, data, messaging and value added services.

Telecommunication services (comprising voice, data and SMS) are considered to represent a single performance obligation as all are provided over the Company's network and transmitted as data representing a digital signal on the network. The transmission consumes network bandwidth and therefore, irrespective of the nature of the communication, the customer ultimately receives access to the network and the right to consume network bandwidth.

A contract liability is recognised for amounts received in advance, until the services are provided or when the usage of services becomes remote.

The Company recognises revenue from these services when performance obligation has been met. Revenue is recognised based on actual units of telecommunication services provided during the reporting period as a proportion of the total units of telecommunication services consumed.

Subscription charges are recognised over the subscription pack validity period. Customer onboarding revenue is recognised upon successful onboarding of customer i.e. upfront.

Revenues recognised in excess of amounts invoiced are classified as unbilled revenue. If amounts invoiced / collected from a customer are in excess of revenue recognised, a deferred revenue / advance income is recognised.

Service revenues also includes revenue from interconnection / roaming charges for usage of the Company's network by other operators for voice, data, messaging and signalling services.

Revenues from long distance operations comprise of voice services and bandwidth services (including installation), which are recognised on provision of services and over the period of respective arrangements.

Equipment sales mainly pertain to sale of telecommunication equipment and related accessories for which revenue is recognised when the control of equipment is transferred to the customer i.e. transferred at a point in time.

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

3 Revenue

	For the year ended 31 December	
	2020	2019
<i>Analysis of revenue by category</i>		
Mobile	244,647,399	269,910,882
Fixed & leased line	34,302,888	26,306,110
Interconnect and roaming revenue	14,997,640	18,131,655
Sale of handsets	8,452,034	9,962,732
Other services including sales of other equipment	467,556	354,687
Total	302,867,517	324,666,066

Performance obligations that are unsatisfied (or partially unsatisfied) amounting to SCR 8,282,108 at 31 December 2020 and SCR 11,012,402 as at 31 December 2019 will be satisfied within a period of next one year respectively.

Transfers from unbilled revenue recognized at the beginning of the period to receivables is SCR 13,861,584 for 2020 (2019: SCR 13,541,595).

4 Direct costs

	For the year ended 31 December	
	2020	2019
Cost of goods sold	7,378,465	6,769,437
Interconnect & roaming expenses	11,778,771	16,799,666
Total	19,157,237	23,569,103

5 Network operating expenses

	For the year ended 31 December	
	2020	2019
Bandwidth charges	26,195,576	14,469,564
Maintenance Charges	20,183,449	15,993,071
Electricity	16,301,233	14,769,189
Other network expenses	4,507,927	10,739,565
Total	67,188,185	55,971,390

AIRTEL (SEYCHELLES) LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Financial statements are prepared in Seychelles Rupees

6 Other expenses

	For the year ended 31 December	
	2020	2019
Security	996,696	3,861,266
Repairs and maintenance	1,495,803	1,465,526
Travelling and transport	1,309,649	2,487,234
Utility	150,254	16,909
Rental of offices and showrooms	4,653,229	4,802,881
Legal and professional fees	2,334,777	1,527,422
Postage, courier, and stationery	905,146	1,425,966
Provision for bad and doubtful debts (note 16)	6,812,482	(829,531)
Management Fees	16,482,106	11,078,048
Office operational costs	4,525,017	2,729,145
Total	39,665,159	28,564,865

7 Employee benefits expense

	For the year ended 31 December	
	2020	2019
Salaries	32,533,430	27,711,963
Employers' contribution to defined contribution scheme	358,267	359,490
Employee benefit obligation (note 18)	1,639,733	2,767,815
Performance linked bonuses	2,185,217	3,553,135
Staff welfare expenses	1,453,847	2,908,318
Total	38,170,493	37,300,722

8 Profit for the year

	For the year ended 31 December	
	2020	2019
Profit for the year has been arrived at after charging:		
Auditors remuneration	330,000	330,000
Depreciation and amortisation	53,503,781	58,622,610
Management fees	16,482,106	11,078,048

9 Finance costs

	For the year ended 31 December	
	2020	2019
Interest on loan (note 19.1 & 22.5)	13,512,242	12,759,015
Interest on lease liabilities (note 11.2)	1,126,551	1,204,411
Exchange loss / (gain) on borrowings (note 19.1 & 22.5)	136,726,019	9,712,006
Exchange loss / (gain) on cash and cash equivalents	167,914	203,858
Exchange loss on others	22,345,549	6,736,090
Total	173,878,275	30,615,381

10 Property, plant and equipment

	Leasehold improvements	Office & network equipment	Vehicles	Capital Work In Progress	Total
Cost					
At 1 January 2019	2,228,698	500,783,290	7,373,381	32,068,617	542,453,986
Additions	-	-	-	33,239,039	33,239,039
Reclassification to Right of use assets - (note 12.1)	(202,045)	-	-	-	(202,045)
Reclassification from Intangible assets	-	44,742,675	-	-	44,742,675
Transfers from capital work in progress	-	53,029,509	-	(53,029,509)	-
At 31 December 2019	2,026,653	598,555,474	7,373,381	12,278,147	620,233,655

AIRTEL (SEYCHELLES) LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Financial statements are prepared in Seychelles Rupees

10 Property, plant and equipment (cont...)

	Leasehold improvements	Office & network equipment	Vehicles	Capital Work In Progress	Total
Accumulated depreciation and impairment					
At 1 January 2019	1,429,770	287,616,846	6,126,155	-	295,172,772
Reclassification from Intangible assets	-	33,675,062	-	-	33,675,062
Reclassification to Right of use assets - (note 12.1)	(30,472)	-	-	-	(30,472)
Depreciation charge	45,791	52,986,477	694,951	-	53,727,219
At 31 December 2019	1,445,090	374,278,385	6,821,106	-	382,544,581
Carrying amount					
At 1 January 2019	798,928	213,166,444	1,247,226	32,068,617	247,281,215
At 31 December 2019	581,563	224,277,089	552,275	12,278,147	237,689,074
Cost					
At 1 January 2020	2,026,653	598,555,474	7,373,381	12,278,147	620,233,655
Additions	-	-	-	104,867,967	104,867,967
Transfers from capital work in progress	-	17,770,651	-	(17,770,651)	-
At 31 December 2020	2,026,653	616,326,125	7,373,381	99,375,463	725,101,622
Accumulated depreciation and impairment					
At 1 January 2020	1,445,090	374,278,385	6,821,106	-	382,544,581
Depreciation charge	45,786	48,627,829	457,330	-	49,130,944
At 31 December 2020	1,490,875	422,906,214	7,278,436	-	431,675,525
Carrying amount					
At 1 January 2020	581,563	224,277,089	552,275	12,278,147	237,689,074
At 31 December 2020	535,778	193,419,911	94,945	99,375,463	293,426,097

11 Leases
11.1 Right of use assets

	Upon application of IFRS 16		Total
	Land and Building	Plant & machinery	
Cost			
Transition adjustment on application of IFRS 16	4,740,524	14,156,324	18,896,848
Reclassification from property, plant and equipment - (note 11)	202,045	-	202,045
At 31 December 2019	4,942,569	14,156,324	19,098,893
Accumulated depreciation			
Depreciation charge	2,730,485	2,164,906	4,895,391
Reclassification from property, plant and equipment - (note 11)	30,472	-	30,472
At 31 December 2019	2,760,957	2,164,906	4,925,863
Carrying amount			
At 31 December 2019	2,181,612	11,991,418	14,173,030
Cost			
At 1 January 2020	4,942,569	14,156,324	19,098,892
Additions	1,561,262	2,568,875	4,130,137
Deletions	-	-	-
Foreign currency translation reserve	-	-	-
At 31 December 2020	6,503,831	16,725,199	23,229,029

AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Financial statements are prepared in Seychelles Rupees

11 Leases (Cont...)

11.1 Right of use assets (Cont...)

	Upon application of IFRS 16		Total
	Land and Building	Plant & machinery	
Accumulated depreciation			
At 1 January 2020	2,760,957	2,164,906	4,925,863
Depreciation charge	1,460,339	2,912,498	4,372,837
At 31 December 2020	4,221,296	5,077,404	9,298,700
Carrying amount			
At 01 January 2019	2,181,612	11,991,418	14,173,029
At 31 December 2020	2,282,535	11,647,795	13,930,329

11.2 Lease liabilities

	2020	2019
Discounted lease liability		
At 1 January	15,640,172	20,331,085
Additions in the year	4,130,137	-
Interest cost	1,126,551	1,204,411
Repayments	(4,891,718)	(5,895,324)
At 31 December	16,005,142	15,640,172

Amounts recognised in the the Statement of financial position

	2020	2019
Current	2,508,616	2,231,945
Non-current	13,496,526	13,408,227
Total	16,005,142	15,640,172

Amounts recognised in the Statement of profit or loss

	2020	2019
Interest on lease liabilities (note 9)	1,126,551	1,204,411

	2020	2019
Maturity analysis:		
Less than one year	3,872,107	3,246,014
One to five years	9,591,048	10,544,505
More than five years	4,701,627	6,358,052
Total undiscounted lease liabilities	18,164,782	20,148,572
Total discounted lease liabilities	16,005,142	15,640,172

12 Investment in associate

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

	Holding	2020	2019
Investment in associate at cost	26%	49,861,046	49,861,046
Foreign exchange adjustment in accounting for initial cost (recognized in other comprehensive income)		22,629,297	(8,318,816)
Share of profit/ (losses) in associate		22,078,598	6,255,507
Total		94,568,941	47,797,737
Share of operating profit in associate (recognized in statement of profit or loss)		15,823,090	6,237,557

Seychelles Cable System Company Limited 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%).

AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Financial statements are prepared in Seychelles Rupees

13 Tax

(a) The major components of the income tax (credit)/expense are:

	2020	2019
Current income tax		
- For the year	19,600,000	25,931,077
- Adjustments for prior periods	(6,615,229)	(375,010)
	12,984,771	25,556,067
Deferred tax		
- For the year	(51,520,106)	(5,344,214)
Corporate social responsibility & Tourism marketing Tax		
- For the year	2,565,615	3,338,446
Total	(35,969,721)	23,550,299

(b) The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	2020	2019
Profit before tax less share of profit in associate	(116,285,259)	58,487,512
Enacted tax rate in the country	33%	33%
Tax expense with enacted rate	(38,374,136)	19,300,879
<i>Effect of:</i>		
Adjustments in respect to previous years	(6,615,229)	(375,010)
Net tax charge/(gain) on account of permanent differences	6,454,029	1,285,984
Corporate social responsibility & Tourism marketing Tax	2,565,615	3,338,446
Total tax expense	(35,969,721)	23,550,299

(c) The analysis of deferred tax assets and liabilities is as follows:

	2020	2019
Deferred tax liabilities (net)		
i) Deferred tax liability due to		
Depreciation / amortisation on PPE / intangible assets	47,516,947	48,409,050
ii) Deferred Tax asset arising out of		
Provision for Impairment of trade receivables / advances	(25,116,891)	(22,868,771)
Fair valuation of financial instruments and exchange differences	(48,337,373)	(447,819)
Provision for compensation and obsolete stock	(2,203,058)	(1,712,728)
Total	(28,140,375)	23,379,731

(d) The movement in deferred tax liabilities (net) during the year is as follows

	2020	2019
Opening balance	23,379,731	28,723,945
Tax loss/(income) recognised in statement of profit & loss	(51,520,106)	(5,344,214)
Closing balance	(28,140,375)	23,379,731

(e) The movement in current tax liabilities (net) during the year is as follows

	2020	2019
Opening balance	8,295,776	3,888,434
Adjustments for prior periods	(6,615,229)	(375,010)
Tax expense recognised for the year	19,600,000	25,931,077
Corporate social responsibility & Tourism marketing Tax	2,565,615	3,338,446
Paid during the year	(20,617,041)	(24,487,171)
Closing balance	3,229,121	8,295,776

AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Financial statements are prepared in Seychelles Rupees

14 Other assets

	2020	2019
Prepaid expenses		
Prepayments for STM1s	97,323,910	104,316,081
Other prepayments	2,727,386	10,016,262
Total	100,051,296	114,332,343

Amortisation of prepaid right of use fiber optic network is on a straight-line basis, and is expensed to network costs.

Classified as:

Current	10,980,919	18,325,943
Non-current	89,070,377	96,006,400

15 Inventories

	2020	2019
Handsets and accessories	8,419,649	12,412,770
Scratch cards	35,953	232,475
Starter packs	286,605	198,673
Less: Provision for obsolescence	(322,558)	(431,148)
Total	8,419,649	12,412,770

16 Trade and other receivables

	2020	2019
Trade receivables	98,713,496	93,955,039
Less: Provision for bad debts	(76,111,787)	(69,299,305)
Trade receivable net of provision	22,601,709	24,655,734
Receivable from related parties (note 22.3)	12,995,056	17,146,389
Deposits	78,000	710,609
Others	928,034	3,000,382
Total	36,602,799	45,513,114

The movement in provision for doubtful debts during the year is as follows:

	2020	2019
1 January	69,299,305	70,128,836
Provisions made/(reversed) in the year	6,812,482	(829,531)
Total	76,111,787	69,299,305

The carrying amounts of the above receivables approximate their fair values.

17 Authorised & issued capital

	2020	2019
Authorised, issued and allotted 35,969 shares of SCR 1,000 each	35,969,000	35,969,000
Total	35,969,000	35,969,000

18 Employee benefit obligations

	2020	2019
1 January	4,758,937	3,988,581
Current service cost	1,639,733	2,767,815
Remeasurements (amount recognised in other comprehensive income)	513,208	(1,376,255)
Benefits paid	(558,500)	(621,204)
Total	6,353,378	4,758,937

Classified as:

Current	2,697,267	1,460,484
Non-current	3,656,111	3,298,453

AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Financial statements are prepared in Seychelles Rupees

18 Employee benefit obligations (Cont...)

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

• Discount rate	-	6% p.a.
• Salary increase rate	-	7% p.a.
• Mortality Table	-	implicit withdrawal rate assumption
• Withdrawals	-	32.9% p.a. (rate of employee turnover)
• Retirement age	-	55 years
• Leave availment rate	-	7% p.a. of accrued leave of employees

19 Borrowings

	2020	2019
Due to:		
HSBC Bank - Mauritius	326,250,000	212,790,000
Step up parent - Bharti Airtel Africa BV (note 22.5)	70,938,690	43,835,724
Total	397,188,690	256,625,724
Classified as:		
Current	397,188,690	212,790,000
Non-current	-	43,835,724

19.1 Loan from financial institution

	US\$ 2020	US\$ 2019	SCR 2020	SCR 2019
At 1 January	15,000,000	15,000,000	212,790,000	204,758,278
Received in the year	-	-	-	-
Interest Accrued during the year	562,896	723,718	9,740,452	9,889,623
Repaid during the year	(562,896)	(723,718)	(9,675,294)	(9,912,918)
Exchange difference	-	-	113,394,843	8,055,017
At 31 December	15,000,000	15,000,000	326,250,000	212,790,000

The loan matures on 31 December 2021 and attracts interest at a rate of libor + 345 bps per annum

The loan is secured by a corporate guarantee from the step up parent.

20 Trade and other payables

	2020	2019
Trade payables	4,887,758	5,734,655
Payable to related parties (note 22.4)	40,501,492	30,567,979
Interconnect and roaming partners	1,242,436	1,191,258
Security deposits	2,154,714	1,957,119
Accruals for network maintenance & other services	23,557,106	6,277,464
Dividend payable (note 22.4)	89,316,082	49,656,421
Other taxes payable	3,562,031	4,141,348
Total	165,221,619	99,526,244

The carrying amounts of the above payables approximate their fair values.

21 Cash and cash equivalents

	2020	2019
Cash at Bank	21,811,298	21,074,066
Cash at Hand	3,333,084	3,965,108
Total	25,144,382	25,039,174

AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Financial statements are prepared in Seychelles Rupees

22 Related parties and transactions

22.1 Services provided to related parties:

Name of related party	Relationship to Company	2020	2019
Sale of goods and services			
Airtel Networks Zambia Plc	Fellow subsidiary	363	2,938
Airtel Networks Kenya Limited	Fellow subsidiary	167,832	65,103
Airtel Malawi Limited	Fellow subsidiary	-	17,779
Airtel Tanzania Limited	Fellow subsidiary	12,421	5,046
Airtel Madagascar S.A	Fellow subsidiary	1,256	3,701
Airtel Gabon S.A	Fellow subsidiary	-	679
Airtel Tchad S.A	Fellow subsidiary	43	1,589
Airtel Nigeria S.A	Fellow subsidiary	1,176	6,893
Airtel Niger S.A	Fellow subsidiary	3,583	-
Celtel Niger S.A	Fellow subsidiary	-	-
Airtel Uganda Limited	Fellow subsidiary	7,356	12,571
Airtel Congo (DRC) S.A	Fellow subsidiary	617	-
Airtel Congo B	Fellow subsidiary	-	89
Airtel Rwanda Limited	Fellow subsidiary	124,969	375
Bharti International Singapore Pte Limited	Fellow subsidiary	2,593,504	329,084
Bharti Airtel Lanka (Pvt Ltd), Sri Lanka	Fellow subsidiary	440	488
Jersey Airtel Limited	Fellow subsidiary	3	-
Bharti Airtel (France) SAS	Fellow subsidiary	395,501	-
Bharti Airtel Limited	Step up parent	783,825	406,115
Bharti Airtel (UK) Limited	Fellow subsidiary	11,497,876	19,315,212
Airtel Mobile Commerce Seychelles Ltd	Fellow subsidiary	329,328	441,919
Nxtra Data Limited	Fellow subsidiary	12,943	-
Bharti Airtel International (Netherlands) B.V.	Step up parent	209,447	-
Bharti Hexacom Limited	Fellow subsidiary	653	-
Emtel Mauritius	Other related party	4,441	-
Singapore Telecommunications Limited	Other related party	13,572	89,912
Total		16,161,148	20,699,492

22.2 Services received from related parties

Name of related party	Relationship to Company	2020	2019
Purchase of goods and services			
Airtel Networks Zambia Plc	Fellow subsidiary	16	691
Airtel Networks Kenya Limited	Fellow subsidiary	604,536	360,345
Airtel Malawi Limited	Fellow subsidiary	463	38
Airtel Tanzania Limited	Fellow subsidiary	2,126,040	1,231,442
Airtel Madagascar S.A	Fellow subsidiary	639	7,899
Airtel Gabon S.A	Fellow subsidiary	-	158
Airtel Tchad S.A	Fellow subsidiary	295	2,961
Airtel Nigeria S.A	Fellow subsidiary	158	-
Celtel Niger S.A	Fellow subsidiary	-	110
Airtel Uganda Limited	Fellow subsidiary	129	1,244
Airtel Networks Limited	Fellow subsidiary	-	283
Airtel Congo (DRC) S.A	Fellow subsidiary	13	1,303
Airtel Congo B	Fellow subsidiary	40	147
Airtel Rwanda Limited	Fellow subsidiary	157,977	4,535
Network i2i Limited	Fellow subsidiary	3,272,217	2,948,311
Bharti Airtel Lanka (Pvt Ltd), Sri Lanka	Fellow subsidiary	537	15,637
Bharti Airtel Limited	Step up parent	1,092,668	2,942,382
Bharti International Singapore Pte Limited	Fellow subsidiary	1,359,113	878,079
Bharti Airtel (UK) Limited	Fellow subsidiary	5,241,354	5,969,639
Bharti Airtel International (Netherlands) B.V.	Step up parent	1,766,688	3,660,348
Bharti Airtel International (Netherlands) Kenya Branch	Step up parent	10,321,377	10,021,065
Seychelles Cable Systems Company Limited	Associate	7,572,656	22,367,835
Airtel Mobile Commerce Seychelles Ltd	Fellow subsidiary	648,952	38,473
Bharti Airtel (France) SAS	Fellow subsidiary	563,627	218,804
Bharti Hexacom Limited	Fellow subsidiary	32	-

AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Financial statements are prepared in Seychelles Rupees

22.2 Services received from related parties (cont...)

Name of related party	Relationship to Company	2020	2019
Emtel Mauritius	Other related party	1,315	-
Jersey Airtel Limited	Fellow subsidiary	447	-
Singapore Telecommunications Limited	Other related party	1,499	76,309
Nxtra Data Limited	Fellow subsidiary	127,170	150,768
Total		34,861,976	50,900,825

22.3 Receivables from related parties

Name of related party	Relationship to Company	2020	2019
Airtel Networks Zambia Plc	Fellow subsidiary	12	834
Airtel Networks Kenya Limited	Fellow subsidiary	127,700	94,118
Airtel Malawi Limited	Fellow subsidiary	-	2,943
Airtel Tanzania Limited	Fellow subsidiary	3,257	1,060
Airtel Madagascar S.A	Fellow subsidiary	343	42
Airtel Tchad S.A	Fellow subsidiary	-	4
Airtel Uganda Limited	Fellow subsidiary	3,439	818
Celtel Niger S.A	Fellow subsidiary	-	116,656
Airtel Networks Limited	Fellow subsidiary	-	353
Airtel Niger S.A	Fellow subsidiary	185,201	-
Airtel Gabon S.A	Fellow subsidiary	-	-
Airtel Rwanda Limited	Fellow subsidiary	195,750	-
Airtel Congo (DRC) S.A	Fellow subsidiary	-	65
Jersey Airtel Limited	Fellow subsidiary	-	-
Bharti Airtel Lanka (Pvt Ltd), Sri Lanka	Fellow subsidiary	3,709	2,338
Airtel Mobile Commerce Seychelles Ltd	Fellow subsidiary	6,797,564	7,019,553
Bharti Airtel (UK) Limited	Fellow subsidiary	4,531,363	6,574,414
Bharti Airtel Limited	Step up parent	1,124,988	1,346,792
Bharti International (Singapore) Pte Ltd	Fellow subsidiary	-	1,986,399
Bharti Hexacom Limited	Fellow subsidiary	12,661	-
Bharti Airtel Services Limited	Fellow subsidiary	3	-
Emtel Mauritius	Other related party	509	-
Singapore Telecommunications Limited	Other related party	8,556	-
Total		12,995,056	17,146,389

22.4 Payables to related parties

Name of related party	Relationship to Company	2020	2019
Airtel Networks Zambia Plc	Fellow subsidiary	-	1
Airtel Networks Kenya Limited	Fellow subsidiary	3,816,938	2,657,491
Airtel Malawi Limited	Fellow subsidiary	309,792	195,091
Airtel Tanzania Limited	Fellow subsidiary	4,724,405	1,293,459
Airtel Madagascar S.A	Fellow subsidiary	84	1,059
Airtel Congo (DRC) S.A	Fellow subsidiary	-	65,949
Airtel Congo S.A	Fellow subsidiary	-	(1)
Airtel Rwanda Limited	Fellow subsidiary	459	4,289
Airtel Tchad S.A	Fellow subsidiary	103,382	40
Airtel Uganda Limited	Fellow subsidiary	1,914	1,301
Airtel Nigeria S.A	Fellow subsidiary	392,001	246,933
Celtel Niger S.A	Fellow subsidiary	-	-
Airtel Networks Limited	Fellow subsidiary	-	-
Airtel Gabon S.A	Fellow subsidiary	-	-
Bharti Airtel Limited	Step up parent	822,441	1,262,339
Bharti Airtel Lanka (Pvt Ltd), Sri Lanka	Fellow subsidiary	3,674	4,694
Bharti International (Singapore) Pte Ltd	Fellow subsidiary	3,471,731	3,310,187
Bharti Airtel International (Netherlands) Kenya Branch	Step up parent	12,636,145	11,411,294
Bharti Airtel International (Netherlands) B.V.	Step up parent	3,598,980	1,938,880
Seychelles Cable Systems Company Limited	Associate	5,456,572	2,521,252
Singapore Telecommunications Limited	Other related party	165	1,468
Network I2I Limited	Fellow subsidiary	2,804,202	4,158,884

AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Financial statements are prepared in Seychelles Rupees

22.4 Payables to related parties (cont...)

Name of related party	Relationship to Company	2020	2019
Bharti Airtel (UK) Limited	Fellow subsidiary	1,051,021	898,710
Bharti Hexacom Limited	Fellow subsidiary	247	-
Emtel Mauritius	Other related party	97	-
Airtel Mobile Commerce Seychelles Ltd	Fellow subsidiary	133,700	-
Bharti Airtel (France) SAS	Fellow subsidiary	472,329	-
Nxtra Data Limited	Fellow subsidiary	701,213	594,658
Indian Ocean Telecom Limited	Parent	89,316,082	49,656,421
Total		129,817,574	80,224,400

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

	US\$ 2020	US\$ 2019	SCR 2020	SCR 2019
At 1 January				
Received in the year	3,088,133	2,864,936	43,835,724	39,078,851
Interest accrued during the year	-	16,849	-	230,491
Repaid during the year	173,413	206,348	3,771,790	2,869,392
Exchange difference	-	-	-	-
At 31 December	3,261,546	3,088,133	70,938,690	43,835,724

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

22.6 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	
	2020	2019	2020	2019
Amadou Mahamat Dina	3,083,227	1,903,997	1,936,685	705,802
Alok Bafna	-	-	-	-
Ramakrishna Lella	-	-	-	-
Rogany Ramiah	-	-	-	-
Total	3,083,227	1,903,997	1,936,685	705,802

22.7 Parent and other controlling interests

The shares of the company are held by Indian Ocean Telecom Limited (99.9%) and Bharti Airtel Africa BV(0.1%).

The step up parent is Airtel Africa plc a company incorporated in the UK.

23 Capital commitments

Capital commitments in the form of Open Purchase orders as at 31 December 2020 were to the tune of SCR 68M (2019: SCR 151M) dedicated to completion of the construction of the New Tier 3 Data Centre and Head Office building at Perseverance Island, Network upgrade, modernisation and expansion coupled with the extension of fiber connectivity footprint in the country. These commitments are self financed by the company.

24 Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks: Market risk (including Foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

Financial risk management is carried out by the finance department under policies approved by the Board of Directors.

Market Risk

(i) Foreign exchange risk

The company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, and recognised assets and liabilities.

Currency exposure arising from liabilities denominated in foreign currencies is managed primarily through the holding of bank balances in the relevant foreign currencies.

The following table demonstrates the sensitivity in the USD and EURO to the functional currency, with all other variables held constant.

AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Financial statements are prepared in Seychelles Rupees

Market Risk (cont...)

	Change in currency exchange rate ⁽¹⁾	Effect on Profit before tax ⁽²⁾ SCR	Effect on equity (OCI) ⁽²⁾ SCR
For the year ended 31 December 2020			
US Dollars	+5%	19,859,435	-
	-5%	(19,859,435)	-
Euro	+5%	-	4,728,447
	-5%	-	(4,728,447)
For the year ended 31 December 2019			
US Dollars	+5%	12,831,286	-
	-5%	(12,831,286)	-
Euro	+5%	-	2,389,887
	-5%	-	(2,389,887)

(1) '+' represents appreciation and '-' represents depreciation in US Dollars/Euro against SCR.

(2) represents losses/ (gains) arising from conversion/translation.

(ii) Price Risk

The company does not hold any financial instruments subject to price risk.

Credit Risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or fail to pay amounts due causing financial loss to the company and arises from cash equivalents and deposits with financial institutions and principally from credit exposures to customers relating to outstanding receivables. For banks and financial institutions, only reputable institutions are used.

The company is not significantly exposed to credit risk on the retail side since the majority of its customers are on the prepaid plan and majority of the distributors / dealers are primarily on cash basis, or their credit is covered by a bank guarantee.

The interconnection between the company and other telecommunications operators (both local and foreign) is on credit basis and the number of credit days is governed by the agreement between the parties. The utilisation of credit limits is regularly monitored.

The amount that best represents the company's maximum exposure to credit risk at 31 December 2020 is made up as follows

	Note	SCR 2020	SCR 2019
Cash and cash equivalents	22	25,144,382	25,039,174
Trade receivables (net)	16	22,601,709	24,655,734
Receivable from related parties	16	12,995,056	17,146,389

Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the finance department maintain flexibility in funding by maintaining availability under committed credit lines.

The table below summarises the maturity profile of the company's financial liabilities based on contractual undiscounted payments.

	Note	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 December 2020					
- Borrowings	19	397,188,690	-	-	-
- Trade and other payables	20	165,221,619	-	-	-
- Lease liabilities	11.2	2,511,309	4,607,222	5,131,367	3,898,269
At 31 December 2019					
- Borrowings	19	212,790,000	43,835,724	-	-
- Trade and other payables	20	99,526,244	-	-	-
- Lease liabilities	11.2	3,246,014	2,990,903	7,553,602	6,358,052

AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Financial statements are prepared in Seychelles Rupees

25 Fair value of financial assets and liabilities (Financial Instruments)

Set out below is a comparison by class of the carrying amount and fair value of the financial instruments that are recognised in the financial statements. The carrying amount of the financial assets and financial liabilities approximate their fair values because of their short term nature as shown below.

Classes and categories of financial instruments and their fair values

The following table combines information about:

- classes of financial instruments based on their nature and characteristics;
- the carrying amounts of financial instruments;
- fair values of financial instruments (except financial instruments when carrying amount approximates their fair value); and
- fair value hierarchy levels of financial assets and financial liabilities for which fair value was disclosed.

Fair value hierarchy levels 1 to 3 are based on the degree to which 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 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Carrying value		Fair value		
	FVTPL – mandatorily measured	Amortised cost	Level 1	Level 2	Level 3
31 December 2020					
Financial Assets					
Cash and bank balances	-	25,144,382	-	-	-
Trade and other receivables	-	22,679,709	-	-	-
Amounts due from related parties	-	12,995,056	-	-	-
Investment in Associates	-	94,568,941	-	-	-
Financial Liabilities					
Trade and other payables	-	121,158,096	-	-	-
Amounts due to related parties	-	40,501,492	-	-	-
Lease liabilities	-	16,005,142	-	-	-
Term loans	-	397,188,690	-	-	-
31 December 2019					
Financial Assets					
Cash and bank balances	-	25,039,174	-	-	-
Trade and other receivables	-	25,366,343	-	-	-
Amounts due from related parties	-	17,146,389	-	-	-
Investment in Associates	-	47,797,737	-	-	-
Financial Liabilities					
Trade and other payables	-	64,816,916	-	-	-
Amounts due to related parties	-	30,567,979	-	-	-
Lease liabilities	-	15,640,172	-	-	-
Term loans	-	256,625,723	-	-	-

AIRTEL (SEYCHELLES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Financial statements are prepared in Seychelles Rupees

26 Contingencies

The directors are not aware of any outstanding contingent liabilities at 31 December 2020. (2019: Nil)

27 Events after reporting period

There has been a coronavirus disease (COVID -19) outbreak across the globe since March 2020. The Company operates in a telecommunication sector that is considered to be providing essential services during the outbreak. Management continues to maintain close contacts with governmental agencies and constantly reviews existing business plan in light of newly available information on COVID-19. The Management concluded that there is no significant impact to these Financial Statements as a result of this outbreak.