Scancom Plc (MTN Ghana)

2018 Annual Report

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Contents

About this report

This annual report is Scancom Plc's (MTN Ghana) primary communication to all stakeholders and aims to enable them to make an informed assessment of our performance and prospects.

It endeavours to provide a balanced review of the material matters we face; our use of the capital as defined by the Securities Industry Act, 2016 and Companies Act, 1963 (Act 179); our key operational, financial, economic, social and environmental performance; how we are governed; our engagement with stakeholders; as well as our risks and opportunities. In short, it is our value-creation story.

Scope and boundary

Our material matters, as well as our strategy, form the anchor of the report and determine its content. It covers the period 1 January to 31 December 2018, and gives commentary, performance measures and prospects for MTN Ghana's operations. We provide supplementary information in associated reports, including that on sustainability and the full set of annual financial statements (AFS), at the Investors page on MTN Ghana's website (www.mtn.com.gh).

Enhancements in the year

The launch of our new BRIGHT strategy in 2017 meant a change in the way we report internally, linking performance with the key metrics we use to measure our delivery of strategy. This is reflected in changes to the structure of our annual report.

Financial information

We apply International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and interpretations as issued by the IFRS Interpretations Committee. We comply with the annual filings requirements of the L.I 1728 and Securities Industry Act as issued by the Securities and Exchange Commission (SEC). We also comply with the Ghana Stock Exchange (GSE) Listings Requirements and the requirements of the Companies Act, 1963 (Act 179).

Non-financial information

We use local and global standards and guidelines to compile non-financial information. These include the GSE Listings Requirements, the Companies Act, 1963 (Act 179), the Securities Industry Act of 1963 and other guidelines issued by the National Communications Authority.

Approval by the board

The report was prepared under the supervision of CEO, Selorm Adadevoh and CFO, Modupe Kadri. The audit committee ensures the integrity of the report and has applied its collective mind to its preparation and presentation. The directors are responsible for the annual report as a whole, which they approved in February 2019.

Selorm Adadevoh
Chief executive officer

Modupe Kadri
Chief financial officer

Who we are

All about Scancom Plc (MTN Ghana)

MTN Ghana is a leading telco operator in Ghana. From our headquarters in Accra, we offer voice, data, mobile financial and other digital services to our 20.1 million customers across all regions.

Our vision is to lead the delivery of a bold new digital world to our customers and our mission is to make our customers' lives a whole lot brighter. We are at the forefront of technological and digital change. In 2018, we invested GH¢825 million in our network.

Scancom Ltd (MTN Ghana) was incorporated in 1994 as a private limited liability company. Pursuant to its initial public offer (IPO), the regulations of Scancom Ltd were amended in 2016 to become a public company. Its shares were listed on the Ghana Stock Exchange (GSE) on 5 September 2018, making it the largest company on the GSE by number of Ghanaian shareholders, 127,826, by value of Ghanaian shares of Gh¢444 million, and the third largest primary listed company by Market Capitalisation of GH¢9.7 billion.

MTN Ghana is part of the MTN Group, a leading emerging market mobile operator, driven by the belief that everyone deserves the benefits of a modern connected life. MTN Group has operations in 21 countries in Africa and the Middle East.

We are committed to the economic growth and social development of our societies and believe that everyone deserves the benefits of a modern connected life. In 2018, we launched our Rural Telephony Project in partnership with GIFEC and Huawei. Aimed at extending our telecommunications services to underserved areas, we have successfully extended network coverage to 300 communities nationwide.

Since its establishment MTN Ghana's Foundation has invested over $13.5 million (GH¢32 million) in 142 major sustainable projects countrywide in the areas of education, health and economic empowerment.

Our belief

Everyone deserves the benefits of a modern connected life.

Our vision

To lead the delivery of a bold, new digital world to our customers.

Our purpose

To make our customers' lives a whole lot brighter.

Values that drive us

Leadership

Innovation

Relationship

Integrity

Can do

Vital behaviours that shape our culture

Complete accountability

Get it done

Active collaboration

Complete candour

What we offer

MTN Ghana leads the data market with 13.5 million (6.4 million#) subscribers as at December 2018.

The growth in data market share is largely attributable to effective market propositions, rich content and value-added services, video push and MTN's smart device drive, lifestyle-based propositions and packages as well as partnership models within the data ecosystem.

The various products and services offered by MTN Ghana to retail and corporate consumers include the following:

Products and services

Consumer

We connect people and communities through voice (postpaid and prepaid), messaging and data-access services; we enable people to make financial transactions using their mobiles and bring them entertainment and online platforms, apps and online ventures through lifestyle, mobile financial services and e-commerce offerings. Products in this segment are voice services, fixed line, MTN Shortz, MTN Protect, MTN fibre broadband, data and internet solutions, MTN vehicle tracking, MTN Care 24/7, MTN radio, iStream Tv, MTN Play, MTN Xtra time, Music Plus, MTN Video Plus, MTN online school.

Enterprise/corporate

As a committed partner to small, medium and large private enterprises and the public sector, we drive agility and growth through connectivity, communication and collaboration solutions over world-class infrastructure. This includes unified communication (voice, messaging and video), cloud and hosting services, connectivity, managed mobility (the internet of things) and security. Products in this segment include MTN dedicated internet, MTN corporate postpaid packages, MTN asset tracking, MTN leased lines, MTN vehicle tracking, MTN smart cam, MTN eazifon, MTN SME plus, MTN directory services, MTN fibre broadband, MTN business caller tunez, MTN multi-caller services, MTN cloud services, MTN global (MPLS) vpn, MTN co-location hosting/ data centre services and MTN APN SIM.

MTN Mobile Money

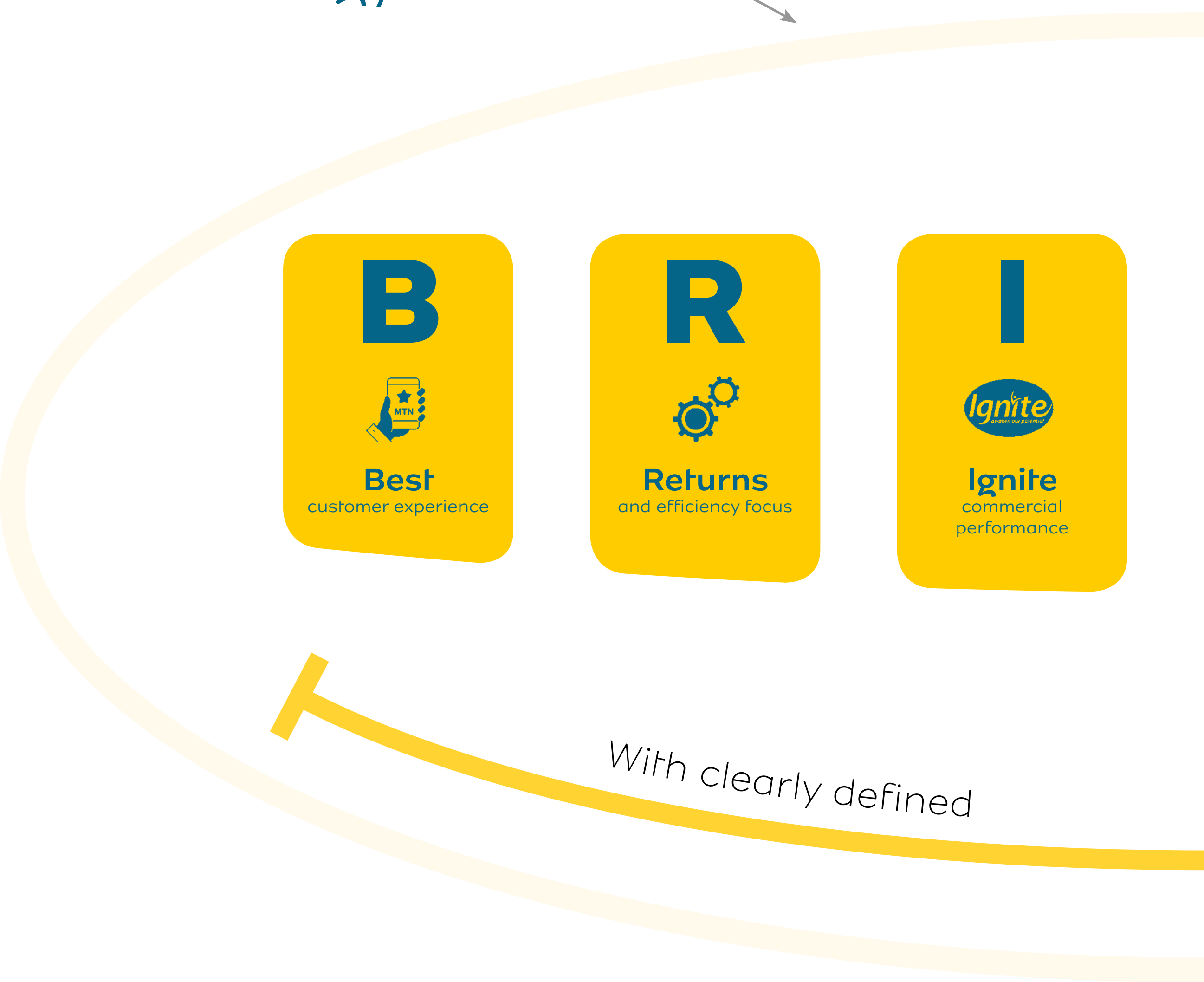
MTN Ghana launched its mobile money service in July 2009 in partnership with nine banks, and was the first telco in Ghana to do so. By December 2018, we had 17 partner banks and about 13.6 million (8.4 million*) registered subscribers on the MTN Mobile Money platform and over 113,000 active agents nationwide. Services offered on this platform include money transfer; airtime top up; bill payments; general payments; bulk payment payroll; school fees payment; savings and investment; international remittances; link to bank account; insurance and ATM cash-out.

Active data subscribers as per MTN Group definition. Out of bracket numbers conform to the respective regulator subscriber definition.
* Aligned with the MTN Group definition, subscribers are SIMs which generate or participate in an event that generates revenue for the company. Out of bracket numbers conform to the respective regulator subscribers definition. Out of bracket MoMo subscribers represent all registered mobile money subscribers.

Our BRIGHT strategy

Best customer experience; returns and efficiency focus;
ignite commercial performance; growth through data and digital;
hearts and minds; and technology excellence.

We refer to this as the "**BRIGHT**" strategy.



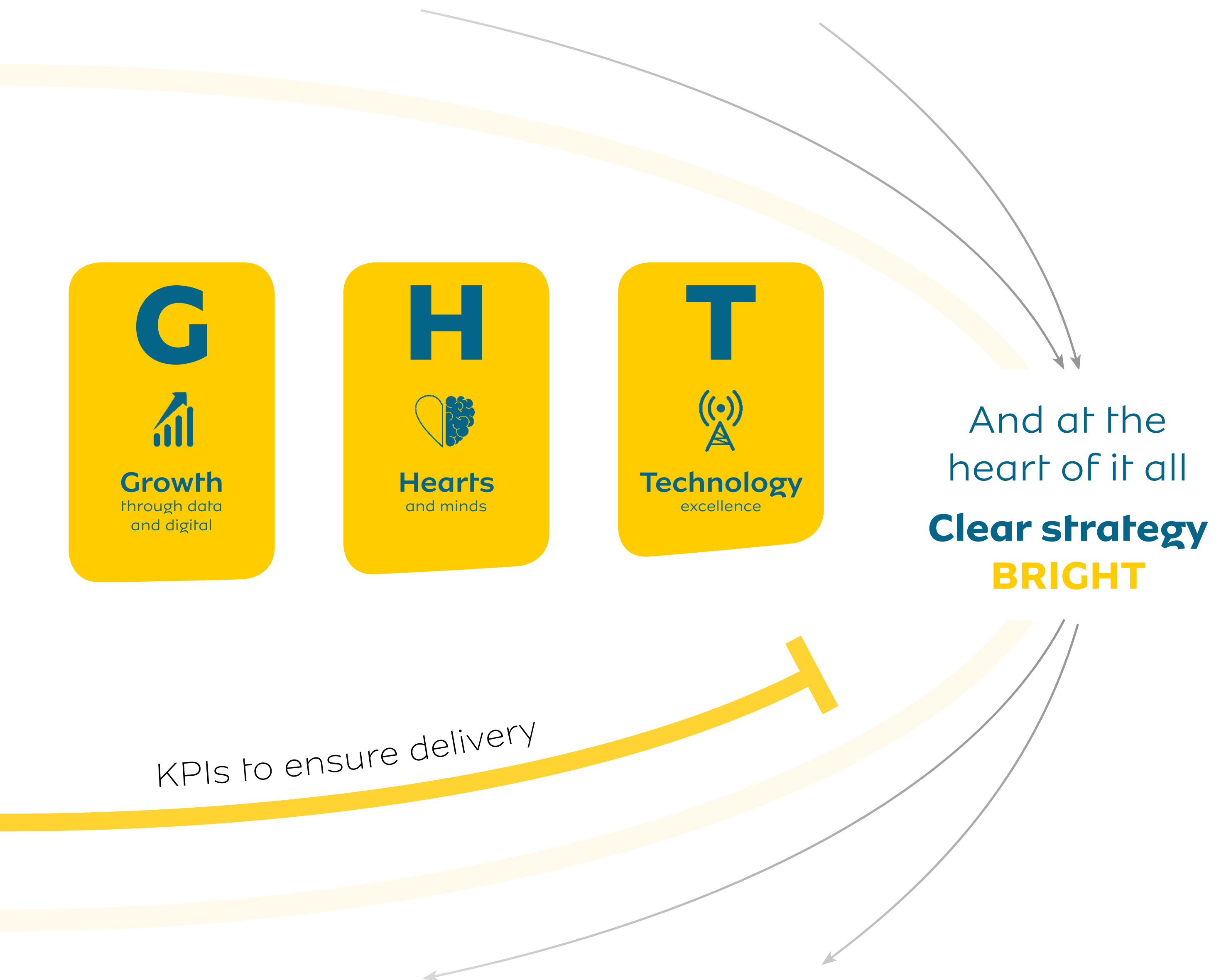
Our investment case

Strong position in attractive market

- Second largest West African economy
- Strong GDP growth and improved macro-environment
- Clear market leader

Exciting market opportunity

- Large opportunity in digital and financial services
- Accelerating data growth
- Leading network position to support data and digital

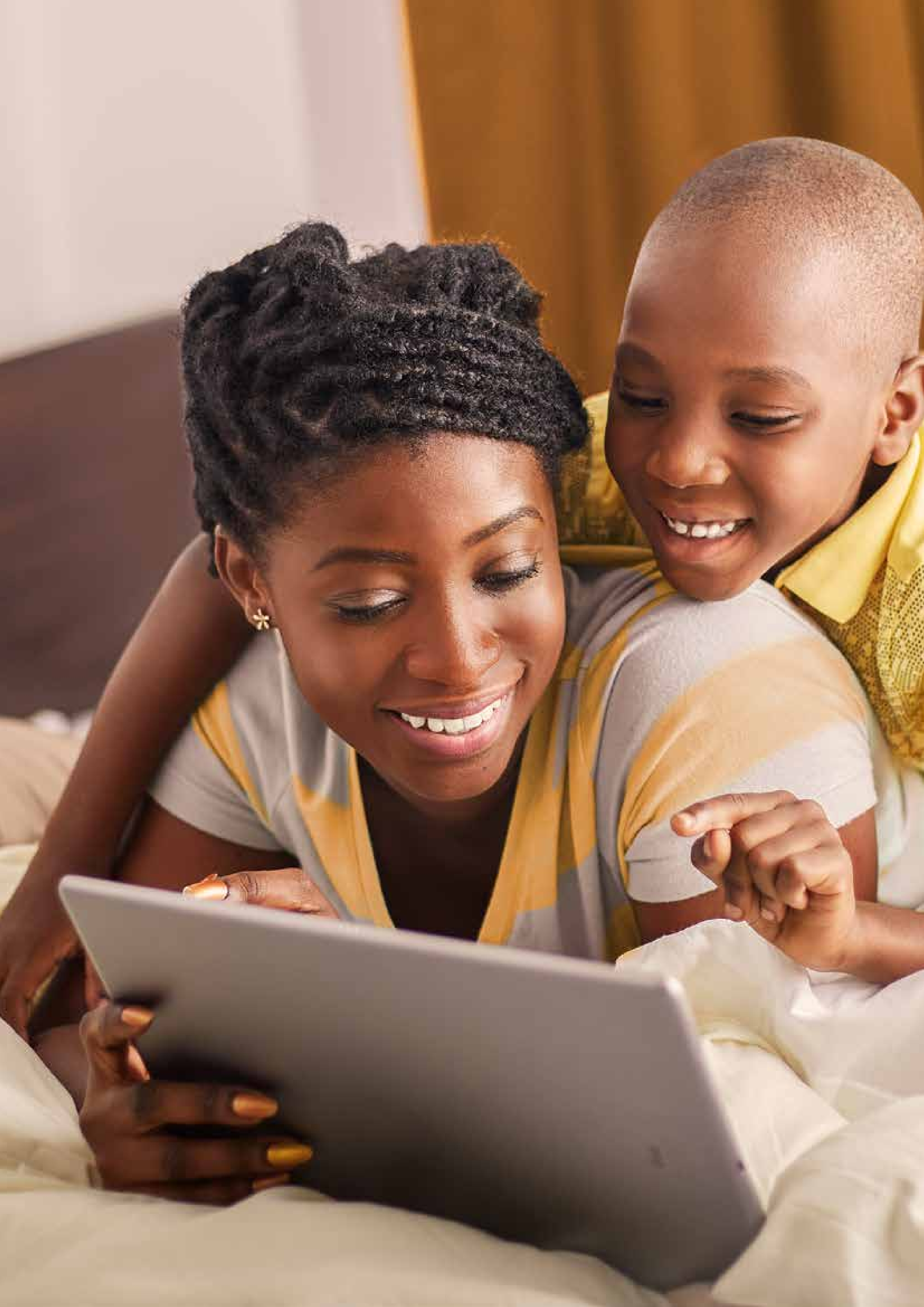


Attractive return profile

- Double-digit revenue and EBITDA growth (2013 to 2018)
- Improving margins and well-invested network
- Strong cash generation

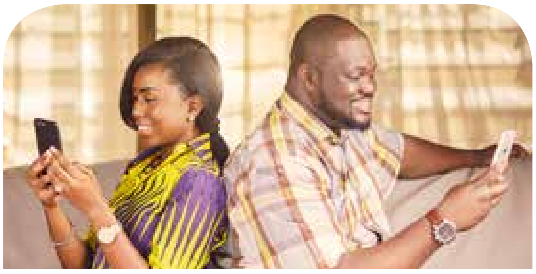
Well positioned for the long term

- Strong brand presence
- Significant contribution to sustainability
- Strong management to drive execution



Operational performance for 2018

Salient features



Subscribers

20.1 million

(17.8 million*)

Market share

49.1%

EBITDA

Up by 16.5% to GH¢1,588 million

EBITDA margin

37.6%

Down 2.2 percentage points

Capex

GH¢825 million

Service revenue up by

23.5%

99.4% of total revenue

Data revenue up by

30.2%

26.1% of total revenue

Data subscribers

13.5 million

(6.4 million#)

Digital (including MoMo) revenue up by

34.6%

24.8% of total revenue

MoMo registered subscribers

13.6 million

(8.4 million*)

Final dividends

GH¢0.03 per share

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\# Active data subscribers as per MTN Group definition. Out of bracket numbers conform to the respective regulator subscriber definition.

Chairman's statement

Distinguished shareholders, ladies and gentlemen

It is my pleasure to welcome you to the first annual general meeting (AGM) of Scancom Plc (MTN Ghana) and to present to you, your company's annual report and financial statements for the year ended 31 December 2018.

As this is the first AGM after our initial public offer (IPO), I wish to thank you for the great interest you have shown in the company and for making us a great success story in Ghana and beyond.

Ghana's political and economic performance

Ghana sustained its democratic credentials and remained politically stable and vibrant. Nonetheless, as the country gets closer to its next presidential and parliamentary elections in 2020, it will be necessary for the government to work with parliament to give sustained assurance to long-term investors in the country.

2018 began with great economic optimism and up to May the economy seemed to be gaining traction. However, from May the volatilities of the economy resurfaced, and economic performance began to weaken. The cedi came under considerable pressure while inflationary pressures also became elevated. The rapid depreciation of the cedi has been contained and a cautionary stability has been restored but risks still remain.

With Ghana graduating from the extended credit facility programme with the IMF, which has been an important anchor to policy credibility, and Ghana's history of elevated pre-election spending together with the spending pressures relating to the financial sector, risks to the currency remain high and 2019 will continue to be a difficult year. Consequently, it is unlikely that any further monetary easing can be expected from the Bank of Ghana.

The government has, however, established an Independent Fiscal Responsibility Council and a Financial Stability Council and has pledged corrective fiscal actions on a quarterly basis. These should provide anchors to fiscal prudence and if pursued with rigour we could see macroeconomic stability for the rest of 2019.

Business performance

In 2018, our company implemented strategies aimed at making it more efficient and resilient to external shocks, while tightening risk and control measures. Our priorities, at the beginning of the year, were to focus on our customers, putting them at the centre of our operations, ensuring robust governance of the business and maintaining high ethical standards. These are critical to achieving sustainable profitable growth and improving long-term shareholder value.

The Board started 2018 with cautious optimism while focusing on growth opportunities as market conditions improved. We made significant progress in 2018 posting strong financial performance, a testament to the disciplined execution of the company's strategy of maintaining a strong balance sheet, improving profitability and driving operational efficiencies. Underlying profit before tax increased by 16.5% to GH¢1.6 billion while earnings per share was GH¢0.067 and we are confident on building upon these achievements in 2019.

The management team has taken the needed steps to improve customer experience, drive business growth and deliver value to our shareholders, employees, communities and all other stakeholders.

Successful IPO, capitalisation and dividend

The National Communications Authority directed Scancom Plc to offer 35% of the company shares to indigenous Ghanaians through listing on the Ghana Stock Exchange as part of the conditions for acquiring a 4G licence. Your company complied, leading to a successful initial public offer which commenced on 29 May 2018 and completed on 5 September 2018. At the close of 2018, Scancom Plc (MTN Ghana) had a market capitalisation of GH¢9.7 billion making it the third largest listed company on the Ghana Stock Exchange.

The board declared an interim dividend of 2 pesewas per share after reviewing the 3rd quarter performance of the company. After reviewing the full year performance of the company in 2018, the board shall be recommending a final dividend of 3 pesewas on ordinary shares bringing the total dividend for the year 2018 to 5 pesewas per share or 81.2% of profit after tax.

Share price performance

MTN Ghana share price recorded a 5.33% price gain for the year ended 31 December 2018, with a 52-week high and low of GH¢0.93 and GH¢0.75 respectively. The share price at the end of 2018 was GH¢0.79.

Corporate governance

The company remains resolute in upholding high standards of corporate governance to drive sustainable growth. We continue to embed a culture of no tolerance for corruption through our robust conduct management framework. MTN Ghana's board of directors and its audit and risk committee are made up of experienced professionals providing appropriate oversight over governance structures.

Chairman's statement continued

Our scale and reach as a leading mobile network operator in this industry and our contribution to the socio-economic development of this country imposes upon us a greater burden of responsibility. While we are honoured to play this role, the company understands that its leadership comes with higher expectations, bigger obligations and some challenges. With the increasing savviness of our market, changing customer expectations and the heightened complexities of our regulatory environment, the company has put in place the right governance structures that will sustain the profitability and long-term viability of the business.

Scancom Plc (MTN Ghana) is committed to proactive and effective governance management, risk and compliance management practices and hence applies a combined assurance methodology to the management of governance, risk and compliance. The company has in this regard invested extensively in the relevant tools needed to provide an integrated approach to the management of governance, risk and compliance across the business.

Sustainability and social impact

As Ghana's leading telecommunications provider, your company is equally committed to the socio-economic growth of Ghana. We seek to promote sustainable economic and social development in our communities working through the MTN Foundation. Since the launch of the foundation 11 years ago, we have invested a total of US$13.5 million in education, health and economic empowerment projects. The work of the foundation has impacted over four million people directly and indirectly and has enabled MTN to build a strong corporate citizenship identity in this country and our CSI model has become a benchmark for many organisations. In all, more than 145 projects have been executed across the country with 82 of them focusing on education, 52 on health and 11 on economic empowerment projects.

The foundation is also championing green initiatives in the company and ensuring we are able to conserve energy while managing waste efficiently.

Board changes

Ralph Mupita and Sugentharen Perumal were appointed as directors effective 1 June 2018. Also, Selorm Adadevoh, chief executive officer of MTN Ghana was appointed to the board on 8 August 2018.

Summary

The forecast for the Ghanaian economy in the medium term is one of cautious optimism. The board is confident of the company's ability to efficiently target areas within the telecom industry for growth while effectively responding to the challenges that may potentially undermine the company's performance.

On behalf of the board, I would like to welcome all of you, our new shareholders, once again and thank you, our customers, employees, vendors/suppliers, stakeholders and shareholders for the continued support. I am grateful to our staff and management for their dedication and hard work for a smooth execution of the company's strategies in 2018.

Ishmael Yamson
Chairman

April 2019

Chief executive officer's review

2018 in review

The year 2018, marked a turning point in the life of the business. MTN Ghana listed on the Ghana Stock Exchange (GSE) on 5 September 2018 with the largest number of Ghanaian shareholding of any listed company on the GSE at 127,826. At the end of December 2018, MTN Ghana's market capitalisation was GH¢9.7 billion, making it the third largest primary listed company on the GSE.

Apart from the initial public offer (IPO), a few significant events also occurred in the year which are worth mentioning. The introduction of mobile money interoperability in May 2018 marks a key milestone within the telecoms space. We see this as another opportunity for us to continue to extend the benefits that mobile money brings to Ghanaians everywhere in the country.

In addition, the government launched the common platform project to monitor traffic, revenue assurance, and fraud management by sharing live traffic and intelligent networks (IN) data with the common platform servers. All telecommunications operators are obliged to comply as required by law and MTN Ghana is compliant with this directive.

The National Communications Authority (NCA) opened a tender for the 800MHz spectrum of three blocks of 2X5MHz. MTN Ghana was excluded from the tender on the basis that it already holds spectrum in the 800MHz band. Only one lot of the 2x5MHz was taken up by Vodafone Ghana. As a result of the sale, two of the remaining spectrum are now available. MTN Ghana is interested in acquiring the remaining spectrum for network expansion and quality of service improvement.

There are a lot of industry issues impacting our quality of service to our customers including the lingering fibre cut menace and instability of national power grid to power our cell sites. Together with the Ghana Telecommunications Chamber, we continue to proactively engage all relevant stakeholders and regulatory agencies to support us in resolving these challenges that are affecting the entire industry.

Continuous investments in the network

The business executed well on its capex plans in the year, supporting significant improvement in coverage expansion, customer experience and quality of service (QoS) and leading to subscriber growth. During the period, 600 2G sites, 1,100 3G sites and 250 4G sites were rolled out.

As part of the network expansion and quality of service improvement, Scancom Plc acquired the individually identifiable assets of Goldkey Limited including its spectrum in the 2,600MHz band which have been integrated into the books of Scancom Plc (MTN Ghana).

The improved network coupled with aggressive marketing, sales and product offers drove subscriber growth. Subscribers increased by 12.7% year-on-year (YoY) to 20.1 million (17.8 million*) with a voice market share of 49.1%. Active data subscribers were 13.5 million (6.4 million#) with a data market share of 59.9%. Mobile money (MoMo) subscribers increased by 17.8% to 13.6 million (8.4 million*) supported by consistent service delivery across all channels.

Revenue margins

MTN Ghana reported a strong performance for the year. Service revenue increased by 23.5%, driven by the strong growth in voice, data and digital revenue (which includes MoMo). Data revenue increased by 30.2% YoY while digital revenue grew by 34.6% YoY, within which MoMo revenue grew by 60.3% YoY.

Data revenue growth was driven by a 92.0% increase in data traffic to 137,850TB. MTN MoMo supported digital revenue growth and increased its contribution to total revenue to 17.7%. Voice revenue increased by 15.1% YoY and contributed 46.0% to total revenue.

The reported earnings before interest, tax, depreciation and amortisation (EBITDA) margin declined YoY by 2.2 percentage points to 37.6%, following the introduction of the management fee agreement effective 1 May 2018. Adjusting for management fees, the EBITDA margin would have been higher by 3.1 percentage points to 40.7%.

Continuous innovation and customer focus

To maintain our relevance and to keep up with the dynamism of the telecommunications industry, we will continue to innovate, create and build meaningful relationships that will improve customer experience and brighten lives. Our focus on the customer is paramount and drives continuous innovation.

Recognitions and awards

These investments continue to pay off beyond the business performance with a wide range of recognitions and awards for MTN Ghana. MTN Ghana in the year under review won 40 awards including the prestigious Company of the Year 2017 by GIPC's Ghana Club 100 Awards. MTN is the only Ghanaian company to win the UK-based Investor in People Accreditation – Gold Employer of the year award. For the past five years the Ghana Revenue Authority has given us great compliments and awards for being the largest tax payer in the Large Tax Payer Category in the country. MTN Ghana has over the past five years contributed an average of approximately 3% of the total tax revenue in Ghana.

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# Active data subscribers as per MTN Group definition. Out of bracket numbers conform to the respective regulator subscriber definition.

Chief executive officer's review continued

Brightening lives with the MTN Ghana Foundation

MTN considers it a responsibility to contribute to the socio-economic development of the country in which we operate. The first step towards fulfilling this responsibility is building sustainable relationships with the communities. In line with this, MTN Ghana commits 1% of net profit after tax as corporate social investment (CSI) through the MTN Ghana Foundation. The MTN Ghana Foundation has identified the areas of health, education and economic empowerment as priority areas for intervention. Improved access to quality education, healthcare facilities and adequate medical interventions, as well as development of entrepreneurs and small businesses with skill development and/or funding are the focus of MTN Ghana's interventions.

Since the MTN Ghana Foundation was formed in 2007, the organisation has worked hard to identify addressable gaps and collaborate with beneficiary communities and partner organisations to drive sustainable change. With over 145 major projects that have positively impacted the lives of millions of citizens across Ghana, MTN Ghana Foundation will continue to lead the way in implementing social investments that brighten lives.

Since its inception, the organisation has invested more than US$13.5 million in various projects across the country. MTN Ghana's policy is to also support employees to be involved in the MTN CSI projects as well as participating in personal charitable work in their communities. To this end, MTN Ghana's staff have been actively involved in many project deliveries and also commit time during the company's 21 days of Yello care employee volunteer programme. The MTN Foundation has received several awards and recognitions and has grown to become a benchmark for CSI activities in the country.

Looking ahead/future outlook

We remain focused in delivering our BRIGHT strategy to enable us achieve our set objectives. BRIGHT growth drivers remain data, digital (including Rich Media Services and MoMo), enterprise business and wholesale business. In line with our strategy, we continue to drive down our operational cost while investing in capital expenditure to optimise network performance. We acknowledge that we are at the edge of a digital era in which many organisations are looking to harness emerging technologies and partnerships to drive business transformation and growth. We will, however, continue to grow voice as we increase coverage and penetration through rural expansion initiatives. A key focus of this will be the ultra-rural site roll-out which we continue to champion with GIFEC and Huawei.

Due to the strong demand for data and its fast adoption in both urban and rural areas, we will drive smartphone usage acceleration while we invest to address the huge need for high speed internet in the home broadband market. As the second largest West African economy with a strong GDP growth and improved macroenvironment, we see several opportunities in digital and financial services that can lead to further acceleration of data growth.

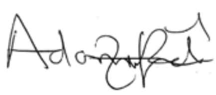
Supported by a strong brand presence and positive reputation, we will continue to attract the best talents and partners to sustain our business and drive profitability.

Conclusion

I would once again like to say thank you to all our valued customers for your loyalty and to our shareholders, for your belief in MTN Ghana, to the management and staff of MTN Ghana for your hard work and commitment to the MTN vision. It has taken us over two years of dedication and hard work to get us listed on the GSE and I would like to thank all of you for the interest and confidence you have in MTN Ghana.

We also thank our regulators – National Communications Authority, Security and Exchange Commission, Ghana Stock Exchange, Bank of Ghana and the entire government, particularly the Ministry of Communications, for the support through the year. We thank our advisers IC Securities, Sao Capital, Sentinel Global, Bentsi-Enchill, Letsa & Ankomah and KPMG for all the support.

I am extremely grateful to the MTN Ghana board for the strategic direction and for steering this family on the right path over the years. Finally to all of you here, thank you for your presence and for being a part of our maiden AGM post-listing on the GSE. Until we meet again at the next AGM, I wish you all a BRIGHT 2019.



Selorm Adadevoh
Chief executive officer
April 2019

Chief financial officer's review

The 2018 financial performance was motivated by the BRIGHT strategy, with strong emphasis on the return and efficiency element (R).

Operating and financial review

The Group reported a very strong performance for the year with service revenue increasing by 23.5%, driven by the strong growth in data and digital revenue. Data revenue increased by 30.2% YoY while digital revenue, including mobile money, grew by 34.6%.

Reported EBITDA improved by 16.5% to GH¢1,588 million in 2018 (2017: GH¢1,363 million), driven mainly by increased revenue and strong operational efficiency. Total operating cost (including cost of sales) of GH¢2,631 million was up 26.5% YoY driven mainly by implementation of performance driven activities.

In 2018, following the approval by the Ghana Investment Promotion Centre, we commenced payment of management fees to MTN Group from 1 May 2018. The reported earnings before interest, tax, depreciation and amortisation (EBITDA) margin therefore declined YoY by some 2.2 percentage points (pp) to 37.6%. Adjusting for this, the EBITDA margin would have increased by 3.1 percentage points to 40.7%.

To maintain our lead in the competitive business environment, we invested GH¢825 million in capex during the year, which enabled us to improve the network and ensured the quality delivery thereby enhancing customer experience. The investments made contributed to the improved data performance during the year. As part of the network expansion, Scancom Plc. acquired the individually identifiable assets of Goldkey Limited including its spectrum in 2,600MHz band which have been integrated into the books of Scancom Plc.

In line with performance projections, certain sets of specific financial targets were taken to the market. The table below shows how these financial guidance submitted to market for 2018 were delivered.

	Guidance for 2018 GH¢'million	Performance vs guidance GH¢'million	Performance
Revenue	4,014	4,219	5.1%
EBITDA	1,422	1,588	11.8%
Profit after tax	718	755	5.2%

MobileMoney Limited

MobileMoney Limited (MoMo) performed remarkably during the year, contributing 17.7% of the group revenue. MoMo overall revenue was up 60.2% YoY. The growth in performance was mainly driven by cash-out fees, commission and transfer services, representing 87.8% of total MoMo revenue. MoMo active subscribers was up 17.8% YoY, driven partly by high adoption of mobile money payment systems. The increased adoption has helped solidify and strengthened our number one position, in entrenching financial inclusion in Ghana. In 2018, the Bank of Ghana reduced the float interest from 7% to 4%.

Initial public offering

During the year, Scancom Plc. completed its initial public offering and the listing of the ordinary shares on the Ghana Stock Exchange on 5 September 2018. The offer, the largest in the history of the Exchange in terms of volume and number of shareholders, raised gross proceeds of GH¢1,146 million, with transaction cost of GH¢50.44 million. The net proceeds was used to pay special dividends to existing shareholders in line with provisions prior to the IPO and in pursuant to section 174 of the Companies Act, 1963 (Act 179).

Loans

We continue to fund our business with cash from operations as well as external debts which stood at GH¢438 million as at December 2018. The group has utilised GH¢445 million of its GH¢510 million medium-term facility. During the year, no debt covenants were breached.

Modupe Kadri
Chief financial officer
April 2019

Corporate governance

Our executive management

1 Joseph Adumuah
2 Samuel Koranteng
3 Eli Hini
4 Didier Sala-Diakanda
5 Noel Kojo-Ganson
6 Thomas Motlepa
7 Sam Addo
8 Modupe Kadri
9 William Tetteh
10 Eric Nsarkoh
11 Jemima Kotei-Walsh
12 Selorm Adadevoh
13 Amma Benneh-Amponsah

The company acknowledges that an effective management team must have the expertise and competence to promptly and appropriately address current and emerging issues to ensure the delivery of its strategy.

Our board of directors

Summary of director profiles

Name of director	Nationality	Position	Date of appointment	Expiration of directorship
Ishmael Yamson	Ghanaian	Board chairman	27 April 2011	None
Selorm Adadevoh	Ghanaian	Chief executive officer	8 June 2018	None
Modupe Kadri	Nigerian	Chief financial officer	15 April 2016	None
Ebenezer Asante	Ghanaian	Non-executive director	1 July 2016	None
Kwasi Abeasi	Ghanaian	Non-executive director	27 April 2011	None
Sugentharen Perumal	South African	Non-executive director	1 June 2018	None
Ralph Mupita	South African	Non-executive director	1 June 2018	None
Fatima Daniels	South African	Non-executive director	15 April 2016	None
Albert Fernandez	Spanish	Non-executive director	15 October 2015	None

None of the directors has been appointed for a fixed term of office.

MTN Ghana board of directors profiles

Ishmael Yamson

Board chairman
(76)

Ishmael Yamson has over four decades of experience in corporate management. He spent 20 years working in senior executive positions in Unilever operations in Ghana, the United Kingdom, Holland and other parts of Africa.

He has held many private sector positions including president of the Ghana National Chamber of Commerce, Ghana Employers' Association and the Private Enterprise Foundation in Ghana. He was also a founding director of the Ghana Stock Exchange and the Centre for Policy Analysis. He was also a founding director of the Commonwealth Business Council and member of the Duke of Edinburgh's Commonwealth Conference.

Ishmael previously served as the chairman of the President's Economic Advisory Council, chairman of the University of Ghana Council and chairman of the Ghana Investment Promotion Council.

Other directorships: Mantrac Ghana Limited, GHACEM Ghana Limited (Tema), Benso Oil Palm Plantations Limited, Ishmael Yamson & Associates and Nosmay Company Limited.

Selorm Adadevoh

Chief executive officer
(45)

Selorm is the chief executive officer of MTN, Ghana since June 2018. Prior to this, Selorm was the chief executive officer of Digicel, Haiti. Selorm is a seasoned telecoms and financial services business leader with over 20 years of experience spanning several years in the UK, USA, Caribbean and Africa.

In addition to extensive C-level telecoms experience across various telecoms operators, Selorm has over 10 years of consulting experience. First, as a technology consultant for Hewlett-Packard (HP) Consulting in the UK, and in the USA, as a management consultant for L.E.K. Consulting where he focused on mergers and acquisitions and private equity consulting projects.

Selorm is a member of the African Leadership Network (ALN) and a lifetime supporter of Liverpool FC. Selorm holds an MBA in finance and strategic management from the Wharton School, University of Pennsylvania, USA and a Bachelor's degree in civil engineering from Kwame Nkrumah University of Science and Technology (KNUST), Ghana.

Other directorships: DIAL (Washington DC, USA), Women's World Banking Ghana (WWBG), Ghana, Sahel Grains Limited (Ghana).

Our board of directors continued

Chief finance officer
(50)

Modupe Kadri was appointed as the chief financial officer for MTN Ghana in August 2014 and became an executive director in April 2016. He joined MTN Nigeria in 2007 as the general manager financial operations and held various positions within the finance division with his last position being the acting chief financial officer. Before joining MTN, he worked at Lafarge Africa Plc where he held various positions in the West African Portland Cement (WAPCO) Plc subsidiary including financial controller and business development manager. He trained and qualified as a chartered accountant with PricewaterhouseCoopers (PwC) where he spent 11 years.

He holds a Bachelor of Science (Hons) in economics and a Master's of Science in management, both from the University of Lagos, Nigeria and is a Fellow of both the Association of Chartered Certified Accountants (ACCA) and Institute of Chartered Accountants of Nigeria (ICAN). He was part of MTN's Global Advancement Programme (GAP) in 2012 and has attended various leadership programmes at the Columbia Business School, INSEAD and IMD Business School where he is an alumnus of all three.

Other directorships: MobileMoney Limited, Hajj Mabrur Ventures Limited (Nigeria) and Al-Barakah Microfinance Bank Limited (Nigeria).

Non-executive director
(51)

Ebenezer Asante is the first Ghanaian to head MTN Ghana. He is currently the Vice President of MTN Group's Southern and East Africa and Ghana (SEAGHA) region. Prior to assuming this role, he was CEO of MTN Rwanda for almost two years. Ebenezer joined MTN Ghana in 2008 as sales and distribution executive. Prior to joining MTN Ghana, he spent 13 years with Unilever, where he held various positions, including managing director for Zambia and customer development director and member of the Unilever Ghana board of directors. He holds a Bachelor of Arts (Hons) in economics and statistics from the University of Ghana, a post-graduate diploma in management from Henley Management College (UK) and was part of MTN's Global Advancement Programme (GAP) in 2010. He also participated in executive level and general management development programmes at the Ashridge Business School (UK), Harvard and INSEAD (Paris).

Other directorships: MobileMoney Limited, MTN Business Solutions (Botswana) (Pty) Limited, Mobile Telephone Network Business Solutions (Namibia) (Pty) Limited, MTN South Sudan Limited, MTN Zambia Limited, MTN Uganda Limited, MTN Business Kenya, MTN Rwandacell S.A.R.L, Econet Wireless Citizens Limited and Mascom Wireless Limited.

Our board of directors continued

Kwasi Abeasi

Non-executive director
(73)

Kwasi Abeasi is the chief executive officer of Africa Investconsult Limited and a lead consultant for the ECOWAS Commission's private sector directorate. He previously worked with the Volta Aluminium Company (VALCO), Mobil Oil Ghana Limited and the Agricultural Development Bank (ADB). He was the managing director of Ghana Oil Company (GOIL), director-general of Private Enterprise Foundation (PEF) and chief executive of the African Business Roundtable (ABR) in South Africa. He was recently appointed the board chairman of the Ghana Investment Promotion Centre.

Other directorships: Africa Investconsult Limited, Ghana Investment Promotion Centre (GIPC), Lifeforms Company, Forms Capital Limited, Goldfields Ghana Limited, Abosso Goldfields Limited.

Sugentharen Perumal

Non-executive director
(39)

Sugentharen Perumal was the chief financial officer of MTN Iran, a position he has held for the past four and half years. Prior to joining MTN, he was an audit director at one of South Africa's largest audit and advisory firms, SizweNtsalubaGobodo. Effective 1 June 2018, Sugentharen joined MTN Group as executive for group finance operations. Sugentharen is a highly accomplished finance professional with significant experience in strategic and operational planning and management of telecommunications companies in the Middle East and Africa. As an audit professional, he accumulated expertise and proficiency in the private sector as well as the public sector. This experience ranges over multiple industries including telecommunications, energy and utilities. Sugentharen holds a Bachelor of Commerce (accounting and management accounting) from the University of Natal. He is also a member of the South African Institute of Chartered Accountants CA(SA).

Other directorships: MTN Yemen, MTN Afghanistan, MTN Global Connect and Royal Comet Investments (Pty) Limited.

Ralph Mupita

Non-executive director
(47)

Ralph Mupita has been group chief financial officer since April 2017, and executive director of the MTN Group effective 1 June 2018. He is a former chief executive officer of Old Mutual Emerging Markets (2012 to 2017) and has extensive experience in financial services operations in Africa, Asia and Latin America markets. Ralph currently serves on the board of several of MTN Group's subsidiaries and is an independent non-executive director of Rand Merchant Investment Holdings Limited and Rand Merchant Bank Holdings Limited. He previously served on the boards of various Old Mutual entities and joint ventures, as well as industry bodies such as Business Leadership South Africa, Association of Savings and Investments South Africa and UCT Graduate School of Business. Mr Mupita holds a Bachelor in engineering (Hons) and Master's in business administration, both from the University of Cape Town. He is an alumnus of executive programmes at London Business School, INSEAD and Harvard Business School.

Other directorships: MTN Group Limited, Mobile Telephone Networks Holdings (Pty) Limited, MTN International (Pty) Limited, Mobile Telephone Networks Holdings Proprietary Limited, MTN Business Solutions (Pty) Limited, MTN Group Management Services (Pty) Limited, MTN Nigeria Communications Limited, Irancell Telecommunications Services Company (Pty) Limited, MTN Dubai Limited, MTN International (Mauritius) Limited, Mauritius Investments, MTN Group Management Services (Pty) Limited, Easy Dial International Limited BVI, 14 Avenue Investment Holding Limited, Investcom Mobile Communications Limited, Servico S.A.L, Mobile Telephone Networks (Netherlands) B.V, Mobile Telephone Networks NIC B.V, 14th Avenue Holdings B.V, RMB Holdings Limited and Rand Merchant Investment Holdings Limited.

Our board of directors continued

Fatima Daniels

Non-executive director
(58)

Fatima Daniels worked in corporate positions ranging from regional and corporate finance to general manager of telecommunications for over a decade. She is a member of the South African Institute of Chartered Accountants. Fatima has extensive JSE listed company board experiences.

Other directorships: MTN Syria, MTN Sudan, MTN Congo-Brazzaville, MTN Côte D'Ivoire, MMI Holdings Limited and MMI Group Limited, Clicks Group Limited, Tongaat Hulett Limited, Rand Refinery (Pty) Limited, AfriSam (SA) (Pty) Limited and Afrisam Group (Pty) Limited, JSE Limited, Abathwa Capital Holdings (Pty) Ltd, Letjoba Investments (Pty) Ltd and Buona Fortuna Investments (Pty) Ltd.

Pala Asiedu-Ofori

Board secretary
(49)

Pala Asiedu-Ofori is the senior manager commercial legal affairs, and company secretary to the board of MTN Ghana. She has over 20 years of experience as a lawyer, 12 of which have been in the telecoms industry. Before joining MTN Ghana in 2005, Pala was a senior associate at JLD Consultancy Services Limited. She holds an LLB from the University of Ghana School of Law (1995). She obtained a Master's in Law (LLM) in electronic and commercial law from the University of Cape Town, South Africa. She is a member of the Ghana Bar Association.

Albert Fernandez

Non-executive director
(51)

Albert Fernandez has over 20 years of professional experience in the telecommunications industry with over 12 years at C-suite level as chief commercial officer both at group level as well as for major telecom operators. He is the chief consumer officer of the MTN Group. Albert has served in several managerial positions across the telecommunications industry, including group commercial officer of Zain, VimpelCom and Telefonica. Prior to these appointments, Albert had served in various executive positions within the MTN Group. He holds a Master's in management from the ESADE Business School and University of Chicago Graduate School of Business.

Other directorships: MTN Cameroon, MTN Côte d'Ivoire and MTN Uganda.

Our management team

Selorm Adadevoh
Chief executive officer

Refer to MTN Ghana board of director profiles.

Modupe Kadri
Chief finance officer

Refer to MTN Ghana board of directors profiles.

Samuel Koranteng

Corporate services executive

Samuel Koranteng is a lawyer by profession with approximately 29 years' post qualification experience in general law practice, 10 years of which have been in the ICT and telecommunications industry. Samuel has been a specialist in regulatory and compliance affairs as well as government affairs with MTN Ghana since July 2013. He provides input for the development of a robust regulatory and compliance regime in line with existing legislative obligations binding on MTN to eliminate risk exposure and sanctions. Samuel advises on key regulatory issues, government relations and policy advocacy to ensure business promotion, licence protection and reputation management. Prior to joining MTN Ghana, Samuel worked with Vodafone Ghana as a senior litigation lawyer, head of regulatory affairs and later, head of public policy. He obtained his Bachelor of Law Degree (LLB) from the University of Ghana in 1986 and was called to the Ghana Bar in 1988.

Amma Benneh-Amponsah

Human resources executive

For the past 16 years, Amma's generalist HR experience and strategic focus have shaped MTN Ghana's talent resourcing, management, development and workplace culture. Amma holds a degree in business administration from the University of Ghana, a Master's in business administration from the William Morris Business School, Coventry University, a post-graduate qualification in strategic management from the Columbia Executive Education programme and a PMP Associate. She is also an alumnus of the MTN Global Advancement Programme and a member of the Society of Human Resource Management (SHRM). Amma's passion for creating people-centred workplaces and ensuring employees are enterprise contributors has earned MTN Ghana its prestigious Gold Investors In People (IIP) accreditation, recognition as the best organisation in HR best practices in Ghana and a company culture that exceeds Ghana, West Africa and global best practice norms in consecutive Towers Watson assessments. Amma serves on the board of Enterprise Trustees Limited and the Institute of ICT Professionals.

Eric Nsarkoh

Sales and distribution executive

Eric Nsarkoh is responsible for developing and providing strategic vision and direction for the sales and distribution division. He joined MTN Ghana in September 2011 from Airtel where he was the IT director. Prior to this, he worked in senior management roles in both the IT and commercial environments with Millicom International (Tigo), Discoverytel Ghana, Heineken International, British American Tobacco, KPMG and PricewaterhouseCoopers. Eric holds a Bachelor of Science (Hons) in chemical engineering from the Kwame Nkrumah University of Science and Technology, Kumasi and a Master's in business administration (management information systems option) from Vrije Universiteit Brussel, Brussels, Belgium.

Jemima Kotei-Walsh

Customer relations executive

Jemima Kotei-Walsh is responsible for providing strategic direction and execution of customer-related programmes and policies in MTN Ghana. Under her leadership, MTN Ghana has won the best customer service organisation in the telecom industry in Ghana for the last four consecutive years. She has also led her team to win the best customer service team in the industry for the last couple of years. She has over 15 years' experience in customer service, serving in different roles within the customer care department.

She was also the senior manager for quality assurance and training for the customer care function, prior to her current role. She attended the University of Ghana Business School and has a BSc in business administration. Jemima also holds a Master's of Arts in human resource development and consulting from the Management School, Lancaster University, UK, and a Master's certificate in Project Management from the George Washington University, USA.

Our management team continued

Thomas Motlepa

Chief technical officer

Thomas Motlepa is the chief technical officer with the responsibility of managing MTN Ghana's network, establishing and implementing its technology vision and strategies.

Thomas Motlepa has vast experience in technology, networks, project management and information systems. He has over 17 years' working experience, having worked in various capacities as a telecoms engineer with MTN Zambia, Iran, Cameroon, and Nigeria which has the largest network in Africa and Middle East.

Through his career, Thomas has also chalked several successes some of which include the deployment of 2,100km of fibre in one year, maintaining No 1 network in NPS since 2014, leading the team to attain some firsts which include first in the MTN Group to comply with the P10 concept and another first in testing the 4.5G in Zambia.

In Iran and Cameroon, Thomas was instrumental in the implementation of managed services and within three years put in place a switching capacity to support 50 million subscribers and HLR capacity to support 80 million subscribers, a major and significant achievement. He also worked to achieve a full integration of MSC Blade Cluster and high-density BSC in Yaounde.

Eli Hini

General manager, mobile financial services

Eli Hini is the general manager for MobileMoney Limited, the MTN Ghana subsidiary responsible for mobile financial services. He is responsible for driving strategy, business development, innovation and relevant operations of MTN's Mobile Money business. Prior to Eli's appointment as general manager, he was the commercial senior manager for MTN Mobile Money, a role he held for approximately seven years. Eli was instrumental in setting up Mobile Money services in Ghana and growing the subscriber base, transaction volumes and value. He also led the MTN Mobile Money team to receive ISO certification (ISO/IEC 12007: 2013 certification) in January 2016. Eli is a Chartered Marketer with over 17 years' experience, and has also held leadership positions in Unilever Ghana Limited and Coca-Cola Bottling Company Limited. He holds a Bachelor of Science in agriculture from the Kwame Nkrumah University of Science and Technology and a professional post-graduate diploma in marketing from the Chartered Institute of Marketing, UK. Eli serves on the board of Mobile Money Limited.

Joseph Adumuah

Acting chief information officer

Joseph Adumuah is accountable for providing strategic leadership and oversight for the IS division and aligning IS deliverables with business strategy. This is achieved by developing executable plans to deliver business value and maintain competitive advantage over our competition. He also ensures there are frameworks, policies, processes and procedures to guide the delivery of IS Service Management. Furthermore, he researches into technological trends and evolution and advises the business on their appropriateness and adoption.

He has been with MTN Ghana since 2002 with background in IP networks, data centre management, IT services and vendor management, enterprise systems and applications, billing and charging, VAS operations and delivering on commercial and digital initiatives. Joseph holds an MBA in Finance from the University of Leicester and a BSc in Computer Science and Statistics (Combined major) from the University of Ghana.

William Tetteh

General manager, capital projects

William Tetteh is responsible for the development of strategy and operational support for the capital projects group function, and ensures effective governance and execution of projects managed by the division. William holds a Bachelor of Science in physics from the University of Science and Technology, Kumasi-Ghana. He also holds a Master's of Science in Telecommunication Engineering from the Ghana Telecom University College, Accra-Ghana as well as a Master's in business administration in project management from the University of Ghana, Legon.

Our management team continued

Didier Sala-Diakanda

General manager, risk and compliance

Didier Sala-Diakanda joined MTN Ghana from MTN Guinea-Conakry in 2015, where he was head of business risk and corporate affairs. He also worked in MTN Group's business risk management division in South Africa for nine months where he was assigned to lead the group enterprise risk management function. Didier joined MTN from Warid Telecommunication Côte d'Ivoire, where he was the deputy CFO. Prior to this, he worked for five years as regional financial controller for Celtel International/Airtel Group; in charge of seven francophone countries and working directly with CEOs and CFOs to improve financials and internal control. Didier started his career with PricewaterhouseCoopers, where he worked for seven years across Central Africa and France. Didier holds a Master's in finance and accounting and a degree in management and economics from the Catholic University of Central Africa. He also completed a General Management Programme (GMP) at the Witwatersrand Business School in South Africa. Didier serves on the board of MobileMoney Limited.

Noel Kojo-Ganson

Chief marketing officer

Noel Kojo-Ganson is a seasoned senior marketing professional who has 16 years' FMCG and telecoms experience. He has a Master's in business administration specialised in strategic marketing and a Chartered Marketer from the Chartered Institute of Marketing UK. Noel's work experience prior to joining MTN Ghana includes holding key marketing leadership roles, in SABMiller now AB InBev as the head of marketing, brand development manager for their Africa operations. He is a co-chair of the MTN products and services innovation committee. Noel has ample breadth and depth of the commercial landscape having led teams in the channel, distribution, trade marketing, brand and consumer space. His experience includes the new areas of digital, large data and financial inclusion, and this will play a key role in the next frontier of delivering MTN's digital strategy and vision.

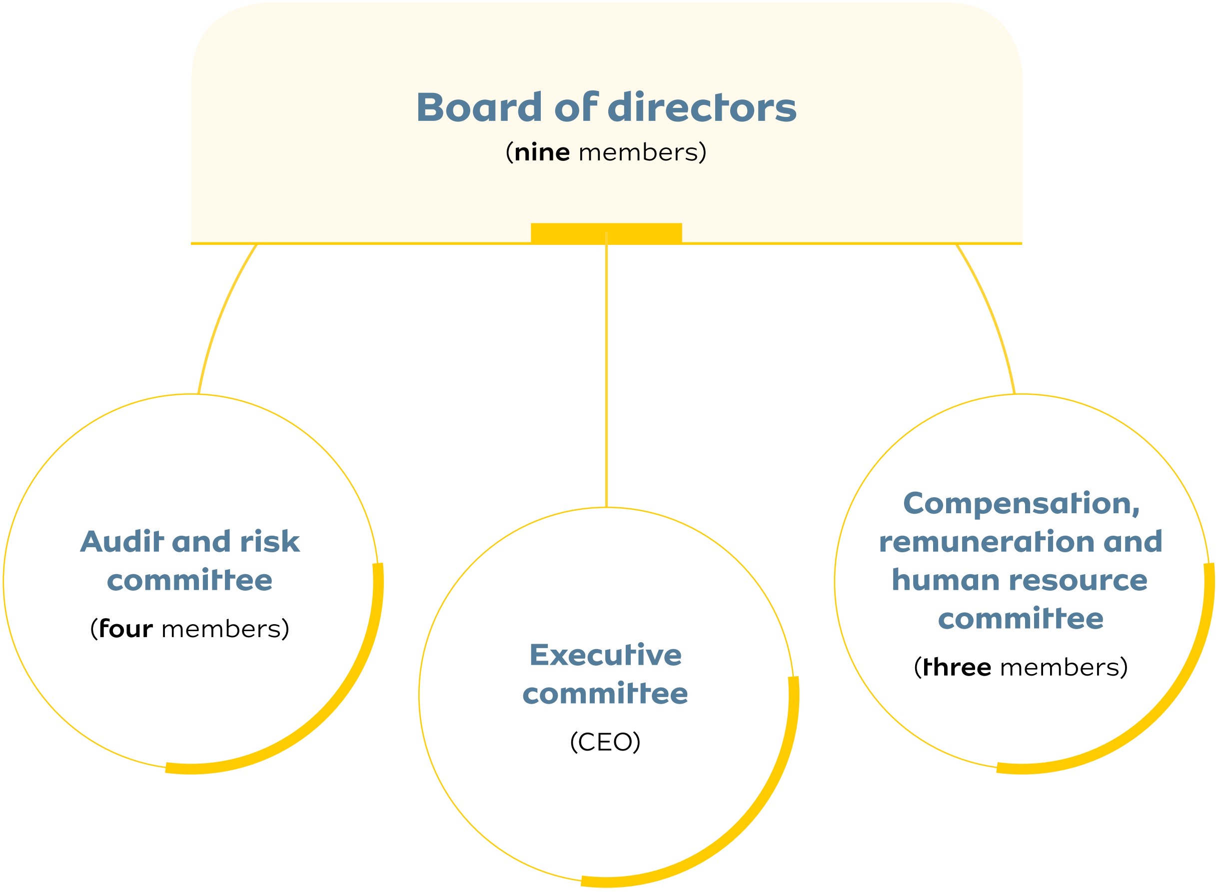
Sam Addo

General manager, MTN business

Sam Addo is responsible for business sales operations and support, ICT sales and business development. He was the general manager in charge of distributive trade and regional sales for southern Ghana, in the sales and distribution division of MTN Ghana. Prior to joining MTN, Sam worked for 13 years in several roles at Unilever, including area manager for South-Eastern Ghana. He holds a Bachelor of Science (Hons) in biological sciences from the University of Ghana and a post-graduate diploma in marketing from the Chartered Institute of Marketing UK.

Statement on corporate governance

The Scancom Plc (MTN Ghana) board is responsible for governing the company as well as setting the strategic policies, appointing top management, monitoring progress towards the achievement of objectives and compliance with policies and approving all policies. The Scancom Plc (MTN Ghana) board consists of nine members, made up of a non-executive chairman, six non-executive directors and two executive directors.



These directors have wide experience and in-depth knowledge in management, industry and the financial and capital markets, which enable them to make informed decisions and valuable contributions to the company's progress.

Financial statements and key reports

Report of the directors

The directors have pleasure in submitting their report together with the audited consolidated financial statements of Scancom Plc ("the Company") and its subsidiary (together, "the Group") for the year ended 31 December 2018.

Statement of directors' responsibilities

The directors are responsible for the preparation of financial statements for each financial year, which give a true and fair view of the state of affairs of the Group and of the profit or loss and cash flows for that period.

In preparing these consolidated financial statements, the directors have selected suitable accounting policies and then applied them consistently, made judgements and and estimates that are reasonable and prudent in the circumstances and followed International Financial Reporting Standards (IFRS) and complied with the requirements of the Companies Act, 1963 (Act 179).

The directors are responsible for ensuring that the Group keeps proper accounting records that disclose, with reasonable accuracy, at any time, the financial position of the Group. The directors are also responsible for safeguarding the assets of the Group and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors have no plans or intentions, for example to dispose of the business or cease operations that may materially alter the carrying value or classification of assets and liabilities reflected in the consolidated financial statements.

The directors have reviewed the Group's budget and cash flow forecast for the year to 31 December 2019. On the basis of the review, and in the light of the current financial position, the directors are satisfied that the Group has access to adequate resources to continue in operation for the foreseeable future and is a going concern.

Nature of business

The Group's principal activities are the provision of telecommunication services including voice, data, enterprise solutions, and the provision of mobile financial services.

Summary of financial results

The financial results for the year ended 31 December 2018, are set out on page 36.

Dividend

Dividend amounting to GH¢1,313 million was declared for the year ended 31 December 2018 (2017: GH¢470 million, GH¢0.0437 per share). This consisted of a special dividend of GH¢1,068 million paid to pre-IPO shareholders and an interim dividend of GH¢245 million (GH¢0.02 per share) paid to post-IPO shareholders.

The directors recommend the payment of GH¢369 million (GH¢0.03 per share) as final dividend to shareholders.

Interest of directors and officers

During the year under review, no significant or material contract was entered into in which directors and officers of the Group had an interest which significantly or materially affected the business of the Group. The directors and officers had no interest in any third party or entity responsible for managing any of the business activities of the Group, except for operational contracts with other related companies.

Substantive interest in shares

According to the register of members as at 31 December 2018, no other shareholder apart from MTN Group Limited had more than 5% of the issued share capital of the Company.

The number of shares held by directors are shown below:

Names	31 December 2018	31 December 2017
I Yamson (Chairman)*	667,300	–
K Abeasi	230,000	–
E Asante	8,000,100	–
S Adadevoh	133,500	–
A Fernandez	–	–
F Daniels	–	–
M Kadri	865,000	–
R Mupita	–	–
S Perumal	–	–

*Held in joint ownership in the name of Ishmael and Lucy Yamson (134,000) and a nominee holding account Octane SD ILY07 2018 (533,300).

Remuneration of executive and non-executive directors

The remuneration of directors is disclosed under key management personnel information in Note 2.34 and non-executive directors is disclosed as directors' fee in Note 2.12.

Stated capital

There was no change in the authorised shares of Scancom Plc during the year under review. A total of 12.29 billion (2017: 10.7 billion) ordinary shares of no par value have been issued as at 31 December 2018. Further details of the authorised and issued ordinary shares are disclosed in note 2.26.

Localisation

In June 2016, the National Communications Authority ("NCA") issued a provisional authorisation to Scancom Plc to operate and provide mobile broadband services in the 800MHz band. The licence required Scancom Plc to fulfil certain conditions including listing on the Ghana Stock Exchange. The initial public offering (IPO) was completed with the listing on the Ghana Stock Exchange on 5 September 2018.

Subsidiary

MobileMoney Limited is a wholly owned subsidiary of Scancom Plc, incorporated on 5 November 2015 to operate mobile financial services in Ghana. Prior to 1 January 2018, the results of the mobile money operations were reported as part of the results of Scancom Plc.

Property, plant and equipment

There are no changes in the nature of property, plant and equipment or in the policy regarding the use during the financial year under review. In the opinion of the directors, the fair value of the property plant and equipment is not less than the value shown in the consolidated financial statements.

Report of the directors continued

Donations and charity

The Group performs its corporate social responsibility via the MTN foundation. MTN's global policy is to set aside 1% of its profit after tax to fund the foundation's activities.

The foundation has invested over $13.5 million (GH¢32 million) to improve health care, education and living conditions for over four million people with 142 projects across the entire country. In the area of education, the foundation has provided scholarships to 1,000 needy and brilliant students in Ghana. During the year, an amount of GH¢7.6 million (2017: GH¢7.1 million) was charged to the statement of comprehensive income.

Auditor

The Group's auditor, Messrs. PricewaterhouseCoopers has expressed willingness to continue in office in accordance with Section 134(5) of the Companies Act, 1963 (Act 179).

Approval of the annual report and financial statements

The annual report and financial statements of the Company and Group were approved by the Board of Directors on 26 February 2019 and are signed on its behalf by:

Ishmael Yamson
Chairman

Selorm Adadevoh
Chief executive officer

Audit and risk committee report

for the year ended 31 December 2018

Membership of the audit and risk committee (ARC) of the board

Name	Designation	Appointment date
Fatima Daniels	Chairperson	7 February 2016
Albert Fernandez	Member	10 September 2015
Sugenthanren Perumal	Member	1 June 2018
Ebenezer Asante	Vice-president, SEAGHA region	14 August 2018

The chief executive officer, chief financial officer, general manager: risk and compliance/internal audit and forensics and the external auditor (PwC) attend ARC meetings. Other officers (executives and senior management) are also invited to attend meetings, as deemed appropriate.

Mandate

The ARC assist the board of directors in discharging its duties relating to the safeguarding of assets, operation of adequate risk management, governance, compliance and internal control systems and processes, and the preparation of financial statements and related financial reporting in compliance with all applicable legal requirements and accounting standards.

These include internal financial controls and ensuring that assurance services and functions enable an effective control environment and that these support the integrity of information produced in compliance with applicable legal and regulatory requirements.

Summary of activities of the ARC in 2018

The ARC remained focused on discharging its responsibility of exercising oversight over governance, risk and compliance activities as well as monitoring the effectiveness of the Scancom Plc internal controls (both financial and non-financial).

The ARC met four times during the financial year under review on 27 February, 22 May, 14 August and 13 November 2018. At these meetings, the committee reviewed:

- Company's financial performance.
- Major risk exposures and changes to Company risk profile.
- Adequacy of internal controls – significant financial or non-financial control issues and misstatements (actual or potential), major fraud cases and fraud alert issues.
- IT Governance and Security.
- Significant tax, regulatory and legal issues.
- Adequacy of Business Risk Management (BRM) plans.
- Progress against implementation of issued audit report recommendations (by internal and external auditors).
- Degree of compliance to laid down policies, laws and regulations, code of ethics and business practices of the Company; and
- Realignment of Business Risk Management structures to streamline governance, risk and internal control management activities.

Review of the Financial Performance of the Company for the year ended 31 December 2018

The committee, at its meeting on 18 February 2019, reviewed the financial statements for the year ended 31 December 2018 presented by management and at its subsequent meeting on 25 February 2019, recommended it to the Board for approval.

BRM function

The ARC reviewed and approved the BRM Combined Assurance Plan for 2018 at its meeting on 31 October 2017 and was updated on the activities of BRM including the status of audits and findings from internal audit reports.

The committee reviewed and approved a new structure for the BRM function in 2018. The restructuring resulted in the split of second line risk and compliance disciplines from third line internal audit and forensics to promote independence of third-line assurance providers. Resources were approved for the new structure to enhance Scancom Plc's commitment to embedding governance, risk and compliance in its operations.

External audit

PwC, the external auditor, at the ARC meeting held on 14 August 2018 shared its audit plan which included objectives of the audit, audit approach, responsibilities of the directors and the auditor, audit scope and reporting timetable for the year ended 31 December 2018.

On an annual basis, external auditors perform an end to end review of the adequacy of system controls and revenue assurance processes and presents findings to ARC. The committee at its meeting on 13 November 2018, deliberated on the Systems and Process Assurance (SPA) reports presented by PwC and reviewed recommendations to remediate potential gaps to achievement of corporate objectives.

At the 18 February 2019 ARC meeting, PwC presented the findings from its audit of the financial statements for the year ended 31 December 2018 to the committee members.

Key focus areas for 2019

- Further strengthen the second and third lines of defence in the organisation
- Monitor regulatory compliance and further strengthen maturity of compliance structures
- Further strengthen the internal control environment
- Review progress on implementation of information security and data privacy controls
- Monitor progress on business continuity and operational resilience programmes
- Continue to focus on ethics and culture
- Review progress on adoption of new accounting standards
- Extract efficiencies of a combined assurance model
- Continue to facilitate a fair and balanced approach to corporate reporting.

Report of the independent auditor to the members of SCANCOM PLC

for the year ended 31 December 2018

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Scancom Plc (the "Company") and its subsidiary (together the "Group") as at 31 December 2018, and of the financial performance and the cash flows of the Company standing alone and the Group for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179).

What we have audited

We have audited the financial statements of Scancom Plc (the "Company") and its subsidiary (together the "Group") for the year ended 31 December 2018.

The financial statements on pages 36 to 84 comprise:

- The separate and consolidated statements of financial position as at 31 December 2018.
- The separate and consolidated statements of comprehensive income for the year then ended.
- The separate and consolidated statements of changes in equity for the year then ended.
- The separate and consolidated statements of cash flows for the year then ended.
- The notes to the separate and consolidated financial statements, which include a summary of significant accounting policies.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Company's and group's financial statements of the current period. These matters were addressed in the context of our audit of the Company's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment losses on trade receivables of GH¢11.1 million. The Group provides network services and ICT services to post-paid individual and corporate subscribers, enterprise business units and interconnect partners on credit. As at 31 December 2018, trade receivables amounted to GH¢370 million after providing for impairment losses of GH¢11.1 million. Management applies the simplified approach (provision matrix) to providing for expected credit losses (ECL), which requires the use of lifetime expected loss allowance. In applying the provision model, management estimates the ultimate write offs for a defined population of trade receivables. A loss ratio is calculated according to the ageing profile of trade receivables by applying the historic write offs to the payment profile of the population and adjusted to reflect current and forward looking information. Management exercises significant judgements in the inputs, assumptions and techniques for estimating ECL, default and credit impaired assets. The accounting policies, judgements and disclosures are set out in note 2.5.2, 2.35.7, note 2.36.3 and 2.36.4 of the financial statements.	We evaluated the design and tested the operating effectiveness of controls around the revenue and receivables cycle including the use of revenue assurance specialists. We tested the ageing analysis of trade receivables to assess the appropriateness of classification of trade and other receivable balances. We assessed the appropriateness and reasonableness of judgements made in the inputs, assumptions and techniques for estimating ECL, default and credit impaired assets by measuring them against historical trends where available. We assessed the adequacy of impairment losses as at 31 December 2018. We assessed the appropriateness and adequacy of the related disclosures made in the financial statements.

Report of the independent auditor to the members of the SCANCOM PLC continued

for the year ended 31 December 2018

Other information

The directors are responsible for the other information. The other information comprises the report of the Directors, Audit and Risk Committee report, Chief Finance Officer's review, Shareholding Information and Five Year Financial Summary but does not include the financial statements and our auditor's report thereon.

Our opinion on the separate and consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, the directors are responsible for assessing the Company and group'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 the directors either intend to liquidate the Company and/or the Group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated 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 separate and consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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 Group internal control.

Report of the independent auditor to the members of the SCANCOM PLC continued

for the year ended 31 December 2018

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 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 separate and consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and have communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

The Companies Act, 1963 (Act 179) requires that in carrying out our audit we consider and report on the following matters. We confirm that:

(i) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

(ii) In our opinion proper books of account have been kept by the company, so far as appears from our examination of those books.

() The Group's balance sheet (statement of financial position) and the Group's profit and loss account (part of the statement of comprehensive income) are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is Michael Asiedu-Antwi (ICAG/P/1138).

PricewaterhouseCoopers

PricewaterhouseCoopers (ICAG/F/2019/028)
Chartered Accountants
Accra, Ghana
27 February 2019

pwc

Statement of comprehensive income

for the year ended 31 December 2018

(All amounts are in thousands of Ghana cedi)

	Note	2018 Group	2018 Company	2017 restated Group and company
Revenue from contract with customers	2.6.6	4,218,847	3,471,007	3,423,551
Other income	2.7	–	–	18,700
Direct network operating costs	2.8	(889,026)	(888,987)	(757,257)
Cost of handsets and other accessories		(87,262)	(87,011)	(93,933)
Interconnect and roaming costs	2.9	(381,838)	(381,838)	(334,007)
Employee benefits expenses	2.10.4	(188,392)	(184,365)	(160,131)
Selling, distribution and marketing expenses	2.11	(797,561)	(446,205)	(603,297)
Other operating expenses	2.12	(287,139)	(283,246)	(131,068)
Earnings before interest tax depreciation and amortisation		1,587,629	1,199,355	1,362,558
Depreciation	2.17.1	(382,413)	(382,301)	(295,375)
Amortisation	2.18.3	(81,154)	(81,063)	(64,553)
Operating profit		1,124,062	735,991	1,002,630
Finance income	2.13.3	75,693	70,608	50,122
Finance cost	2.13.3	(120,561)	(120,404)	(72,078)
Profit before income tax		1,079,194	686,195	980,674
Income tax expense	2.14.3	(270,558)	(172,371)	(212,395)
National Fiscal Stabilisation Levy	2.15	(53,960)	(34,310)	(49,767)
Profit after income tax		754,676	479,514	718,512
Other comprehensive income		–	–	–
Total comprehensive income		754,676	479,514	718,512
Diluted/basic earnings per share	2.16	GH¢0.067	GH¢0.043	GH¢0.067

The notes on pages 41 to 84 are an integral part of these financial statements.

Group and company statement of financial position as at 31 December 2018

(All amounts are in thousands of Ghana cedi)

	Note	Group At 31 December 2018	Company At 31 December 2017 restated	Group and company At 1 January 2017 restated
Non-current assets		3,060,546	3,059,107	2,670,033
Property, plant and equipment	2.17	2,549,095	2,548,171	2,267,833
Intangible assets	2.18	418,536	417,971	340,305
Non-current Prepayment		–	–	–
Investment in subsidiary	2.19	–	50	–
IRU assets	2.20	76,303	76,303	52,331
Contract asset	2.21.2	5,353	5,353	1,732
Capitalised contract cost	2.21.3	11,259	11,259	7,832
Current assets		1,156,334	1,010,918	778,356
Inventories	2.22	10,305	10,305	20,300
Trade receivables	2.23.1	370,038	329,855	271,597
Other assets	2.24	100,337	100,337	61,519
Other financial assets at amortised cost	2.23.2	47,135	158,648	45,056
Income tax assets	2.14.5	206,862	211,937	172,426
National stabilisation levy receivable	2.15	4,207	5,218	2,504
IRU assets	2.20	10,925	10,925	8,224
Cash and cash equivalents	2.25	406,525	183,693	196,730
Total assets		4,216,880	4,070,025	3,448,389
Equity		2,410,392	2,135,230	1,872,381
Stated capital	2.26	1,097,504	1,097,504	1,363
Income surplus account	2.37	1,312,888	1,037,726	1,871,018
Liabilities				
Non-current liabilities		653,090	653,083	585,178
Borrowings	2.27	338,854	338,854	337,164
Deferred tax liabilities	2.14.6	304,206	304,199	237,229
IRU liability	2.20	6,260	6,260	7,015
Provisions		3,770	3,770	3,770
Current liabilities		1,153,398	1,281,712	990,830
Trade and other payables	2.29	911,051	1,039,785	862,569
Contract liability	2.21.1	89,838	89,838	86,941
Provisions	2.28	51,987	51,567	40,793
IRU liability	2.20	522	522	527
Borrowings	2.27	100,000	100,000	–
Total liabilities		1,806,488	1,934,795	1,576,008
Total equity and liabilities		4,216,880	4,070,025	3,448,389

The notes on pages 41 to 84 are an integral part of these financial statements.

The financial statements on pages 36 to 84 were approved by the Board of Directors on 26 February 2019 and signed on their behalf by:

Ishmael Yamson
Chairman

Selorm Adadevoh
Chief Executive Officer

Statement of changes in equity – Group

for the year ended 31 December 2018

(All amounts are in thousands of Ghana cedi)

Year ended 31 December 2018	Note	Stated capital	Income surplus	Total equity
Balance at 31 December 2017 as originally presented		1,363	1,867,274	1,868,637
Change in accounting policy	2.39	–	3,744	3,744
Restated total equity at 1 January 2018		1,363	1,871,018	1,872,381
Profit for the year		–	754,676	754,676
Other comprehensive income		–	–	–
Total comprehensive income		–	754,676	754,676
Transaction with owners				
Issue of shares		1,096,141	–	1,096,141
Dividends declared		–	(1,312,806)	(1,312,806)
Balance at 31 December 2018		1,097,504	1,312,888	2,410,392
Year ended 31 December 2017				
Balance at 1 January 2017		1,363	1,622,506	1,623,869
Profit for the year		–	718,512	718,512
Other comprehensive income		–	–	–
Total comprehensive income		–	718,512	718,512
Transaction with owners				
Dividend declared		–	(470,000)	(470,000)
Balance at 31 December 2017		1,363	1,871,018	1,872,381

The notes on pages 41 to 84 are an integral part of these financial statements.

Statement of changes in equity – Company

for the year ended 31 December 2018

(All amounts are in thousands of Ghana cedi)

Year ended 31 December 2018	Note	Stated capital	Income surplus	Total equity
Balance at 31 December 2017 as originally presented		1,363	1,867,274	1,868,637
Change in accounting policy	2.39	–	3,744	3,744
Restated total equity at 1 January 2018		1,363	1,871,018	1,872,381
Profit for the year		–	479,514	479,514
Other comprehensive income		–	–	–
Total comprehensive income		–	479,514	479,514
Transaction with owners				
Issue of shares		1,096,141	–	1,096,141
Dividends declared		–	(1,312,806)	(1,312,806)
Balance at 31 December 2018		1,097,504	1,037,726	2,135,230
Year ended 31 December 2017				
Balance at 1 January 2017		1,363	1,622,506	1,623,869
Change in accounting policy		–	718,512	718,512
Profit for the year		–	718,512	718,512
Other comprehensive income		–	–	–
Total comprehensive income		–	718,512	718,512
Transaction with owners				
Dividends declared		–	(470,000)	(470,000)
Balance at 31 December 2017		1,363	1,871,018	1,872,381

The notes on pages 41 to 84 are an integral part of these financial statements.

Statement of cash flows

for the year ended 31 December 2018

(All amounts are in thousands of Ghana cedi)

	Note	For the year ended 31 December 2018 Group	For the year ended 31 December 2018 Company	For the year ended 31 December 2017 Group and Company
Cash generated from operations	2.31	1,616,438	1,286,249	1,253,282
Interest received		24,455	19,462	7,061
Interest paid		(68,996)	(68,996)	(9,421)
Dividend paid	2.30	(1,381,806)	(1,381,806)	(401,000)
Income tax paid	2.14.5	(338,017)	(244,912)	(381,727)
National stabilisation levy	2.15	(55,663)	(37,024)	(76,873)
Net cash generated from operations		(203,589)	(427,027)	391,322
Cash flow from investing activities				
Acquisition of property, plant and equipment	2.17.2	(606,898)	(606,898)	(436,435)
Acquisition of intangible assets	2.18.4	(149,880)	(149,224)	(53,856)
Investment in subsidiary	2.19	–	(50)	–
Proceeds from disposal of property, plant and equipment	2.17.6	607	607	131
Acquisition of additional IRU capacity	2.20.1	(26,673)	(26,673)	(22,644)
Net cash used in investing activities		(782,844)	(782,238)	(512,804)
Cash flows from financing activities				
Proceeds from share issue	2.26	1,096,141	1,096,141	–
Borrowing repayment	2.27.1	–	–	(284,558)
Proceeds from borrowing	2.27	100,000	100,000	470,483
Net cash generated from financing activities		1,196,141	1,196,141	185,925
Movement in cash and cash equivalents		209,708	(13,124)	64,443
At the beginning of the year		196,730	196,730	151,671
Exchange losses on cash and cash equivalents		87	87	(19,384)
At the end of year	2.25	406,525	183,693	196,730

The notes on pages 41 to 84 are an integral part of these financial statements.

Notes

1. GENERAL INFORMATION

Scancom Plc was incorporated as a private limited liability company on 14 April 1994 and commenced operations on 9 September 1994. The Company's regulations were amended on 13 October 2016 to become a public company and its shares were listed on the Ghana Stock Exchange on 5 September 2018.

Its ultimate holding company is MTN Group Limited, a company incorporated in the Republic of South Africa and listed on the Johannesburg Stock Exchange.

The registered address of the business is MTN House, Plot OER 6, Independence Avenue, West Ridge, Accra. The principal activities are the provision of telecommunication services including voice, data, enterprise solutions, and the provision of mobile financial inclusion. The consolidated financial statements are for the Group consisting of the Company, Scancom Plc and its subsidiary, MobileMoney Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these annual consolidated financial statements are set out below and are consistent with those adopted in the prior year, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared in accordance with International financial Reporting Standards (IFRS), as issued by International Accounting Standard Board (IASB), and interpretations issued by the IFRS interpretations committee (IFRSIC) of IASB that are effective as at 31 December 2018, and the requirements of the Companies Act, 1963 (Act 179).

The financial statements have been prepared on the historical cost basis.

2.2 New and amended standards adopted by the Group

The Group has applied the following standards for the first time for the reporting period commencing on 1 January 2018.

- IFRS 15 *Revenue from Contracts with Customers.*
- IFRS 9 *Financial Instruments.*
- Amendments to IFRS 2 – (classification and measurement fee-based payment transactions).

The Group had to change its accounting policies and make certain retrospective adjustments following the adoption of IFRS 15 and 9. Retrospective adjustments in respect of IFRS 15 are disclosed in note 2.39. The Group applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the group's previous accounting policy.

The adoption of the amendments to IFRS 2 did not result in any adjustments to the consolidated financial statements.

2.3 New standards, amendments and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting periods and have not been early adopted by the Group. Those that are likely to have an impact on the Group financial statements when the standards become effective are set out below:

IFRS 16 *Leases*

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group had non-cancellable operating lease commitments of GH¢3.258 billion (2017: GH¢3.078 billion), disclosed in note 2.33.2. The Group has not yet assessed what other adjustments, if any, are necessary because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use (ROU) assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flows going forward. The adoption of the IFRS 16 will result in the reduction of operating expense, EBITDA will improve, depreciation and amortisation will increase driven mainly because of capitalisation of ROU assets.

The new standard is mandatory for financial years commencing on 1 January 2019.

Notes continued

2.3 New standards, amendments and interpretations not yet adopted continued

IFRIC 23 Uncertainty over Income Tax Treatments

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;
- that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, ie that detection risk should be ignored;
- that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;
- that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and
- that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

While there are no new disclosure requirements, entities are reminded of the general requirement to provide information about judgements and estimates made in preparing the financial statements. The effective date for adoption of this interpretation is 1 January 2019.

There are no other standards that are effective that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Notes continued

2. PRINCIPAL ACCOUNTING POLICIES continued

2.4 Measurement principles

Key assets and liabilities shown in the statement of financial position are measured as follows:

ITEM	MEASUREMENT PRINCIPLE
Assets	
Non-current assets	
Property, plant and equipment	Historical cost, less accumulated depreciation and impairment losses
Intangible assets	Historical cost, less accumulated amortisation and impairment losses
Investments in subsidiaries	Cost less accumulated impairment losses
Contract assets	Amortised cost
Capitalised contract cost	Cost less accumulated amortisation
Current assets	
Inventories	Lower of cost and net realisable value
Trade receivables	Amortised cost
Prepayment	Cost
Income tax assets	Amount expected to be recovered from the tax authorities, using tax rates that have been enacted or substantively enacted at the reporting date
Liabilities	
Non-current liabilities	
Borrowing	Amortised cost
Deferred income tax liabilities	Undiscounted amount measured at the tax rates that are expected to apply to the period when the liability is settled
Provisions	Present value of settlement amount
Others	Cost
Current liabilities	
Trade and other payables	Amortised cost
Contract liabilities	Amortised cost
Unearned income	Cost
Provision	Present value of settlement amount
Taxation liabilities	Amount expected to be paid to the tax authorities using tax rates that have been enacted at the reporting date
Borrowing	Amortised cost
Bank overdrafts	Amortised cost

Notes continued

2. PRINCIPAL ACCOUNTING POLICIES continued

2.5 Critical accounting estimates and judgement

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies. 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 discussed below:

2.5.1 Contract liability

Recharge vouchers that have been purchased but not loaded, and airtime loaded but not recognised, are recorded as contract liability. Customers may not exercise all their rights and these are often called breakage. The Group recognised the expected breakage amount as revenue in proportion to the pattern of rights exercised by the customer. The pattern of rights exercised is estimated by reference to recharge/ usage patterns. Management estimates a breakage rate with which to gradually release unexercised rights or recognised credit into revenue.

2.5.2 Impairment of trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables.

In applying the provision matrix, the Group estimates the ultimate write offs for a defined population of trade receivables. A loss ratio is calculated according to the ageing profile of the trade receivables by applying the historic write offs to the payment profile of the population adjusted to reflect current and forward looking information on microeconomic factors. The Group exercises significant judgements in the inputs, assumptions and techniques for estimating ECL, default and credit impaired assets.

2.5.3 Income tax and deferred income tax

There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

2.6 Revenue from contract with customers

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of indirect taxes, estimated returns and trade discounts.

The Group derives revenue from the transfer of mobile handset, devices and accessories and the rendering of services at a point in time and over time in the following major product and services lines.

2.6.1 Prepaid products and services

- SIM kits: revenue is recognised at a-point in time.
- Airtime voice, data and SMS, value-added service: revenue is recognised over time commencing on the date of activation or subscription.

Revenue received from prepaid voucher sales is deferred as a contract liability, and recognised when services are utilised by the customer or on termination of the customer relationship.

2.6.2 Post-paid products and services

Post-paid products typically include the sale of a handset, activation fee and a service contract and are defined as multiple-element arrangements. These arrangements are divided into separate performance obligations and revenue is recognised as the performance obligations are satisfied. Revenue is measured through the application of the relative fair value. In applying the relative fair value method, the transaction price is allocated to both the undelivered elements and delivered elements in the transaction, and any discount is applied relatively to the consideration received on each element. Handsets revenue is recognised on the basis set out in note 2.6.3 below and network services are recognised over time on a usage basis.

Notes continued

(All amounts are in thousands of Ghana cedi)

2. PRINCIPAL ACCOUNTING POLICIES continued

2.6 Revenue from contract with customers continued

2.6.3 Interconnect and roaming

Interconnect/roaming revenue is recognised on a usage basis, over time, unless it is not probable on the transaction date that the interconnect revenue will be received; in which case interconnect revenue is recognised only when the cash is received. It is measured at the transaction price agreed with the counterparties or by the regulator.

2.6.4 Mobile handset, devices and accessories

Revenue from the sale of mobile handset devices and accessories to third parties are recognised at a point in time, when risks and rewards of ownership are transferred to the buyer. It is measured at the transaction price agreed in the contract. Policy is as stated in note 2.6.2 when it is bundled with network services.

2.6.5 Mobile financial services

Mobile financial services revenue is driven by fee income received from, transactions by subscribers on money transfers, subscriber cash out and other fees charge to merchants. Revenue is recognised when subscriber payment transactions are made and are based on transaction prices set out for those services.

2.6.6 Disaggregation of revenue from contract with customers

Year ended 31 December 2018 Group	Network services	Inter-connect and roaming	Mobile financial services	Digital services	Mobile, devices and accessories	Total
Revenue from contract with customers	**2,779,989**	**369,627**	**747,840**	**296,358**	**25,033**	**4,218,847**
Timing of revenue recognition						
At a point in time	**–**		**747,840**	**–**	**25,033**	**774,199**
Over time	**2,779,989**	**369,627**	**–**	**296,358**	**–**	**3,444,648**
	2,779,989	**369,627**	**747,840**	**296,358**	**25,033**	**4,218,847**
Company						
Revenue from contract with customers	**2,779,989**	**369,627**		**296,358**	**25,033**	**3,471,007**
Timing of revenue recognition						
At a point in time	**–**	**–**	**–**	**–**	**25,033**	**25,033**
Over time	**2,779,989**	**369,627**	**–**	**296,358**	**–**	**3,445,974**
	2,779,989	**369,627**	**–**	**296,358**	**25,033**	**3,471,007**
Year ended 31 December 2017						
Group and Company						
Revenue from contract with customers	2,261,150	352,612	466,555	309,398	33,836	3,423,551
Timing of revenue recognition						
At a point in time	–	–	466,555	–	33,836	500,391
Over time	2,261,150	352,612	–	309,398	–	2,923,160
	2,261,150	352,612	466,555	309,398	33,836	3,423,551

Notes continued

(All amounts are in thousands of Ghana cedi)

2. PRINCIPAL ACCOUNTING POLICIES continued

2.6 Revenue from contract with customers continued

2.6.7 Segment reporting

Operating segments reflect the Group's management structure and the way financial information is regularly reviewed by the Group. The Group has identified reportable segments that are used by the executive committee to make key operating decisions, allocate resources and assess performance. The reportable segments are largely grouped according to how data on the segments are managed and reported internally to the Group.

	Network services	Interconnect and roaming	Mobile money	Digital services	Mobile, devices and accessories	Total
2018 Revenue	**2,779,989**	**369,627**	**747,840**	**295,032**	**25,033**	**4,218,847**
2017 Revenue	2,261,150	352,612	466,555	309,398	33,836	3,423,551
% YoY	23%	5%	60%	(4)%	(26)%	23%
2018 EBITDA margin						**38%**
2017 EBITDA margin						40%
2018 capex spend						**825,196**
2017 capex spend						751,969
% YoY						10%
2018 Profit after tax						**754,676**
2017 Profit after tax						718,512

The Group focuses on revenues from the various categories, EBITDA margin, Capex spend.

2.6.8 Assets and liabilities related to contracts with customers

(i) Capitalisation of subscriber acquisition costs

The Group expects that incremental subscriber acquisition costs for obtaining and renewing contracts are recoverable. These costs include agent and dealer commissions on successful SIM activation costs, agent commissions for successful portings to the MTN network via the mobile number portability (MNP) platform, and fees to the operator of the MNP platform for successful portings. These have therefore been capitalised.

The impact of this change is a decrease in selling, distribution and marketing expenses and the recognition of a new asset: capitalised contract costs.

(ii) Assets recognised from costs to fulfil a contract

In adopting IFRS 15, the group recognised an asset in relation to costs to fulfil long-term Wi-Fi service contracts. This is presented as contract assets on the statement of financial position. The contract asset is amortised on a straight-line basis over the term of the specific contract it relates to, consistent with the pattern of recognition of the associated revenue. The impact was a reclassification from prepayments.

The group has recognised the following assets and liabilities related to contracts with customers:

	Note	**31 December 2018**	31 December 2017 restated
Capitalised costs relating to acquisition of customer contracts	2.21.3	**11,259**	7,832
Loss allowance		**–**	–
Capitalised contract cost		**11,259**	7,832
Costs incurred to fulfil a contract (contract assets)	2.21.2	**5,353**	1,732
Amortisation recognised during the year		**–**	519
Contract liabilities – customer loyalty points		**12,172**	8,787
Contract liabilities – network services		**77,666**	78,154
Total contract liabilities	2.21.1	**89,838**	86,941

Notes continued

(All amounts are in thousands of Ghana cedi)

2. PRINCIPAL ACCOUNTING POLICIES continued

2.7 Other income

	2018 Group and company	2017 Group and company
Other income	–	18,700

Other income for 2017 relates to accruals no longer required on certain staff expenses recharged from MTN Dubai Limited during the period May 2013 to August 2017.

2.8 Direct network operating costs

	2018 Group	2018 Company	2017 Group and company
Transmission costs	578,544	578,509	512,841
Network maintenance costs	198,512	198,508	139,046
Leased lines costs	12,989	12,989	10,289
Spectrum and regulatory fees	98,981	98,981	95,081
	889,026	888,987	757,257

2.9 Interconnect and roaming costs

	2018 Group and company	2017 Group and company
Interconnect costs	355,886	313,147
Roaming costs	25,952	20,860
	381,838	334,007

2.10 Employee benefits expenses

2.10.1 Short-term employee benefits

Remuneration to employees in respect of services rendered during a reporting period is recognised on an undiscounted basis as an expense in that reporting period. Provision is made for accumulated leave and for non-vested short-term benefits when there is no realistic alternative other than to settle the liability, and at least one of the following conditions is met:

- There is a formal plan and the amounts to be paid are determined up to the financial year end.
- Achievement of previously agreed bonus criteria has created a valid expectation by employees that they will receive a bonus and the amount can be determined.

2.10.2 Long-term employee benefits

The Group has a compensation scheme for managers and executives based on both the appreciation of Scancom Plc's value according to set rules and movements in MTN Group Limited share prices. A provision is raised to represent the growth in value of all unexercised compensation at the end of each reporting date.

Long-service awards were instituted and implemented in December 2016. The qualification criteria was for permanent staff who have attained a minimum of five years of service to the Group. The Group's obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their services in the current and prior periods; that benefit is discounted to determine its present value.

Notes continued

(All amounts are in thousands of Ghana cedi)

2. PRINCIPAL ACCOUNTING POLICIES continued

2.10 Employee benefits expenses continued

2.10.3 Defined contribution plan

The Group operates a defined contribution scheme. A defined contribution plan is one under which the Group pays a fixed percentage of employees' remuneration as contributions into a separate entity (a fund), and will have no further legal or constructive obligations to pay additional contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Contributions to defined contribution plans in respect of services rendered during a period are recognised as an employee benefit expense when they are due.

2.10.4 Termination benefits

Termination benefits may be payable when an employee's employment is terminated before the normal retirement date due to death or retrenchment or whenever an employee accepts voluntary redundancy in exchange for these benefits. Termination benefits are charged against profit or loss when the group is demonstrably committed to any such plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy and it is probable the offer will be accepted, and the number of acceptances can be estimated reliably. Benefits falling due more than 12 months after the statement of financial position date are discounted to their present value.

	2018		2017
	Group	Company	Group and company
Employee benefits	188,392	184,365	160,131
Salaries and other short-term employee benefits	132,360	129,601	107,943
Post-employment benefits	6,483	6,309	4,892
Share-based payments	6,848	6,824	3,004
Training	7,117	6,493	5,177
Long-service awards	1,451	1,451	1,158
Pension cost	13,715	13,403	19,962
Bonus provision	20,418	20,284	17,995

2.11 Selling, distribution and marketing expenses

	2018		2017
	Group	Company	Group and company
Expenses incurred in respect of valued-added services (VAS)	121,346	119,579	128,538
Dealer commissions	230,535	230,535	161,423
Mobile money commissions	327,730	–	237,973
Marketing and advertising expenses*	117,950	96,091	75,363
	797,561	446,205	603,297

* Included in the marketing and advertising expenses is an amount of GH¢29.2 million incurred in respect of the Initial Public Offering (IPO).

Notes continued

(All amounts are in thousands of Ghana cedi)

2. PRINCIPAL ACCOUNTING POLICIES continued

2.12 Other operating expenses

	2018 Group	2018 Company	2017 Group and company
General expenses	56,551	54,950	31,220
Management fees	130,311	130,311	–
Power, maintenance and security costs	23,232	23,955	27,717
Impairment of trade receivables	2,963	2,963	13,196
Travel and entertainment	14,624	13,883	10,664
Lease payment – non-network	18,268	18,646	12,095
MTN foundation expenses	7,621	4,969	7,002
Outsourced expenses non-network	33,569	33,569	29,174
	287,139	283,246	131,068
Included in general expenses are the following:			
Audit fees and expense	3,359	3,359	2,567
Directors' fees and expenses	523	523	659

2.13 Foreign currency translation

2.13.1 Functional and presentation currency

Items included in the annual financial statements are measured using the currency that best reflects the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Ghana Cedis, which is the functional and presentation currency of the Group.

2.13.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation, where items are revalued. 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 profit or loss.

2.13.3 Finance income and costs

Finance income comprises interest income on funds invested and foreign currency gains that are recognised in the statement of comprehensive income. Interest income is recognised as it accrues in the statement of comprehensive income, using the effective interest method. Finance costs comprise interest expenses on borrowings, unwinding of the discount on provisions and foreign exchange losses.

All borrowing costs are recognised in profit or loss using the effective interest method, unless the borrowing costs are directly attributable to the acquisition, construction or production of a qualifying asset, in which case the directly attributable borrowing costs are capitalised.

	2018 Group	2018 Company	2017 Group and company
Interest income from banks	24,455	19,462	7,061
Realised foreign exchange gains	32,173	32,173	43,061
Unrealised foreign exchange gains	19,065	18,973	–
Finance income	75,693	70,608	50,122
Interest expense on financial liabilities measured at amortised cost	(64,984)	(64,984)	(11,165)
Other finance cost	(4,012)	(4,012)	(6,959)
Realised foreign exchange losses	(26,927)	(26,925)	(47,142)
Unrealised foreign exchange losses	(24,638)	(24,483)	(6,812)
Finance costs	(120,561)	(120,404)	(72,078)

Notes continued

(All amounts are in thousands of Ghana cedi)

2. PRINCIPAL ACCOUNTING POLICIES continued

2.14 Income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity. For these items the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.14.1 Current income tax

Current income tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date and any adjustment to tax payable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2.14.2 Deferred income tax

Deferred income tax is recognised using the liability method, providing for temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is measured at tax rates (and laws) that have been enacted or substantially enacted at the statement of financial position date and are expected to apply to temporary differences when they reverse or are settled.

Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities where there is an intention to settle these balances on a net basis.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.14.3 Analysis of income tax expense

	2018 Group	2018 Company	2017 Group and company
Current income tax charge	203,581	105,401	192,141
Deferred income tax charge	66,977	66,970	20,254
Income tax expense	270,558	172,371	212,395

2.14.4 Tax rate reconciliation

The tax on the profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	2018 Group	2018 Company	2017 Group and company
Profit before income tax	1,079,194	686,195	980,674
Tax at standard rate of 25% (2017: 25%)	269,799	171,549	245,169
Tax effects of:			
Current tax of prior periods	–	–	(26,485)
Deferred tax of prior periods	(2,516)	(2,516)	(7,394)
Vehicle restriction	1,370	1,370	1,105
Profit on disposal	–	(365)	–
Expenses not deductible	1,905	2,333	–
Income tax expense	270,558	172,371	212,395
Effective tax rate	25%	25%	22%

Notes continued

(All amounts are in thousands of Ghana cedi)

2. PRINCIPAL ACCOUNTING POLICIES continued

2.14 Income tax continued

2.14.5 Current income tax liabilities

Group Years of assessment	At 1 January restated	Charge for the year	Adjustment	Payments during the year	At 31 December restated
Up to 2017	(172,426)	–	–	–	(172,426)
2018	–	203,581	100,000	(338,017)	(34,436)
	(172,426)	203,581	100,000	(338,017)	(206,862)
Up to 2016	17,160	(30,151)	–	(67,261)	(80,252)
2017	–	222,292	–	(314,466)	(92,174)
	17,160	192,141	–	(381,727)	(172,426)
Company					
Years of assessment					
Up to 2017	(172,426)	–	–	–	(172,426)
2018	–	105,401	100,000	(244,912)	(39,511)
	(172,426)	105,401	100,000	(244,912)	(211,937)
Up to 2016	17,160	(30,151)	–	(67,261)	(80,252)
2017	–	222,292	–	(314,466)	(92,174)
	17,160	192,141	–	(381,727)	(172,426)

Adjustment of GH¢100 million relates to tax prepayment used to set off VAT obligations in 2018 which is permitted under the Revenue Administration Act, 2016 (Act 915).

2.14.6 Deferred income tax liabilities

Deferred tax is accounted for in accordance with the accounting policy disclosed in note 2.14.2. Deferred income tax assets are recognised for tax losses carried forward to the extent that the recognition of the related tax benefit through taxable future profits is probable. The deductible temporary differences have no expiry dates and are allowed as and when they crystallise.

Deferred income tax liabilities/(assets) are attributable to the following:

At 31 December 2018

Group **Deferred tax liabilities/(assets)**	Balance at 1 January	Recognised in profit or loss	Balance at 31 December
Property, plant and equipment	271,994	55,165	327,159
Provisions	(20,770)	(2,183)	(22,953)
Unrealised exchange differences	(13,995)	13,995	–
	237,229	66,977	304,206
Company			
Deferred tax liabilities/(assets)			
Property, plant and equipment	271,994	55,054	327,048
Provisions	(20,770)	(2,079)	(22,849)
Unrealised exchange differences	(13,995)	13,995	–
	237,229	66,970	304,199
At 31 December 2017			
Group and company			
Deferred income tax liabilities/(assets)			
Property, plant and equipment	232,699	39,295	271,994
Provisions	(26,220)	5,450	(20,770)
Unrealised exchange differences	10,496	(24,491)	(13,995)
	216,975	20,254	237,229

Notes continued

(All amounts are in thousands of Ghana cedi)

2. PRINCIPAL ACCOUNTING POLICIES continued

2.15 National Fiscal Stabilisation Levy

	2018		2017
	Group	Company	Group and company
At 1 January	(2,504)	(2,504)	24,602
Charge for the year	53,960	34,310	49,767
Payments during the year	(55,663)	(37,024)	(76,873)
At 31 December	(4,207)	(5,218)	(2,504)

The National Fiscal Stabilisation Levy is a levy of 5% on profit before income tax introduced in July 2013.

2.16 Earnings per share

The group present basic and diluted earnings per share (EPS) for outstanding ordinary shares. The group calculates basic earnings per share by dividing profit or loss attributable to ordinary equity holders of the group by the weighted average number of ordinary shares outstanding during the period. On the other hand, dilutive EPS shall be calculated by adjusting profit or loss attributable to ordinary equity holders of the group and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares.

	2018		2017
	Group	Company	Group and company
Profit attributable to shareholders	754,676	479,514	718,512
Weighted average number of shares	11,254,783	11,254,783	10,760,000
Earnings per share	GH¢0.067	GH¢0.043	GH¢0.067

At the reporting date, the basic and diluted earnings per share are the same. There are no outstanding shares with potential dilutive effect on the weighted average number of ordinary shares in issue.

2.17 Property, plant and equipment

Property, plant and equipment are measured at historical cost less accumulated depreciation and accumulated impairment losses.

Historical cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the present value of future decommissioning costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. Property, plant and equipment under construction is measured at initial cost and depreciated from the date the asset is made available for use in the manner intended by management over its useful life. Assets are transferred from capital work-in-progress to an appropriate category of property, plant and equipment when commissioned and ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

Repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

The Group capitalises general and specific borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. A qualifying asset is deemed to be an asset, which takes more than 12 months to acquire, construct or produce. Other borrowing costs are expensed in profit or loss. Property, plant and equipment acquired in an exchange transaction is measured at fair value unless the exchange transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measurable.

Notes continued

(All amounts are in thousands of Ghana cedi)

2. PRINCIPAL ACCOUNTING POLICIES continued

2.17 Property, plant and equipment continued

No asset exchange transactions where one or more items of property, plant and equipment are acquired in exchange for non-monetary assets or a combination of monetary and non-monetary assets occurred in the current period.

Depreciation of property, plant and equipment is calculated to write off the cost of the asset to its residual value, on the straight-line basis, over its expected useful life as follows:

	2018	2017
Buildings – owned	20 years	20 years
Buildings – leased	Lease term	Lease term
Network infrastructure	3 – 20 years	3 – 20 years
Information systems	3 – 5 years	3 – 5 years
Furniture and equipment	5 years	5 years
Office equipment	5 years	5 years
Leasehold improvement	Lease term	Lease term
Vehicles	5 years	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, during each financial year. Land is held under leasehold terms. Assets held under leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the expected term of the relevant lease.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses arising on the disposal or retirement of an asset is determined as the difference between the proceeds from the disposal and the carrying amount of the asset, and is included in operating profit.

2.17.1 Impairment of assets

An impairment loss is recognised in profit or loss if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit).

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but limited to the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss. An impairment loss in respect of goodwill is not reversed.

The Group annually reviews the carrying amounts of its property, plant and equipment and intangible assets with finite useful lives in order to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amounts of the assets are estimated in order to determine the extent, if any, of the impairment loss.

Notes continued

(All amounts are in thousands of Ghana cedi)

2. PRINCIPAL ACCOUNTING POLICIES continued

2.17 Property, plant and equipment continued

2.17.1 Movement in property, plant and equipment

The movement in property, plant and equipment for 2018 and 2017 were as follows:

Group

Cost	Land and buildings	Leasehold improvements
Balance at 1 January 2018	**182,735**	**48,262**
Disposal	**–**	**–**
Reallocations	**639**	**(639)**
Additions	**22,083**	**13,806**
Balance at 31 December, 2018	**205,457**	**61,429**
Accumulated depreciation		
Balance at 1 January 2018	**(31,419)**	**(29,227)**
Depreciation charge	**(12,010)**	**(3,003)**
Disposal	**–**	**–**
Balance at 31 December 2018	**(43,429)**	**(32,230)**
Carrying amount		
At 31 December 2018	**162,028**	**29,199**
Cost		
Balance at 1 January 2017	151,278	35,302
Additions	32,096	12,960
Disposal	–	–
Write off		
Reclassification	(639)	–
Balance at 31 December 2017	182,735	48,262
Accumulated depreciation		
Balance at 1 January 2017	(22,303)	(26,745)
Depreciation charge	(9,165)	(2,170)
Disposal	–	–
Write off		
Reclassification	49	(312)
Balance at 31 December 2017	(31,419)	(29,227)
Carrying amount		
At 31 December 2017	151,316	19,035
At 1 January 2017	128,975	8,557

Notes continued

(All amounts are in thousands of Ghana cedi)

Network equipment	Information systems	Furniture and fittings	Motor vehicles	Office equipment	Work in progress	Total
2,921,060	303,265	95,580	42,128	7,594	246,228	3,846,852
(4,099)	(266)	(2,491)	(3,847)	(1,027)	–	(11,730)
238,120	(5,929)	(82)	–	–	(232,109)	–
543,640	53,166	2,491	9,073	227	20,325	664,811
3,698,721	350,236	95,498	47,354	6,794	34,444	4,499,933
(1,261,987)	(159,430)	(70,876)	(20,733)	(5,347)	–	(1,579,019)
(300,332)	(50,878)	(8,402)	(7,025)	(763)	–	(382,413)
3,467	295	2,508	3,299	1,025	–	10,594
(1,558,852)	(210,013)	(76,770)	(24,459)	(5,085)	–	(1,950,838)
2,139,869	140,223	18,728	22,895	1,709	34,444	2,549,095
2,340,485	214,344	91,659	27,970	7,360	299,235	3,167,633
444,126	53,734	5,421	14,278	363	117,850	680,828
(58)	(989)	(185)	(120)	(129)	–	(1,481)
(128)	–	–	–	–	–	(128)
136,635	36,176	(1,315)	–	–	(170,857)	–
2,921,060	303,265	95,580	42,128	7,594	246,228	3,846,852
(1,034,300)	(121,211)	(61,643)	(14,175)	(4,682)	–	(1,285,059)
(227,761)	(39,188)	(9,681)	(6,619)	(791)	–	(295,375)
7	969	185	61	126	–	1,348
67						67
–	–	263	–	–	–	–
(1,261,987)	(159,430)	(70,876)	(20,733)	(5,347)	–	(1,579,019)
1,659,073	143,835	24,704	21,395	2,247	246,228	2,267,833
1,306,185	93,133	30,016	13,795	2,678	299,235	1,882,574

Notes continued

(All amounts are in thousands of Ghana cedi)

2. PRINCIPAL ACCOUNTING POLICIES continued

2.17 Property, plant and equipment continued

2.17.1 Movement in property, plant and equipment continued

The movement in property, plant and equipment for 2018 and 2017 were as follows:

Company

Cost	Land and buildings	Leasehold improvements
Balance at 1 January 2018	182,735	48,262
Disposal	–	–
Reallocations	639	(639)
Additions	22,083	13,806
Balance at 31 December 2018	205,457	61,429
Accumulated depreciation		
Balance at 1 January 2018	(31,419)	(29,227)
Depreciation charge	(12,010)	(3,003)
Disposal	–	–
Balance at 31 December 2018	(43 429)	(32 230)
Carrying amount at 31 December 2018	162,028	29,199
Cost		
Balance at 1 January 2017	151,278	35,302
Additions – total	32,096	12,960
Disposal	–	–
Write off	–	–
Reclassification	(639)	–
Balance at 31 December 2017	182,735	48,262
Accumulated depreciation		
Balance at 1 January 2017	(22,303)	(26,745)
Depreciation charge	(9,165)	(2,170)
Disposal	–	–
Write off	–	–
Reclassification	49	(312)
Balance at 31 December 2017	(31,419)	(29,227)
Carrying amount		
At at 31 December 2017	151,316	19,035
At 1 January 2017	128,975	8,557

Notes continued

(All amounts are in thousands of Ghana cedi)

	Network equipment	Information systems	Furniture and fittings	Motor vehicles	Office equipment	Work in progress	Total
	2,921,060	303,265	95,580	42,128	7,594	246,228	3,846,852
	(4,099)	(449)	(2,674)	(5,227)	(1,027)	–	(13,476)
	238,120	(5,929)	(82)	–	–	(232,109)	–
	543,571	53,292	2,529	8,978	227	20,325	664,811
	3,698,652	350,179	95,353	45,879	6,794	34,444	4,498,187
	(1,261 987)	(159,430)	(70,876)	(20,733)	(5,347)	–	(1,579,019)
	(300,332)	(50,870)	(8,392)	(6,932)	(762)	–	(382,301)
	3,355	355	2,577	3,992	1,025	–	11,304
	(1,558,964)	(209,945)	(76,691)	(23,673)	(5,084)	–	(1,950,016)
	2,139,688	140,234	18,662	22,206	1,710	34,444	2,548,171
	2,340,485	214,344	91,659	27,970	7,360	299,235	3,167,633
	444,126	53,734	5,421	14,278	363	117,850	680,828
	(58)	(989)	(185)	(120)	(129)	–	(1,481)
	(128)	–	–	–	–	–	(128)
	136,635	36,176	(1,315)	–	–	(170,857)	–
	2,921,060	303,265	95,580	42,128	7,594	246,228	3,846,852
	(1,034,300)	(121,211)	(61,643)	(14,175)	(4,682)	–	1,285,059
	(227,761)	(39,188)	(9,681)	(6,619)	(791)	–	(295,375)
	7	969	185	61	126	–	1,348
	67						67
	–	–	263	–	–	–	–
	(1,261,987)	(159,430)	(70,876)	(20,733)	(5,347)	–	(1,579,019)
	1,659,073	143,835	24,704	21,395	2,247	246,228	2,267,833
	1,306,185	93,133	30,016	13,795	2,678	299,235	1,882,574

Notes continued

(All amounts are in thousands of Ghana cedi)

2. PRINCIPAL ACCOUNTING POLICIES continued

2.17 Property, plant and equipment continued

2.17.2 Property, plant and equipment

Cash used for the purchase of property, plant and equipment

	2018 Group	2018 Company	2017 Group and company
Additions for the year	664,811	664,811	680,828
Credit purchases	(57,913)	(57,913)	(244,398)
Cash used for purchase of property, plant and equipment	606,898	606,898	436,435

2.17.3 Impairment

During the year, no property, plant and equipment or technical inventory were impaired.

2.17.4 Leased property, plant and equipment

Leases over property, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee and are capitalised at the lower of the fair value of the leased asset and the estimated present value of the minimum lease payments at the inception of the lease.

2.17.5 Encumbrances

Borrowings are secured by a floating charge on the Group's total assets over five years with a carrying value of GH¢4,217 million (2017: GH¢3,454 million).

2.17.6 Loss/(profit) on disposal of property, plant and equipment

	2018 Group	2018 Company	2017 Group and company
Cost	11,730	13,476	1,481
Accumulated depreciation	(10,594)	(11,304)	(1,348)
Net book value	1,136	2,172	133
Proceeds	(607)	(3,633)	131
Loss/(profit) on disposal of property, plant and equipment	529	(1,461)	2

Disposal proceeds include an amount of GH¢3 million payable from MobileMoney Limited.

2.18 Intangible assets

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the group, and that will probably generate economic benefits, are recognised as intangible assets when the following conditions are met:

- It is technically feasible to complete the software product so that it will be available for use.
- Management intends to complete the software product and use or sell it.
- There is an ability to use or sell the software product.
- It can be demonstrated how the software product will generate probable future economic benefits.
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available.
- The expenditure attributable to the software product during its development can be reliably measured.

Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Expenditure that enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the software.

Other development expenditure that does not meet the criteria is accounted for as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives which does not exceed three years.

Notes continued

(All amounts are in thousands of Ghana cedi)

2. PRINCIPAL ACCOUNTING POLICIES continued

2.18 Intangible assets continued

2.18.1. Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring the specific software into use. These costs are amortised in the statement of comprehensive income over their estimated useful lives (three to five years).

2.18.2 Licences

Licences are initially shown at historical cost. Licences have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of licences over their estimated useful lives. The useful lives and renewal periods of licences are given below and are determined primarily with reference to the contractual or unexpired licence period.

Type of licence	Date granted/ renewed	Licence term	Useful life
900MHz and 1,800MHz	12 February 2004	15 years	15 years
3G	23 January 2009	15 years	15 years
International Gateway	11 August 2014	5 years	5 years
800MHz Spectrum	21 June 2016	15 years	15 years
Fixed Access Services of Unified Access	6 July 2015	4 years	4 years
2,600MHz Spectrum	1 December 2018	15 years	15 years
IRU	Various dates	15 years on average	15 years

Notes continued

(All amounts are in thousands of Ghana cedi)

2. PRINCIPAL ACCOUNTING POLICIES continued

2.18 Intangible assets continued

2.18.3 Movement in intangible assets for 2018 and 2017 were as follows:

Group

Cost	Network licences	Software	Work in progress	Total
Balance at 1 January 2018	348,103	177,304	379	525,786
Additions	98,906	60,471	8	159,385
Balance at 31 December 2018	447,009	237,775	387	685,171
Accumulated amortisation				
Balance at 1 January 2018	(74,726)	(110,755)	–	(185,481)
Reallocations	1,250	(1,250)	–	–
Amortisation for the year	(31,931)	(49,223)	–	(81,154)
Balance at 31 December 2018	(105,407)	(161,228)	–	(266,635)
Carrying amount				
At 31 December 2018	341,602	76,547	387	418,536
Cost				
Balance at 1 January 2017	323,610	120,812	10,223	454,645
Additions	24,493	46,648	–	71,141
Reallocations		9,844	(9,844)	–
Balance at 31 December 2017	348,103	177,304	379	525,786
Accumulated amortisation				
Balance at 1 January 2017	(50,600)	(70,328)	–	(120,928)
Reallocation	1,354	(1,354)	–	–
Amortisation for the year	(24,126)	(40,427)	–	(64,553)
Balance at 31 December 2017	(73,372)	(112,109)	–	(185,481)
Carrying amount				
At 31 December 2017	274,731	65,195	379	340,305
At 1 January 2017	273,010	50,484	10,223	333,717

Notes continued

(All amounts are in thousands of Ghana cedi)

2. PRINCIPAL ACCOUNTING POLICIES continued

2.18 Intangible assets continued

2.18.3 Movement in intangible assets for 2018 and 2017 were as follows:

Company

Cost	Network licences	Software	Work in progress	Total
Company 2018				
Balance at 1 January 2018	348,103	177,304	379	525,786
Additions	98,906	59,815	8	158,729
Reallocations	–	–	–	–
Balance at 31 December 2018	447,009	237,119	387	684,515
Accumulated amortisation				
Balance at 1 January 2018	(74,726)	(110,755)	–	(185,481)
Reallocations	–	–	–	–
Amortisation for the year	(31,931)	(49,132)	–	(81,063)
Balance at 31 December 2018	(106,657)	(159,887)	–	(266,544)
Carrying amount				
At 31 December 2018	340,352	77,232	387	417,971
Cost				
Balance at 1 January 2017	323,610	120,812	10,223	454,645
Additions	24,493	46,648	–	71,141
Reallocations	–	9,844	(9,844)	–
Balance at 31 December 2017	348,103	177,304	379	525,786
Accumulated amortisation				
Balance at 1 January 2017	(50,600)	(70,328)	–	(120,928)
Amortisation for the year	(24,126)	(40,427)	–	(64,553)
Balance at 31 December 2017	(74,726)	(110,755)	–	(185,481)
Carrying amounts				
At 31 December 2017	273,377	66,549	379	340,305
At 1 January 2017	273,010	50,484	10,223	333,717

2.18.4 Cash used in the purchase of intangible assets

	2018		2017
	Group	Company	Group and company
Additions for the year	159,385	158,729	71,141
Credit purchases	(9,505)	(9,505)	(17,285)
Cash used for purchase of intangible assets	149,880	149,224	53,856

Notes continued

(All amounts are in thousands of Ghana cedi)

2. PRINCIPAL ACCOUNTING POLICIES continued

2.19 Consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group. Intercompany transactions, balances and Unrealised gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

Consolidation of MobileMoney Limited began when it commenced trading in its own name from 1 January 2018. Prior to this period, the mobile money business was reported as a division of Scancom Plc and was therefore included in the Company's financial statements.

2.19.1 Investment in subsidiary

Investment in MobileMoney Limited is GH¢50,000. MobileMoney Limited was incorporated on 5 November 2015 to operate mobile financial services in Ghana.

2.19.2 Investment in dormant entity

The Group has a 15% interest in EasyNet Limited. EasyNet Limited is incorporated in Ghana and has a 31 December year-end. The entity has been dormant since incorporation and the Group's investment in this entity is immaterial.

2.20 Indefeasible right of use (IRU)

2.20.1 IRU assets

The Group holds Indefeasible Right of Use (IRU) assets which are payments for international submarine capacity, with a useful life of fifteen years on average starting from 2012 and a local lease cable capacity for 15 years starting from December 2018.

	Group and company	
	2018	2017
Balance at 1 January	**60,555**	37,913
Additions	**40,246**	29,913
Amortisation	**(12,743)**	(10,174)
Exchange difference	**(830)**	2,903
	87,228	60,555
Non-current portion	**76,303**	52,331
Current portion	**10,925**	8,224
	87,228	60,555

Additions to IRU include an amount of GH¢13.5 million (2017: GH¢7.2 million) which has not yet been paid for.

2.20.2 IRU liability

This relates to a sale of a 40-gigabyte terrestrial capacity to MTN Dubai during the year. This provides MTN Dubai an IRU of the said capacity for a period of 15 years. The proceeds from the sale have been deferred to be amortised over 15 years.

	Group and company	
	2018	2017
Balance at 1 January	**7,542**	8,096
Release to profit or loss	**(760)**	(554)
	6,782	7,542
Non-current portion	**6,260**	7,015
Release to profit or loss	**522**	527
Balance at 31 December	**6,782**	7,542

Notes continued

(All amounts are in thousands of Ghana cedi)

2. PRINCIPAL ACCOUNTING POLICIES continued

2.21 Contract assets and liabilities

2.21.1 Contract liability

Contract liability (previously unearned revenue) represents subscriber balances of prepaid activated balances. The balance is affected by the early recognition of breakage. Previously, the Group only accounted for breakage on customer rights that will not be exercised when it became remote. When the Group expects to be entitled to breakage, it recognises the expected breakage amount as revenue in proportion to the pattern of rights exercised by the customer. This has led to the increase in revenue and a reduction in contract liability.

The Group operates a loyalty programme where subscribers accumulate points for usage of network services which entitle them to free airtime/data in future. A contract liability for the award points is recognised at the time of usage. Revenue is recognised when the points are redeemed. Contract liability in respect of loyalty points is disclosed in note 2.6.8. The adoption of IFRS 15 did not change the treatment of loyalty programmes as the Group changed its policy from the residual value approach to the relative fair value approach (relative standalone prices) in 2016.

Movement in contract liability is shown below:

	Group and company	
	At 31 December 2018	At 31 December 2017 restated
Balance at 1 January	86,950	75,248
Sale of prepaid airtime	2,992,621	2,521,612
Prepaid revenue recognised	(2,985,144)	(2,506,115)
Breakage recognised	(4,589)	(3,804)
Balance at 31 December	89,838	86,941

At 31 December 2018, if there was an increase or decrease in the breakage rate by 1% (100 basis points) with all other variables held constant, post tax profit for the year and equity would have been GH¢34,000 higher/lower (2017: GH¢28,500) for the Group and Company.

2.21.2 Contract assets

Contract assets are the group's right to consideration in exchange for goods or services that it has transferred to a customer. The group contract assets relate to initial infrastructural cost incurred in fulfilling customer contracts (specifically providing Wi-Fi services).

	Group and company	
	At 31 December 2018	At 31 December 2017
Contract assets	5,353	1,732

2.21.3 Capitalised contract cost

The group has determined that incremental subscriber acquisition costs for obtaining and renewing contracts are recoverable. These costs include agent's commission on post-paid contracts and SIM activation costs on prepaid contracts. The group has therefore capitalised these costs as contract costs. Capitalised contract costs are amortised on a systematic basis over the average customer life of three years and included in selling, distribution and marketing expenses in profit or loss.

The impact of this change is a decrease in selling, distribution and marketing expenses and the recognition of a new asset, capitalised contract costs.

Group and company

	Group and company	
	At 31 December 2018	At 31 December 2017
Balance at the beginning	7,832	–
Additions	12,508	11,148
Amortisation	(9,081)	(3,316)
Balance at the end	11,259	7,832

Notes continued

(All amounts are in thousands of Ghana cedi)

2. PRINCIPAL ACCOUNTING POLICIES continued

2.22 Inventories

Inventory mainly comprises handsets, devices, SIM cards and other accessories held for sale. Inventories are measured at the lower of cost and net realisable value. The cost of inventory is determined using the weighted average method. Cost comprises direct materials and where applicable, overheads that have been incurred in bringing the inventories to their present location and condition, excluding borrowing costs. Net realisable value represents the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Inventory is reported net of allowances for impairment. The group tests for impairment of inventories at each reporting date, and where items are assessed to be impaired, the carrying value of these is written down to net realisable values.

Movement in inventories

	Group At 31 December 2018	Company At 31 December 2018	At 31 December 2017
Handsets, SIM cards and accessories at cost	32,381	32,381	40,127
Less provision for obsolescence	(22,076)	(22,076)	(19,827)
	10,305	10,305	20,300

Movement in provision for obsolescence

	Balance at 1 January	Additions during year	Balance at 31 December
2018	(19,827)	(2,249)	(22,076)
2017	(14,637)	(5,190)	(19,827)

2.23 Financial assets at amortised cost

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 60 days for interconnect debtors and 7 days for post-paid corporate and individual debtors and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Impairment on trade receivables is discussed in Note 2.35.7.

2.23.1 Trade receivables

	Group	Company	Group and company At 31 December 2017 restated
	At 31 December 2018		
Trade receivables	381,147	340,964	295,741
Less: allowance for impairment of trade receivables	(11,109)	(11,109)	(24,144)
Net trade receivables	370,038	329,855	271,597

The Group holds collateral of GH¢78.4 million (2017: GH¢78.1 million) for trade and other receivables. The Group's exposure to credit and currency risk relating to trade and other receivables is disclosed in Note 2.36.

Notes continued

(All amounts are in thousands of Ghana cedi)

2. PRINCIPAL ACCOUNTING POLICIES continued

2.23 Financial assets at amortised cost continued

2.23.2 Other financial assets at amortised cost

Other financial assets at amortised costs for the group and company as follows:

	Group At 31 December 2018	Company At 31 December 2018	Group and company At 31 December 2017
Staff loans	5,252	5,286	18,366
Intercompany receivables	41,883	153,362	26,690
	47,135	158,648	45,056

2.24 Other assets

	Group and Company At 31 December 2018	Group and company At 31 December 2017
Prepayments	100,337	61,519

Prepayments represents payments made in advance for certain operating lease arrangements in connection with network sites and buildings.

2.25 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call, with banks, other short-term highly liquid instruments with maturity of three months or less and investments in money market instruments, net of bank overdrafts, all of which are available for use by the group.

Bank overdrafts are included within current liabilities on the statement of financial position as at 2018, unless the entity has a legally enforceable right to set off the amounts and intends to settle on a net basis, or realise the asset and settle the liability simultaneously.

	Group At 31 December 2018	Company At 31 December 2018	Group and company At 31 December 2017
Cash at bank	406,525	183,693	196,730

Notes continued

(All amounts are in thousands of Ghana cedi)

2. PRINCIPAL ACCOUNTING POLICIES continued

2.26 Stated capital

Ordinary shares

Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of new ordinary shares are recognised in equity as a deduction from the proceeds.

2.26.1 Movement in authorised and issued shares

	2018	2017
Authorised shares	100,000,000,000	100,000,000,000
Issued shares of no par value		
At 1 January	10,760,000,000	10,760,000,000
Additional shares issued	1,530,474,360	–
At 31 December	12,290,474,360	10,760,000,000
Proceeds		
At 1 January	1,363	1,363
Additional shares issued for cash consideration	1,096,141	–
At 31 December	1,097,504	1,363

There is no unpaid liability on any share and there are no calls or instalments unpaid. There are no treasury shares.

2.26.2 Initial public offering (IPO)

Scancom Plc undertook an IPO during the year under review, which culminated with the listing of the shares on the Ghana Stock Exchange on 5 September 2018.

	GH¢'000
Proceeds from IPO	1,146,589
Transaction cost	(50,448)
Additional share capital	1,096,141

In addition, marketing and listing costs amounting to GH¢29.2 million incurred during the IPO were recognised in profit and loss.

Notes continued

(All amounts are in thousands of Ghana cedi)

2. PRINCIPAL ACCOUNTING POLICIES continued

2.27 Borrowings

Borrowings are initially recognised at fair value net of transaction cost incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction cost) and the redemption amount is recognised in profit and loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs and capitalised to the extent that it is probable that some or all of the facility will be drawn down. When the draw down is made, the transaction costs are amortised to profit or loss using the effective interest method. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

	At 31 December	
	2018 Group and company	2017 Group and company
Current portion	100,000	–
Non-current portion	338,854	337,164
	438,854	337,164
Carrying amount of borrowings are denominated as follows:		
US dollar	–	–
Local currency	438,854	337,164
	438,854	337,164
Undrawn facilities	65,000	165,000

2.27.1 Summary of borrowing arrangements

The previous loan facilities packaged as facility A, B and C expired in May 2017. A new loan agreement was signed in December 2017 with facility A and B components. Facility A is priced at 182-day treasury bill rate of government of Ghana, re-priced semi-annually on an end of six months spot basis. Facility B is priced at 182-days treasury bill rate of government of Ghana and re-priced quarterly.

At 31 December 2018

Facility A: A term loan of GH¢345 million bearing interest at 19.81% per annum repayable starting on 13 June 2020 and expiring on 13 December 2022. The facility is secured on assets with a carrying amount of GH¢4,217 million.

Facility B: A revolving loan of GH¢100 million bearing interest at 19.81% per annum repayable starting on 27 March 2019 and secured on assets with a carrying amount GH¢4,217 million.

At 31 December 2017

Facility A: A term loan of GH¢345 million bearing interest at 18.56% per annum.

Total funding available

	2018	2017
Loan facility B	165,000	165,000
Movement in borrowings is as follows:		
At the start of year	345,000	159,075
Proceeds from borrowings	100,000	470,483
	–	–
Repayments on borrowings	–	(284,558)
	445,000	345,000
Movement in capitalised transaction costs:		
At the start of year	(7,836)	(210)
Additions	–	(7,978)
Amortisation for the year	1,690	352
	(6,146)	(7,836)
Borrowings at amortised cost	438,854	337,164

Notes continued

(All amounts are in thousands of Ghana cedi)

2. PRINCIPAL ACCOUNTING POLICIES continued

2.28 Provisions

A provision is recognised when there is a present legal or constructive obligation as a result of a past event for which it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2.28.1 Bonus provision

The bonus provision consists of a performance-based bonus, which is determined by reference to the overall Group performance with regard to a set of predetermined key performance measures. Bonuses are payable annually after the Group's annual results have been approved.

2.28.2 Decommissioning provision

Decommissioning provision relates to the estimated cost of dismantling and removing an item of property, plant and equipment and restoring the site on which the item was located to its original condition.

The group provides for the anticipated costs associated with the restoration of leasehold property to its original condition at inception of the lease, including removal of items included in plant and equipment that are erected on leased land. The timing of the provision is expected to be at the expiry of 15 years of site commissioning.

At 31 December 2018				
Group	At beginning of the year	Additional provisions	Utilised	At end of the year
Bonus provision	17,925	20,418	(14,985)	23,583
Provision for share-based payments	7,951	6,803	(4,754)	10,000
Other provision	14,917	3,712	–	18,629
	40,793	30,933	(19,739)	51,987
Company				
Bonus provision	17,925	20,248	(14,985)	23,188
Provision for share-based payments	7,951	6,779	(4,754)	9,976
Other provision	14,917	3,486	–	18,403
	40,793	30,513	(19,739)	51,567
At 31 December 2017				
Group and company				
Bonus provision	16,403	18,000	(16,478)	17,925
Provision for share-based payments	6,254	2,701	(1,004)	7,951
Other provision	4,029	11,078	(190)	14,917
	26,686	31,779	(17,672)	40,793

2.28.3 Other provisions

The current portion of other provisions represents provision for SIM re-registration and decommission provision. Provision for SIM re-registration is in respect of estimated cost of re-registering subscribers as being directed by National communication Authority (NCA) and the National Identification Authority (NIA).

The non-current portion of other provisions of GH¢3.7 million represents warranty provision in respect of sites sold under a sale and lease back arrangement. The Company recognised provisions in respect of a warranty for the sale and lease back arrangement based on estimates and the probability of whether an outflow of economic benefits will be required to settle the obligation. This provision will be released at final closure of site transfer under the Asset Purchase agreement.

Notes continued

(All amounts are in thousands of Ghana cedi)

2. PRINCIPAL ACCOUNTING POLICIES continued

2.28 Provisions continued

2.28.4 Share-based payments

The group operates a performance share plan (PSP) and a notional share option (NSO). The PSP is a long-term incentive scheme offered under the MTN Group performance share plan to qualifying participants. The NSO consists of a group aligned NSO (GAN) and a locally aligned NSO (LAN). The GAN mirrors the movement in value of the MTN Group share price. The LAN is reflective of the increase in value of a key performance indicator of the business such as EBITDA. All the share-based payment schemes are cash settled in the accounting records of Scancom Plc.

NSO shares allocated prior to 1 January 2014 may only be exercised by the participants up to 20% after two years; up to 40% after three years: up to 70% after four years and up to 100% after five years of granting the NSO. NSO shares allocated effective 1 January 2014 may only be exercised 100% after three years from allocation.

Each allocation of NSO granted prior to 2014 will remain in force for a period of 10 years from the date of offer. Each allocation of NSO granted after 2014 will remain in force for a period of five years from the date of offer. Any unexercised NSOs remaining at the end of the stated periods will automatically elapse. The exercise price-GAN option is the price at which a vested GAN is exercised, and will be the closing MTN Group Limited share price on the day following the date of exercising. Exercise price-LAN option is the price at which a vested LAN is exercised, and will be the current or ruling value of such NSO on the date of exercising, as determined by the annual LAN valuation exercise. The NSO price is the price at which an NSO is offered to any qualifying participant.

The summaries of options granted are:

Group and company

	2018		2017	
LAN	**Average price per option GH¢**	**Number of options ('000)**	Average price per option GH¢	Number of options ('000)
As at 1 January	**0.32**	**52,953**	0.28	70,329
Granted during the year	**0.68**	**14,594**	0.55	16,966
Exercised during the year	**0.68**	**(18,966)**	0.55	(5,391)
Expired and forfeited during the year	**–**	**(1,858)**	0.55	(28,951)
As at 31 December	**0.32**	**46,723**	0.32	52,953
GAN				
As at 1 January	**34.21**	**264,140**	34.21	298,970
Granted during the year	**44.27**	**95,560**	39.14	102,590
Expired and forfeited during the year	**–**	**(14,070)**	39.14	(137,420)
As at 31 December		**345,630**	34.21	264,140

Notes continued

(All amounts are in thousands of Ghana cedi)

2. PRINCIPAL ACCOUNTING POLICIES continued

2.28 Provisions continued

2.28.4 Share-based payments

Share options outstanding at the end of the year have the following expiry dates and prices:

Group and company

LAN

Grant date	Expiry date	NSO price (GH¢)	Share options at 31 December 2018 ('000)	Share options at 31 December 2017 ('000)
1 April 2008	31 March 2018	0.19	–	176
1 April 2010	31 March 2020	0.24	–	1,203
1 April 2012	31 March 2022	0.50	1,720	7124
1 April 2013	31 March 2023	0.25	751	2,588
1 April 2014	31 March 2019	0.29	59	2,089
1 April 2015	31 March 2020	0.31	840	8,778
1 April 2016	31 March 2021	0.45	14,162	14,657
1 April 2017	31 March 2022	0.55	14,597	16,338
1 April 2018	31 March 2023	0.68	14,594	–
			46,723	52,953

GAN

Grant date	Expiry date	NSO price (GH¢)	Share options at 31 December 2018 ('000)	Share options at 31 December 2017 ('000)
1 April 2008	31 March 2018	49.58	–	1,360
1 April 2010	31 March 2020	31.05	–	6,250
1 April 2011	31 March 2021	31.40	11,110	11,110
1 April 2012	31 March 2022	25.76	35,540	35,720
1 April 2013	31 March 2023	24.15	18,240	14,920
1 April 2014	31 March 2019	28.64	4,530	5,400
1 April 2015	31 March 2020	22.66	13,470	14,010
1 April 2016	31 March 2021	44.62	78,930	81,680
1 April 2017	31 March 2022	39.14	88,250	93,690
1 April 2018	31 March 2023	44.27	95,560	–
			345,630	264,140

2.29 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are accounted for as financial liabilities. Other payables are stated at their nominal values.

	At 31 December 2018		At 31 December 2017
	Group	Company	Group and company
Trade payables	236,311	237,126	274,849
Sundry payables	33,339	33,339	20,964
Accrued expenses	486,263	466,576	396,670
Intercompany payables	94,996	242,844	31,418
Dividend payables (note 2.30)	–	–	69,000
Other payables	60,142	59,900	69,668
	911,051	1,039,785	862,569

Notes continued

(All amounts are in thousands of Ghana cedi)

2. PRINCIPAL ACCOUNTING POLICIES continued

2.30 Dividends payable

Dividend distribution to shareholders is recognised as a liability in the period in which the dividends are approved by the shareholders. Payment of dividends is subject to the deduction of withholding taxes at a final tax rate of 8% for resident and foreign shareholders. Interim dividend of GH¢245 million (GH¢0.02 per share) was declared in October 2018 (2017: GH¢0.0437 per share, amounting to GH¢470 million).

Following the successful completion of the IPO, gross dividend of GH¢1,067 million was declared on 31 August 2018 and paid to pre-IPO shareholders.

	Group and company	
	2018	2017
Balance as at 1 January	69,000	–
Dividend declared	1,312,806	470,000
Dividend paid	(1,381,806)	(401,000)
Balance as at 31 December	–	69,000

2.31 Cash generated from operations

		2018		2017
	Note	Group	Company	Group and company
Profit before income tax		1,079,194	686,195	980,674
Finance income	2.13.3	(75,693)	(70,608)	(50,122)
Finance cost	2.13.3	120,561	120,404	72,078
Depreciation of property, plant and equipment	2.17.1	382,413	382,301	295,375
Amortisation of intangible assets	2.18	81,154	81,063	64,553
Amortisation of IRU (capacity leasing)	2.20.1	12,743	12,743	10,174
Amortisation of contract cost	2.21.3	9,081	9,081	3,316
IRU deferred income release	2.20.2	(760)	(760)	(554)
Loss/(Profit) on disposal of property, plant and equipment	2.17.6	529	1,461	2
Impairment charge on trade receivables	2.36	2,963	2,963	13,196
Inventory write off		–	–	636
PPE asset write off		–	–	61
		1,612,185	1,221,921	1,389,389
Changes in working capital		4,253	64,328	(136,107)
Decrease in inventories		9,995	9,995	6,527
Increase in trade receivables		(98,441)	(58,258)	(29,051)
Increase in other assets		(38,818)	(38,818)	(2,592)
Increase in other financial assets at amortised cost		(2,079)	(113,592)	(14,509)
Increase in contract liabilities		2,888	2,888	11,693
Increase/(decrease) in trade and other payables		135,643	267,468	(117,498)
Increase in deferred revenue (IRU)		–	–	8,096
Increase in contract assets		3,621	3,621	(1,732)
Increase in capitalised contract costs		12,508	12,508	11,148
Increase in provision		11,194	10,774	14,107
Cash generated from operations		1,616,438	1,286,249	1,253,282

Notes continued

(All amounts are in thousands of Ghana cedi)

2. PRINCIPAL ACCOUNTING POLICIES continued

2.32 Contingent assets and liabilities

Contingent liabilities represent possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group. Contingent liabilities also represent present obligations that arise from past events but are not recognised because an outflow of resources is not probable or a reliable estimate cannot be made. The Group does not recognise contingent liabilities in the statement of financial position until future events indicate that it is probable that an outflow of resources will take place and a reliable estimate can be made, at which time a provision is raised.

The Group had certain legal cases pending before the courts at 31 December 2018. In the opinion of the directors, after taking appropriate legal advice, the outcome of these legal cases will not give rise to a significant loss to the Group.

The Group had contingent liabilities of GH¢29 million in respect of certain obligations in the acquisition of the broadband wireless access licence. The counterparty is to provide certain services to Scancom Plc, such as negotiation of an extension to the licence periods with the regulator. These additional services depend on uncertain future events which are not under the control of Scancom Plc.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group. Contingent assets are disclosed where an inflow of economic benefits is probable. The Group does not recognise contingent assets in the statement of financial position until future events indicate that an inflow of resources is virtually certain.

There were no contingent assets determined as at 31 December 2018 (2017: nil).

2.33 Capital, operating lease and commercial commitments

2.33.1 Capital commitments

There were no capital commitments for the acquisition of property, plant and equipment and software at the end of the year.

	Group and company	
	2018	2017
Total capital expenditure approved for the year	919,013	749,362
– Property, plant and equipment contracted	279,695	191,722
– Property, plant and equipment not contracted	639,318	557,640

2.33.2 Operating lease commitments

The Group leases various premises and sites under non-cancellable/cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. Penalties are chargeable on certain leases should they be cancelled before the end of the agreement.

	Group and company	
	2018	2017
The future aggregate minimum lease payments under non-cancellable operating lease arrangements are as follows:		
Not later than one year	264,090	230,791
Later than one year and no later than five years	1,320,450	1,153,957
Later than five years	1,673,535	1,693,945
	3,258,075	3,078,693
The future aggregate minimum lease payments under cancellable operating lease arrangements are as follows:		
Not later than one year	89,022	62,369
Later than one year and no later than five years	303,182	179,059
Later than five years	11,569	15,320
	403,773	256,748

Notes continued

(All amounts are in thousands of Ghana cedi)

2. PRINCIPAL ACCOUNTING POLICIES continued

2.33 Capital, operating lease and commercial commitments

2.33.3 Commercial commitments

Commercial commitments as at 31 December 2018 were the following:

	Group and company 2018	Group and company 2017
100% commitment to purchase SIM and recharge cards (open purchase orders for 2019)	16,297	50,485
Commitments to outsourced network services operations	38,921	91,783
Commitment to purchase spare parts under managed service contract	12,104	13,929
	51,025	156,197

2.34 Related party transactions

Related party transactions constitute the transfer of resources, services or obligations between the Group and a party related to the Group, regardless of whether a price is charged. For the purposes of defining related party transactions with key management, key management has been defined as directors and the Group's executive committee and includes close members of their families and entities controlled or jointly controlled by these individuals. The Group entered into various transactions with related parties during the year.

The Group is related to other entities in the MTN Group by virtue of common shareholding.

2.34.1 Transactions with related parties during the year are as follows:

	2018		2017
	Group	Company	Group and company
Purchases	173,557	311,322	48,425
MTN Group Management Services (Pty) Limited	1,601	1,601	863
MTN South Africa	3,903	3,903	690
MTN Nigeria Communications Limited	9,835	9,835	9,589
MTN Ivory Coast SA	3,858	3,858	3,632
MTN Dubai Limited	135,319	135,319	32,801
MobileMoney Limited	–	137,765	–
GlobalConnect Solutions	15,262	15,262	–
Other intercompany purchases	3,779	3,779	850
Services	55,743	179,220	27,420
Mobile Telephone Network Cameroon Limited	257	257	158
MTN Group Management Services (Pty) Limited	7,339	7,339	2,228
MTN South Africa	882	882	8,025
MTN Nigeria Communications Limited	16,564	16,564	6,968
MTN Ivory Coast SA	12,414	12,414	7,073
MTN Dubai Limited	1,845	1,845	1,730
MobileMoney Limited	–	123,477	–
GlobalConnect Solutions	604	604	–
Other intercompany sales	15,838	15,838	1,238

	Group and company 2018	Group and company 2017
Dividend paid to Investcom Consortium Holdings SA	1,312,806	354,505
Key management compensation		
Short-term employee benefits	5,494	7,147
Post-employment benefits	206	360
Share-based payments	1,383	–
Total	7,083	7,507

Notes continued

(All amounts are in thousands of Ghana cedi)

2. PRINCIPAL ACCOUNTING POLICIES continued

2.34 Related party transactions continued

2.34.2 Year-end balances arising from the above transactions are as follows:

	2018		2017
	Group	Company	Group and company
Payables			
MTN Group Management Services (Pty) Limited	(5,335)	(5,335)	(8,081)
MTN South Africa	(2,087)	(2,087)	(585)
MTN Nigeria Communications Limited	(13,800)	(13,800)	(6,981)
MTN Dubai Limited	(50,214)	(50,214)	(13,816)
MTN International (Mauritius) Limited	–	–	(138)
MobileMoney Limited	–	(147,847)	–
GlobalConnect Solutions	(16,754)	(16,754)	–
Other intercompany payable	(6,806)	(6,807)	(1,817)
	(94,996)	(242,844)	(31,418)
Receivables			
MTN Group Management Services (Pty) Limited	9,157	9,157	6,244
MTN South Africa	3,907	3,907	2,720
MTN Nigeria Communications Limited	13,468	13,468	2,934
MTN Dubai Limited	–	–	8,698
UUNET Kenya (Pty) Limited	1,112	1,112	605
MobileMoney Limited	–	113,362	–
Other intercompany receivable	14,239	12,356	5,489
	41,883	153,362	26,690

The receivables from related parties arise mainly from professional and interconnect services transactions rendered on behalf of other operations within MTN Group. These are due one month after the date of rendering of service. No provisions are held against receivables from related parties.

Trade payables to related parties arise mainly from professional and management fees, interconnect and transmission service transactions rendered on Scancom Plc's behalf by other operations within the MTN Group and are due one month after the date of purchase.

2.35 Financial instruments

Financial assets and liabilities are recognised in the group's statement of financial position when the group becomes a party to the contractual provisions of the instruments.

All financial assets and liabilities are initially measured at fair value, including transaction costs except for those classified as at fair value through profit or loss which are initially measured at fair value, excluding transaction costs. There are no financial assets that are fair value through profit or loss. Financial assets are recognised (derecognised) on the date the group commits to purchase (sell) the instruments (trade date accounting).

Financial assets and liabilities are classified as current if expected to be realised or settled within 12 months; if not, they are classified as non-current.

2.35.1 Offsetting financial instruments

Offsetting of financial assets and liabilities is applied when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realised the asset and settle the liability simultaneously. The net amount is reported in the statement of financial position.

No financial assets and liabilities were subjected to offsetting as at 31 December 2018.

2.35.2 Financial instrument classification

The group classifies its financial instruments into the following categories:
- Financial assets at amortised cost.
- Financial liabilities at amortised cost.

The classification is dependent on the purpose for which the financial instruments were acquired. Management determines the classification of financial instruments at initial recognition.

Notes continued

2. PRINCIPAL ACCOUNTING POLICIES continued

2.35 Financial instruments continued

2.35.3 Classification of financial assets at amortised cost

The group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

2.35.4 Subsequent measurement

The group holds financial assets with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

2.35.5 Financial liabilities

Financial liabilities comprise trade and other payables, bank overdrafts, borrowings and other non-current liabilities (excluding provisions). All financial liabilities are subsequently measured at amortised cost using the effective interest method.

2.35.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligations specified in the contracts are discharged, cancelled or expire.

2.35.7 Impairment

Impairment of trade receivables

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of trade receivables over a period of 24 months before 31 December 2018 or 1 January 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors (where data is available and is obtained without undue effort or cost) affecting the ability of the customers to settle the receivables.

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables, which were known to be uncollectible, were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that impairment had been incurred but not yet been identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment. The group considered that there was evidence of impairment if any of the following indicators were present:

- Significant financial difficulties of the debtor.
- Probability that the debtor will enter bankruptcy or financial reorganisation.
- Default or late payments (more than 60 days overdue).

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

Notes continued

(All amounts are in thousands of Ghana cedi)

2. PRINCIPAL ACCOUNTING POLICIES continued

2.36 Financial risk management and fair values

The Group has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk (foreign exchange and interest rate risk). This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

2.36.1 Risk profile

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Risk management is carried out under policies approved by the board of directors of the MTN Group and Scancom Plc. The boards identify, evaluate and manage financial risks and provide written principles for overall risk management, as well as for specific areas such as foreign exchange risk, interest rate risk, credit risk and investing excess liquidity.

2.36.2 Financial instruments by category

At 31 December 2018

Group

	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
Trade and other receivables	417,173	–	417,173
Cash and cash equivalents	406,525	–	406,525
	823,698	–	823,698
Trade and other payables	–	850,909	850,909
Borrowings	–	438,854	438,854
	–	1,289,763	1,289,763
Company			
Trade and other receivables	488,503	–	488,503
Cash and cash equivalents	183,693	–	183,693
	672,196	–	672,196
Trade and other payables	–	979,885	979,885
Borrowings	–	438,854	438,854
	–	1,418,739	1,418,739

At 31 December 2017

Group and company

	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
Trade and other receivables	316,653	–	316,653
Cash and cash equivalents	196,730	–	196,730
	513,383	–	513,383
Trade and other payables	–	792,893	792,893
Borrowings	–	337,164	337,164
	–	1,130,057	1,130,057

Notes continued

(All amounts are in thousands of Ghana cedi)

2. PRINCIPAL ACCOUNTING POLICIES continued

2.36 Financial risk management and fair values continued

2.36.3 Credit risk

Credit risk, or the risk of financial loss to the Group due to customers or counterparties not meeting their contractual obligations, is managed through the application of credit approvals, limits and monitoring procedures. The Group's maximum exposure to credit risk is represented by the carrying amounts of the financial assets that are exposed to credit risk.

The Group considers its maximum exposure per class, without taking into account any collateral and financial guarantees, to be as follows:

	Group	Company	Group and company
	At 31 December 2018		At 31 December 2017
Trade receivables and other assets	417,173	488,503	316,653
Contract assets	5,353	5,353	1,732
Cash and cash equivalents	406,525	183,693	196,730
	829,051	677,549	515,115

On the basis of the policy in note 2.35.7, the loss allowance as at 31 December 2018 was determined as follows for trade receivables. There were no adjustments on 1 January 2018 (on adoption of IFRS 9) because it was not significant.

Group
At 31 December 2018

	Gross carrying amount	Loss rate	Lifetime expected losses	Carrying amount (net of impairment provision)
Fully performing trade receivables	116,853		117	116,736
Interconnect receivables	57,993	0.1%	58	57,935
Contract receivables	6,564	0.1%	7	6,557
Other receivables	52,296	0.1%	52	52,244
Past due trade receivables	264,294		10,992	253,302
Interconnect receivables	37,620		887	36,733
2 to 3 months	19,670	0.49%	96	19,574
3 to 6 months	229	1.55%	4	225
9 to 12 months	17,721	4.44%	787	16,934
Contract receivables	8,697		237	8,460
0 to 3 months	7,052	2.60%	183	6,869
3 to 6 months	968	2.93%	28	940
9 to 12 months	677	3.91%	26	651
Other receivables	217,977		9,868	208,109
0 to 3 months	121,993	0.44%	537	121,456
3 to 6 months	21,066	1.46%	308	20,758
6 to 9 months	714	4.59%	33	681
9 to 12 months	74,204	12.0%	8,990	65,214
Total	381,147		11,109	370,038

At 31 December 2018, if there was an increase or decrease in the expected credit loss rate by 1% (100 basis points) with all other variables held constant, post-tax profit for the year and equity would have been GH¢202,000 lower/higher for the group and company.

Notes continued

(All amounts are in thousands of Ghana cedi)

2. PRINCIPAL ACCOUNTING POLICIES continued

2.36 Financial risk management and fair values continued

2.36.3 Credit risk continued

Company
At 31 December 2018

	Gross carrying amount	Loss rate	Lifetime expected losses	Carrying amount (net of impairment provision)
Fully performing trade receivables	114,477		115	114,362
Interconnect receivables	57,993	0.1%	58	57,935
Contract receivables	6,564	0.1%	7	6,557
Other receivables	49,920	0.1%	50	49,870
Past due trade receivables	226,487		10,994	215,493
Interconnect receivables	37,620		887	36,733
0 to 3 months	19,670	0.49%	96	19,574
3 to 6 months	229	1.55%	4	225
9 to 12 months	17,721	4.44%	787	16,934
Contract receivables	8,697		237	8,460
0 to 3 months	7,052	2.60%	183	6,869
3 to 6 months	968	2.93%	28	940
9 to 12 months	677	3.91%	26	651
Other receivables	180,170		9,870	170,300
0 to 3 months	75,940	0.44%	334	75,606
3 to 6 months	24,386	1.46%	356	24,030
6 to 9 months	60,351	4.59%	2,769	57,582
9 to 12 months	19,493	33%	6,411	13,082
Total	340,964		11,109	329,855

Group and company
At 31 December 2017

	Gross carrying amount	Impairment	Carrying amount net of impairment provision
Fully performing trade receivables	141,277	–	141,277
Interconnect receivables	53,856	–	53,856
Contract receivables	5,194	–	5,194
Other receivables	82,227	–	82,227
Past due trade receivables	154,464	(24,144)	130,320
Interconnect receivables	28,884	–	28,884
0 to 3 months	1,318	–	1,318
3 to 6 months	5,095	–	5,095
9 to 12 months	22,471	–	22,471
Contract receivables	12,065	(9,018)	3,047
0 to 3 months	6,081	(3,415)	2,666
3 to 6 months	926	(545)	381
6 to 9 months	–	–	–
9 to 12 months	5,058	(5,058)	–
Other receivables	113,515	(15,126)	98,389
0 to 3 months	60,873	(9,332)	51,541
3 to 6 months	23,013	(264)	22,749
6 to 9 months	337	–	337
9 to 12 months	29,292	(5,530)	23,762
Total	295,741	(24,144)	271,597

Notes continued

(All amounts are in thousands of Ghana cedi)

2. PRINCIPAL ACCOUNTING POLICIES continued

2.36 Financial risk management and fair values continued

2.36.3 Credit risk continued

The loss allowances for trade and other receivables are based on assumptions about risk of default and expected loss rates as follows:

Fully performing: Customers have a low risk of default and a strong capacity to meet contractual cash flows.

Past due: significant increase in credit risk is assumed if debts are past due by 60 days for interconnect counterparties and 30 days for individual and corporate post-paid debtors.

Write off: Amounts for contract and other receivables which are over six months past due and there is no reasonable expectation of recovery.

2.36.4 Movement in impairment provision

Group and company

	At 1 January	Additions	Write off	At 31 December
2018				
Provision for impairment of trade receivables	**(24,144)**	**(2,963)**	**15,998**	**(11,109)**
2017				
Provision for impairment of trade receivables	(10,948)	(13,196)	–	(24,144)

During the year, an amount of GH¢15 million, representing debts over 180 days, already provided for, were written off.

2.36.5 Cash and cash equivalents

The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate values of cash and cash equivalents are spread among approved financial institutions. The Group actively seeks to limit the amount of credit exposure to any one financial institution and credit exposure is controlled by counterparty limits that are reviewed and approved by the credit risk department. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

2.36.6 Determination of fair values

The Group considers that the carrying values of cash and cash equivalents, trade receivables, trade and other payables and mobile money floats approximate their fair values due to their short-term nature.

The fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature. The Group considers that the recognised assets and liabilities are at level 3 in the fair value hierarchy (that is inputs for the assets and liabilities that are not based on observable market data).

2.36.7 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its obligations as they become due. The group's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group ensures it has sufficient cash on demand or access to facilities to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Notes continued

(All amounts are in thousands of Ghana cedi)

2. PRINCIPAL ACCOUNTING POLICIES continued

2.36 Financial risk management and fair values continued

2.36.7 Liquidity risk continued

At 31 December 2018

	Carrying amount	Payable within one month or on demand	More than one month but not exceeding three months	More than three months but not exceeding one year	More than one year but not exceeding five years
Group					
Trade payables	236,311	236,311	–	–	–
Accruals and sundry payables	519,602	519,602	–	–	–
Amount due to related parties	94,996	94,996	–	–	–
Borrowings	438,854	–	105,002	64,036	429,079
	1,289,763	850,909	105,002	64,036	429,079
Company					
Trade payables	237,126	237,126	–	–	–
Accruals and sundry payables	499,915	499,915	–	–	–
Amount due to related parties	242,844	242,844	–	–	–
Borrowings	438,854	–	105,002	64,036	429,079
	1,418,739	979,885	105,002	64,036	429,079

At 31 December 2017

	Carrying amount	Payable within one month or on demand	More than one month but not exceeding three months	More than three months but not exceeding one year	More than one year but not exceeding five years
Group and company					
Trade payables	274,841	235,372	8,797	30,672	–
Accruals and sundry payables	417,634	417,634	–	–	–
Amount due to related parties	31,418	31,418		–	–
Borrowings	337,164	–	–	59,719	523,861
	1,061,057	684,424	8,797	90,391	523,861

The amounts included in the maturity table for borrowings are the contractual undiscounted cash flows, including principal and interest payments.

Notes continued

(All amounts are in thousands of Ghana cedi)

2. PRINCIPAL ACCOUNTING POLICIES continued

2.36 Financial risk management and fair values continued

2.36.8 Market risk

Market risk is the risk that changes in market prices will affect the Group's income or the value of its holding of financial instruments.

The Group's activities expose it primarily to the financial risks of changes in interest rates and foreign currency exchange rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

2.36.8.1 Interest rate risk

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. In the current year, there has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured as compared to previous years.

Interest rate risk is the risk borne by an interest-bearing asset or liability, due to variability of interest rates. Financial assets and liabilities that are sensitive to interest rate risk are cash and cash equivalents and borrowings. The interest rates applicable to these financial instruments are a combination of floating and fixed rates in line with those currently available in the market. The Group's interest rate risk arises from the repricing of the Group's borrowings. Debt is managed on an optimal floating interest rate basis.

At 31 December 2018 the interest rate profile of the Group's interest bearing financial instruments was: 18.56%. The Group has used a sensitivity analysis technique that measures the estimated change to profit or loss of an instantaneous increase or decrease of 10% (1,000 basis points) in market interest rates, from the rate applicable at 31 December 2018, for Borrowings with all other variables remaining constant.

At 31 December 2018, if the interest rate for local currency denominated loans had increased/decreased by 10% (2017: 10%) with all other variables held constant, post-tax profit for the year and equity would have been GH¢8,694,000 (2017: GH¢6,258,000).

Notes continued

(All amounts are in thousands of Ghana cedi)

2. PRINCIPAL ACCOUNTING POLICIES continued

2.36 Financial risk management and fair values continued

2.36.8 Market risk continued

2.36.8.2 Foreign exchange risk

At 31 December 2018, if the Ghana cedi had weakened/strengthened by 1,000 basis point (10%) (2017: 10%) against the US Dollar and Euro with all other variables held constant, post-tax profit for the year and equity would have been higher/lower at GH¢3,684,000 and GH¢3,179,000 for the Group and Company respectively (2017: GH¢7,400,000 and GH¢3,800,000), mainly as a result of US Dollar, Euro denominated trade payables, trade receivables and cash and cash equivalents.

2.36.9 Price risk

The Group is directly exposed to commodity price risk or material equity securities price risk.

2.36.10 Capital risk management

Capital includes borrowings, stated capital and equity attributable to the equity holders of the Group. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximise shareholder value. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group's policy is to borrow using a mixture of long-term and short-term borrowings from the local and international financial institutions.

The Group monitors capital on the basis of gearing ratio, calculated as net debt divided by total equity.

Gearing ratio at the reporting date was:

	2018		2017
	Group	Company	Group and company
Total borrowing	438,854	438,854	337,164
Less: Cash and cash equivalents	(406,525)	(183,693)	(196,730)
Net debt	32,329	255,161	140,434
Total equity	2,410,862	2,135,546	1,878,750
Gearing ratio	1.35%	11.95%	7.47%

Loan covenant

Under the terms of the borrowing facilities, the group required to comply with the following financial covenants:

(a) The ratio of net debt to EBITDA must not be less than 2.5.
(b) The ratio of net debt to equity must be within 30/70.
(c) The ratio of interest coverage must be greater than 4.5.
(d) The ratio of debt service coverage must be greater than 1.5.

2.37 Income surplus account

	2018		2017
	Group	Company	Group and company
Balance at 1 January	1,871,018	1,871,018	1,622,506
Dividends declared	(1,312,806)	(1,312,806)	(470,000)
Net profit for the year	754,676	479,514	718,512
Balance at 31 December	1,312,888	1,037,726	1,871,018

Notes continued

2. PRINCIPAL ACCOUNTING POLICIES continued

2.38 Mobile Money e-floats

Under the Bank of Ghana Payment Services Regulations, 2016, MobileMoney Limited operates as a Dedicated E-Money Issuer (DEMI). The wallets of all customers are held in trust by MobileMoney Limited, and are held at universal banks in Ghana and withdrawable on demand. These banks are regulated by the Bank of Ghana.

2.39 Changes in accounting policies

As a result of the changes in the Group's accounting policies, prior year financial statements had to be restated. As explained below, IFRS 9 was generally adopted without restating comparative information. There were no reclassifications and adjustment arising from the new impairment rules that would have been reflected in the restated balance sheet as at 31 December 2017. There was no adjustment to the opening balance sheet on 1 January 2018 because the effect was not material. The adoption of IFRS 15 was full retrospective, however, there were no restatements of the earlier periods (1 January 2017) mainly due to the immateriality of the restatements.

2.39.1 Mobile devices

Nature, timing of satisfaction of performance obligations, significant payment terms

The Group recognises revenue when the customer takes possession of the device. For mobile devices sold separately, customers pay in full at the point of sale. For mobile devices sold in bundled packages, customers usually pay monthly in equal instalments over a period of contract.

Nature of change in accounting policy

The Group assesses post-paid contracts including handsets to determine if they contain a significant financing component. The group has elected to apply the practical expedient that allows the group not to adjust the transaction price for the significant financing components for contracts where the time difference between customer payment and transfer of goods or services is expected to be one year or less. This had no impact on measurement of the transaction price allocated to handset revenue.

2.39.2 Mobile telecommunication services

Nature, timing of satisfaction of performance obligations, significant payment terms

Mobile telecommunication services include network services and digital services. The Group recognises revenue from these services as they are provided. Customers usually prepay for network services except for post-paid customers who are billed after the services.

Nature of change in accounting policy

When the Group expects to be entitled to breakage (forfeiture of unused value or network services), it recognises the expected amount of breakage in proportion to the pattern of usage by the customer. Any unexpected amounts of breakage are recognised when the unused value of network services expire or when usage thereof becomes remote.

Impact

The above changes have resulted in revenue from breakage being recognised earlier and therefore an increase in revenue and a decrease in unearned revenue (which is now named contract liabilities).

Notes continued

(All amounts are in thousands of Ghana cedi)

2. PRINCIPAL ACCOUNTING POLICIES continued

2.39 Changes in accounting policies continued

2.39.3 Capitalised contract costs and contract assets

The nature and impact of the changes in accounting policy as regards subscriber acquisition costs and assets recognised from costs to fulfil a contract is disclosed in note 2.6.8.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included.

Balance sheet extract	Note	At 31 December 2017 as originally presented	IFRS 15	IFRS 9	1 January 2018 restated
Assets					
Contract assets	(a)	–	1,732	–	1,732
Capitalised contract costs	(b)	–	7,832	–	7,832
Income tax assets	(d)	179,003	(6,577)	–	172,426
National Fiscal Stabilisation Levy receivable	(d)	3,819	1,315	–	2,504
Trade and other receivables	(a)	379,904	(1,732)	–	378,172
		562,726	(60)	–	562,666
Liabilities					
Contract liabilities	(c)	–	(86,941)	–	(86,941)
Unearned income	(c)	(90,745)	90,745	–	–
		(90,745)	3,804	–	(86,941)
Net assets		472,010	3,744	–	475,754
Equity					
Income surplus account		1,867,274	3,744	–	1,871,018

Profit or loss extract	Note	31 December 2017 as originally presented	IFRS 15	As restated 31 December 2017
Revenue	(c)	3,419,747	3,804	3,423,551
Selling, distribution and marketing expenses	(b)	(611,129)	7,832	(603,297)
Income tax expense	(d)	(205,818)	(6,577)	(212,395)
National Fiscal Stabilisation Levy	(d)	(48,452)	(1,315)	(49,767)
Net impact on profit			3,744	
Profit after tax		714,768	3,744	718,512

Explanatory notes

(a) Reclassification of set up costs incurred to fulfil a contract from prepayments to contract assets.
(b) Incremental costs to acquire a subscriber reclassified from expenses to capitalised contract assets.
(c) Reclassification from unearned revenue to contract liabilities and recognition of breakage revenue.
(d) The tax effects of the adjustments to profit before income tax.

Five-year financial summary

for the year ended 31 December 2018

Results

	2018 GH¢000	2017 GH¢000	2016 GH¢000	2015 GH¢000	2014 GH¢000
Revenue	4,218,847	3,423,551	2,773,219	2,315,666	1,993,411,
EBITDA	1,587,629	1,362,558	1,133,022	943,877	736,978
Depreciation and amortisation	(463,567)	(359,928)	(258,370)	(285,906)	(191,045)
Operating profit	1,124,062	1,002,630	874,651	657,971	545,933
Net finance cost	(44,868)	(21,956)	(54,188)	(34,973)	(37,114)
Profit before income tax	1,079,194	980,674	820,463	622,998	508,819
Taxes and levies	(324,518)	(262,162)	(277,951)	(192,210)	(152,197)
Profit for the year	754,676	718,512	542,512	430,788	356,622
Statement of financial position					
Property, plant and equipment	2,549,095	2,267,833	1,882,574	1,467,317	1,292,670
Intangible assets	418,536	340,305	333,717	95,714	148,956
Other non-current assets	92,915	61,895	38,173	36,177	17,967
Other current assets	749,809	581,626	350,067	440,304	414,333
Cash and cash equivalents	406,525	196,730	151,671	284,283	242,431
Total assets	4,216,880	3,448,389	2,756,202	2,323,795	2,116,357
Total liabilities	(1,806,488)	(1,576,008)	(1,132,333)	(1,135,438)	(1,083,788)
	2,410,392	1,872,381	1,623,869	1,188,357	1,032,569
Stated capital	1,097,504	1,363	1,363	1,363	1,363
Income surplus account	1,312,888	1,871,018	1,622,506	1,186,994	1,031,206
	2,410,392	1,872,381	1,623,869	1,188,357	1,032,569

STATISTICS

	2018	2017	2016	2015	2014
EPS (GH¢)	0.067	0.067	0.051	0.040	0.033
Dividend per share (GH¢)	0.05	0.0437	0.0099	0.0256	0.0233
Net asset per share (GH¢)	0.214	0.174	0.151	0.110	0.096
Current ratio	1:1	0.78:1	0.55:1	0.78:1	0.76:1
Return on shareholder fund	31.3%	38.4%	33.4%	36.3%	34.5%

Shareholder information

Shareholder information

Stock exchange performance

MTNGH market-related metrics for the year ended 31 December 2018

Scancom Plc. (MTNGH)	2018
Closing price (c)	GH¢0.79
Highest price (c)	GH¢0.93
Lowest price (c)	GH¢0.75
Total number of shares traded	20,335,400
Number of shares in issue	12,290,474,360
Number of shares traded as a percentage of shares in issues (%)	0.17
Market cap (as at 31/12/2018) (million)	GH¢9,709.47
Dividend yield (%)	2.53
Earnings yield (%)	8.48
P/E (X)	11.79
Ghana Stock Exchange Composite Index	2,572.22
Ghana Stock Exchange Financial Index	2,153.74

Source: Ghana Stock Exchange.

Shareholder analysis

Number of shares in issue

Number of shareholders

Scancom Plc. had only ordinary shareholders as at 31 December 2018 and distributed as follows:

Range of shares	Number of holders	Holders %	Number of shares	% of shareholding
1 – 1,000	116,252	89.78	15,648,409	0.13
1,001 – 10,000	11,102	8.57	36,013,128	0.29
10,001 – 50,000	1,490	1.15	31,451,104	0.26
50,001 – 100,000	269	0.21	20,022,106	0.16
100,001 – 500,000	248	0.19	51,750,092	0.42
500,001 – 1,000,000	39	0.03	28,904,830	0.24
1,000,001 – 5,000,000	51	0.04	121,781,209	0.99
5,000,001 – 10,000,000	13	0.01	97,306,660	0.79
10,000,001 – 50,000,000	17	0.01	381,383,807	3.10
50,000,001 – 100,000,000	7	0.01	430,897,265	3.51
100,000,001 – 500,000,000	3	0.00	578,935,750	4.71
500,000,001 – 1,000,000,000	–	0.00	–	0.00
1,000,000,001 – 11,000,000,000	1	0.00	10,496,380,000	85.40
Total	129,492	100.00	12,290,474,360	100.00

Shareholder information continued

Shareholder analysis continued

Details of 20 largest ordinary shareholders as at 31 December 2018

	Number of shares held	% holding
Investcom Consortium	10,496,380,000	85.40
Zent International Limited	250,810,600	2.04
Social Security and National Insurance Trust	198,745,480	1.62
SCGN/SSB & Trust as custodian, Re Deccan Value Investors Fund L.P	129,379,670	1.05
SCGN/SSB & Trust for Veda Investors Fund L.P. NJ6G	79,822,410	0.65
SCGN/PICTET & Cie (Europe) SA Lux Re Heviben L.P	66,620,920	0.54
SCGN/PICTET & Cie (Europe) SA Lux Re Blakeney L.P	59,710,320	0.49
STD NOMS/BNYM SANV/Magna Umbrella Fund Plc.	58,067,635	0.47
SCGN/SSB & Trust as custodian Re A/D, Investors Fund L.P. FD – NJ3D	57,168,920	0.47
SCGN/State St B&T as trustee for YD SMA LLC-NJ4O	55,516,430	0.45
SCGN/JPM Ire Re Coronation FD MGR Ire on behalf, of the AFR FRTR fund a sub-fund of the Coronation Univ. FD	53,990,630	0.44
SCGN/SSBTC for Deccan Value INV. BPI Fund L.P-NJ3Z	48,418,000	0.39
SCGN/Northern Trust Co. AVFC 6314B, SCGN/Northern Trust Co. AVFC 6314B	48,198,750	0.39
SCGN/SSB as custodian Re M/D, Investors Fund L.P F – NJ3E	36,518,500	0.30
SCGN/State Street BK&TC for DVG 1740 Fund L.P-NJ4Q	34,997,420	0.28
STD NOMS BNYMSANV Re Oaks Emerging Umbrella FD LP, STD NOMS BNYMSANV Re Oaks Emerging Umbrella Fund Plc.	32,048,665	0.26
SCGN/SSBT as custodian for H/D Investors Fund L.P-NJ45	27,642,390	0.22
SCGN/NTGS Lux Re Ludp Re: Aif Clients 8 Percent, Account	21,690,660	0.18
SCGN/JPMC Re Duet Africa Opportunities Master Fund, IC GTI:AEX26	20,000,000	0.16
SCGN/SSB & Trust Re for Alliance Berstein Next 50, Emerging Markets (Master) Fund SICAV-SIF S.C.SP-M3N4	14,495,122	0.12
	11,790,222,522	95.93

Shareholders' diary

	Date
Final dividend declaration	26 February 2019
Summary annual financial results published	28 February 2019
Annual financial statements posted	Early March 2019
First quarter results published	26 April 2019
Annual general meeting	14 May 2019
Half year-end	30 June 2019
Interim dividend declaration	End of July 2019
Interim financial statements published	End of July 2019
Third quarter results published	31 October 2019
Financial year-end	31 December 2019
Final dividend declaration for 2019	End February 2020
Summary annual financial results	End February 2020

Please note that these dates are subject to change.

Forward looking information

Opinions and forward looking statements expressed in this report represent those of the company at the time. Undue reliance should not be placed on such statements and opinions because by nature, they are subjective to known and unknown risk and uncertainties and can be affected by other factors that could cause actual results and company plans and objectives to differ materially from those expressed or implied in the forward looking statements.

Neither the company nor any of its respective affiliates, advisers or representatives shall have any liability whatsoever (based on negligence or otherwise) for any loss howsoever arising from any use of this report or its contents or otherwise arising in connection with this presentation and do not undertake to publicly update or revise any of its opinions or forward looking statements whether to reflect new information or future events or circumstances otherwise.

Notice of annual general meeting

SCANCOM PLC

NOTICE OF ANNUAL GENERAL MEETING (AGM)

PLEASE TAKE NOTE AND NOTICE IS HEREBY GIVEN THAT AN ANNUAL GENERAL MEETING OF MEMBERS OF SCANCOM PLC. WILL BE HELD ON TUESDAY, 14 MAY 2019, AT 11:00 AT THE FANTASY DOME, TRADE FAIR, LA ACCRA, TO TRANSACT THE FOLLOWING BUSINESS:

1. TO RECEIVE AND CONSIDER AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON

2. TO DECLARE DIVIDENDS

3. TO RE-ELECT RETIRING DIRECTORS

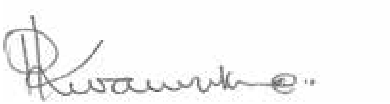
4. TO APPROVE DIRECTORS' REMUNERATION FOR 2019

5. TO AUTHORISE THE FIXING OF AUDITORS' REMUNERATION FOR 2019

DATED 17 APRIL 2019

BY ORDER OF THE BOARD

SIGNED



PALA ASIEDU OFORI (MRS)
(COMPANY SECRETARY)

Note: A member of the company entitled to attend and to vote at the annual general meeting, who is unable to attend may appoint a proxy in his/her stead. Completed proxy forms should be deposited at the office of the company secretary, 1st Floor, MTN House Independence Avenue, Ridge, or a scanned signed copy thereof may be emailed to AGMProxy.GH@mtn.com not less than 48 hours before the appointed time of the meeting. Failure to submit the forms before the 48-hour deadline will result in the proxy not, being admitted to, or participating in the meeting. A proxy form is attached herewith.

Proxy form

I/We ....

of .... being a

member/members of **Scancom Plc.** hereby appoint ....

of .... or failing him/her

the chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the annual general meeting of the company to be held at 11:00 on Tuesday, 14 May 2019 and at any adjournment thereof.

or

I, ... a director of

....

Company Limited (the member company) for and on behalf of the member company, a shareholder of Scancom Plc., do hereby appoint

.... of

.... or failing him/her

the chairman of the meeting as the proxy of the member company, to attend, speak and vote on its behalf as he/she may deem fit at the annual general meeting to be held on 14 May 2019.

Please indicate with an **X** in the spaces below how you wish your votes to be cast.

Resolution	For	Against
1. Approval of final dividend for 2018		
2. Re-election of the following retiring directors:		
• Ebenezer Twum Asante		
• Modupe Agbolade Kadri		
• Fatima Daniels		
3. Approval of directors' remuneration		
4. Authorisation of directors on behalf of shareholders to negotiate and fix the remuneration of the auditors		

Dated this .... day of 2019

Signature: ....

Note: A member of the company entitled to attend and to vote at the annual general meeting, who is unable to attend may appoint a proxy in his/her stead. You may pick up a proxy form from an MTN branch near you, or download one at https://mtn.com.gh/investors/agms. Completed proxy forms should be deposited at the office of the company secretary, 1st Floor, MTN House Independence Avenue, Ridge, at an MTN branch near you, or a scanned signed copy of the form may be emailed to AGMProxy.GH@mtn.com not less than 48 hours before the appointed time of the meeting. Failure to submit the forms before the 48 hour deadline will result in the proxy not, being admitted to, or participating in the meeting.

FIRST FOLD HERE

PLEASE
AFFIX
STAMP
HERE

The Company Secretary
Scancom Plc. (MTN Ghana)
Head office
PO Box 281
Trade Fair, La Accra
Ghana

SECOND FOLD HERE

IMPORTANT: A person attending the meeting should NOT produce this form.

Dividend declaration

Final dividend recommendation

Notice is hereby given that the company's directors will be recommending to the shareholders at the upcoming annual general meeting, the payment of a final dividend of GH¢0.03 per share for the 2018 financial year. The number of ordinary shares in issue at the date of this declaration is 12,290,474,360.

Scancom Plc.'s (MTN Ghana) tax reference number is C0003632776. In compliance with the requirements of GSE rules, the salient dates relating to the payment of the dividend are as follows:

Ex-dividend date	Friday, 26 April 2019
Qualifying date	Tuesday, 30 April 2019
Closure of register	Thursday, 2 May 2019 – Monday, 6 May 2019
Dividend payment date	Wednesday, 15 May 2019

All shareholders registered in the books of MTNGH at the close of business on Tuesday, 30 April 2019 will qualify for the final dividend.

In view of this, the register of shareholders will be closed from Thursday, 2 May 2019 to Monday, 6 May 2019 (both dates inclusive).

In view of the foregoing, the ex-dividend date has been set as Friday, 26 April 2019. Consequently, an investor purchasing MTNGH shares before this date will be entitled to the final dividend. However, an investor buying MTNGH shares on or after Friday, 26 April 2019 will not be entitled to the final dividend.

On Wednesday, 15 May 2019 the dividend will be transferred electronically to the bank accounts or Mobile Money wallets of certificated shareholders who make use of these facilities.

Administration

Scancom Plc.
(Incorporated in Ghana)
Registration number PL000322016
ISIN: HEMTN051541
Share code: MTNGH
("MTN Ghana" or "MTNGH")

Board of directors
Ishmael Yamson[3]
Ebenezer Asante[2]
Selorm Adadevoh[1]
Modupe Kadri[1]
Kwasi Abeasi[3]
Ralph Mupita[2]
Sugentharen Perumal[2]
Fatima Daniels[2]
Albert Fernandez[2]

[1] Executive
[2] Non-executive
[3] Independent non-executive director

Company secretary
Pala Asiedu Ofori
MTN House
Independence Avenue
West Ridge, Accra

Registered office
MTN House
Independence Avenue
West Ridge, Accra

Depository and registrars
Central Securities Depository (Gh) Limited
4th Floor Cedi House
Accra, Ghana

Auditor
PricewaterhouseCoopers
Chartered accountants
No. 12 Airport City
UNA Home, 3rd Floor
PMB CT 42, Cantonments, Accra

Bankers
Access Bank (Ghana) Limited
ADB Bank Limited
Barclays Bank Ghana Limited
Ecobank Ghana Limited
Fidelity Bank Limited
Stanbic Bank Ghana Limited
Standard Chartered Bank (Ghana) Limited
Zenith Bank (Ghana) Limited

Legal representatives
Law Trust Company
No. 27 Castle Road
Adabraka, Accra

Kuenyehia & Nutsukpui
Legal practitioners and notaries
No. 35 Labone Crescent
Labone, Accra

Totoe Legal Services
Practitioners and notaries
Plot 4 Block 2 Asokwa, Kumasi

Contact details
Tel: +233 (0) 24 430 0000/+233 (0) 24 100 6820
E-mail: InvestorRelations.Gh@mtn.com
Website: https://www.mtn.com.gh/investors

Scancom PLC (MTN Ghana)
MTN House, Independence Avenue, Accra
PO Box TF 281, Trade Fair, La, Accra, Ghana
Tel: +233 (0) 24 430 0000
Fax: +233 (0) 223 1974

www.mtn.com.gh