Scancom PLC (MTN Ghana)

2019 Annual Report

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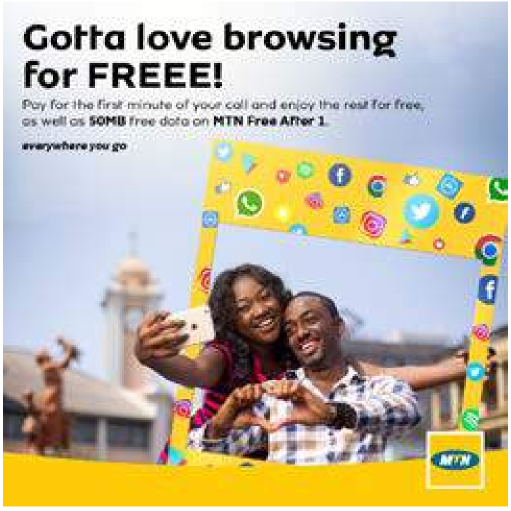
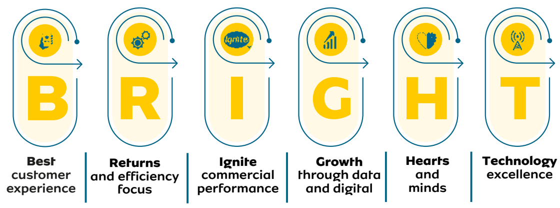
Contents



BRIGHT strategy



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SDG icons used in this report:

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 (Act 929) and Companies Act, 2019 (Act 992); 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 2019, and gives commentary, performance measures and prospects for MTN Ghana's operations. We provide supplementary information in associated reports and the full set of annual financial statements (AFS), at the Investors page on MTN Ghana's website (mtn.com.gh/investors).

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 SEC Regulations 2003 (L.I 1728) and Securities Industry Act, 2016 (Act 929) as issued by the Securities and Exchange Commission (SEC). We also comply with the Ghana Stock Exchange (GSE) Rulebook and the requirements of the Companies Act, 2019 (Act 992).

Non-financial information

We use local and global standards and guidelines to compile non-financial information. These include the GSE Rulebook, the Companies Act, 2019 (Act 992), the Securities Industry Act, 2016 (Act 929), SEC Regulations 2003 (L.I 1728) 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 Ag. CFO, Kobina Bentsi-Enchill. 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 2020.

Selorm Adadevoh
Chief executive officer

Kobina Bentsi-Enchill
Ag. Chief financial officer

Notice of annual general meeting

SCANCOM PLC (MTN GHANA)

NOTICE OF VIRTUAL ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE is hereby given that the Annual General Meeting of Scancom Plc. ("MTN Ghana" or the "Company") will be held virtually and streamed live from the Company's Head office at MTN House, Independence Avenue, Accra on the 13th of August 2020 at 11am for the following purpose:

ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statements together with the reports of the Directors and Auditors thereon for the year ended 31st December, 2019;
2. To declare a final dividend for the year ended 31st December, 2019.
3. To re-elect the following retiring Directors of the Company;
    - 3.1 Mr. Kwasi Abeasi;
    - 3.2 Mr. Ralph Mupita; and
    - 3.3 Mr. Sugentharen Perumal.
4. To authorize the Directors to fix the remuneration of the Auditors for 2020.

SPECIAL BUSINESS

5. To authorize the amendment of the Regulations of the Company/Constitution in compliance with the new Companies Act 2019 (Act 992).
6. To authorise the amendment of the Company's Regulations/Constitution to provide for voting by Shareholders other than by poll only.
7. To authorise the amendment of the Regulations/Constitution to provide for the holding of all meetings including the Annual General Meetings by virtual means where the Directors deem it necessary so to do.

DATED THIS 21ST DAY OF JULY 2020
BY ORDER OF THE BOARD

SIGNED

PALA ASIEDU OFORI (MRS.)
(COMPANY SECRETARY)

NOTES

1. In compliance with the current restrictions on public gatherings in force pursuant to the Imposition of Restrictions Act, 2020 (Act 1012) and consequent regulatory directives, attendance and participation by all Shareholders and/or their proxies in this year's Annual General Meeting (AGM) of Shareholders shall be strictly virtual.

   Virtual attendance shall be by online participation by accessing https://mtnghagm.com; Alternatively Shareholders who do not have smart phones may participate in the AGM by (i) dialing +233244300025; (ii) entering the access code 8000; and (iii) entering the conference pin number 056789.
2. A Shareholder entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend virtually and vote on his/her behalf. Such a proxy need not be a Shareholder of the Company.
3. The appointment of a proxy will not prevent a Shareholder from subsequently attending and voting at the meeting virtually. Where a Shareholder himself/herself attends the meeting virtually, the proxy appointment shall be deemed to be revoked.
4. A copy of the Proxy Form may be downloaded from https://mtnghagm.com/ and may be completed, signed and sent via email only to info@csd.com.gh as soon as possible and in any event not less than 48 hours before the time appointed for the meeting.
5. The 2019 Audited Financial Statements can be found in the Annual Returns Brochure which may be viewed by visiting https://mtnghagm.com/.
6. Shareholders are encouraged to send in any questions in advance of the AGM by emailing them to info@csd.com.gh. Answers to the questions will be provided at the AGM.
7. Accessing and Voting at the AGM:
    - 7.1 Access to the meeting will be made available from 8am on the 13th of August 2020. Kindly note however that the AGM shall commence at 11am. Access to the AGM is set out in note 1 above.
    - 7.2 A unique token number will be sent to Shareholders by email and/or SMS from the 22nd of July 2020, to grant access to the AGM. Shareholders who do not receive this token may contact info@csd.com.gh or call 0302 906 576 or 0303 972 254 from the 22nd of July 2020, but before the date of the AGM to be sent the unique token.
    - 7.3 Shareholders who do not submit proxy forms to info@csd.com.gh prior to the meeting, may vote electronically during the AGM using their unique token number.
    - 7.4 Shareholders participating in the meeting by dialing as set out in note 1 above dial USSD code *899*0# to cast their votes.

   Further assistance on accessing the meeting and voting electronically can be found on https://mtnghagm.com/.
8. Agenda Item 6 of the Notice of the AGM seeks to amend the Constitution of the Company to allow Shareholders to vote by means other than by poll only, including by show of hands or in such other manner as permits each member who is present and entitled to vote, either personally or by proxy to have one vote.
9. This Virtual AGM has been legally and validly convened pursuant to Section 162 (1) of the Companies Act (Act 992), and by an order from the High Court of Ghana dated the 19th of June 2020.

For further information, please contact:
Tel: 0302 906 576 or 0303 972 254
Email: info@csd.com.gh

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 Virtual Annual General Meeting of the Company to be held at 11 am on the 13th day of August 2020 or 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 Virtual Annual General Meeting to be held at 11am on the 13th day of August 2020 or at any adjournment thereof.

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

ORDINARY RESOLUTION	**FOR**	**AGAINST**
1. To approve a final dividend for 2019.		
2. To re-elect Mr. Kwasi Abeasi as Director.		
3. To re-elect Mr. Ralph Mupita as Director.		
4. To re-elect Sugentharen Perumal as Director.		
5. To Authorize Directors on behalf of Shareholders to negotiate and fix the remuneration of the Auditors for 2020.		
SPECIAL RESOLUTION	**FOR**	**AGAINST**
6. To authorize the amendment of the Regulations of the Company/Constitution in alignment with the new Companies Act 2019 (Act 992).		
7. To authorize Directors to approve the amendment of the Company's Constitution to provide for voting by Shareholders other than by poll only.		
8. To authorize Directors to approve the amendment the Company's Constitution to provide for all meetings including Annual General Meetings to be held by virtual means where the Directors deem it necessary so to do.		

Dated this .... day of 2020

Signature: ....

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 annual general meeting to be held on 13 May 2020, the payment of a final dividend of GH¢ 0.04 per share for the 2019 financial year. This brings the total dividend for the full year to GH¢ 0.06 per share. This is subject to deduction of appropriate taxes. The number of ordinary shares in issue at the date of this declaration is 12,290,474,360.

Scancom PLC's 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	**Tuesday, 28 April 2020**
Qualifying Date	**Thursday, 30 April 2020**
Dividend Payment Date	**Friday, 28 August 2020**

All shareholders registered in the books of Scancom PLC at the close of business on Thursday, 30 April 2020 will qualify for the final dividend.

In view of the foregoing, the ex-dividend date has been set as Tuesday, 28 April 2020. 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 Tuesday, 28 April 2020 will not be entitled to the final dividend.

On Friday, 28 August 2020 the dividend will be transferred electronically to the bank accounts or Mobile Money wallets of shareholders who make use of these facilities.

The dividend statement was approved by the Board of Directors on 25 February 2020 and signed on its behalf by:

Ishmael Yamson
Chairman

Selorm Adadevoh
Chief executive officer

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 22.6 million customers across all regions.

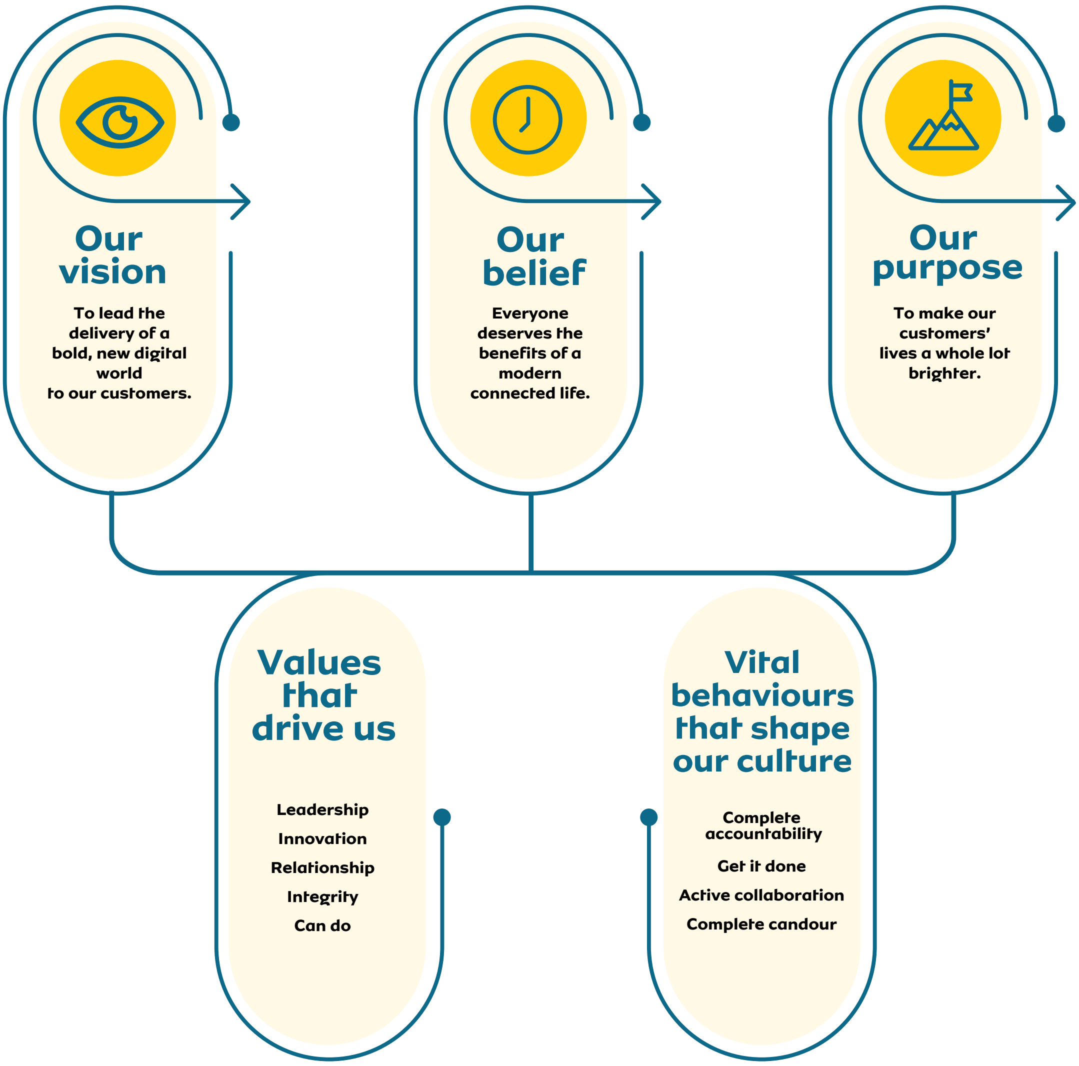
Our vision is to lead the delivery of a bold new digital world to our customers and our mission is to make our customers' lives a whole lot brighter. We are at the forefront of technological and digital change. In 2019, we invested GH¢1,112 million^ in our network.

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. 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, the provision of mobile financial services, the development of strategic partnerships to provide advanced services and the provision of consultancy services in the mobile banking space.

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 in line with our belief. In 2017, we launched our Rural Telephony Project in partnership with Ghana Investment Fund for Electronic Communications (GIFEC) and Huawei. Aimed at extending our telecommunications services to underserved areas, we have successfully deployed 400 sites nationwide.

Since its establishment MTN Ghana's Foundation has invested over GH¢41 million in 149 major sustainable projects countrywide in the areas of education, health and economic empowerment.



^ Capex of GH¢1,112m represents core capex of GH¢925m and includes intangibles of GH¢133m (network licence, software, etc.) and RoU additions of GH¢54m.

What we offer

MTN Ghana leads the data market with 20.1 million (8.1 million#) subscribers as at December 2019.

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 (post-paid and prepaid), messaging and data-access services; we enable people to make financial transactions using their mobile phones 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 Xtratime, Music Plus, MTN Video Plus, MTN online school.

Enterprise/Wholesale

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

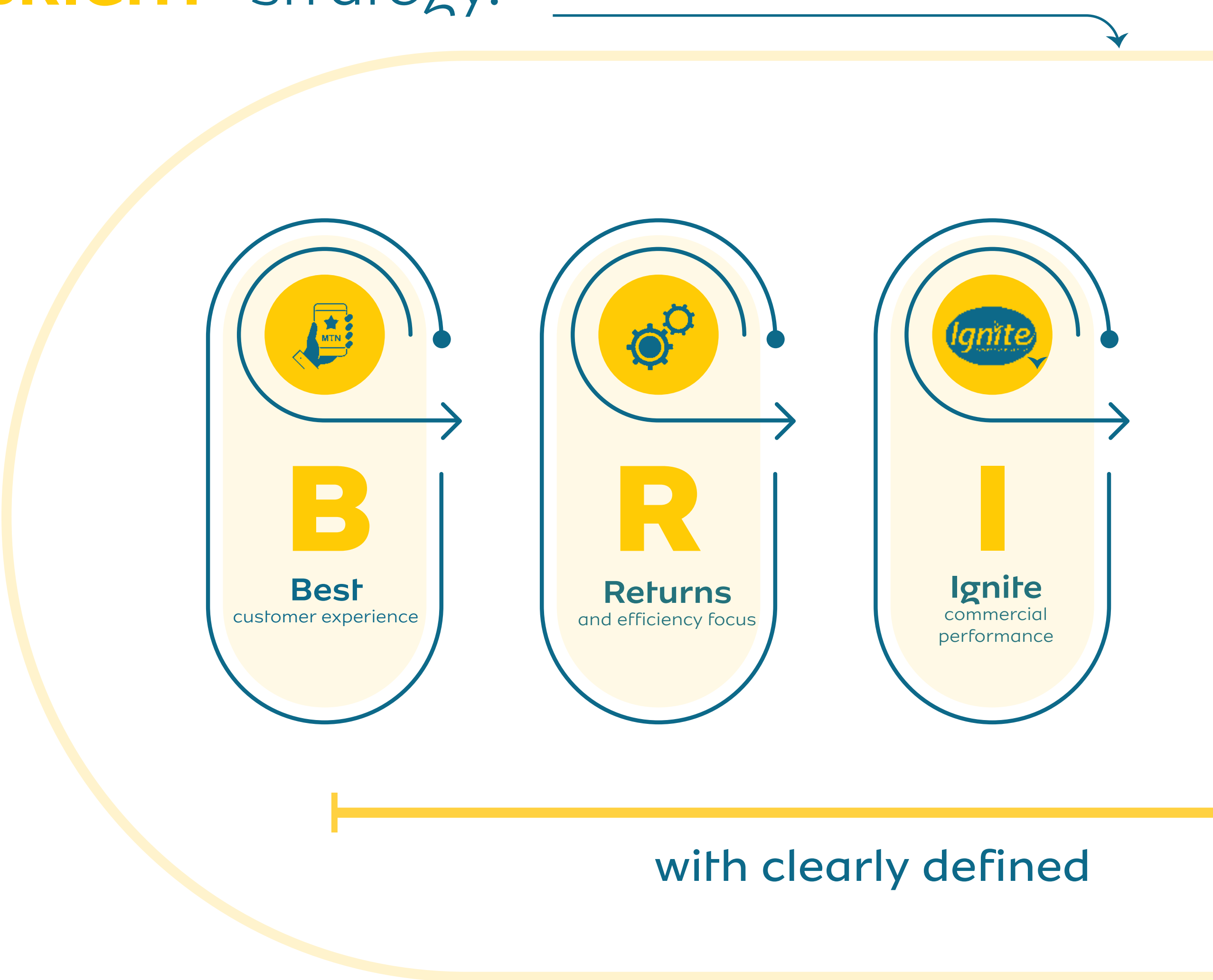
MTN Ghana launched its mobile money service in July 2009 in partnership with nine banks, and was the first telco in Ghana to do so. By December 2019, we had 17 partner banks and about 15.1 million (9.1 million*) registered subscribers on the MTN Mobile Money platform and over 153,000 active agents nationwide. 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 are data subscribers who have used more than 5MB in a month.
* 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 subscriber definition.

Our BRIGHT strategy

Our BRIGHT operational strategy is the compass for all MTNers: it clearly defines the areas in which we need to focus to build our business sutainably and create value.

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



Our investment case

Strong position in attractive market

- High revenue growth
- 55.2% of total market share
- Leaders in 4G+

Exciting market opportunity

- Fast growing youthful population
- Data, MoMo and digital adoption
- Enterprise and wholesale opportunity

G Growth
through data and digital

H Hearts
and minds

T Technology
excellence

And at the heart of it all

clear strategy
BRIGHT

KPIs to ensure delivery

Attractive return profile

- Double-digit growth in revenue and EBITDA
- Efficiencies improve margins
- Smart capex moderates investment

Well positioned for the long term

- Portfolio optimisation
- Sustainable leverage
- Progressive dividend policy

Salient features

+22.8%
Service revenue
GH¢ 5.1bn

+19.4%
Voice revenue
GH¢ 2.3bn

+32.5%
Data revenue
GH¢ 1.5bn

+28.0%
MoMo revenue
GH¢ 1.0bn

+27.4%
Enterprise revenue
GH¢ 0.2bn

+65.7%
EBITDA
GH¢ 2.6bn

Salient features

+13.2pp
EBITDA margin
50.8%

17.9%
of revenue
Capex^
GH¢ 0.9bn

+20.0%
Total dividend~
6.0
pesewas

Voice Subs
+12.3%
22.6m
(19.8m*)

Data Subs
+28.6%
20.1m
(8.1m#)

MoMo Registered Subs
+10.6%
15.1m
(9.1m*)

^ Capex intensity of 17.9% represents core capex of GH¢925m and excludes intangibles of GH¢133m (network licence, software, etc.) and RoU additions of GH¢54m.
~ Consist of 2 pesewas interim dividend and 4 pesewas final dividend.
* 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 subscriber definition.
# Active data subscribers as per MTN Group definition are data subscribers who have used more than 5MB in a month.

Chairman's statement

Distinguished shareholders, ladies and gentlemen,

It is with great pleasure that I welcome you, our distinguished shareholders, to the second annual general meeting of Scancom PLC (MTN Ghana) post listing, and to present to you the annual report and financial statements of your company for the financial year ended 31 December 2019. I also want to express my thanks to you for the great interest you have shown in the company and for making us a great success story in Ghana and beyond.

Our priorities in 2019 remained as a key 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.

I will now update you on the global and macro operating environment before I delve into our financial performance for the year under review.

Global overview

The beginning of 2019, on the global scale, was characterised by uncertainties carried forward from the previous year as concerns on the direction of the US-China trade tensions continued to linger. With many intended tariffs postponed by the countries involved and efforts on the part of both parties to dialogue, the tensions eased along the way. Despite this, the impact was felt in the slow growth of the Chinese economy and heavy losses to the US agricultural sector. Investor sentiments, on the other hand, were shaped positively by massive rate cuts in many markets with the US Federal Reserve and European Central Bank key to driving most of the markets' movement.

The geo-political front saw the protracted Brexit conundrum negatively affect both Britain and its European counterparts resulting in some price losses to both the Pound and the Euro. Oil recorded price fluctuations throughout the year fueled by a global fall in demand predominantly from China due to the trade war. Oil prices rallied in September due to tensions in Saudi Arabia following a missile strike on a state-owned Aramco pipeline. For the Ghanaian economy, this might affect exports to the EU and Britain as they will no longer be bound by trade agreements between Ghana and the EU. Also, the fall in oil prices will have a positive net effect on the economy as Ghana is a net importer of oil.

Overall, many economies and investors were concerned about trade tensions but undaunted from participating in the markets, due to record-breaking performances of many developed markets and exchanges in 2019.

Ghana's operating environment

On the domestic front, the Ghanaian economy began the year dealing with the knock-on effect of the financial sector clean-up and recapitalisation exercise which had affected many sectors of the economy. The financial sector reforms led to other regulatory bodies embarking on implementing similar reforms and policies to transform industries and create a new direction for firms to chart.

The Ghanaian economy grew steadily at an average of 6.0 percent for the first three quarters of 2019, which was marginally lower than 6.1 percent recorded for the same period in 2018. Overall, Ghana's economy grew 6.5 percent in real terms in 2019, up from 6.3 percent in the preceding year˜.

Headline inflation remained in single digits in 2019 and hovered around the central target of 8.0 percent. The base year for the CPI basket was also rebased to 2018 from the previous base year of 2012 to adequately capture the changing consumption habits and patterns in the country. On the money market, the 91-day T-bill rate floated around 14.7 percent while the 182-day rate averaged 15.1 percent. The local currency experienced heavy depreciation in value during the course of the year but relatively stabilised at year-end. The Ghana Cedi saw an annual depreciation of 12.9 percent to the US Dollar, compared with 8.4 percent depreciation in 2018. Against the British Pound and Euro, the Ghana Cedi cumulatively depreciated by 15.7 and 11.2 percent respectively, compared with 3.3 and 3.9 percent in 2018. The Central Bank in a bid to regulate the forex market introduced forward FX sale for the US Dollar, this initiative is currently ongoing. Fiscal consolidation is on track as government cuts back on its spending appetite, amid challenges it faced in revenue mobilisation, to stay within the 5 percent fiscal cap. The overall budget deficit on a cash basis was 4.8 percentˇ of GDP in December 2019. Payment systems data points to continued expansion in the use of mobile money, further supporting the impact of Government's inclusive financial sector agenda.

Generally, the economic environment was relatively stable and showed signs of growth in key sectors of the economy. GDP growth was, before the impact of the COVID-19 pandemic, projected at 5.8 percent in 2020 by the IMF while inflation is forecast to stay within the medium-term range of 8 +/- 2 percent. We do not expect any major political setbacks heading into the 2020 elections and are optimistic yet weary about the effect of the COVID-19 pandemic on the opportunities the macroeconomic outlook presents.

Business performance

In 2019, your company delivered a strong profit after tax growth of 33.6% year-on-year (YoY) to GH¢1.01 billion as at December 2019. The increased profitability performance was anchored on strong service revenue growth coupled with successful execution of our cost efficient strategies. We grew service revenue by 22.8% YoY, driven by excellent growth in revenues from Voice, Data and MoMo. Voice revenue was up in the double-digits and increased by 19.4% YoY to GH¢2.31 billion and contributed 44.9% of service revenue. Data revenue growth was strong at 32.5% YoY to GH¢1.46 billion and contributed 28.4% of service revenue. MoMo revenue continued to grow strongly, increasing by 28.0% YoY to GH¢0.96 billion and contributed 18.6% of service revenue.

Our operating costs were down by 3.0% on the back of various cost efficient initiatives which impacted positively on our cost base and efficiency levels in 2019. The improvement led to a reported EBITDA growth of 65.7% YoY, with a YoY EBITDA margin expansion of 13.1 percentage points to 50.8%.

Post IPO, capitalisation and dividend

Post the initial public offer, the company has endeavored to comply with the listing rules governing the Ghana Stock Exchange and today I am happy with the efforts of the team to ensuring high levels of compliance and this can be attested to by the Ghana

˜ Sourced from the Ghana Statistical Service – Rebased 2013-2019 Annual Gross Domestic Product report dated April 2020 (statsghana.gov.gh)
ˇ Sourced from the Bank of Ghana – Summary of Economic & Financial Data report dated March 2020 (bog.gov.gh).

Chairman's statement (continued)

Stock Exchange. At the close of 2019, Scancom PLC (MTN Ghana) had a market capitalisation of GH¢8.6 billion making it the third largest listed company on the Ghana Stock Exchange. I am happy to add that your company was the most traded stock on the Ghana Stock Exchange accounting for about 52.7% of stock market turnover*.

The Board declared an interim dividend of 2 pesewas per share after reviewing the mid-year performance of the company. After reviewing the full year performance of the company in 2019, the Board shall be recommending a final dividend of 4 pesewas on ordinary shares bringing the total dividend for the year 2019 to 6 pesewas per share or 73.1% of profit after tax and a 20.0% YoY increase in dividend per share.

Overall, our performance generated a return on equity of 36.0% to our shareholders. This represented a YoY improvement of 4.7 percentage points.

Share price performance

MTN Ghana share price opened the year at GH¢0.79 and closed at GH¢0.70, losing 11.4% for the year ended 31 December 2019, with a 52-week high and low of GH¢0.80 and GH¢0.67 respectively. This was largely due to selling pressures from local retail and foreign institutional investors. The selling pressures were as a result of institutional and retail investors reducing their exposure due to bearish sentiments which plagued the market throughout the year and, demands on foreign funds to meet liquidity requests from clients. Generally, investors have confidence in MTN albeit the potential risk to realising price gains due to the bearish sentiments in the market.

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.

Our scale and reach as a leading mobile network operator in this country and our contribution to the socio-economic development of this country imposes a greater burden on us. While we are honored 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 believes in playing a key role in sustainability development of our Ghanaian communities. We seek to promote sustainable economic and social development in our communities working through the MTN Foundation. Since its inception, we have invested a total of GH¢41 million in various education, health and economic empowerment projects. In 2019, the foundation initiated eight new projects in education, three in health and one in economic empowerment bringing the total projects to 149 since the Foundation was launched in 2007. 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. The MTN CSI model has become a benchmark for many organisations.

A year of accolades

MTN Ghana received 66 awards including the prestigious Company of the Year 2018 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. Other Industry and Professional awards in Finance, Procurement, Human Resources, Public Relations, Customer Service and CSR were won

* excluding an off-market trade in Ecobank Transnational Incorporated (ETI) valued at GH¢348 million.

Chairman's statement (continued)

by the company and individuals in the company. In all, we can say both company and employees made us proud by showcasing the expertise we have. MTN and its employees have set a high standard and we believe the company will continue to sustain it.

Board changes
There was a change in directorship in 2019 as announced through the stock exchange. Albert Fernandez, who was a non-executive director and a member of our audit and risk committee, resigned on 1 June 2019. On this note, I would like to wish him well on his future endeavors. I will like to assure shareholders that a suitable replacement process is underway and the public will be informed when the process is completed.

Summary
We have made considerable progress during the past year, thanks to the efforts of our management and staff of MTN Ghana across the country and for this I would like to thank all management and staff for your hard work and commitment. We have more work ahead. Our goal is to be a more digital, client-driven and innovative organisation. We expect to deliver greater shareholder value growth through increased revenue generation and cost management. I firmly believe that we are on the right path and that the changes that we have seen in the telecoms industry will lead to sustainable growth in the future for all our stakeholders.

We also thank our regulators – National Communications Authority, Securities and Exchange Commission, Ghana Stock Exchange, Bank of Ghana and the entire government, particularly the Ministry of Communications, for the support through the year.

I am extremely grateful to all shareholders and thank my colleagues on the Board for their support throughout the year. My final thanks goes to God Almighty for yet another successful year. I look forward to seeing you all again next year.

Thank you and God bless us all.

Ishmael Yamson
Chairman

April 2020

Chief executive officer's review

Dear Shareholders,

Welcome to our second annual general meeting since the IPO in September 2018. It is my pleasure to present to you, the annual report of our activities and business performance for the year ended 31 December 2019.

2019 in review

We are excited by the strong performance delivered by MTN Ghana for the year in a competitive industry, maintaining market leadership with 55.2%^ market share. The year had some macro challenges following the previous year's shutdown of some financial institutions and continued cleanup of the financial sector.

Despite the challenging environment, MTN Ghana continues to be resilient. Indeed, we witnessed increasing customer confidence in our brand which was evident by our improvement in market share and growing customer base over the period.

The business celebrated two key milestones during the year. The first is by achieving the ISO certification for 22301:2012 (Business Continuity) and ISO 27001:2013 (Information Security) Management. The second key milestone was MobileMoney Limited achieving the very high standard and well sought after GSMA Mobile Money certification, making MTN Ghana the first amongst the Ghanaian Mobile Money operators to achieve this esteemed certification, and the third OPCO within the MTN Group.

These certifications come with many benefits and chief amongst them is sustaining clients (potential / current) and stakeholders confidence in MTN in an

^ Sourced from the NCA Industry Information – Telecom Subscriptions for December 2019 report dated 10 February 2020 (www.nca.org.gh).

era where concerns for data privacy, fraud and anti-money laundering, information security, customer protection and business resilience are increasing daily.

In 2019, we marked 10 years of Mobile Money (MTN MoMo) and I am happy to be part of this exciting journey of Mobile Money for the company and the country. A lot of engagements were done, and awards were given to agents, merchants and industry players who have displayed excellence and have contributed immensely to the growth of the industry.

We launched a revolution to bring high-speed internet to homes and to small and medium-sized enterprises (SMEs) by introducing MTN turbonet which sold over fifty thousand units and has in this short time, become the leader in high-speed home internet solutions. We have also expanded our digital portfolio by re-launching our MyMTN app to put more control into the hands of our customers as we continue on our journey to becoming a digital operator. In addition, we launched Ayoba, an innovative messaging app that allows non-smartphone users to communicate for free with smartphone users on the app and we expect it to soon evolve to be a super app with MoMo integrated and several content options and sub apps embedded. We are excited about our digital future ahead.

Our industry and MTN as a company continued to experience 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.

Revenue margins

The business reported a strong performance for the year. Service revenue increased by 22.8% year-on-year (YoY), underpinned by growth in revenue from Voice, Data and Mobile Money (MoMo).

Double-digit growth in voice revenue (up 19.4% YoY) was driven by an increase in the number of active subscribers* (+11.2%), the benefits of various customer value management (CVM) initiatives and pro-consumer activity, as well as continued improvements to our network. As new lines of revenue continued to grow much faster than the traditional business, voice revenue's contribution to service revenue decreased from 46.3% to 45.0%.

Solid data revenue growth (up 32.5% YoY) was attributable to growth in active data users# (+26.6%), growth in the number of smartphones on the network (+18.5%) and an increase in data usage (up 85.9% to 256,301 Terabyte). Data revenue's contribution to service revenue expanded from 26.3% to 28.4%.

Mobile Money revenue continued to grow strongly (up 28.0% YoY) in a year in which we marked the 10th anniversary of MoMo in Ghana. MoMo growth was attributable to an increase in the number of active subscribers* (+8.9%), increased transactional activity of person-to-person (P2P) transactions as well as good growth in more advanced services – such as retail merchant payments and international remittances. MoMo revenue's contribution to service revenue expanded from 17.9% to 18.6%.

Earnings before interest, tax, depreciation and amortisation (EBITDA) grew by 65.7% YoY with a YoY EBITDA margin expansion of 13.1 pp to 50.8%. Under IAS 17 and adjusting for the management fee, the like-for-like EBITDA margin expanded by 5.9 pp to 43.5% (2018 EBITDA margin: 37.6%). The margin improvement was supported by lower operating expenses, prudent revenue initiatives as well as distribution efficiencies.

The business reported a profit after tax of GH¢1.01 billion which represents a 33.6% increase YoY and led the Board to recommend a final dividend of 4 pesewas per share, bringing the total dividend for the 2019 year to 6 pesewas per share. This represents 73.1% of profit after tax and a 20.0% increase in dividend per share over 2018.

Regulatory developments

On the regulatory front, during the year the Payment Systems and Services Act 2019 was passed into law. This governs the way Mobile Money services are conducted. As required of existing players, we have applied for the new licence.

The Minister of Finance, through the national mid-year budget in July 2019, announced a 50% increase in the Communication Service Tax (CST) from 6% to 9%. After engaging with regulatory stakeholders, we passed on the tax increment to our customers through a tariff adjustment. The implementation had certain challenges as customers experienced certain billing errors which were resolved within a few days. Customers were also duly compensated.

In the sector, the NCA reinforced guidelines on regional quality of service (QoS) and MTN has complied with all guidelines. Unfortunately, MTN was fined during the year on issues relating to QoS and response to the regulator and customers. The fine of

* 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 subscriber definition.

\# Active data subscribers as per MTN Group definition are data subscribers who have used more than 5MB in a month.

Chief executive officer's review (continued)

GH¢110,000 was paid and all issues surrounding the fine resolved with the NCA.

Following the expiry of certain technology licences in 2019, the NCA has renewed our 2G licence for 15 years. We have submitted applications for the renewal of our International Gateway and Fixed Access licences, which are pending NCA approval.

MTN Ghana continues to engage with regulatory stakeholders and maintains a firm focus on achieving continued improvements in customer experience.

Continuous investments in the network

The business executed well on its capex plans in the year, supporting significant improvement in coverage expansion and maintenance of the network, customer experience and quality of service (QoS). During the year, we rolled out 280 2G, 557 3G, 900 4G and 100 rural telephony sites.

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.

Our various customer value management (CVM) initiatives and pro-consumer activities coupled with improved network augmented subscriber growth. Subscribers increased by 12.3% to 22.6 million^ (+11.2% to 19.8 million*) with a voice market share of 55.2%^. Data subscribers increased by 28.6% to 20.1 million^ (active data subscribers up by 26.6% to 8.1 million#) with a data market share of 71.7%^. Registered Mobile Money (MoMo) subscribers increased by 10.6% to 15.1 million$ (active MoMo subscribers up by 8.9% to 9.1 million*) with a MoMo transacted value share of 98.0%$.

MTN Ghana Foundation support

One of MTN's focused areas is Sustainability, which the business considers a great responsibility and drives to contribute to the socio-economic development of the country in which we operate. In line with this, MTN Ghana continued to invest in our communities, with the MTN Ghana Foundation support reaching a total of 149 projects at a cost of GH¢41 million, since inception in 2007. In 2019, the Foundation initiated eight new projects in education, three in health and one in economic empowerment.

Management changes

Before I comment briefly on our future outlook, I would like to take this opportunity to highlight some changes in our management. As you are all aware from our earlier release to the market, Modupe Kadri, who was our chief finance officer and an executive director, has been appointed as the chief finance officer and executive director of MTN Nigeria effective 1 March 2020. As a result, Kobina Bentsi-Enchill has been appointed to act as chief finance officer until the replacement process is completed. This process is underway, and we will update the market once finalised. On this note, I would like to wish both gentlemen all the best in their new roles.

Looking ahead

2019 marked the 'Year of the customer' for MTN Ghana and in 2020 we are building on that foundation as we transition from a traditional mobile telecommunications operator to an emerging digital operator. In line with our transition journey, MTN Ghana has declared 2020 as the 'year of the customer: the digital experience' with a focus on digitalisation as a tool to enhance customer experience as well as create value for our shareholders.

Impact of COVID-19 pandemic

MTN Ghana acknowledges the outbreak of Covid-19 pandemic and its potential impact on our supply chain. While we monitor unfolding developments, we are exploring multiple scenarios in a bid to mitigate the impact on our business. Considering this, we will continue to stick to our guidance given in our prospectus. BRIGHT growth drivers remain data, digital (including Rich Media Services and MoMo), enterprise business and wholesale business. We will continue to drive down our operational cost while efficiently investing in capital expenditure to optimise network performance.

Opportunities within the digital space

We are upbeat about our compelling investment case as we continue to maintain a strong position in our market with strong revenue growth and leadership in core service delivery. As the second largest West African economy with a strong GDP growth and improved macro environment, we continue to see several opportunities in digital and the financial services space, that we are confident will lead to further acceleration of growth. This is augmented by an exciting youth opportunity in data, MoMo

^Sourced from the NCA Industry Information – Telecom Subscriptions for December 2019 report dated 10 February 2020 (www.nca.org.gh).

*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 subscriber definition.

Active data subscribers as per MTN Group definition are data subscribers who have used more than 5MB in a month.

$ Sourced from the Bank of Ghana.

Chief executive officer's review (continued)

and digital adoption. Supported by a strong brand presence and positive reputation, we will continue to attract the best talent and partners to drive our business and its profitability.

Conclusion

I would 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, we congratulate you for your hard work and unwavering commitment to the MTN vision.

We also thank our Regulators including the National Communications Authority, Securities and Exchange Commission, Ghana Stock Exchange, Bank of Ghana and the entire government, particularly the Ministry of Communications, for the support through the year.

I am extremely grateful to the MTN Ghana Board for the support, 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 second post-listing AGM. Until we meet again at the next AGM, please stay safe and I wish you all a BRIGHT 2020.

Thank you and God bless us all.

Selorm Adadevoh
Chief executive officer
April 2020

Acting Chief financial officer's review

The 2019 financial performance was motivated by the BRIGHT strategy, with strong emphasis on the return and efficiency element (R).

Business performance

In 2019, the Group delivered a very strong performance with reported service revenue increasing by 22.8% YoY, an EBITDA margin expansion of 50.8% YoY, a moderated core capex intensity of 17.9% and a strong profit after tax growth of 33.6% YoY.

Double-digit growth in service revenue was supported by the continued growth in our Voice (up 19.4% YoY), Data (up 32.5% YoY) and MoMo (up 28.0% YoY) revenue. Our strong revenue growth was underpinned by our BRIGHT strategy and our firm focus in driving customer experience.

Reported EBITDA, improved by 65.7% YoY to GH¢2,630 million in 2019. This was driven by good revenue generation coupled with strong operational cost efficiencies and the impact of IFRS 16. Total operating cost (including cost of sales) of GH¢2,551 million was down by 3% YoY driven mainly by implementation of cost saving initiatives such as growth in our Mobile Money recharge and electronic voucher distribution (EVD).

To ensure that we continue to have a robust network and best quality services delivery to enhance customer experience, we invested GH¢925 million^ in core capex for the year. In line with this, the NCA renewed our 2G licence (900MHz & 1800MHz) for 15 years and we have submitted applications to renew our International Gateway and Fixed Access

^ Core capex of GH¢925m excludes intangibles of GH¢133m (network licence, software, etc.) and RoU additions of GH¢54m.

licences. The introduction of high-speed fixed wireless solution using the Turbonet device has allowed us to leverage on the 2600MHz spectrum acquired last year to provide high-speed data services. We connected over 53,000 devices in 2019. The investments made contributed to the improved data performance during the year.

We exceeded our guidance for key revenue lines in 2019 and remain poised to deliver our medium-term guidance. The table below shows how we fared against our financial guidance submitted to market for 2019.

	IFRS 16 GH¢'m			IAS 17 GH¢'m		
	2019 Guidance	2019 Performance	Percentage change	2019 Guidance	2019 Performance	Percentage change
Revenue	**4,686**	5,182	10.6%	**4,686**	5,182	10.6%
EBITDA	**1,955**	2,630	34.5%	**1,955**	2,200	12.5%
Profit after tax	**915**	1,008	10.2%	**915**	1,107	21.0%

Accounting standard changes
MTN Ghana applied IFRS 16, Leases for the first time for the reporting period commencing on 1 January 2019. Under the new standard, an asset, the right of use for the leased item (RoU) and a financial liability to pay rentals are capitalised and recognised. The impact from the adoption of the IFRS 16 on the Group's statement of comprehensive income, is the depreciation and finance cost that replaced the rent charges under the IAS 17.

At the end of the reporting period, total recognised RoU assets and liability were GH¢1,762 million and GH¢1,744 million respectively. Total operating costs declined by GH¢430 million, improving EBITDA by same amount.

On the other hand, depreciation and finance costs, increased by GH¢562 million (finance costs - GH¢320 million; Depreciation - GH¢242 million), following the adoption of IFRS 16.

The table below shows the comparison between IFRS 16 and IAS 17 for key reported lines.

	IFRS 16 as at 31 December 2019 GH¢'m	IAS 17 as at 31 December 2019 GH¢'m	IAS 17 as at 31 December 2018 GH¢'m
Total revenue	**5,182**	**5,182**	**4,219**
Service revenue	**5,148**	**5,148**	**4,194**
Opex	**2,551**	**2,982**	**2,631**
EBITDA	**2,630**	**2,200**	**1,588**
EBITDA margin	**50.8%**	**42.5%**	**37.6%**
Capex	**1,112**	**1,058**	**825**
Profit before tax	**1,443**	**1,575**	**1,079**
Profit after tax	**1,008**	**1,107**	**755**

MobileMoney Limited
MobileMoney Limited (MoMo) continued to deliver strong performance for the year, expanding its contribution to the Group's service revenue from 17.9% to 18.6%. MoMo revenue grew by 28.0% YoY in a year in which we marked the 10th anniversary of MoMo in Ghana. The growth in performance was attributable to growth in number of active subscribers, increased transactional activity of person-to-person (P2P) transactions as well as good growth in more advanced services such as retail merchant payments. MoMo active subscribers was up 8.9% YoY, driven partly by high adoption of Mobile Money payment systems.

Loans
MTN continued to fund its business operations with internally generated cash as well as external debt which stood at GH¢505 million as at December 2019. The Group has utilised all of its GH¢510 million medium-term facility. During the year, no debt covenants were breached.

Kobina Sam Bentsi-Enchill
Ag. CFO
April 2020

MTN Ghana foundation

MTN Ghana Foundation - The 2019 Journey

Launched on 24th November 2007, the MTN Ghana Foundation was established with a mission to improve the quality of lives of people through appropriate and sustainable corporate social responsibility interventions in communities where MTN operates.

The Foundation is set up as a separate legal entity with its own independent Board of Directors and patrons who oversee the operations of the Foundation. Its commitment is centred around the socio-economic development of the country through the roll out of appropriate and sustainable social interventions in communities all over the country. The Foundation currently has three focus areas – Health, Education and Economic Empowerment.

Touching lives with sustainable social interventions
MTN's global policy is to have a proportion of each operating unit's profit after tax (one percent) dedicated to undertaking corporate social responsibility activities. These funds are what the Foundation uses for its projects.

Since its establishment, the Foundation has invested over 41 million Ghana cedis (GH¢41 million) to improve health care, education and access to funding and equipment. In all, the MTN Ghana Foundation has invested in 149 projects across the entire country with 82 educational, 55 health and 12 economic empowerment projects.

The Foundation has touched many lives and hearts, impacting an estimated number of about four million people directly and indirectly. Whilst some of these projects are embarked upon to address national needs, others are also implemented in response to specific social needs and requests.

One of the key activities of the MTN Foundation is held on Valentine's day. On 14th February of every year, the MTN Foundation leads staff and customers in a "Save a Life" Blood Donation Exercise. This project has so far collected over 20,000 units of blood and has helped in replenishing blood at the national blood bank. The Foundation also constructed a 40-bed maternity block for the Tema General Hospital which has helped in decongesting the maternity unit of the hospital. A visit to the hospital shows a huge improvement in patient care and reduction in the challenges the medical team experienced in providing maternal care to people within the Tema community.

The MTN Foundation has also touched a lot of lives through its MTN Bright Scholarship Scheme. Over the years more than 1,000 students have been offered scholarships.

The MTN Ghana Foundation, in line with its economic empowerment focus area has also provided a palm oil production centre for over 200 women in the Ashanti region. The centre is equipped with a palm fruit stripper, steamer and palm oil expeller, clarifier, fruit digester, single screw manual, grinding mill and kernel cracker among others. This intervention has been highly commended and continues to sustain the livelihoods of the beneficiaries.

Sustaining our communities with employment
MTN Ghana also provides jobs to over 500,000 people through its ecosystem of employees, partnerships and suppliers. This comprises of MTN employees, dealers/ distributors, content providers, printing firms, advertising, media, PR agencies. It also includes MTN canvassers, merchants, agents etc.

MTN Ghana has a bright future and continues to focus in ensuring the sustainability of communities. MTN commits to its continued corporate social investments and in contributing to impacting the lives of those in our communities positively.

MTN Ghana Foundation - The 2019 Journey

Cutting of tape to officially commission the Palm Oil Processing Center

Women at the processing centre ready to process the Palm Oil

Processing Plant

Some MTN Executives and MTN Ghana Foundation Board Members at the commissioning

Side View - Maternity Block of Tema General Hospital

Rural telephony

Rural telephony - The journey so far

Connecting the Unconnected

For several years, after the introduction of telecommunications services in the country, mobile network providers have been looking for the most affordable ways of providing services for rural communities. This was to ensure that companies are able to bridge the gap between the rural and urban communities.

MTN believes that everyone deserves the benefits of a modern connected life. This belief got MTN to work together with its technology partners to develop a solution that will enable it provide cheaper services to people in rural communities.

In 2017, MTN, Hauwei and the Government of Ghana through the Ghana Investment Fund for Electronic Communications (GIFEC) initiated the Rural Telephony project.

The Rural Telephony Project is the first commercial telecommunication solutions to be deployed in Africa which enabled MTN to re-farm existing spectrum on the 900MHz band for 2G and 3G deployment (UMTS 900) in the rural communities. The project is powered by an innovative solution known as 'Rural Star' developed to make it possible for rural communities to enjoy the full benefits of mobile telephony services and digital technology. It provides voice, SMS, Mobile Money and internet services.

The Rural Telephony project was initiated as part of efforts to achieve universal mobile telephone service coverage throughout Ghana, and increase telephone subscribership to as many citizens as possible (i.e underserved and unserved communities.)

Four years down the line, MTN has put up 400 sites at a cost of GH¢ 17,872,445.79. ($ 3,324,010). The provision of the rural telephony is helping Ghana address the UN SDGs Goals 3, 4 & 8 which focuses on good health, wellbeing, quality education and economic growth.

As a result of the rural telephony project, some of the gaps between urban societies and deprived rural communities have been bridged. It is helping to open up communities to benefit economically and improve social lifestyle such as access to information via the internet, social media, enhanced teaching and learning in schools among others.

Due to the benefit of the project to Ghanaians, the President of the Republic of Ghana, H.E Nana Addo Dankwa Akufo-Addo officially commissioned the project at Abenaso in the Eastern Region. He applauded the partners, MTN Ghana, GIFEC and Huawei for initiating the project. He also highlighted the importance of this project which covers over 900,000 population in 200 communities and said the people of Ghana in rural areas will also have the opportunity to access telephony services.

The CEO of MTN Ghana, Mr. Selorm Adadevoh who was at the commissioning attributed the project to MTN's vision of "leading the delivery of a bold digital world" and the urgent need to support national efforts aimed at bridging the digital divide in Ghana.

The Rural Telephony project has been applauded by all Ghanaians especially, government officials as a result of its economic impact. The project has won two major awards; Best Mobile Innovation for emerging markets in 2018, awarded by GSMA and the most innovative project in Ghana award, presented by the Project Management Institute (PMI) in 2019.

Rural telephony - The journey so far

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	Non-executive director	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

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

Ishmael Yamson

Board chairman

(77)

Ishmael Yamson is a seasoned, well-known corporate executive and a governance expert in Ghana. He joined UAC of Ghana Ltd, later Unilever Ghana Ltd, in 1966 from the University of Ghana, Legon. He worked for the Company for 38 years in various capacities, the last 18 years of which he was Chief Executive Officer and Chairman. During that period, he restructured and transformed the company and set it on a path of sustained growth for more than 15 years. He holds a B.Sc. Economics (Hons) degree from the University of Ghana. Ishmael's corporate life transcended Unilever. He has been deeply involved in the development of Ghana's private sector having played key roles in key Private Sector Associations including the Ghana Chamber of Commerce (President), Ghana Employers' Association (President) and Ghana Private Enterprise Foundation (President). He was a founding member and Director of the Ghana Stock Exchange and a founding member and Director of the Centre for Policy Analysis (CEPA). He was also a member of the team that developed the first Ghana Investment Promotion Centre Act. 1994 (Act 478). Additionally, he was a founding Director of the Commonwealth Business Council and the Chairman of the Council's Governance Committee and a member of the Duke of Edinburgh's Commonwealth Conference which focuses on the development of future leaders. He is also a member of the Board of Trustees of the College of Health Sciences, University of Ghana. He also serves on the Advisory Council of Kosmos Energy, Ghana. Previously he served as Chairman of the President's Economic Advisory Council from 2009 to 2012, Chairman of the University of Ghana Council, Chairman of the Ghana Investment Promotion Council, Director of the Bank of Ghana, Chairman of Standard Chartered Bank and Chairman of Kumasi Breweries Limited. Ishmael Yamson contributed to the ICC publication, "The New Europe in the New World Economy" at the ICC 33rd World Congress, Budapest 2000 and "Central Banking and the Millennium Development Goals – The Accra Agenda; Proceedings of the Bank of Ghana's 50th Anniversary Symposium, Accra 2009". He is the author of "Africa In Search of Prosperity". He has spoken at several international conferences including the World Economic Forum in South Africa. He has received national and international awards including the Order of the Volta and the Companion of the Order of the Volta from the Republic of Ghana, Africa Business Award by the Commonwealth Business Council and an Honorary Doctorate Degree (Honoris Causa) from the University of Ghana.

Other directorships: Mantrac Ghana Limited, Benso Oil Palm Plantation Limited, Ishmael Yamson & Associates, Nosmay Ghana Limited, Ghacem Ghana Limited.

Selorm Adadevoh

Chief executive officer

(46)

Selorm is the chief executive officer of MTN Ghana since June 2018. Prior to this, he 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 & acquisitions and private equity consulting projects. Selorm is a member of the African Leadership Network (ALN) and a lifetime supporter of Liverpool FC. He 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), Sahel Grains Limited (Ghana).

Our Board of Directors (continued)

Modupe Kadri
Non-executive director
(51)

Modupe Kadri is the chief financial officer/executive Director for MTN Nigeria Communications PLC since 1 March 2020. He joined MTN Nigeria in 2007 as the general manager financial operations and held various positions within the finance division. In August 2014, he joined Scancom PLC as the chief financial officer and was appointed executive director in April 2016, a position he held until 29 February 2020.

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.

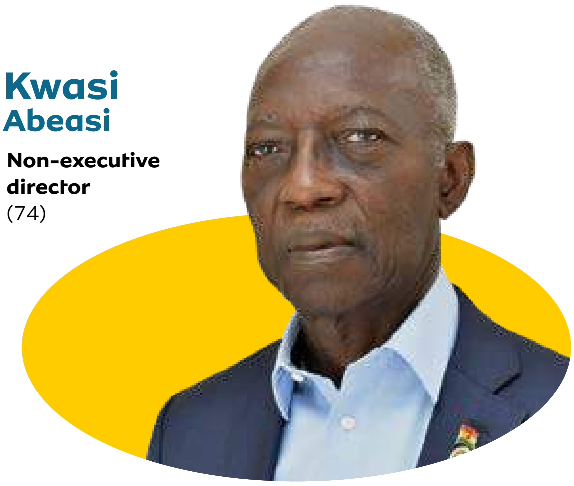
Other directorships: MTN Nigeria Communications PLC, MobileMoney Limited and Hajj Mabrur Ventures Limited (Nigeria).

Ebenezer Asante
Non-executive director
(53)

Ebenezer Asante was 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: MTN Zambia Limited, MTN Rwandacell S.A.R.L, MTN Uganda and Standard Chartered Bank Ghana Limited.

Kwasi Abeasi
Non-executive director
(74)



Kwasi Abeasi is the owner and chief executive officer of Africa Investconsult Limited and until the end of 2017, the Lead Consultant for the ECOWAS Commission's private sector directorate. He has a Bachelor's degree in Mechanical Engineering from the Kwame Nkrumah University of Science and Technology of Ghana(1969),an MBA in operations management and marketing from Syracuse University, an advanced marketing certificate from Harvard Business school and a top Level public sector management certificate from the National University of Singapore. He started his working life with the Volta Aluminium Company (VALCO), then with the Mobil Oil Ghana Limited and the Agricultural Development Bank (ADB). He joined the Ghana Oil Company (GOIL) in 1988 and became its Managing Director in 1994. He later left to set up and become the first Director-General of the Private Enterprise Foundation (PEF) of Ghana. Upon retirement in 2015, he was recruited by the "Economist" to be the managing director/chief executive officer of the African Business Roundtable (ABR) in South Africa.

Other directorships: Africa Investconsult Ltd, Ghana Investment Promotion Centre, People's Pension Fund, Investcorp Ltd and Lifeforms Ltd.

Our Board of Directors (continued)

Sugentharen Perumal

Non-executive director
(40)

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.

Fatima Daniels

Non-executive director
(59)

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, Momentum Metropolitan Holdings Ltd and Momentum Metropolitan Group Ltd, Clicks Group Ltd, Rand Refinery (Pty)Ltd, AfriSam Holdings(Pty)Ltd, JSE Limited, Abathwa Capital Holdings (Pty)Ltd, Letjoba Investments(Pty)Ltd and Buona Fortuna Investments(Pty) Ltd.

Ralph Mupita

Non-executive director
(48)

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 PLC, 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.

Pala Asiedu Ofori

Board secretary
(50)

Pala Asiedu Ofori is the company secretary of Scancom Plc. She is a lawyer with 25 years of experience in corporate and commercial law, with expertise in general corporate, advanced company law, and corporate governance practice, 15 years of which have been within the telecoms industry. As head of the Commercial Legal and Company Secretarial function of MTN Ghana, she was instrumental in the transition of the Company from a private company to a public company listed on the Ghana Stock Exchange. Before joining MTN Ghana, Pala was a Senior Associate at JLD Legal Consultancy Services. Pala holds a bachelor of Law Degree (LLB) from the University of Ghana Legon, and was called to the Ghana bar in 1995. She holds a Master's degree in Law (LLM) (Electronic/Commercial Law) from the University of Cape Town, South Africa, and is a member of the Ghana Bar Association.

Our management team

Selorm Adadevoh
Chief executive officer

refer to Board Profile (P 34)

Kobina Bentsi-Enchill
Acting chief finance officer

Kobina Sam Bentsi-Enchill is the acting chief finance officer. With over 18 years work experience in various finance and accounting positions in telecommunications. Kobina is currently responsible for providing strategic leadership and oversight for the finance division and aligning financial deliverables with business strategy. He holds a Bachelor of Commerce degree from the University of Cape Coast, Cape Coast and is a chartered management accountant and member of the Chartered Institute of Management Accountants, UK (CIMA).

Amma Benneh-Amponsah
Human resources executive

Amma's generalist HR experience and strategic focus have shaped MTN Ghana's talent resourcing, management, development and workplace culture. Her work experience spans 20 years and 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-centered workplaces and ensuring employees are enterprise contributors has earned MTN Ghana many HR accolades including the prestigious Gold Investors In People (IIP) accreditation, the Investors in People Global Gold Award, recognition as the best organization in HR best practice in Ghana consecutively and a company culture that exceeds Ghana, West Africa and global best practice norms in consecutive independent assessments. Amma lends her expertise to Boards both in the ICT and Non-ICT sector.

Samuel Koranteng
Corporate services executive

Samuel Koranteng is a lawyer by profession with approximately 30 years' post qualification experience in general law practice, 11 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. Samuel is also an Executive Director of the MTN Ghana Foundation. 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.

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.

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.

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.

Bernard Acquah

Chief information officer

Bernard is accountable for providing strategic leadership and oversight for the IS Division and aligning IT deliverables with business strategy. Prior to joining MTN, Bernard was the CIO of Vodafone Ghana. He has worked in senior IT roles with various industries including Banking, Logistics, Insurance and Consulting in Ghana and the UK and some selected European markets. Bernard brings on board significant experience in Technology and Finance / Banking related roles from his time at Citigroup, Credit Suisse, UT Holdings, WestLB AG, Goldman Sachs, Mint Global and Abbey National, in addition to his 7+ years at Vodafone Ghana. He is an alumni of Kingston University, UK where he studied Computer Science and City University Business School, UK where he pursued an MBA in Finance. He is also a fellow of the British Computer Society, a chartered IT Professional, a member of the Institute of Electrical and Electronic Engineers and a PRINCE2 Registered Practitioner.

Our management team (continued)

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 and the GSMA Mobile Money Certification in November 2019. Eli is a Chartered Marketer with over 18 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 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 specialized 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 the current Chair of the MTN Products and Services Innovation Committee and leads our Commercial strategy initiatives. 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.

He is the current CIMG Marketing Personality of year 2019.

Nzuzi Sala-Diakanda

General manager, risk and compliance

Nzuzi Sala-Diakanda is passionate and results-oriented governance, risk & compliance executive with over 25 Years of experience in operations and management across Africa. He 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. Nzuzi 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. Nzuzi started his career with PricewaterhouseCoopers, where he worked for seven years across Central Africa and France. Nzuzi holds a Master's in finance and accounting and a degree in management and economics from the Catholic University of Central Africa. He also holds multiple certifications in governance, risk and compliance and he is a certified member of Institute of Risk Management (IRM) and completed a general management programme (GMP) at the Witwatersrand Business School in South Africa. Nzuzi serves on the Board of MobileMoney Limited.

Sam Addo

General manager enterprise & eholesale business

Sam Addo is responsible for 1. Enterprise Business Unit (B2B) – MNC, Corporate Business, Government and Public Sector, SME. 2. Wholesale: Carrier Wholesale – Fixed and Mobile. He was a General Manager in the Sales and Distribution Division of MTN Ghana for 6 years. Prior to joining MTN, Sam worked for 13 years in several roles at Unilever Ghana, including Area Manager. 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. He has been on Kellogg Executive Education and Columbia Business School Executive Education programs.

Our management team (continued)

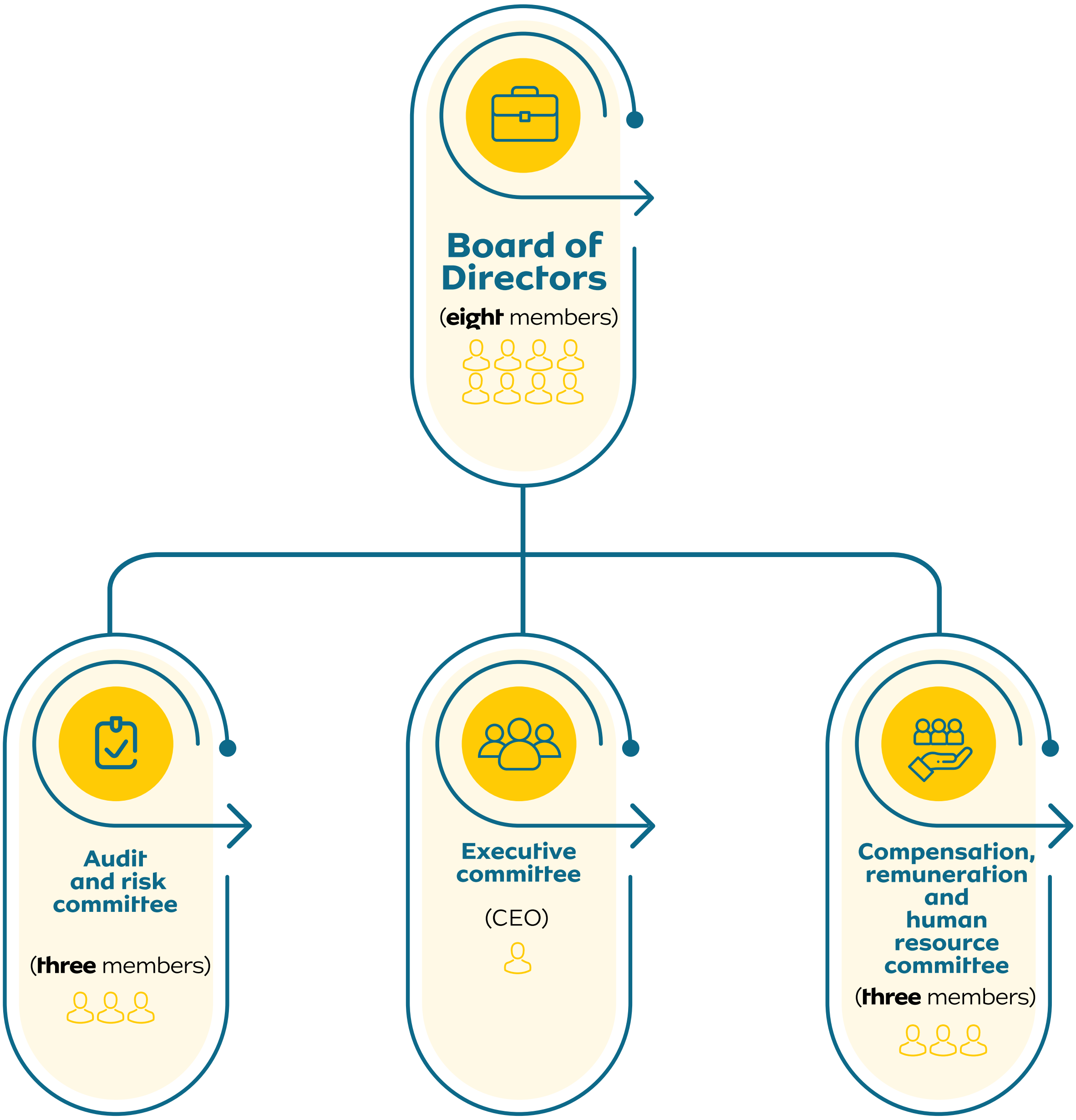
William Tetteh

General manager, capital projects

William Tetteh is a highly skilled and ambitious telecom's professional with an enviable background in complex technical analysis and project management. For the past 19 years William has contributed to the telecommunication ecosystem and it's evolving new technologies in Ghana and MTN to be precise. He is responsible for the development of strategy and operation support for the Capital Project Group function and ensures effective governance and execution of Projects managed by the Division on behalf of the Organization to meet Business Plan objectives. His commitment to commercialising technology and conviction that purpose drives technology forward has shaped MTN Ghana's Capital Projects deployment and management across both technical and non-technical projects. William holds a Bachelor of Science in Physics from the University of Science and Technology, an MBA in Project Management from the University of Ghana, an MSc in Telecommunication Engineering from the Ghana Telecom University College and an Executive Education from Columbia University, USA and an Alumna of the prestigious MTN Global Advancement Program. His most recent achievements came during the Maiden edition of the Project Management Awards where he won in the category of "Distinguished Contribution to Project Management Award". William is a Board Member of the Ghana Investment Fund for Electronic Communication (GIFEC). He is also the Chairman of the Technical Sub-Committee and a Member of the Audit Committee of the Board of GIFEC.

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 Board strives to create maximum shared value for its shareholders. The Scancom PLC (MTN Ghana) Board consists of eight members, made up of a non-executive chairman, six non-executive directors and one executive director



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 2019.

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 estimates that are reasonable and prudent in the circumstances and followed International Financial Reporting Standards and complied with the requirements of the Companies Act, 2019 (Act 992).

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 2020. Based on 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 to:

- provide telecommunication services including voice, data, enterprises solutions;
- provide mobile financial services in the financial services industry;
- develop strategic partnerships to provide advance services in the mobile financial service industry; and
- provide consultancy and support services in the area of mobile banking, payment services and fintech.

Summary of financial results

The financial results for the year ended 31 December 2019 are set out on page 55.

Dividend

Dividend amounting to GH¢614 million (GH¢ 0.05 per share) was paid in 2019 (2018: GH¢1,313 million, GH¢ 0.0437 per share). This consisted of an interim dividend of GH¢245 million for the financial year ended 31 December 2019 and a final dividend of GH¢ 369 million for the financial year ended 31 December 2018. The directors recommend the payment of GH¢ 492 million (GH¢ 0.04 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.

Substantive interest in shares

According to the register of members as at 31 December 2019, 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:

	31 December 2019	31 December 2018
I. Yamson (Chairman)★	**667,300**	667,300
K. Abeasi	**230,000**	230,000
E. Asante	**8,000,100**	8,000,100
S. Adadevoh	**133,500**	133,500
F. Daniels	**-**	-
M. Kadri	**865,000**	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)

Report of the directors (continued)

Remuneration of executive and non-executive directors

The remuneration of directors is disclosed under key management personnel information in Note 2.35 and non-executive directors is disclosed as directors' fee in Note 2.11.

Stated capital

There was no change in the authorised shares of Scancom PLC during the year under review. A total of 12.29 billion (2018: 12.29 billion) ordinary shares of no par value have been issued as at 31 December 2019. Further details of the authorised and issued ordinary shares are disclosed in Note 2.27.

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. The principal activities of the Company are to:

- Provide mobile financial services in the financial services industry;
- Develop strategic partnerships to provide advance services in the mobile financial service industry; and
- Provide consultancy and support services in the area of mobile banking, payment services and fintech.

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.

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 GH¢ 41 million to improve health care, education and living conditions for over 4 million people with 149 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¢9.8 million (2018: GH¢7.6 million) was charged to the statement of comprehensive income.

Auditors

The Group's auditor, Messrs. PricewaterhouseCoopers, has expressed willingness to continue in office in accordance with Section 139 (5) of the Companies Act, 2019 (Act 992). Audit fee for the year ended 31 December 2019 was GH¢4,335,000.

Capacity building of directors

Directors of Scancom PLC, in 2019, have been engaged in a combination of instructor led courses as well as local and international conferences and seminars, aimed at strengthening their skills and abilities in the exercise of their duties as directors. Trainings covered a broad spectrum of areas including corporate governance, transfer pricing, taxation and world trends in the telecommunications landscape. As part of the quarterly meetings of the Board, directors received updates in areas of the business such as marketing, technology covering network and information systems, and mobile financial services.

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 25 February 2020 and are signed on its behalf by:

Ishmael Yamson	**Selorm Adadevoh**
Chairman	Chief executive officer

Audit and risk committee report

Membership of the Audit and Risk Committee (ARC) of the Board

Name	Designation	Date appointed	Date Resigned
Fatima Daniels	Chairperson	7 February 2016	
Albert Fernandez	Member	10 September 2015	1 June 2019
Sugenthanren Perumal	Member	1 June 2018	
Ebenezer Asante	VP SEAGHA	14 August 2018	

Albert Fernandez resigned from the Board and therefore ceased to be a member of this committee as at year end.

The chief executive officer, the chief financial officer, the general manager: risk & compliance, general manager: internal audit & 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 assists 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 the Audit Risk Committee activities in 2019

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

The ARC met five times during the financial year under review on 18 February, 25 February, 24 April, 23 July, 29 October 2019. At these meetings, the committee reviewed:

- Company's financial results as presented in the Company's financial statements
- 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 Risk & Compliance Management and Internal Audit & Forensic Services plans
- Progress against implementation of issued audit report recommendations (by internal & external auditors) and
- Degree of compliance to laid down policies, laws and regulations, code of ethics and business practices of the Company.

Review of the financial performance of the Company for the year ended 31 December 2019

The committee at its meeting on 21 February 2020 reviewed the financial statements for the year ended 31 December 2019 presented by management and recommended it to the Board for approval.

Risk & Compliance Management / Internal Audit & Forensic Services Functions

The ARC reviewed and approved the MTN Ghana Combined Assurance Plan for 2020 at its meeting on 21 February 2020 and was updated on the activities of Risk & Compliance and Internal Audit & Forensic Services Divisions including the status of audits and findings from internal audit reports.

The committee oversaw the resourcing of new approved structure for 2nd and 3rd lines of defense 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 29 October 2019 shared their 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 2019.

Audit and risk committee report (continued)

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 29 October 2019, 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 21 February 2020 ARC meeting, PwC presented the findings from their audit of the financial statements for the year ended 31 December 2019 to the committee members.

Key focus areas for 2020

- Furthe strengthen the second and third lines of defense 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 programs;
- Continue to focus on ethics and culture;
- Review progress on adoption of new accounting standards;
- Extract efficiencies of a combined assurance model; and
- Continue to facilitate a fair and balanced approach to corporate reporting.

Independent auditor's report to the members of SCANCOM PLC

for the year ended 31 December 2019

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 2019, 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, 2019 (Act 992).

What we have audited

We have audited the financial statements of Scancom PLC and its subsidiary for the year ended 31 December 2019.

The financial statements comprise:

- the separate and consolidated statements of financial position as at 31 December 2019;
- 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; and
- 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 Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) issued by the International Ethics Standards Board for Accountants and the independence requirements of section 143 of the Companies Act, 2019 (Act 992) that are relevant to our audit of the separate and consolidated financial statements. We have fulfilled our other ethical responsibilities in accordance with the Code.

Independent auditor's report to the members of SCANCOM PLC (continued)

for the year ended 31 December 2019

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Company and the 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¢18.7 million The Group provides network services and Information Communication Technology services to post-paid individual and corporate subscribers, enterprise business units and interconnect partners on credit. As at 31 December 2019, trade receivables amounted to GH¢378 million after providing for impairment losses of GH¢ 18.7 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 age 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 judgements in the grouping of receivables, payment profile per receivable groupings, write offs. assumptions and techniques for determining ECL, default and credit impaired assets and in choosing forward looking information and weightings. The accounting policies, judgements and disclosures are set out in note 2.5.3, 2.36.7, 2.37.3 of the financial statements.	We evaluated the design and tested the operating effectiveness of controls in respect of the revenue and receivables cycle. We tested the ageing analysis of trade receivables to assess the appropriateness of the age profile of trade receivable balances. We assessed the appropriateness of judgements made in the grouping of receivables, payment profile per receivable groupings and write offs. We assessed the appropriateness of assumptions and techniques for determining ECL, default and credit impaired assets and the judgements made in choosing forward looking information and weightings by measuring them against historical trends. We assessed the appropriateness of the related disclosures made in the financial statements.

Independent auditor's report to the members of SCANCOM PLC (continued)

for the year ended 31 December 2019

Key audit matter	How our audit addressed the key audit matter
Recognition of lease liabilities amounting to GH¢1.7 billion on the statement of financial position	
The Group leases network infrastructure (tower space and land) and retail stores from various lessors. Lease liabilities were measured at the present value of the remaining lease payments, discounted using Scancom PLC's incremental borrowing rate. Management made certain assumptions and judgements in determining the lease term, escalation clauses and timing of contractual repayments in measuring the lease liabilities. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Management applies judgement in assessing whether it is reasonably likely that options will be exercised. Factors considered include how far in the future an option occurs, the Group's business planning cycle of three to five years and history of terminating and not renewing leases. Management also exercised judgement in respect of escalations for certain network sites that had variable payments linked to consumer price index. The accounting policies, judgements and disclosures are set out in notes 2,5.2 and 2.16.4 of the financial statements.	We evaluated management's IFRS 16 implementation plan. We obtained an understanding of management's process for identifying a lease and determining the present value of lease payments. We assessed the appropriateness of management's incremental borrowing rate used to discount minimum lease payments. We assessed management's basis for estimating lease liabilities, including significant assumptions and the quality of the observable data used such as lease commencement and end data, frequency of payments and minimum lease payments. We assessed the reasonableness of judgements and assumptions made in determining if an option to extend a lease term will be exercised and how escalations will be treated. We evaluated the robustness of management's model methodology by including management's data in an independent copy of the model to determine whether output would be similar to management's output. We assessed the appropriateness of the related disclosures made in the financial statements.

Independent auditor's report to the members of SCANCOM PLC (continued)

for the year ended 31 December 2019

Other information

The directors are responsible for the other information. The other information comprises Corporate Information, Report of the Directors, Audit and Risk Committee Report, Shareholder information and Five Year Financial Summary but does not include the separate and consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and About this Report, Who We Are, Notice to Annual General Meeting, Dividend Declaration, Operational Performance for 2019, MTN Ghana Foundation, Rural Telephony, Corporate Governance and Administration which are expected to be made available to us after that date.

Our opinion on the separate and consolidated financial statements does not cover the other information and we do not and will 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 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 that we obtained prior to the date of this auditor's report, 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.

When we read About this Report, Who We Are, Notice to Annual General Meeting, Dividend Declaration, Operational Performance for 2019, MTN Ghana Foundation, Rural Telephony, Corporate Governance and Administration, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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, 2019 (Act 992) 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 the 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's internal control;

Independent auditor's report to the members of SCANCOM PLC (continued)

for the year ended 31 December 2019

- 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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; and
- 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, 2019 (Act 992) 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; and

iii) the Group's statement of financial position and the Group's 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/2020/028)
Chartered Accountants
Accra, Ghana
26 February 2020

pwc

Statements of comprehensive income

for the year ended 31 December 2019

(All amounts are in thousands of Ghana Cedis)

		2019		2018	
	Note	Group	Company	Group	Company
Revenue from contract with customers	2.6.6	5,181,836	4,237,407	4,218,847	3,471,007
Direct network operating costs	2.7	(624,043)	(623,985)	(889,026)	(888,987)
Cost of handsets and other accessories		(98,861)	(98,861)	(87,262)	(87,011)
Interconnect and roaming costs	2.8	(282,706)	(282,706)	(381,838)	(381,838)
Employee benefits expense	2.9	(231,559)	(224,994)	(188,392)	(184,365)
Selling, distribution and marketing expenses	2.10	(928,190)	(468,497)	(797,561)	(446,205)
Other operating expenses	2.11	(386,044)	(356,336)	(287,139)	(283,246)
Earnings before interest tax depreciation and amortisation		2,630,433	2,182,028	1,587,629	1,199,355
Depreciation	2.16.1	(701,307)	(699,978)	(382,413)	(382,301)
Amortisation	2.17.3	(100,237)	(99,974)	(81,154)	(81,063)
Operating profit		1,828,889	1,382,076	1,124,062	735,991
Finance income	2.12.3	76,773	534,434	75,693	70,608
Finance costs	2.12.3	(462,288)	(460,940)	(120,561)	(120,404)
Profit before income tax		1,443,374	1,455,570	1,079,194	686,195
National fiscal stabilisation levy	2.14	(72,169)	(48,778)	(53,960)	(34,310)
Income tax expense	2.13.3	(363,247)	(246,623)	(270,558)	(172,371)
Profit after income tax		1,007,958	1,160,169	754,676	479,514
Other comprehensive income		-	-	-	-
Total comprehensive income		1,007,958	1,160,169	754,676	479,514
Diluted/basic earnings per share	2.15	GH¢ 0.082	GH¢ 0.094	GH¢ 0.067	GH¢ 0.043

The notes on pages 59 to 114 are an integral part of these financial statements.

Statements of financial position

(All amounts are in thousands of Ghana Cedis)

	Note	Group At 31 December 2019	Company At 31 December 2019	Group At 31 December 2018	Company At 31 December 2018
Non-current assets		5,162,022	5,156,433	3,060,546	3,059,107
Property, plant and equipment	2.16.1	3,018,008	3,012,671	2,549,095	2,548,171
Right of use Assets	2.16.1	1,574,776	1,574,776	-	-
Intangible assets	2.17	448,276	447,974	418,536	417,971
Investment in subsidiary	2.18	-	50	-	50
IRU assets	2.19	82,224	82,224	76,303	76,303
Contract asset	2.20.2	3,841	3,841	5,353	5,353
Capitalised contract cost	2.20.3	34,897	34,897	11,259	11,259
Current assets		4,796,628	1,244,841	1,156,334	1,010,918
Inventories	2.21	15,780	15,780	10,305	10,305
Trade receivables	2.22.1	378,431	358,243	370,038	329,855
Other assets	2.23	51,802	50,971	100,337	100,337
Other financial assets at amortised cost	2.24	98,718	101,197	47,135	158,648
Income tax assets	2.13.5	374,353	363,023	206,862	211,937
National stabilisation levy receivable	2.14	2,363	4,214	4,207	5,218
IRU assets	2.19	10,867	10,867	10,925	10,925
Mobile money float	2.25	3,405,579	-	-	-
Cash and cash equivalents	2.26	458,735	340,546	406,525	183,693
Total assets		9,958,650	6,401,274	4,216,880	4,070,025
Equity		2,803,826	2,680,875	2,410,392	2,135,230
Stated capital	2.27	1,097,504	1,097,504	1,097,504	1,097,504
Retained earnings	2.38	1,706,322	1,583,371	1,312,888	1,037,726
Non-current liabilities		2,134,200	2,140,051	653,090	653,083
Borrowings	2.28	225,421	225,421	338,854	338,854
Deferred tax liabilities	2.13.6	339,399	345,250	304,206	304,199
Lease liabilities	2.16.4	1,560,009	1,560,009	-	-
IRU liability	2.19	5,601	5,601	6,260	6,260
Provisions	2.29	3,770	3,770	3,770	3,770
Current liabilities		5,020,624	1,580,348	1,153,398	1,281,712
Trade and other payables	2.30	1,055,852	1,022,059	911,051	1,039,785
Obligations to electronic money holders	2.25	3,405,579	-	-	-
Contract liability	2.20.1	80,934	80,934	89,838	89,838
Provisions	2.29	49,019	48,115	51,987	51,567
Lease liabilities	2.16.4	148,726	148,726	-	-
IRU liability	2.19	512	512	522	522
Borrowings	2.28	280,002	280,002	100,000	100,000
Total liabilities		7,154,824	3,720,399	1,806,488	1,934,795
Total equity and liabilities		9,958,650	6,401,274	4,216,880	4,070,025

The notes on pages 59 to 114 are an integral part of these financial statements.

The financial statements on pages 55 to 114 were approved by the Board of Directors on 25 February 2020 and signed on its behalf by:

Ishmael Yamson
Chairman

Selorm Adadevoh
Chief executive officer

Statement of changes in equity- Group & Company

(All amounts are in thousands of Ghana Cedis)

Group **Year ended 31 December 2019**		Stated capital	Retained earnings	Total equity
Balance at 1 January 2019		**1,097,504**	**1,312,888**	**2,410,392**
Profit for the year		**-**	**1,007,958**	**1,007,958**
Other comprehensive income		**-**	**-**	**-**
Total comprehensive income		**-**	**1,007,958**	**1,007,958**
Transaction with owners:				
Dividend declared		**-**	**(614,524)**	**(614,524)**
Balance at 31 December 2019		**1,097,504**	**1,706,322**	**2,803,826**
Year ended 31 December 2018				
	Note			
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
Dividend declared		-	(1,312,806)	(1,312,806)
Balance at 31 December 2018		1,097,504	1,312,888	2,410,392

Company **Year ended 31 December 2019**		Stated capital	Retained earnings	Total equity
Balance at 1 January 2019		**1,097,504**	**1,037,726**	**2,135,230**
Profit for the year		**-**	**1,160,169**	**1,160,169**
Other comprehensive income		**-**	**-**	**-**
Total comprehensive income		**-**	**1,160,169**	**1,160,169**
Transaction with owners				
Dividend declared		**-**	**(614,524)**	**(614,524)**
Balance at 31 December 2019		**1,097,504**	**1,583,371**	**2,680,875**
Year ended 31 December 2018				
Balance at 31 December 2018 as originally presented	Note	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
Dividend declared		-	(1,312,806)	(1,312,806)
Balance at 31 December 2018		1,097,504	1,037,726	2,135,230

The notes on pages 59 to 114 are an integral part of these financial statements.

Statements of cash flows

(All amounts are in thousands of Ghana Cedis)

	Note	For the year ended 31 December 2019 Group	Company	For the year ended 31 December 2019 Group	Company
Cash generated from operations	2.32	**2,554,868**	**2,039,667**	1,616,438	1,286,249
Interest received		**44,435**	**24,684**	24,455	19,462
Interest paid		**(366,626)**	**(366,626)**	(68,996)	(68,996)
Dividend received from subsidiary		**-**	**480,000**	-	-
Dividend paid	2.31	**(614,524)**	**(614,524)**	(1,381,806)	(1,381,806)
Income tax paid	2.13.5	**(607,545)**	**(468,659)**	(338,017)	(244,912)
National stabilisation levy	2.14	**(70,325)**	**(47,774)**	(55,663)	(37,024)
Net cash generated from/(used in) operations		**940,283**	**1,046,768**	(203,589)	(427,027)
Cash flow from investing activities					
Acquisition of property, plant and equipment	2.16.2	**(708,913)**	**(708,913)**	(606,898)	(606,898)
Acquisition of intangible assets	2.17.4	**(107,964)**	**(107,964)**	(149,880)	(149,224)
Investment in subsidiary	2.18	**-**	**-**	-	(50)
Proceeds from disposal of property, plant and equipment	2.16.6	**244**	**244**	607	607
Acquisition of additional IRU capacity	2.19.1	**(19,658)**	**(19,658)**	(26,673)	(26,673)
Net cash used in investing activities		**(836,291)**	**(836,291)**	(782,844)	(782,238)
Cash flows from financing activities					
Proceeds from share issues	2.27	**-**	**-**	1,096,141	1,096,141
Principal element of lease payments		**(119,046)**	**(119,046)**	-	-
Proceeds from borrowing	2.28	**265,000**	**265,000**	100,000	100,000
Repayment of borrowing	2.28	**(200,000)**	**(200,000)**	-	-
Net cash (used in)/ generated from financing activities		**(54,046)**	**(54,046)**	1,196,141	1,196,141
Movement in cash and cash equivalents		**49,946**	**156,431**	209,708	(13,124)
At beginning of the year		**406,525**	**183,693**	196,730	196,730
Exchange gain on cash and cash equivalents		**2,264**	**422**	87	87
At end of year	2.26	**458,735**	**340,546**	406,525	183,693

The notes on pages 59 to 114 are an integral part of these financial statements.

Notes

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

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, the provision of mobile financial services, the development of strategic partnerships to provide advance services and the provision of consultancy services in the mobile banking space. 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 (IFRSs), as issued by the International Accounting Standard Board (IASB), and interpretations issued by the IFRS interpretations committee (IFRSIC) of IASB that are effective as at 31 December 2019, and the requirements of the Companies Act, 2019 (Act 992). 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 2019.

IFRS 16 "Leases"

The Group had to change its accounting policies as a result of adopting IFRS 16. The Group elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 January 2019 and 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. Further information is provided in note 2.16.4.

IFRIC 23, "Uncertainty over income tax treatments"

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities when there is uncertainty over a tax treatment.

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 2019 reporting periods and have not been early adopted by the Group. These standards and amendments are not expected to have a material impact on the Group in the current or future periods.

Definition of Material – Amendments to IAS 1 and IAS 8

The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

Revised Conceptual Framework for Financial Reporting

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting
- reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity
- revising the definitions of an asset and a liability
- removing the probability threshold for recognition and adding guidance on derecognition
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.4 Measurement principles

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, Right of use asset	Historical cost, less accumulated depreciation and impairment losses
Right of use asset	Cost -Initial measurement of lease liability - any lease payment made at/before commencement date
Intangible assets	Historical cost, less accumulated recognised 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

Item	Measurement principle
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
Lease liabilities	Present value of remaining lease payments discounted using the group's incremental borrowing rate at date of initial application
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
Borrowings	Amortised cost

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

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 is 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 Lease liabilities

(i) Extension and termination options

Extension and termination options are included on a number of leases across the group. These are used to maximise operational flexibility in managing the assets used in the group's operations. In determining the lease term, management considers all facts and circumstance that create an economic incentive to exercise an extension option. Due to the technological nature of MTN operations, the directors have determined that a reasonably certain period of exercising an option to extend lease term to be aligned to a business planning cycle of between 3 to 5 years.

(ii) Variable lease payment

Certain network sites have variable lease payments linked to CPI. To the extent that there are no floors in the contract, escalations based on these invoices were discarded by directors in determining the lease liability.

2.5.3 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.

2.5.4 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.

2.5.5 Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight line basis over their estimated useful lives ranging from 3 to 20 years. Changes in the expected level of the usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised.

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

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 Network services

Network services revenue comprises revenue from airtime voice, data and SMS. Revenue is recognised over time commencing on the date of activation or subscription.

Amounts 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 Interconnect and roaming

Interconnect and 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.

2.6.3 Mobile 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.

2.6.4 Digital and Fintech

Fintech revenue is driven by fee income received from subscribers, transactions by subscribers on money transfers, subscriber cash out, other fees charged to merchants. Fintech revenue is recognised when subscriber payment transactions are made and are based on transaction prices set out for those services. Digital revenue is revenue earned on value added services. Digital revenue is recognised upon subscription based on tariff plans.

2.6.5 Other

Other revenue comprises revenue from fixed broad band, international and local leased lines providing connectivity, wireless broad band services, infrastructure sharing, infrastructure rentals and ICT services. Revenue is recognised over time commencing on the date of activation or subscription.

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.6.6 Disaggregation of revenue from contract with customers

Year ended 31 December 2019

Group	**Network Services**	**Interconnect and roaming**	**Digital and Fintech**	**Mobile, devices and accessories**	**Other**	**Total**
Revenue from contract with customers	**3,476,036**	**344,028**	**1,247,577**	**33,678**	**80,517**	**5,181,836**
Timing of revenue recognition						
At a point in time	**-**	**-**	**959,181**	**33,678**	**-**	**992,859**
Over time	**3,476,036**	**344,028**	**288,396**	**-**	**80,517**	**4,188,977**
	3,476,036	**344,028**	**1,247,577**	**33,678**	**80,517**	**5,181,836**

Year ended 31 December 2018

	Network Services	Interconnect and roaming	Digital and Fintech	Mobile, devices and accessories	Other	Total
Revenue from contract with customers	2,717,967	359,063	1,044,198	25,033	72,587	4,218,847
Timing of revenue recognition						
At a point in time	-	-	749,166	25,033	-	774,199
Over time	2,717,967	359,063	295,032	-	72,587	3,444,648
	2,717,967	359,063	1,044,198	25,033	72,587	4,218,847

Year ended 31 December 2019

Company	**Network Services**	**Interconnect and roaming**	**Digital and Fintech**	**Mobile, devices and accessories**	**Other**	**Total**
Revenue from contract with customers	**3,476,036**	**344,028**	**303,149**	**33,677**	**80,517**	**4,237,407**
Timing of revenue recognition						
At a point in time	**-**	**-**	**14,753**	**33,677**	**-**	**48,430**
Over time	**3,476,036**	**344,028**	**288,396**	**-**	**80,517**	**4,188,977**
	3,476,036	**344,028**	**303,149**	**33,677**	**80,517**	**4,237,407**

Year ended 31 December 2018

	Network Services	Interconnect and roaming	Digital and Fintech	Mobile, devices and accessories	Other	Total
Revenue from contract with customers	2,717,967	359,063	296,358	25,033	72,586	3,471,007
Timing of revenue recognition						
At a point in time	-	-	1,326	25,033		26,359
Over time	2,717,967	359,063	295,032	-	72,586	3,444,648
	2,717,967	362,063	296,358	25,033	72,586	3,471,007

Included in revenue from digital and fintech is interest income of GH¢17.9 million (2018: GH¢45.3 million) that is retained by the Group in respect of mobile money float interest.

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

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	Digital and Fintech	Mobile, devices and accessories	Other	Total
2019 Revenue	**3,476,036**	**344,028**	**1,247,577**	**33,678**	**80,517**	**5,181,836**
2018 Revenue	2,717,967	359,063	1,044,198	25,033	72,587	4,218,847
% YoY	28%	(4)%	19%	35%	11%	23%
2019 EBITDA margin						**51%**
2018 EBITDA margin						38%
2019 Capex spend						**1,112,539**
2018 Capex spend						824,196
% YoY						35%
2019 Profit after tax						**1,007,958**
2018 Profit after tax						754,676

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

(ii) Assets recognised from costs to fulfil a contract

The Group recognised assets in relation to costs to fulfil long-term Wi-Fi service contracts. 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 Group has recognised the following assets and liabilities related to contracts with customers:

	Note	**31 December 2019**	31 December 2018
Capitalised costs relating to acquisition of customer contracts	2.20.3	**34,897**	11,259
Loss allowance		**-**	-
Capitalised contract cost		**34,897**	11,259
Costs incurred to fulfil a contract (contract assets)	2.20.2	**3,841**	5,353
Contract liabilities – customer loyalty points		**18,956**	12,172
Contract liabilities – network services		**61,978**	77,666
Total contract liabilities	2.20.1	**80,934**	89,838

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.7 Direct network operating costs

	2019		2018	
	Group	**Company**	Group	Company
Transmission costs	**248,597**	**248,542**	578,544	578,509
Network maintenance costs	**241,796**	**241,796**	198,512	198,508
Leased lines costs	**18,968**	**18,965**	12,989	12,989
Spectrum and regulatory fees	**114,682**	**114,682**	98,981	98,981
	624,043	**623,985**	889,026	888,987

2.8 Interconnect and roaming costs

	2019	2018
	Group and Company	Group and Company
Interconnect costs	**263,714**	355,886
Roaming Costs	**18,992**	25,952
	282,706	381,838

2.9 Employee benefits expenses

2.9.1 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.

2.9.2 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 the MTN Group Limited share price. 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 were 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.

2.9.3 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.

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.9.4 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.

Employee benefits expense	2019		2018	
	Group	Company	Group	Company
Salaries and other short-term employee benefits	165,557	160,638	132,360	129,601
Post- employment benefits	7,369	6,904	6,483	6,309
Share based payments	9,042	9,005	6,848	6,824
Training	7,892	7,787	7,117	6,493
Long service awards	1,924	1,897	1,451	1,451
Pension cost	13,022	12,563	13,715	13,403
Bonus provision	26,753	26,200	20,418	20,284
	231,559	224,994	188,392	184,365

2.10 Selling, distribution and marketing expenses

	2019		2018	
	Group	Company	Group	Company
Expenses incurred in respect of valued added services (VAS)	133,541	133,123	121,346	119,579
Dealer commissions	238,782	238,782	230,535	230,535
Mobile money commissions	426,928	-	327,730	-
Marketing and advertising expenses	128,939	96,592	117,950	96,091
	928,190	468,497	797,561	446,205

2.11 Other operating expenses

	2019		2018	
	Group	Company	Group	Company
General expenses	71,800	48,269	56,551	54,950
Management fees	192,270	192,270	130,311	130,311
Power, maintenance and security costs	39,205	38,659	23,232	23,955
Impairment of trade receivables	7,940	7,940	2,963	2,963
Travel and entertainment	21,755	19,295	14,624	13,883
Lease payment – non-network	258	258	18,268	18,646
MTN foundation expenses	9,806	6,635	7,621	4,969
Outsourced expenses non-network	43,010	43,010	33,569	33,569
	386,044	356,336	287,139	283,246

Included in general expenses are the following:

	2019		2018	
	Group	Company	Group	Company
Audit fees and expenses	4,335	4,247	3,359	3,359
Directors' fees and expenses	725	725	523	523

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.12 Foreign currency translation

2.12.1 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.

2.12.2 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.

2.12.3 Finance income and costs

Finance income comprises interest income on funds invested, dividend received from subsidiary 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, foreign exchange losses and interest on obligations on lease liabilities.

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.

	2019		2018	
	Group	Company	Group	Company
Interest income from banks	44,435	24,684	24,455	19,462
Dividend income	-	480,000	-	-
Realised foreign exchange gains	30,505	30,405	32,173	32,173
Unrealised foreign exchange differences	1,833	(655)	19,065	18,973
Finance income	76,773	534,434	75,693	70,608
Interest expense on lease liabilities	(290,598)	(290,598)	-	-
Interest expense on borrowings	(79,446)	(79,446)	(64,984)	(64,984)
Other finance cost	(3,318)	(3,318)	(4,012)	(4,012)
Realised foreign exchange losses	(45,986)	(45,292)	(26,927)	(26,925)
Unrealised foreign exchange losses	(42,940)	(42,286)	(24,638)	(24,483)
Finance costs	(462,288)	(460,940)	(120,561)	(120,404)

2.13 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.

2.13.1 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.

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.13.2 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 utilized.

2.13.3 Analysis of income tax expense

	2019		2018	
	Group	Company	Group	Company
Current income tax charge	328,054	205,573	203,581	105,401
Deferred income tax charge	35,193	41,050	66,977	66,970
Income tax expense	363,247	246,623	270,558	172,371

2.13.4 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:

	2019		2018	
	Group	Company	Group	Company
Profit before income tax	1,443,374	1,455,570	1,079,194	686,195
Tax at standard rate of 25% (2018: 25%)	360,844	363,893	269,799	171,549
Tax effects of:				
Deferred tax of prior periods	(585)	(137)	(2,516)	(2,516)
Vehicle restriction	2,988	2,867	1,370	1,370
Profit on disposal	-	-	-	(365)
Dividend income not taxable	-	(120,000)	-	-
Expenses not deductible	-	-	1,905	2,333
Income tax expense	363,247	246,623	270,558	172,371
Effective tax rate	25.2%	16.9%	25%	25%

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.13.5 Current income tax liabilities

Group

Years of assessment	At 1 January	Charge for the year	Adjustment	Payments during the year	At 31 December
Up to 2018	**(206,862)**	**-**	**-**	**-**	**(206,862)**
2019	**-**	**328,054**	**112,000**	**(607,545)**	**(167,491)**
	(206,862)	**328,054**	**112,000**	**(607,545)**	**(374,353)**
Up to 2017	(172,426)	-	-	-	(172,426)
2018	-	203,581	100,000	(338,017)	(34,436)
	(172,426)	192,141	100,000	(338,017)	(206,862)

Company

Years of assessment	At 1 January	Charge for the year	Adjustment	Payments during the year	At 31 December
Up to 2018	**(211,937)**	**-**	**-**	**-**	**(211,937)**
2019	**-**	**205,573**	**112,000**	**(468,659)**	**(151,086)**
	(211,937)	**205,573**	**112,000**	**(468,659)**	**(363,023)**
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)

Adjustment of GH¢112 million (2018: GH¢ 100 million) relates to tax prepayment used to set off VAT obligations which is permitted under the Revenue Administration Act, 2016 (Act 915).

2.13.6 Deferred income tax liabilities

Deferred tax is accounted for in accordance with the accounting policy disclosed in note 2.13.2. 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 2019

Group

Deferred tax liabilities/(assets)	Balance at 1 January	Recognised in profit or loss	Balance at 31 December
Property, plant and equipment	**327,159**	**38,163**	**365,322**
Provisions	**(22,953)**	**(2,970)**	**(25,923)**
	304,206	**35,193**	**339,399**

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.13.6 Deferred income tax liabilities (continued)

Company

Deferred tax liabilities/(assets)	Balance at 1 January	Recognised in profit or loss	Balance at 31 December
Property, plant and equipment	**327,048**	**38,276**	**365,324**
Provisions	**(22,849)**	**2,774**	**(20,074)**
	304,199	**41,050**	**345,250**

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)	Balance at 1 January	Recognised in profit or loss	Balance at 31 December
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

2.14 National Fiscal Stabilisation Levy

	2019		2018	
	Group	**Company**	Group	Company
At 1 January	**(4,207)**	**(5,218)**	(2,504)	(2,504)
Charge for the year	**72,169**	**48,778**	53,960	34,310
Payments during the year	**(70,325)**	**(47,774)**	(55,663)	(37,024)
At 31 December	**(2,363)**	**(4,214)**	(4,207)	(5,218)

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

2.15 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.

	2019		2018	
	Group	**Company**	Group	Company
Profit attributable to shareholders	**1,007,958**	**1,160,169**	754,676	479,514
Weighted average number of shares at 31 December	**12,290,474**	**12,290,474**	11,254,783	11,254,783
Earnings per share	**GH¢0.082**	**GH¢0.094**	GH¢0.067	GH¢0.043

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

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.16 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.

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:

	2019	2018
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.

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.16 Property, plant and equipment (continued)

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 Cedis unless otherwise stated)

2.16.1 Movement in property, plant and equipment- owned

GROUP			
COST	**Land & Buildings**	**Leasehold improvements**	**Network equipment**
Balance at 1 January 2019	**205,457**	**61,429**	**3,698,721**
Transfers	**-**	**-**	**-**
Disposal	**-**	**-**	**-**
Reallocations	**(55,377)**	**55,377**	**34,289**
Other movements	**-**	**-**	**(3,961)**
Additions	**14,218**	**17,577**	**720,099**
Balance at 31 December, 2019	**164,298**	**134,383**	**4,449,148**
ACCUMMULATED DEPRECIATION			
Balance at 1 January 2019	**(43,429)**	**(32,230)**	**(1,558,852)**
Depreciation charge	**(9,326)**	**(8,948)**	**(362,599)**
Restatements	**4,524**	**(4,524)**	**-**
Disposal	**-**	**-**	**-**
Other movements	**-**	**(30)**	**351**
Reallocation	**-**	**-**	**(16)**
Balance at 31 December, 2019	**(48,231)**	**(45,732)**	**(1,921,116)**
CARRYING AMOUNT			
At at 31 December, 2019	**116,067**	**88,651**	**2,528,032**
COST			
Balance at 1 January 2018	182,735	48,262	2,921,060
Disposal	-	-	(4,099)
Reallocations	639	(639)	238,120
Additions	22,083	13,806	543,640
Balance at 31 December, 2018	205,457	61,429	3,698,721
ACCUMMULATED DEPRECIATION			
Balance at 1 January 2018	(31,419)	(29,227)	(1,261,987)
Depreciation charge	(12,010)	(3,003)	(300,332)
Disposal	-	-	3,467
Balance at 31 December, 2018	(43,429)	(32,230)	(1,558,852)
CARRYING AMOUNT			
At at 31 December, 2018	162,028	29,199	2,139,869

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

Information Systems	Furn & Fittings	Motor Vehicles	Office equipment	Work in Progress	Fixed asset inventory	Total
350,236	95,498	47,354	6,794	34,444	-	4,499,933
-	-	-	-	(2,526)	2,526	-
-	(3,414)	(8,937)	-	-	-	(12,351)
-	-	-	-	(31,914)	(2,375)	-
-	-	3,961	-	-	-	-
84,731	1,429	24,077	781	62,236	-	925,148
434,967	93,513	66,455	7,575	62,240	151	5,412,730
(210,013)	(76,770)	(24,459)	(5,085)	-	-	(1,950,838)
(59,603)	(7,964)	(10,047)	(796)	-	-	(459,283)
-	-	-	-	-	-	-
-	4,018	8,184	-	-	-	12,202
-	-	(167)	-	-	-	154
3,059	-	-	-	-	-	3,043
(266,557)	(80,716)	(26,489)	(5,881)	-	-	(2,394,722)
168,410	12,797	39,966	1,694	62,240	151	3,018,008
303,265	95,580	42,128	7,594	246,228	-	3,846,852
(266)	(2,491)	(3,847)	(1,027)	-	-	(11,730)
(5,929)	(82)	-	-	(232,109)	-	-
53,166	2,491	9,073	227	20,325	-	664,811
350,236	95,498	47,354	6,794	34,444	-	4,499,933
(159,430)	(70,876)	(20,733)	(5,347)	-	-	(1,579,019)
(50,878)	(8,402)	(7,025)	(763)	-	-	(382,413)
295	2,508	3,299	1,025	-	-	10,594
(210,013)	(76,770)	(24,459)	(5,085)	-	-	(1,950,838)
140,223	18,728	22,895	1,709	34,444	-	2,549,095

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.16.1 Movement in property, plant and equipment- owned

Company			
Cost	**Land & Buildings**	**Leasehold improvements**	**Network equipment**
Balance at 1 January 2019	**205,457**	**61,429**	**3,698,652**
Transfers	**-**	**-**	**-**
Disposal	**-**	**-**	**-**
Other movements	**-**	**-**	**(3,961)**
Reallocations	**(55,377)**	**55,377**	**34,289**
Additions	**14,218**	**17,577**	**720,099**
Balance at 31 December, 2019	**164,298**	**134,383**	**4,449,079**
Accummulated depreciation			
Balance at 1 January 2019	**(43,429)**	**(32,230)**	**(1,558,964)**
Depreciation charge	**(9,326)**	**(8,948)**	**(362,599)**
Restatements	**-**	**-**	**-**
Disposal	**-**	**-**	**-**
Other movements	**-**	**(30)**	**351**
Reallocation	**4,524**	**(4,524)**	**(16)**
Balance at 31 December, 2019	**(48,231)**	**(45,732)**	**(1,921,228)**
Carrying amount			
At at 31 December, 2019	**116,067**	**88,651**	**2,527,851**
Cost			
Balance at 1 January 2018	182,735	48,262	2,921,060
Disposal	-	-	(4,099)
Reallocations	639	(639)	238,120
Additions	22,083	13,806	543,571
Balance at 31 December, 2018	205,457	61,429	3,698,652
Accummulated depreciation			
Balance at 1 January 2018	(31,419)	(29,227)	(1,261,987)
Depreciation charge	(12,010)	(3,003)	(300,332)
Disposal	-	-	3,355
Reallocation			-
Balance at 31 December, 2018	(43,429)	(32,230)	(1,558,964)
Carrying amount			
At at 31 December, 2018	162,028	29,199	2,139,688

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

Information Systems	Furn & Fittings	Motor Vehicles	Office equipment	Work in Progress	Fixed asset inventory	Total
350,179	**95,353**	**45,879**	**6,794**	**34,444**	**-**	**4,498,187**
-	**-**	**-**	**-**	**(2,526)**	**2,526**	**-**
-	**(3,414)**	**(8,937)**	**-**	**-**	**-**	**(12,351)**
-	**-**	**-**	**-**	**-**	**-**	**(3,961)**
-	**-**	**(2,219)**	**-**	**(31,914)**	**(2,375)**	**(2,219)**
84,731	**1,429**	**24,077**	**781**	**62,236**	**-**	**925,148**
434,910	**93,368**	**58,800**	**7,575**	**62,240**	**151**	**5,404,804**
(209,945)	**(76,691)**	**(23,673)**	**(5,084)**	**-**	**-**	**(1,950,016)**
(59,569)	**(7,927)**	**(8,789)**	**(796)**	**-**	**-**	**(457,954)**
-	**-**	**-**	**-**	**-**	**-**	**-**
-	**4,018**	**8,184**	**-**	**-**	**-**	**12,202**
-	**-**	**271**	**-**	**-**	**-**	**592**
3,059	**-**	**-**	**-**	**-**	**-**	**3,043**
(266,455)	**(80,600)**	**(24,007)**	**(5,880)**	**-**	**-**	**(2,392,133)**
168,455	**12,768**	**34,793**	**1,695**	**62,240**	**151**	**3,012,671**
303,265	95,580	42,128	7,594	246,228	-	3,846,852
(449)	(2,674)	(5,227)	(1,027)	-	-	(13,476)
(5,929)	(82)	-	-	(232,109)	-	-
53,292	2,529	8,978	227	20,325	-	664,811
350,179	95,353	45,879	6,794	34,444	-	4,498,187
(159,430)	(70,876)	(20,733)	(5,347)	-	-	(1,579,019)
(50,870)	(8,392)	(6,932)	(762)	-	-	(382,301)
355	2,577	3,992	1,025	-	-	11,304
-	-	-	-	-	-	-
(209,945)	(76,691)	(23,673)	(5,084)	-	-	(1,950,016)
140,234	18,662	22,206	1,710	34,444	-	2,548,171

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.16.1 Movement property, plant and equipment - leased

Group and Company	Land & Buildings	Network equipment	Total
Cost			
Balance at 1 January 2019	-	-	-
Restatements (Changes in accounting policy)	100,521	1,661,908	1,762,429
Additions	4,145	50,226	54,371
Balance at 31 December, 2019	104,666	1,712,134	1,816,800
Accummulated depreciation			
Balance at 1 January 2019	-	-	-
Depreciation charge	(22,877)	(219,147)	(242,024)
Balance at 31 December, 2019	(22,877)	(219,147)	(242,024)
Carrying amount			
At at 31 December, 2019	81,789	1,492,987	1,574,776

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.16.1 Movement in property, plant and equipment (owned and leased)

Group			
Cost	**Land & Buildings**	**Leasehold improvements**	**Network equipment**
Balance at 1 January 2019	205,457	61,429	3,698,721
Changes in accounting policy	100,521	-	1,661,908
Disposal	-	-	-
Reallocations	(55,377)	55,377	34,289
Other movements	-	-	(3,961)
Additions	18,363	17,577	770,325
Balance at 31 December, 2019	268,964	134,383	6,161,282
Accummulated depreciation			
Balance at 1 January 2019	(43,429)	(32,230)	(1,558,852)
Depreciation charge	(32,203)	(8,948)	(581,745)
Restatements	4,524	(4,524)	-
Disposal	-	-	-
Other movements	-	(30)	351
Reallocation	-	-	(16)
Balance at 31 December, 2019	(71,108)	(45,732)	(2,140,262)
Carrying amount			
At at 31 December, 2019	197,856	88,651	4,021,020
Cost			
Balance at 1 January 2018	182,735	48,262	2,921,060
Disposal	-	-	(4,099)
Reallocations	639	(639)	238,120
Additions	22,083	13,806	543,640
Balance at 31 December, 2018	205,457	61,429	3,698,721
Accummulated depreciation			
Balance at 1 January 2018	(31,419)	(29,227)	(1,261,987)
Depreciation charge	(12,010)	(3,003)	(300,332)
Disposal	-	-	3,467
Balance at 31 December, 2018	(43,429)	(32,230)	(1,558,852)
Carrying amount			
At at 31 December, 2018	162,028	29,199	2,139,869

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

Information Systems	Furn & Fittings	Motor Vehicles	Office equipment	Work in Progress	Fixed asset inventory	Total
350,236	**95,498**	**47,354**	**6,794**	**34,444**	**-**	**4,499,933**
-	**-**	**-**	**-**	**(2,526)**	**2,526**	**1,762,429**
-	**(3,414)**	**(8,937)**	**-**	**-**	**-**	**(12,351)**
-	**-**	**-**	**-**	**(31,914)**	**(2,375)**	**-**
-	**-**	**3,961**	**-**	**-**	**-**	**-**
84,731	**1,429**	**24,077**	**781**	**62,236**	**-**	**979,519**
434,967	**93,513**	**66,455**	**7,575**	**62,240**	**151**	**7,229,530**
(210,013)	**(76,770)**	**(24,459)**	**(5,085)**	**-**	**-**	**(1,950,838)**
(59,603)	**(7,964)**	**(10,047)**	**(797)**	**-**	**-**	**(701,307)**
-	**-**	**-**	**-**	**-**	**-**	**-**
-	**4,018**	**8,184**	**-**	**-**	**-**	**12,202**
-	**-**	**(167)**	**-**	**-**	**-**	**154**
3,059	**-**	**-**	**-**	**-**	**-**	**3,043**
(266,557)	**(80,716)**	**(26,489)**	**(5,882)**	**-**	**-**	**(2,636,746)**
168,410	**12,797**	**39,966**	**1,693**	**62,240**	**151**	**4,592,784**
303,265	95,580	42,128	7,594	246,228	-	3,846,852
(266)	(2,491)	(3,847)	(1,027)	-	-	(11,730)
(5,929)	(82)	-	-	(232,109)	-	-
53,166	2,491	9,073	227	20,325	-	664,811
350,236	95,498	47,354	6,794	34,444	-	4,499,933
(159,430)	(70,876)	(20,733)	(5,347)	-	-	(1,579,019)
(50,878)	(8,402)	(7,025)	(763)	-	-	(382,413)
295	2,508	3,299	1,025	-	-	10,594
(210,013)	(76,770)	(24,459)	(5,085)	-	-	(1,950,838)
140,223	18,728	22,895	1,709	34,444	-	2,549,095

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.16.1 Movement in property, plant and equipment (owned and leased) (continued)

Company **Cost**	Land & Buildings	Leasehold improvements	Network equipment	Information Systems
Balance at 1 January 2019	205,457	61,429	3,698,652	350,179
Changes in accounting policy	100,521	-	1,661,908	-
Disposal	-	-	-	-
Other movements	-	-	(3,961)	-
Reallocations	(55,377)	55,377	34,289	-
Additions	18,363	17,577	770,325	84,731
Balance at 31 December, 2019	268,964	134,383	6,161,213	434,910
Accummulated depreciation				
Balance at 1 January 2019	(43,429)	(32,230)	(1,558,964)	(209,945)
Depreciation charge	(32,203)	(8,948)	(581,745)	(59,569)
Restatements	-	-	-	-
Disposal	-	-	-	-
Other movements	-	(30)	351	-
Reallocation	4,524	(4,524)	(16)	3,059
Balance at 31 December, 2019	(71,108)	(45,732)	(2,140,374)	(266,455)
Carrying amount				
At at 31 December, 2019	197,856	88,651	4,020,839	168,455
Cost				
Balance at 1 January 2018	182,735	48,262	2,921,060	303,265
Disposal	-	-	(4,099)	(449)
Reallocations	639	(639)	238,120	(5,929)
Additions	22,083	13,806	543,571	53,292
Balance at 31 December, 2018	205,457	61,429	3,698,652	350,179
Accummulated depreciation				
Balance at 1 January 2018	(31,419)	(29,227)	(1,261,987)	(159,430)
Depreciation charge	(12,010)	(3,003)	(300,332)	(50,870)
Disposal	-	-	3,355	355
Balance at 31 December, 2018	(43,429)	(32,230)	(1,558,964)	(209,945)
Carrying amount				
At at 31 December, 2018	162,028	29,199	2,139,688	140,234

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

Furn & Fittings	Motor Vehicles	Office equipment	Work in Progress	Fixed asset inventory	Total
95,353	45,879	6,794	34,444	-	4,498,187
-	-	-	(2,526)	2,526	1,762,429
(3,414)	(8,937)	-	-	-	(12,351)
-	-	-	-	-	(3,961)
-	(2,219)	-	(31,914)	(2,375)	(2,219)
1,429	24,077	781	62,236	-	979,519
93,368	58,800	7,575	62,240	151	7,221,604
(76,691)	(23,673)	(5,084)	-	-	(1,950,016)
(7,927)	(8,789)	(797)	-	-	(699,978)
-	-	-	-	-	-
4,018	8,184	-	-	-	12,202
-	271	-	-	-	592
-	-	-	-	-	3,043
(80,600)	(24,007)	(5,881)	-	-	(2,634,157)
12,768	34,793	1,694	62,240	151	4,587,447
95,580	42,128	7,594	246,228	-	3,846,852
(2,674)	(5,227)	(1,027)	-	-	(13,476)
(82)	-	-	(232,109)	-	-
2,529	8,978	227	20,325	-	664,811
95,353	45,879	6,794	34,444	-	4,498,187
(70,876)	(20,733)	(5,347)	-	-	(1,579,019)
(8,392)	(6,932)	(762)	-	-	(382,301)
2,577	3,992	1,025	-	-	11,304
(76,691)	(23,673)	(5,084)	-	-	(1,950,016)
18,662	22,206	1,710	34,444	-	2,548,171

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.16 Property, plant and equipment (continued)

2.16.2 Cash used for the purchase of property, plant and equipment

	2019		2018	
	Group	Company	Group	Company
Additions for the year	979,519	979,519	664,811	664,811
Credit purchases	(270,606)	(270,606)	(57,913)	(57,913)
Cash used for purchase of property, plant and equipment	708,913	708,913	606,898	606,898

2.16.3 Impairment

During the year, no property, plant and equipment was impaired.

2.16.4 Lease liabilities

The Group's leases include network infrastructure (tower space and land) and retail stores. Rental contracts are typically made for fixed periods varying between 2 to 15 years but may have renewal periods. From 1 January 2019, at inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises right-of-use assets and lease liabilities at the lease commencement date for most leases. However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets (e.g. office equipment) and for short-term leases, i.e. leases that at commencement date have lease terms of 12 months or less. The Group defines low-value leases as leases of assets for which the value of the underlying asset when it is new is GH¢28,650 or less and is not considered fundamental to its network. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any incentives receivable
- Variable lease payments that are based on an index or rate, measured using the index or rate as at the lease commencement date
- Amounts that are expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Group's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments specific to the lease, such as. term, country, currency and security.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. Interest costs are charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.16.4 Lease liabilities (continued)

It is re-measured when there is a change in future lease payments arising from a change in index or rate, a change in the estimate of the amount payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The right-of-use assets are initially measured at cost comprising the following:

- The amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs
- Decommissioning costs

The right-of-use assets are subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain re-measurements of the lease liability. The right-of-use assets are depreciated over the shorter of the assets' useful lives and the lease terms on a straight-line basis.

Renewal and termination options

A number of lease contracts include the option to renew the lease for a further period or terminate the lease earlier. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Group applies judgement in assessing whether it is reasonably likely that options will be exercised. Factors considered include how far in the future an option occurs, the Group's business planning cycle of three to five years and history of terminating/not renewing leases. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

A number of leases entitle both the Group and the lessor to terminate the lease without a termination penalty. In determining whether the Group has an economic incentive to not exercise the termination option, the Group considers the broader economics of the contract and not only contractual termination payments.

Lease and non-lease components

A number of lease contracts include both lease and non-lease components. The Group allocates the consideration in the contract to each lease and non-lease component based on their relative stand-alone selling prices. The stand-alone selling prices of each component are based on available market prices. The Group has not elected the practical expedient to account for non-lease components as part of its lease liabilities and right-of-use assets. Therefore, non-lease components are accounted for as operating expenses and are recognised in profit or loss as they are incurred.

Policy applicable before 1 January 2019

As a lessee, until 31 December 2018, the Group classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

Assets held under finance leases were 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.

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.16.4 Lease liabilities (continued)

The corresponding liability to the lessor, net of finance charges, was included in the statement of financial position under other non-current/current liabilities. Each lease payment was allocated between the liability and finance charges. Finance charges, which represented the difference between the total lease commitments and fair value of the assets acquired, were charged to profit or loss over the term of the relevant lease so as to produce a constant periodic rate of interest on the remaining balance of the obligation for each accounting period.

Practical expedients applied

- In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:
- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing
- an impairment review – there were no onerous contracts as at 1 January 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Measurement of lease liabilities		At 1 January 2019
Operating lease commitments disclosed as at 31 December 2018		3,258,075
Discounted using the incremental borrowing rate of the date of initial application		1,086,864
Add contract reassessed as non-cancellable lease		246,390
Add adjustments relating to different treatment of extension and termination options		410,482
		1,743,736
Lease liability recognised	**At 31 December 2019**	At 1 January 2019
Of which are		
Current lease liabilities	**148,726**	138,563
Non-current lease liabilities	**1,560,009**	1,605,173
	1,708,735	1,743,736
Measurement of right of use assets	**At 31 December 2019**	At 1 January 2019
Right-of-use assets		
Cost		
Buildings	**104,666**	100,521
Network Equipment	**1,712,134**	1,661,908
	1,816,800	1,762,429
Depreciation		
Buildings	**(22,877)**	-
Network Equipment	**(219,147)**	-
	(242,024)	-
Carrying amount	**1,574,776**	1,762,429

Additions to right of use assets during the year were GH¢ 54.3 million and total cash outflows for leases were GH¢409 million.

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.16.5 Encumbrances

Borrowings are secured by a floating charge on the Group's total assets over 5 years with a carrying value of GH¢ 6,553 million (2018: GH¢ 4,217 million).

2.16.6 (Profit)/loss on disposal of property, plant and equipment

	2019		2018	
	Group	**Company**	Group	Company
Cost	**12,351**	**12,351**	11,730	13,476
Accumulated depreciation	**(12,202)**	**(12,202)**	(10,594)	(11,304)
Net book value	**149**	**149**	1,136	2,172
Proceeds	**(244)**	**(244)**	(607)	(3,633)
(Profit)/loss on disposal of property, plant and equipment	**(95)**	**(95)**	529	(1,461)

Disposal proceeds for 2018 include an amount of GH¢3 million receivable from Mobile Money Limited.

2.17 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; and
- 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.

2.17.1. 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).

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.17.2 Licencses

Licenses 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 licenses 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
3G	23 January 2009	15 years	15 years
2G spectrum (900MHz and 1800MHz)	12 February 2019	15 years	15 years
International Gateway	11 August 2019	5 years	5 years
800MHz Spectrum (2x10MHz	21 June 2016	15 years	15 years
800MHz Spectrum (2x5MHz	10 January 2020	15 years	15 years
2600MHz spectrum	1 December 2018	15years	15 years
IRU	Various dates	15 years	15 years

2.17.3 Movement in intangible assets were as follows:

Group 2019	**Network licences**	**Software**	**Work in progress**	**Total**
Cost				
Balance at 1 January 2019	**447,009**	**237,775**	**387**	**685,171**
Additions	**40,039**	**89,391**	**3,590**	**133,020**
Balance at 31 December 2019	**487,048**	**327,166**	**3,977**	**818,191**
Accummulated amortisation				
Balance at 1 January 2019	**(105,407)**	**(161,228)**	**-**	**(266,635)**
Amortisation for the year	**(38,294)**	**(61,943)**	**-**	**(100,237)**
Reallocations	**(1,808)**	**(1,235)**	**-**	**(3,043)**
Balance at 31 December 2019	**(145,509)**	**(224,406)**	**-**	**(369,915)**
Carrying amount				
At 31 December 2019	**341,539**	**102,760**	**3,977**	**448,276**

Group 2018	Network licences	Software	Work in progress	Total
Cost				
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
Accummulated 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

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.17.3 Movement in intangible assets (continued)

Company 2019	**Network licences**	**Software**	**Work in progress**	**Total**
Cost				
Balance at 1 January 2019	**447,009**	**237,119**	**387**	**684,515**
Additions	**40,089**	**89,341**	**3,590**	**133,020**
Balance at 31 December 2019	**487,098**	**326,460**	**3,977**	**817,535**
Accummulated amortisation				
Balance at 1 January 2019	**(106,657)**	**(159,887)**	**-**	**(266,544)**
Amortisation for the year	**(38,294)**	**(61,680)**	**-**	**(99,974)**
Reallocations	**(1,808)**	**(1,235)**	**-**	**(3,043)**
Balance at 31 December 2019	**(146,759)**	**(222,802)**	**-**	**(369,561)**
Carrying amount				
At 31 December 2019	**340,339**	**103,658**	**3,977**	**447,974**

Company 2018	Network licences	Software	Work in progress	Total
Cost				
Balance at 1 January 2018	348,103	177,304	379	525,786
Additions	98,906	59,815	8	158,729
Balance at 31 December 2018	447,009	237,119	387	684,515
Accummulated amortisation				
Balance at 1 January 2018	(74,726)	(110,755)	-	(185,481)
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

2.17.4 Cash used in the purchase of intangible assets

	2019		2018	
	Group	**Company**	Group	Company
Additions for the year	**133,020**	**133,020**	159,385	158,729
Credit purchases	**(25,056)**	**(25,056)**	(9,505)	(9,505)
Cash used for purchase of intangible assets	**107,964**	**107,964**	149,880	149,224

2.18 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 unrealized gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries are ensuring 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.

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.18.1 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.

2.18.2 Dissolution of EasyNet Limited

The Group had a 15% interest in EasyNet Limited, an entity which had been dormant since incorporation. EasyNet Limited has since been dissolved on 25 April 2019.

2.19 IRU

2.19.1 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	
	2019	2018
Balance at 1 January	**87,228**	60,555
Additions	**24,658**	40,246
Amortisation	**(18,846)**	(12,743)
Exchange difference	**51**	(830)
	93,091	87,228
Non-current portion	**82,224**	76,303
Current portion	**10,867**	10,925
	93,091	87,228

Additions to IRU include an amount of GH¢18.7 million (2018: GH¢13.5 million) which has not yet been paid for.

2.19 Indefeasible Right of Use (IRU)

2.19.2 IRU liability

This relates to a sale of a 40-gigabyte terrestrial capacity to MTN Dubai during the year. This provides MTN Dubai an indefeasible right of use 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	
	2019	2018
Balance at 1 January	**6,782**	7,542
Release to profit or loss	**(669)**	(760)
	6,113	6,782
Non-current portion	**5,601**	6,260
Current portion	**512**	522
Balance at 31 December	**6,113**	6,782

2.20 Contract assets and liabilities

2.20.1 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.

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.20 Contract assets and liabilities (continued)

2.20.1 Contract liability (continued)

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 an 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 2019	At 31 December 2018
Balance at 1 January	**89,838**	86,950
Sale of prepaid airtime	**3,714,850**	2,992,621
Prepaid revenue recognised	**(3,718,716)**	(2,985,144)
Breakage recognised	**(5,038)**	(4,589)
Balance at 31 December	**80,934**	89,838

At 31 December 2019, 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 (2018: GH¢ 28,500) for the Group and Company.

2.20.2 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's contract assets relate to initial infrastructural cost incurred in fulfilling customer contracts (specifically providing Wi-Fi services).

	Group and Company	
	At 31 December 2019	At 31 December 2018
Contract assets	**3,841**	5,353

2.20.3 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 3 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	
	At 31 December 2019	At 31 December 2018
Balance at beginning of the year	**11,259**	7,832
Additions	**33,830**	12,508
Amortisation	**(10,192)**	(9,081)
Balance at end of the year	**34,897**	11,259

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.21 Inventories

Inventory mainly comprises handsets, devices, SIM cards and other accessories held for sale. Inventories are measured at the lower of cost and net realizable 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 and Company At 31 December 2019	Group and Company At 31 December 2 018
Handsets, SIM cards and accessories at cost	39,083	32,381
Less provision for obsolescence	(23,303)	(22,076)
	15,780	10,305

Movement in provision for obsolescence	Balance at 1 January	Additions during year	Balance at 31 December
2019	(22,076)	(1,227)	(23,303)
2018	(19,827)	(2,249)	(22,076)

2.22 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. 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 2.36.7.

2.22.1 Trade receivables

	At 31 December 2019		At 31 December 2018	
	Group	Company	Group	Company
Trade receivables	397,103	376,915	381,147	340,964
Less: allowance for impairment of trade receivables	(18,672)	(18,672)	(11,109)	(11,109)
Net trade receivables	378,431	358,243	370,038	329,855

The Group holds collateral of GH¢81.1 million (2018: GH¢78.4 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 2.37.

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.23 Other assets

	At 31 December 2019		At 31 December 2018
	Group	Company	Group and Company
Prepayments	**51,802**	**50,971**	100,337

2.24 Other financial assets at amortised cost

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

	At 31 December 2019		At 31 December 2018	
	Group	Company	Group	Company
Staff loans	**6,261**	**6,176**	5,252	5,286
Intercompany receivables	**92,457**	**95,021**	41,883	153,362
	98,718	**101,197**	47,135	158,648

Prepayments represents payments made in advance for certain network and information technology maintenance service level agreements.

2.25 Mobile money floats

MobileMoney Limited is an electronic money issuer that provide mobile money (MoMo) services. Mobile money services involve the issuing of electronic money into a MoMo wallet which is recorded on mobile phones for immediate and later use in return for cash. The service is rendered via MoMo agents and merchants who provide services to the Group's MoMo customers. MoMo agents are recruited by MobileMoney Limited to facilitate customer activities including depositing cash and loading of electronic cash into wallets. The service is also performed through the subsidiary's branches.

The wallet represents a "store" of MoMo, and at any moment, all monetary value stored on a MoMo wallet is backed by an equivalent cash deposit held with partner banks in Ghana.

Mobile money operation is regulated by the Bank of Ghana through its regulations and guidance. Until May 2019 when the Payment Systems and Services Act was passed, mobile money operations were governed by the Payment Services Regulation.

Mobile money float and obligations to electronic money holders are presented in the statement of financial position at cost. Mobile money float includes all subscriber funds held with partner banks. Obligations to electronic money holders include all balances on electronic wallets of customers and represent an obligation to the electronic money issuer.

Mobile money float as at 31 December 2019 amounted to GH¢3.4 billion (GH¢2.43 billion as at December 2018).

	Group 2019
Partner banks' own funds	**1,313,129**
Money held on EMI's own account	**2,092,450**
Total	**3,405,579**

As at 31 December 2019, the number of partner banks, MobileMoney Limited operated with were 19.

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.26 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.

	At 31 December 2019		At 31 December 2018	
	Group	Company	Group	Company
Cash and bank balances	458,736	340,546	406,525	183,693

Included in cash at bank is an amount of GH¢22.5 million set aside to fund mobilemoney float with a partner bank under receivership.

2.27 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.

2.27.1 Movement in number of authorised and issued shares

	2019	2018
Authorised shares	100,000,000,000	100,000,000,000
Issued shares of no par value		
At 1 January	12,290,474,360	10,760,000,000
Additional shares issued	-	1,530,474,360
At 31 December	12,290,474,360	12,290,474,360

2.27.2 Share capital

Proceeds	2019	2018
At 1 January	1,097,504	1,363
Additional Share issue for cash consideration as at 31 December	-	1,096,141
	1,097,504	1,097,504

2.28 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.

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.28 Borrowings (continued)

	2019 Group and Company	2018 Group and Company
Current portion	280,002	100,000
Non-current portion	225,421	338,854
	505,423	438,854
Carrying amount of borrowings are denominated as follows:		
Local currency	505,423	438,854
Undrawn facilities	-	65,000

2.28.1 Summary of borrowing arrangements

At 31 December 2019

Facility A: A term loan of GH¢ 345 million bearing interest at 20.3834% per annum repayable starting on 13/06/2020 and expiring on 13/12/2022. The facility is secured on assets with a carrying amount of GH¢ 6,553 million.

Facility B: A revolving loan of GH¢165 million bearing interest at 20.1573% repayable starting on 30/3/ 2020 and secured on assets with a carrying amount GH¢ 6,553 million.

At 31 December 2018

Facility A: A term loan of GH¢ 345 million bearing interest at 19.81% per annum repayable starting on 13/06/2020 and expiring on 13/12/2022. 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% repayable starting on 27/3/2019 and secured on assets with a carrying amount GH¢ 4,217 million.

Total Funding Available		
At 31 December	At 31 December	
	2019	2018
Loan Facility B	-	165,000
Movement in borrowings is as follows:		
At start of year	445,000	345,000
Proceeds from borrowings	265,000	100,000
Repayments on borrowings	(200,000)	
At the end of year	510,000	445,000
Movement in capitalised transaction costs:		
At start of year	(6,146)	(7,836)
Amortisation for the year	1,569	1,690
At end of year	(4,577)	(6,146)
	505,423	438,854

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.28 Borrowings (continued)

Repayments

Repayment in 2019 were for a revolving loan facility B of GH¢100 million drawn down in 2018 and GH¢100 million drawn down in 2019.

2.29 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.

2.29.1 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.

2.29.2 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.

Current portion of provisions

At 31 December 2019

Group	At beginning of the year	Additional provisions	Utilised/ Reversed	At end of the year
Bonus provision	**23,358**	**26,753**	**(18,217)**	**31,894**
Provision for share-based payments	**10,000**	**9,043**	**(5,350)**	**13,693**
Other provision	**18,629**	**-**	**(15,197)**	**3,432**
	51,987	**35,796**	**(38,764)**	**49,019**

At 31 December 2018	At beginning of the year	Additional provisions	Utilised/ Reversed	At end of the year
Bonus provision	17,925	20,418	(14,985)	23,358
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

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

At 31 December 2019

Company	**At beginning of the year**	**Additional provisions**	**Utilised/ Reversed**	**At end of the year**
Bonus provision	23,188	26,200	(18,308)	31,080
Provision for share-based payments	9,976	9,005	(5,349)	13,632
Other provision	18,403	-	(15,000)	3,403
	51,567	35,205	(38,657)	48,115

At 31 December 2018	**At beginning of the year**	**Additional provisions**	**Utilised/ Reversed**	**At end of the year**
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

2.29.3 Other provisions

An amount of GH¢ 15.1 million recognised in 2018 in other provisions for SIM re-registration has been reversed since provision is no longer required as at 31 December 2019.

The non-current portion of other provisions of GH¢ 3.77 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.

2.29.4 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 allocated prior to 1 January 2014 may only be exercised by the participants up to 20% after 2 years; up to 40% after 3 years: up to 70% after 4 years and up to 100% after 5 years of granting the NSO. NSO allocated effective 1 January 2014 may only be exercised 100% after 3 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 5 years from the date of offer. Any un-exercised 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 NSO 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 NSO is exercised and will be the current or ruling value of such NSO on the date of exercising, as determined by the annual LAN NSO valuation exercise. The NSO price is the Price at which an NSO is offered to any qualifying participant.

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.29.4 Share based payments (continued)

The summaries of options granted are:

LAN	2019 Average price per option (GH¢)	2019 Number of options ('000)	2018 Average price per option (GH¢)	2018 Number of options ('000)
As at 1 January	0.32	46,723	0.32	52,953
Granted	0.77	15,440	0.68	14,594
Exercised	0.77	(15,935)	0.68	(18,966)
Expired and forfeited	-	(616)	-	(1,858)
As at 31 December		45,612		46,723
GAN				
As at 1 January	38.61	345,630	34.21	264,140
Granted	32.15	173,690	44.27	95,560
Expired and forfeited	-	(10,590)	-	(14,070)
As at 31 December		508,730		345,630

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¢)	Number of share options at 31 December 2019 ('000)	Number of share options at 31 December 2018 ('000)
1 April 2012	31-Mar-22	0.5	-	1,720
1 April 2013	31-Mar-23	0.25	-	751
1 April 2014	31-Mar-19	0.29	-	59
1 April 2015	31-Mar-20	0.31	-	840
1 April 2016	31-Mar-21	0.45	1,905	14,162
1 April 2017	31-Mar-22	0.55	14,452	14,597
1 April 2018	31-Mar-23	0.68	13,814	14,594
1 April 2019	31-Mar-24	0.77	15,441	-
			45,612	46,723

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.29.4 Share based payments (continued)

GAN Grant date	Expiry date	NSO price (GH¢)	Number of share options at 31 December 2019	Number of share options at 31 December 2018
1 April 2011	31-Mar-21	31.4	10,030	11,110
1 April 2012	31-Mar-22	25.76	32,740	35,540
1 April 2013	31-Mar-23	24.45	17,740	18,240
1 April 2014	31-Mar-19	28.64	4,380	4,530
1 April 2015	31-Mar-20	22.66	13,230	13,470
1 April 2016	31-Mar-21	44.62	78,440	78,930
1 April 2017	31-Mar-22	39.14	87,700	88,250
1 April 2018	31-Mar-23	44.27	90,780	95,560
1 April 2019	31-Mar-24	32.15	173,690	-
			508,730	345,630
PSP				
1 April 2016	31-Mar-21	120.22	154,900	240,400
1 April 2017	31-Mar-22	133.14	166,400	166,400
1 April 2018	31-Mar-23	86.13	367,800	367,800
1 April 2019	31-Mar-24	86.88	452,100	-
			1,141,200	774,600

2.30 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 2019		At 31 December 2018	
	Group	Company	Group	Company
Trade payables	247,998	245,966	236,311	237,126
Sundry payables	56,545	56,545	33,339	33,339
Accrued expenses	499,073	474,355	486,263	466,576
Intercompany payables	167,540	184,907	94,996	242,844
Other payables	84,696	60,286	60,142	59,900
	1,055,852	1,022,059	911,051	1,039,785

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.31 Dividend

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.

	Group and Company	Group and Company
	2019	2018
Balance as at 1 January	-	69,000
Dividend declared	614,524	1,312,806
Dividend paid	(614,524)	(1,381,806)
Balance as at 31 December	-	-

2.32 Cash generated from operations

	Note	2019 Group	2019 Company	2018 Group	2018 Company
Profit before income tax		1,443,374	1,455,570	1,079,194	686,195
Finance income	2.12.3	(76,773)	(534,434)	(75,693)	(70,608)
Finance cost	2.12.3	462,288	460,940	120,561	120,404
Depreciation of property, plant and equipment	2.16.1	701,307	699,978	382,413	382,301
Amortisation of intangible assets	2.17.3	100,237	99,974	81,154	81,063
Amortisation of IRU (Capacity leasing)	2.19.1	18,846	18,846	12,743	12,743
Amortisation of contract cost	2.20.3	10,192	10,192	9,081	9,081
IRU deferred income release	2.19.2	(669)	(669)	(760)	(760)
(Profit)/loss on disposal of property, plant and equipment	2.16.6	(95)	(95)	529	(1,461)
Impairment charge on trade receivables	2.37.3	7,563	7,563	2,963	2,963
		2,666,270	2,217,865	1,612,185	1,221,921

	2019 Group	2019 Company	2018 Group	2018 Company
Changes in working capital	(111,402)	(178,198)	4,253	64,328
(Increase)/decrease in inventories	(5,475)	(5,475)	9,995	9,995
Increase in trade receivables	(15,956)	(35,951)	(98,441)	(58,258)
Decrease/(increase) in other assets	48,535	49,366	(38,818)	(38,818)
(Increase)/decrease in other financial assets at amortised cost	(51,583)	57,451	(2,079)	(113,592)
(Decrease)/increase in contract liabilities	(8,904)	(8,904)	2,888	2,888
(Decrease)/ increase in trade and other payables	(42,733)	(198,915)	135,643	267,468
Decrease/(increase) in contract assets	1,512	1,512	(3,621)	(3,621)
Increase in capitalised contract costs	(33,830)	(33,830)	(12,508)	(12,508)
Decrease/(increase) in provision	(2,968)	(3,452)	11,194	10,774
Cash generated from operations	2,554,868	2,039,667	1,616,438	1,286,249

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.33 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 2019. 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. There were no contingent liabilities determined as at 31 December 2019.

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 2019 (2018: Nil).

2.34 Capital commitments and operating lease commitments

2.34.1 Capital commitments

As at 31 December, capital commitments for the acquisition of property, plant and equipment were as follows

	Group and Company	
	2019	2018
Property, plant and equipment contracted	**73,736**	279,695
Property, plant and equipment not contracted	**944,184**	639,318
Total capital expenditure approved for the year	**1,017,920**	919,013

2.34.2 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.

From 1 January 2019 the Group has recognise right-of-use assets for these leases except for short term and low value leases. (Note 2.16.4)

	Group and Company	
	2019	2018
The future aggregate minimum lease payments under non-cancellable operating lease arrangements are as follows:		
Not later than one year	-	264,090
Later than one year and no later than five years	-	1,320,450
Later than five years	-	1,673,535
	-	3,258,075

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.34.2 Operating lease commitments (continued)

Group and Company

The future aggregate minimum lease payments under cancellable operating lease arrangements are as follows:

	2019	2018
Not later than one year	-	89,022
Later than one year and no later than five years	-	303,182
Later than five years	-	11,569
	-	403,773

Commercial commitments as at 31 December were the following:

	Group and Company	
	2019	2018
100% commitment to purchase SIM and recharge cards (open purchase orders for 2019)	79,639	16,297
Commitments to outsourced network services operations	-	38,921
Commitment to purchase spare parts under managed service contract	-	12,104
	79,369	67,322

2.35 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.

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

	2019		2018	
	Group	Company	Group	Company
Purchases				
MTN Group Management Services (Pty) Limited	426	426	1,601	1,601
MTN South Africa	-	-	3,903	3,903
MTN Nigeria Communications Limited	7,483	7,483	9,835	9,835
MTN Cote d'Ivoire	1,052	1,052	3,858	3,858
MTN Dubai Limited (Management fees and others)	225,043	225,043	135,319	135,319
MobileMoney Limited	-	10,931	-	137,765
GlobalConnect Solutions	75,018	75,018	15,262	15,262
Other Intercompany purchases	550	550	3,779	3,779
	309,572	320,503	173,557	311,322

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.35 Related party transactions (continued)

2.35.1 Transactions with related parties during the year (continued):

	2019		2018	
	Group	Company	Group	Company
Services				
Mobile Telephone Network Cameroon Limited	66	66	257	257
MTN Group Management Services (Pty) Limited	10,923	10,923	7,339	7,339
MTN South Africa	363	363	882	882
MTN Nigeria Communications Limited	12,097	12,097	16,564	16,564
MTN Cote d'Ivoire	2,711	2,711	12,414	12,414
MTN Dubai Limited	-	-	1,845	1,845
MobileMoney Limited	-	24,860	-	123,477
GlobalConnect Solutions	116,677	116,677	604	604
Other intercompany sales	1,939	1,939	15,838	15,838
	144,776	169,636	55,743	179,220

	Group and Company 2019	Group and Company 2018
Dividend paid to Investcom Consortium Holdings SA	525,356	1,312,806

	2019		2018	
Key management compensation	Group	Company	Group	Company
Short-term employee benefits	10,245	9067	6,480	5,494
Post-employment benefits	575	432	329	206
Share-based payments	212	-	1,457	1,383
	11,032	9,499	8,226	7,083

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

	2019		2018	
	Group	Company	Group	Company
Payables				
MTN Group Management Services (Pty) Limited	(6,659)	(6,659)	(5,335)	(5,335)
MTN South Africa	(1,736)	(1,736)	(2,087)	(2,087)
MTN Nigeria Communications Limited	(11,208)	(11,208)	(13,800)	(13,800)
MTN Dubai Limited	(104,755)	(104,755)	(50,214)	(50,214)
MTN Cote D'Ivoire	(3,728)	(3,728)	-	-
MobileMoney Limited	-	(17,367)	-	(147,848)
GlobalConnect Solutions	(40,208)	(40,208)	(16,754)	(16,754)
Other intercompany payable	754	754	(6,806)	(6,806)
	(167,540)	(184,907)	(94,996)	(242,844)

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.35.2 Year end balances arising from the above transactions are as follows (continued):

Receivables

	Group	Company	Group	Company
MTN Group Management Services (Pty) Limited	22,618	22,618	9,157	9,157
MTN South Africa	4,616	4,616	3,907	3,907
MTN Nigeria Communications Limited	12,170	12,170	13,468	13,468
MTN GlobalConnect Solutions Limited	43,529	43,529	-	-
UUNET Kenya (Pty) Limited	1,770	1,770	1,112	1,112
MobileMoney Limited	-	2,564	-	113,362
Other intercompany receivable	7,754	7,754	14,239	12,356
	92,457	95,021	41,883	153,362

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.

2.36 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 at 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.

2.36.1 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 realise 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 2019.

2.36.2 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)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.36 Financial instruments

2.36.3 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.

2.36.4 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.

2.36.5 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.

2.36.6 De-recognition

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.

2.36.7 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 2019 or 1 January 2020 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.

2.37 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.

2.37.1 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.

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.37.2 Financial instruments by category

Group

At 31 December 2019	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
Trade receivables and other financial assets	477,149	-	477,149
Cash and cash equivalents	458,735	-	458,735
	935,884	-	935,884
Trade and other payables	-	971,156	971,156
Borrowings	-	505,423	505,423
Finance lease obligation	-	1,708,735	1,708,735
	-	3,185,314	3,185,314

Company

At 31 December 2019	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
Trade receivables and other financial assets	459,440	-	459,440
Cash and cash equivalents	340,546	-	340,546
	799,986	-	799,986
Trade and other payables	-	961,673	961,673
Borrowings	-	505,423	505,423
Finance lease obligation	-	1,708,735	1,708,735
	-	3,175,831	3,175,831

Group

At 31 December 2018	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
Trade receivables and other financial assets	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

At 31 December 2018	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
Trade receivables and other financial assets	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

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.37.3 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:

	At 31 December 2019		At 31 December 2018	
	Group	Company	Group	Company
Mobile money float	3,405,579	-	-	-
Trade receivables and other assets	477,149	459,440	417,173	488,503
Contract assets	3,840	3,840	5,353	5,353
Cash and cash equivalents	458,735	340,546	406,525	183,693
	4,345,303	803,826	829,051	677,549

On the basis of the policy in Note 2.35.7, the loss allowance as at 31 December 2019 was determined as follows for trade receivables.

Group	Gross carrying amount	Loss rate	Lifetime expected losses	Carrying amount (net of impairment provision)
At 31 December 2019				
Fully performing trade receivables	210,528		211	210,317
Interconnect receivables	38,929	0.10%	39	38,890
Contract receivables	7,631	0.10%	8	7,623
Other receivables	163,968	0.10%	164	163,804
Past due trade receivables	186,575		18,461	168,114
Interconnect receivables	22,093		957	21,136
2 to 3 months	-	0.49%	-	-
3 to 6 months	836	1.55%	13	823
9 to 12 months	21,257	4.44%	944	20,313
Contract receivables	11,271		307	10,964
0 to 3 months	9,593	2.60%	249	9,344
3 to 6 months	839	2.93%	25	814
6 to 9 months	-		-	-
9 to 12 months	839	3.91%	33	806
Other receivables	153,211		17,197	136,014
0 to 3 months	101,959	0.44%	449	101,510
3 to 6 months	8,815	1.46%	129	8,686
6 to 9 months	4,583	4.59%	210	4,373
9 to 12 months	37,854	44.34%	16,409	21,444
Total	397,103		18,672	378,431

At 31 December 2019, 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.

2.37.3 Credit risk (continued)

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

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

Company At 31 December 2019	Gross carrying amount	Loss rate	Lifetime expected losses	Carrying amount (net of impairment provision)
Fully performing trade receivables	210,528		211	210,317
Interconnect receivables	38,929	0.10%	39	38,890
Contract receivables	7,631	0.10%	8	7,623
Other receivables	163,968	0.10%	164	163,804
Past due trade receivables	166,387		18,461	147,926
	22,093		957	21,136
Interconnect receivables				
0 to 3 months	-	0.49%	-	-
3 to 6 months	836	1.55%	13	823
9 to 12 months	21,257	4.44%	944	20,313
Contract receivables	11,271		307	10,964
0 to 3 months	9,593	2.60%	249	9,344
3 to 6 months	839	2.93%	25	814
9 to 12 months	839	3.91%	33	806
Other receivables	133,023		17,197	115,826
0 to 3 months	81,771	0.44%	360	81,411
3 to 6 months	8,815	1.46%	127	8,687
6 to 9 months	4,583	4.59%	210	4,373
9 to 12 months	37,854	43.59%	16,500	21,355
Total	376,915		18,672	358,243

2.37.3 Credit risk (continued)

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

Group

At 31 December 2018	Gross carrying amount	Loss rate	Lifetime expected losses	Carrying amount (net of impairment)
Fully performing trade receivables	116,853		117	116,736
Interconnect receivables	57,993	0.10%	58	57,935
Contract receivables	6,564	0.10%	7	6,557
Other receivables	52,296	0.10%	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	12.00%	8,990	65,214

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.37.3 Credit risk (continued)

Company	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	0.10%	58	57,935
Contract receivables	6,564	0.10%	7	6,557
Other receivables	49,920	0.10%	50	49,870
Past due trade receivables	226,487		10,994	215,493
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	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

Movement in impairment provision

2019	At 1 January	Additions	Write-off	At 31 December
Provision for impairment of trade receivables	(11,109)	(7,563)	-	(18,672)
2018				
Provision for impairment of trade receivables	(24,144)	(2,963)	15,998	(11,109)

2.37.4 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 amongst 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.

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.37.5 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.

2.37.6 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.

At 31 December 2019

Group	Carrying amount	Payable within one month or on demand	More than 1 month but not exceeding 3 months	More than 3 months but not exceeding one year	More than one year but not exceeding five years
Trade payables	247,998	247,998	-	-	-
Accruals and sundry payables	555,618	118,405	158,061	197,577	81,575
Lease liabilities	1,708,735	101,006	109,790	212,504	2,335,017
Amount due to related parties	167,540	167,540	-	-	-
Borrowings	505,423	-	173,201	180,123	290,975
	3,185,314	634,949	441,052	590,204	2,707,567
Company					
Trade payables	245,966	245,966	-	-	-
Accruals and sundry payables	530,900	93,687	158,061	197,577	81,575
Lease liabilities	1,708,735	101,006	109,790	212,504	2,335,017
Amount due to related parties	184,907	184,907	-	-	-
Borrowings	505,423	-	173,201	180,123	290,975
	3,175,931	625,566	441,052	590,204	2,707,567

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.37 Financial risk management and fair values (continued)

At 31 December 2018

Group	Carrying amount	Payable within one month or on demand	More than 1 month but not exceeding 3 months	More than 3 months but not exceeding one year	More than one year but not exceeding five years
Trade payables	247,998	247,998	-	-	-
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
	1,301,450	862,596	105,002	64,036	429,079
Company 2018					
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**

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

2.37.7 Market risk

Market risk is the risk that changes in market prices will affect the Group's income or the value of it's 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 optimizing the return.

2.37.7.1 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 re-pricing of the Group's borrowings. Debt is managed on an optimal floating interest rate basis.

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

At 31 December 2019 the interest rate profile of the Group's interest bearing financial instruments was: 20.27%. 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% (1000 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 2019, if the interest rate for local currency denominated loans had increased / decreased by 10% (2018: 10%) with all other variables held constant, post- tax profit for the year and equity would have been GH¢ 10,245,000 (2018: GH¢ 8,694,000).

2.37.7.2 Foreign exchange risk

At 31 December 2019, if the Ghana cedi had weakened/strengthened by 1000 basis point (10%)

(2018: 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¢ 37,000 and GH¢ 1,193,000 for the Group and Company respectively (2018: GH¢ 3,684,000 and GH¢ 3,179,000), mainly as a result of US Dollar, Euro denominated trade payables, trade receivables and cash and cash equivalents.

2.37.8 Price Risk

The Group is not directly exposed to commodity price risk or material equity securities price risk.

2.37.9 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 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:

	2019		2018	
	Group	Company	Group	Company
Total borrowing	505,423	505,423	438,854	438,854
Less: Cash and cash equivalents	(458,735)	(340,546)	(406,525)	(183,693)
Net debt	46,688	164,877	32,329	255,161
Total equity	2,803,826	2,680,875	2,410,862	2,135,546
Gearing ratio	1.67%	6.15%	1.35%	11.95%

Loan covenant

Under the terms of the borrowing facilities, the Group is 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

Notes (continued)

(All amounts are in thousands of Ghana Cedis unless otherwise stated)

2.38 Retained earnings

	2019		2018	
	Group	Company	Group	Company
Balance at 1 January	**1,312,888**	**1,037,726**	1,871,018	1,871,018
Dividends declared	**(614,524)**	**(614,524)**	(1,312,806)	(1,312,806)
Net profit for the year	**1,007,958**	**1,160,169**	754,676	479,514
Balance at 31 December	**1,706,322**	**1,583,371**	1,312,888	1,037,726

2.39 Impact of adoption of IFRS 15 as at 1 January 2018

Balance sheet extract

	Note	At 31 December 2017 as originally presented	IFRS 15	IFRS 9	At 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		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

Results	2019	2018	2017	2016	2015
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Revenue	5,181,836	4,218,847	3,423,551	2,773,219	2,315,666
EBITDA	2,630,433	1,587,629	1,362,558	1,133,022	943,877
Depreciation and amortisation	(801,544)	(463,567)	(359,928)	(258,371)	(285,906)
Operating profit	1,828,889	1,124,062	1,002,630	874,651	657,971
Net finance cost	(385,515)	(44,868)	(21,956)	(54,188)	(34,973)
Profit before income tax	1,443,374	1,079,194	980,674	820,463	622,998
Taxes and levies	(435,416)	(324,518)	(262,162)	(277,951)	(192,210)
Profit for the year	1,007,958	754,676	718,512	542,512	430,788
Statement of financial position					
Property, plant and equipment	3,018,008	2,549,095	2,267,833	1,882,574	1,467,317
Right of assets	1,574,776	-	-	-	-
Intangible assets	448,276	418,536	340,305	333,717	95,714
Other non-current assets	120,962	92,915	61,895	38,173	36,177
Other current assets	932,314	749,809	581,626	350,067	440,304
Mobile money float	3,405,579	-	-	-	-
Cash and cash equivalents	458,735	406,525	196,730	151,671	284,283
Total assets	9,958,650	4,216,880	3,448,389	2,756,202	2,323,795
Obligations to electronic money holders	(3,405,579)	-	-	-	-
Total liabilities	(3,749,245)	(1,806,488)	(1,576,008)	(1,132,333)	(1,135,438)
	2,803,826	2,410,392	1,872,381	1,623,869	1,188,357
Stated capital	1,097,504	1,097,504	1,363	1,363	1,363
Income surplus account	1,706,322	1,312,888	1,871,018	1,622,506	1,186,994
	2,803,826	2,410,392	1,872,381	1,623,869	1,188,357
Statistics					
EPS (GH¢)	0.082	0.067	0.067	0.051	0.043
Dividend per share (GH¢)	0.06	0.05	0.0437	0.0099	0.0256
Net asset per share (GH¢)	0.228	0.214	0.174	0.151	0.110
Current ratio	0.96:1	1.1	0.78:1	0.55:1	0.78:1
Return on shareholders' fund (%)	36.0%	31.3%	38.4%	33.4%	36.3%

Shareholder Information

Shareholder information

Stock exchange performance

MTNGH market-related metrics for the year ended 31 December 2019

Scancom PLC (MTNGH)	2019	2018
Closing Price (close)	GH¢ 0.70 p	GH¢ 0.79 p
Highest Price (close)	GH¢ 0.80 p	GH¢ 0.93 p
Lowest Price (close)	GH¢ 0.67 p	GH¢ 0.75 p
Total Number of shares traded	202,885,800	20,335,400
Number of shares in issue	12,290,474,360	12,290,474,360
Number of shares traded as a percentage of shares in issue (%)	1.65	0.16
One Year VWAP (close)	GH¢ 0.71 p	GH¢ 0.71 p
Market Cap (as at 31/12/2019) (million)	GH¢ 8,603.33	GH¢ 9,709.47
Dividend yield (%)	8.57	6.33
Earnings yield (%)	11.71	8.48
P/E (X)	8.54	11.79
Ghana Stock Exchange Composite Index (close)	2,257.15	2,572.22
Ghana Stock Exchange Financial Index (close)	2,019.65	2,153.74

Source: Ghana Stock Exchange

Shareholder analysis

Number of Shareholders

Scancom PLC had only ordinary shareholders as at 31 December 2019 and distributed as follows:

Range of Shares	Number of Shareholders	Holding	Percentage %
1 – 1,000	115,786	15,422,192	0.13
1,001 – 10,000	10,763	34,648,567	0.28
10,001 – 50,000	1,413	29,849,884	0.24
50,001 – 100,000	253	18,735,590	0.15
100,001 – 500,000	231	47,339,413	0.39
500,001 – 1,000,000	40	29,267,908	0.24
1,000,001 – 5,000,000	46	95,443,337	0.78
5,000,001 – 10,000,000	17	127,220,621	1.04
10,000,001 – 50,000,000	15	376,733,708	3.07
50,000,001 – 100,000,000	7	449,162,448	3.65
100,000,001 – 500,000,000	3	570,270,692	4.64
500,000,001 – 1,000,000,000	0	0	0.00
1,000,000,001 – 11,000,000,000	1	10,496,380,000	85.40
Total	128,575	12,290,474,360	100.00

Shareholder information

Shareholder analysis

Details of 20 Largest Ordinary Shareholders

Name	Number of Shares held	Percentage (%) Holding
INVESTCOM CONSORTIUM	10,496,380,000	85.40
ZENT INTERNATIONAL LIMITED	252,514,600	2.05
SOCIAL SECURITY AND NATIONAL INSURANCE TRUST	198,745,480	1.62
SCGN/SSB & TRUST AS CUSTODIAN, RE DECCAN VALUE INVESTORS FUND L.P	119,010,612	0.97
SCGN/SSB+T FOR VEDA INVESTORS FUND L.P. NJ6G	79,822,410	0.65
SCGN / NORTHERN TRUST CO. AVFC 6314B, SCGN / NORTHERN TRUST CO. AVFC 6314B	69,454,050	0.57
SCGN/PICTET&CIE (EUROPE)SA LUX RE HEVIBEN L.P	66,620,920	0.54
SCGN/PICTET&CIE (EUROPE)S.A LUX RE BLAKENEY L.P	64,231,430	0.52
SCGN/SSB & T AS CUSTODIAN RE A/D, INVESTORS FUND L.P. FD - NJ3D	57,168,920	0.47
SCGN/CITIBANK NY RE:ALLAN GRAY GLOBAL FRONTIER EFL	56,753,214	0.46
SCGN/JPM IRE RE CORONATION FD MGR IRE ON BEHALF, OF THE AFR FRTR FUND A SUB FUND OF THE CORO UNIV. FD	55,111,504	0.45
SCGN/SSBTC FOR DECCAN VALUE INV.BPI FUND L.P-NJ3Z	48,083,614	0.39
SCGN/STATE ST. B&T AS TRUSTEE FOR YD SMA LLC-NJ4O	44,788,694	0.36
SCGN/CITIBANK NEW YORK RE ALLAN GRAY AFRICA, EX - SA EQUITY FUND LIMITED	36,742,755	0.30
SCGN/SSB AS CUSTODIAN RE M/D, INVESTORS FUND L.P F - NJ3E	36,336,229	0.30
SCGN/STATE STREET BK&TC FOR DVG 1740 FUND L.P-NJ4Q	34,997,420	0.28
SCGN/SSBT AS CUST FOR H/D INVESTORS FUND L.P-NJ45	27,559,935	0.22
SCGN/JPMC FIRSTRAND BANK LTD GTI:73863	27,421,023	0.22
SCGN/NTGS SE LUX CL A/C RE LUDP RE: AIF CL 8% ACC	25,266,938	0.21
SCGN/JPMC RE DUET AFRICA OPPORTUNITIES MASTER FUND, IC GTI:AEX26	20,000,000	0.16
	11,817,009,748	96.15

Shareholders' diary

	Date
Final dividend recommendation	25 February 2020
Summary annual financial results published	26 February 2020
Annual financial statements posted	early April 2020
First quarter results published	29 April 2020
Annual general meeting	13 May 2020
Half year-end	30 June 2020
Interim dividend declaration	29 July 2020
Interim financial statements published	30 July 2020
Third quarter results published	28 October 2020
Financial year-end	31 December 2019
Final dividend declaration for 2019	end February 2021
Summary annual financial results	end February 2021

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.

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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
PwC Tower
A4 Rangoon Lane
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

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Kuenyehia & Nutsukpui
Legal practitioners and notaries
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Labone, Accra

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Thank you

for making us Ghana's No. 1 Company and the Highest Taxpayer in Ghana.

We're good together

#WeDey4U *everywhere you go*

mtn.com.gh

MTN

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