



Vodacom Business Africa Group Services Limited

Registration no. 5965197

**Annual report and financial statements
for the year ended 31 March 2020**

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Vodacom Business Africa Group Services Limited

Registration no. 5965197

**Annual report and financial statements
for the year ended 31 March 2020**



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Vodacom Business Africa Group Services Limited**Strategic report
for the year ended 31 March 2020**

The directors present their strategic report on the Vodacom Business Africa Group Services Limited (the "company") for the year ended 31 March 2020.

Introduction and Strategy

Vodacom Business Africa Group Services Limited ("VBAGS") offers a range of connectivity services to multinational corporations and large and medium-sized businesses operating in Africa. It is wholly owned by Vodacom (UK) Limited. Further review of the business can be obtained from Vodacom Group Limited's annual financial statements which can be found on their website, www.vodacom.com.

Vodacom Business Africa Group ("Group"), Vodafone Carrier Services ("VCS") and Vodafone Group Enterprises ("VGE") are separate legal entities within the Vodafone Group focused on the launch of the billing hub.

The vision of the Group is to become the preferred Vodafone Group vehicle for delivering fixed enterprise services across Africa. The 2021 financial year will be focused on integrating and leveraging the assets across the continent. This will be undertaken along a horizontal axis where the products and services will be homogenised along the access layer between Operational Companies (OpCo's). This will improve the user experience, simplify pricing and reduce management complexity. In terms of a vertical axis, the products and services sets will be deepened to further build and deliver value added services onto the unified access layer. This will entail cloud services, machine-to-machine (M2M) and industry solutions including point of sale (POS) and education. The relationship between the Group, VCS and VGE will be simplified and enhanced through an agreed governance structure to (a) enable VGE to lead large continental and multinational corporation (MNC) sales and (b) utilise the capability of VCS to provide differentiated solutions in terms of capacity and price for international connectivity. VGE will lead the sales process, the Group will develop and retain the customer facing relationship through delivery, while VCS will support both in terms of pricing and carrier capacity management.

The main core costs are incurred in VBAGS. This entity is also effectively the holding company of the African regional operations.

Operating & Business Review

Revenue for the year was USD 27.04 million (2019: USD 31.1 million). Profit from operations for the year was USD 0.3 million (2019: Loss of USD 4.5 million). They represent the key financial indicators of the company. Further information on the activities and financial position of the company are presented in the annual financial statements and notes thereto.

Key performance indicators

The nature of Vodacom Business Africa Group Services Limited is delivering fixed enterprise services across African markets. The key performance indicators for Vodacom Business African Group Services Limited is (Revenue, EBITDA & EBIT). The expected results of the key performance indicators for the year came in slightly behind budgets due to the sale of subsidiaries within the Group, the continuing operations remained on track against budget. Managements strategy achieve the KPI's in the financial year 2021 will be focused on increased sales effectiveness, expansion the sales team spearheaded by head of sales, each sales team member targeted to achieve incremental sales in specific routes to the markets. Furthermore to focus on new digital revenue streams like IOT. To manage direct cost, a focused team will actively monitoring the core network for performance optimization thus enabling us to avoid customer SLA costs but also enable us to actively influence our cost base positively. The continued efforts is expected to maintaining the gross margin at an acceptable level. The OPEX the cost inflation remains low (around 2%) and there is no further opex expansion plans.

Principal risks & uncertainties

The impact of COVID-19 on the Company's business activities was minimal. Customers are blue chip and/or large corporate customers who would still require VBAGS's services under COVID conditions. Fixed term contracts with customers thus known expected cash inflows and any changes to customer contracts a direct effect on the business would be easily identified. The effect of COVID on operations i.e. VBAGS operating model and how the contracts with customers are structured that's why there is a minimal to no impact on provision for bad debts. Business Partner arrangements in place, thus no employees are directly employed and no entities registered in perceived higher risk countries. Staff work remotely pre-covid thus the transition to continue operations during COVID has not been impacted. The parent company issued a letter of support of USD 5 million dollars which covers Vodacom Business Africa Group Pty (Ltd) and its subsidiaries.

This report has been approved by the board on 28 May 2021 and signed on its behalf.

DocuSigned by:

Martha Lamola

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M Lamola

Director

Staple Court

11 Staple Inn Building

London

WC1V 7Q

United Kingdom

Vodacom Business Africa Group Services Limited**Directors' report
for the year ended 31 March 2020**

The directors have the pleasure of presenting their report and the audited annual financial statements for the year ended 31 March 2020.

The company details are as follows:

Registered Office:	Staple Court , 11 Staple Inn Building , London , WC1V 7QH
Postal address:	Staple Court , 11 Staple Inn Building , London , WC1V 7QH
Country of incorporation:	United Kingdom
Independent auditors:	Ernst and Young LLP

1. Principal Activity

Vodacom Business Africa Group Services Limited ("VBAGS") is a trading company, providing connectivity services to multinational corporations and large and medium-sized businesses operating in Africa. It is a wholly owned subsidiary of Vodacom UK Limited, who in turn is owned by VBA (Mauritius) Limited, who is owned by Vodacom Business Africa Group Proprietary Limited (the "Group") and ultimately by Vodacom Group Limited. The Group offers a range of connectivity services to multinational corporations and large and medium-sized businesses operating in Africa. A further review of the Group can be obtained from Vodacom Group Limited's annual financial statements which can be found on their website, www.vodacom.com.

2. Financial results

Revenue earned for the year ending 31 March 2020 was USD 27.04 million (2019: USD 31.1 million), with a profit for the year of USD 0.3 million (2019: loss of USD 4.5 million).

Further information on the activities, performance and financial position of the company is presented in the annual financial statements and notes thereto.

3. Going concern basis

The company made a net profit of USD 0.3 million during the year ended 31 March 2020 (2019 – net loss of USD 4.5 million) and the company's total liabilities exceeded the total assets by USD 4.1 million (2019 – the liabilities exceeded the assets with USD 4.4 million). Going forward, the directors plan to use the company as the contract vehicle for all major MPLS global contracts. This is expected to in time to lead to the entity becoming profitable.

The directors have a reasonable expectation that the company and Vodacom Group Limited have adequate resources to continue in operational existence for the foreseeable future based on confirmation that Vodacom Group Limited will continue to support the company for at least 12 months following the signing of the financial statements and the directors' report. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. Refer to Note 1.1 and note 19 for more in this regard.

Management has considered the consequences and impact of COVID-19 on its operations and has determined that there is no material uncertainty that casts doubt on the entity's ability to continue as a going concern. Management, whilst continuing to monitor the situation remains of the view that COVID-19 will not have a significant impact on the entity's expected future performances based on the insignificant impact it had in the financial year 2020. Vodacom Group Limited is a large operational entity listed on the JSE and has adequate resources to support Vodacom Business Africa Group Services Limited. The parent company issued a letter of support of USD 5 million dollars which covers Vodacom Business Africa Group Pty (Ltd) and its subsidiaries. Management will on a continuous basis be evaluating its position and the impact of COVID-19 on the business.

Vodacom Business Africa Group Services Limited

Directors' report (continued)
for the year ended 31 March 2020

**4. Financial risks**

Details of the company's financial risk management objectives and policies are set out in note 12 of the financial statements.

5. Dividends

The company did not pay any dividends during the year (2019: USD nil).

6. Directors and secretary

The directors who held office during the year and up to the date of signing the financial statements were as follows:

	In office 31/03/2019	Resignations	Appointments	In office 31/03/2020
Directors				
	VHT Kathan	30/11/2020	-	-
	GL Clarke	-	-	GL Clarke
	GJE Lorraine	2/29/2020	-	-
	C Knight	-	-	C Knight
	M Lamola	-	10/27/2020	M Lamola
Secretary	MH Secretaries Limited	-	-	MH Secretaries Limited

7. Involvement of employees

Employees are regularly provided with information on matters of concern to them as employees of the Vodacom Group.

Consultation with employees or their representatives has continued at all levels to ensure that their views are taken into account when decisions are made that are likely to affect their interest. The company endeavours to achieve a common awareness amongst all employees in relation to the financial and economic factors that affect the performance of the company.

8. Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business ;
- make judgements and accounting estimates that are reasonable and prudent ; and
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Vodacom Business Africa Group Services Limited

**Directors' report (continued)
for the year ended 31 March 2020**



9. Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance provisions of S418 of the Companies Act 2006.

Ernst and Young was the appointed independent auditors for the 2020 financial year. Following a request for proposal issued, a resolution to approve Ernst and Young LLP as the independent auditors for the 2020 financial year will be proposed at the forthcoming Annual General Meeting.

10. Indemnification of directors

In accordance with our articles of association and to the extent permitted by the laws of England and Wales, directors are granted an indemnity from the company in respect of liabilities incurred as a result of their office. In respect of those matters for which the directors may not be indemnified, we maintained a directors' and officers' liability insurance policy throughout the financial year and at the date of approval of the financial statements. Neither our indemnity nor the insurance provides cover in the event that a director is proven to have acted dishonestly or fraudulently.

This report was approved by the board on 28 May 2021 and signed on its behalf:

DocuSigned by:
A handwritten signature in black ink, appearing to read "Martha Lamola".
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M Lamola
Director

Staple Court
11 Staple Inn Building
London
WC1V 7Q
United Kingdom

Independent auditors' report to the members of Vodafone Business Africa Group Services Limited

Report on the financial statements

Opinion

We have audited the financial statements of Vodacom Business Africa Group Services Limited for the year ended 31 March 2020 which comprise the Profit and Loss Account, the Balance Sheet, statement of cash flows, the statement of changes in equity and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters

In our opinion, based on the work undertaken in the course of the audit:

Independent auditors' report to the members of Vodafone Business Africa Group Services Limited

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Stuart Darrington



Ernst & Young LLP
London, United Kingdom
Senior Statutory auditor

28 May 2021

Vodacom Business Africa Group Services Limited

Statement of comprehensive income
for the year ended 31 March 2020

	Note	2020 USD '000	2019 USD '000
Revenue	2	27,048	31,060
Cost of Sales		(18,480)	(26,853)
Gross profit		8,568	4,207
Other income	3	3,895	4,679
Loss from sale of subsidiary		(2,823)	-
Administration expenses		(6,529)	(11,822)
Depreciation		(762)	(843)
Impairment of non-current assets		(432)	-
Sale Project Warranty Claims		(1,081)	-
Profit / (loss) before taxation	4	836	(3,779)
Tax expense	6	(526)	(750)
Profit / (loss) for the year		310	(4,529)
Other comprehensive income for the year		-	-
Total comprehensive Profit / (loss) for the year		310	(4,529)

The statement of comprehensive income has been prepared on the basis that all operations in the current and prior year are continuing. For the financial years ended 31 March 2020 and 31 March 2019, the company did not have any items of other comprehensive income.

The notes on pages 11 to 33 form part of these financial statements.

Vodacom Business Africa Group Services Limited

Statement of financial position
as at 31 March 2020

	Note	2020 USD '000	2019 USD '000
ASSETS			
Non-current assets		1,726	2,880
Property, plant and equipment	7	1,726	2,880
Investments in subsidiaries	8	-	-
Current assets		16,988	24,118
Trade and other receivables	9	13,163	20,832
Cash and cash equivalents	10	3,825	3,286
Non-current assets held for sale	14	-	3,533
Total assets		18,714	30,531
EQUITY AND LIABILITIES			
Total equity		(4,134)	(4,444)
Share capital	13	91,700	91,700
Preference share capital	13	20,791	20,791
Reserves: capital contribution		203,273	203,273
Accumulated losses		(319,898)	(320,208)
Current liabilities		22,849	34,975
Trade and other payables	11	22,849	34,975
Total equity and liabilities		18,714	30,531

The notes on pages 11 to 33 form part of these financial statements.

The financial statements on pages 7 to 33 were approved and authorised for issue by the board and were signed on its behalf on 28 May 2021.

DocuSigned by:

Martha Lamola

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M Lamola
Director

Vodacom Business Africa Group Services Limited

Statement of changes in equity
for the year ended 31 March 2020

	Share capital	Preference share capital	Reserves: capital contribution	Accumulated losses	Total equity
	USD '000	USD '000	USD '000	USD '000	USD '000
Balance at 1 April 2018	91,700	20,791	203,273	(315,679)	85
Loss for the year	-	-	-	(4,529)	(4,529)
Other comprehensive income for the year	-	-	-	-	-
Balance at 1 April 2019	91,700	20,791	203,273	(320,208)	(4,444)
Profit for the year	-	-	-	310	310
Other comprehensive income for the year	-	-	-	-	-
Balance at 31 March 2020	91,700	20,791	203,273	(319,898)	(4,134)

The notes on pages 11 to 33 form part of these financial statements.

Vodacom Business Africa Group Services Limited

Statement of cash flows
for the year ended 31 March 2020

	Note	2020 USD '000	2019 USD '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (utilised in) operations	20	(132)	267
Finance income		-	-
Dividends received		-	-
Taxes on Income		-	-
Net cash flows generated / (utilised in) operating activities		(132)	267
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	7	(39)	(57)
Proceeds on disposals of property, plant and equipment	7	-	364
Proceeds on disposals of investments		710	-
Net cash flows generated from / (utilised in) investing activities		671	307
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in preference share capital		-	-
Net cash flows generated from financing activities		-	-
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		539	574
Cash and cash equivalents at beginning of year		3,286	2,712
CASH AND CASH EQUIVALENTS AT END OF YEAR	10	3,825	3,286

The notes on pages 11 to 33 form part of these financial statements.

Vodacom Business Africa Group Services Limited**Notes to the annual financial statements
for the year ended 31 March 2020****1. Presentation of Annual Financial Statements****1.1 Basis of preparation**

Vodacom Business Africa Group Services Limited (the "company") is a private company incorporated in the United Kingdom, limited by shares.

The company's financial statements have been prepared and approved by the director in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (IFRS) and in accordance with interpretations issued by the IFRS Interpretations Committee (IFRS IC). The financial statements have been prepared in accordance with Companies Act 2006 as applicable to companies using IFRS.

The company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its Group.

Basis of measurement

The annual financial statements are prepared on the historical cost basis, except for certain financial instruments which are measured at amortised cost.

Functional and presentation currency

The functional and presentation currency of the company is US Dollars.

Use of estimates and judgements

The preparation of the annual financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Going concern

The company made a net profit of USD 0.3 million during the year ended 31 March 2020 (2019 – net loss of USD 4.5 million) and the company's total liabilities exceeded the total assets by USD 4.1 million (2019 – the total liabilities exceeded the total assets by USD 4.4 million). Going forward, the directors plan to use the company as the contract vehicle for all major MPLS global contracts. This is expected to in time to lead to the entity becoming profitable.

The directors have a reasonable expectation that the company and Vodacom Group Limited have adequate resources to continue in operational existence for the foreseeable future based on confirmation that Vodacom Group Limited will continue to support the company for at least 12 months following the signing of the financial statements and the directors' report. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. Refer to Note 19 for more in this regard.

1.2 Foreign currencies**Transactions and balances**

Transactions in foreign currencies are initially recorded at the foreign exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the respective functional currency of the entity at the rates prevailing at the reporting date. Exchange differences on the settlement or translation of monetary assets and liabilities identified as being part of operating activities are included in operating profit, while exchange differences on the settlement or translation of monetary assets and liabilities which are not considered as being part of operating activities are included in net loss on remeasurement and disposal of financial instruments in profit or loss in the period in which they arise.

Vodacom Business Africa Group Services Limited

Notes to the annual financial statements (continued)
for the year ended 31 March 2020



1. Presentation of Annual Financial Statements (continued)

1.3 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of property, plant and equipment includes directly attributable costs incurred in the acquisition and installation of such assets, as well as the present value of the estimated cost of dismantling, removal or site restoration costs if applicable, so as to bring the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.

The cost of small parts that do not meet the definition of property, plant and equipment, as well as repairs and maintenance costs are recognised in profit or loss as incurred.

Depreciation is recognised in profit or loss on a straight-line basis over the shorter of the lease term, if applicable, or the estimated useful life and ceases at the earlier of the date the asset is classified as held for sale or the date it is derecognised.

Useful lives, residual values and depreciation methods are reviewed on an annual basis with the effect of any changes in estimate accounted for on a prospective basis.

The difference between the proceeds and the carrying amount of an item of property, plant and equipment is recognised as the profit or loss on disposal.

1.4 Impairment of non-financial assets

An impairment loss is recognised immediately in profit or loss if the recoverable amount of an asset is less than its carrying amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows from continuing use and ultimate disposal of the asset 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 which the estimates of future cash flows have not been adjusted.

Assets that do not generate cash inflows largely independent of those from other assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as cash-generating units. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated pro rata on the basis of the carrying amount of each asset in the unit.

Where 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, 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 periods. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income.

The company annually reviews the carrying amounts of its property, plant and equipment 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.

Vodacom Business Africa Group Services Limited

Notes to the annual financial statements (continued)
for the year ended 31 March 2020



1. Presentation of Annual Financial Statements (continued)

1.5 Financial instruments

Financial assets and liabilities, in respect of financial instruments, are recognised on the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at fair value, including transaction costs.

The fair value of a financial instrument on initial recognition is normally the transaction price unless the fair value is evident from observable market data.

Financial assets

Financial assets are recognised and derecognised on trade date where the purchase or sale of the financial asset is under a contract whose terms require delivery of the instrument within the timeframe established by the market concerned.

Subsequent to initial recognition, these instruments are measured as follows:

- Trade receivables are held to collect contractual interest and principle repayments and are stated at amortised cost using the effective interest method, less any impairments.
- Other receivables are subsequently stated at their nominal values.

Trade receivables represent amounts owed by customers where the right to payments is conditional only on the passage of time. Other trade receivables do not carry any interest and are stated at their nominal value. The carrying value of all trade receivables, contract assets and finance lease receivables recorded at amortised cost is reduced by allowances for lifetime estimated credit losses.

Estimated future credit losses are first recorded on the initial recognition of a receivable and irrecoverable amounts are based on the ageing of the receivable balances and historical experience. Individual balances are written off when management deems them not to be collectible.

Impairment of financial assets

The company has financial assets classified and measured at amortised cost that are subject to the expected credit loss model requirements of IFRS 9. While cash at bank and in hand and debt investments classified and measured at amortised cost, are also subject to these impairment requirements they are considered to have low credit risk, and the expected credit loss is mitigated through the company's credit risk management policy.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed.

Vodacom Business Africa Group Services Limited

Notes to the annual financial statements (continued)

for the year ended 31 March 2020

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1. Presentation of Annual Financial Statements (continued)

1.5 Financial instruments (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, with the exception of trade and other receivables, the amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. For trade and other receivables, the amount of the impairment loss is the irrecoverable amount estimated by management based on assumptions about risk of default and expected loss rates.

The carrying amount is reduced directly by the impairment loss, with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed, either directly or by adjusting the allowance account, through the statement of comprehensive income. The carrying amount of the financial asset at the date the impairment loss is reversed will not exceed what the amortised cost would have been had the impairment loss not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the company are classified according to the substance of the contractual arrangements entered into and the applicable definitions. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities and includes no obligation to deliver cash or other financial assets.

Equity instruments issued by the company are recorded at the proceeds received, net of direct issuance costs. Own equity instruments that are reacquired (treasury shares) are recognised at cost, including transaction costs, and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in equity.

Subsequent to initial recognition, these instruments are measured as follows:

- Trade and other payables are not interest bearing and are subsequently stated at amortised cost using the effective interest method.

Offset

Where a legally enforceable right to offset exists for recognised financial assets and liabilities, and there is an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis, all related financial effects are offset.

1.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in bank accounts and call deposits, all of which are available for use by the company unless otherwise stated.

1.7 Investment in subsidiaries

Investments in subsidiaries are carried at cost less any provision for impairment.

1.8 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of a past event, it is probable that the company will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect of the time value of money is material.

1.9 Taxation

Taxation represents the sum of the current tax and deferred tax. Tax is charged or credited to the statement of comprehensive income, except when it relates to items charged to other comprehensive income or directly to equity, in which case the tax is also recognised directly in other comprehensive income or in equity.

Tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same tax authority on either the same taxable entity or on different taxable entities which intend to settle the tax assets and liabilities on a net basis.

Vodacom Business Africa Group Services Limited

Notes to the annual financial statements (continued)
for the year ended 31 March 2020



1. Presentation of Annual Financial Statements (continued)

1.9 Taxation (continued)**Current tax**

Current tax payable or receivable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because some items of income or expense are taxable or deductible in different years or may never be taxable or deductible. The company's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that the deductible temporary difference will reverse in the foreseeable future and taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

A deferred tax asset for the carry forward of unused tax losses and tax credits is only recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and adjusted to reflect changes in the probability that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the reporting date.

The tax losses can be carried forward indefinitely as long as the company is carrying on a trade. A deferred tax asset is not recognised for the tax losses as convincing evidence of future taxable income against which it can be utilised is not available.

1.10 Revenue Recognition

When the company enters into an agreement with a customer, goods and services deliverable under the contract are identified as separate performance obligations ("obligations") to the extent that the customer can benefit from the goods or services on their own and that the separate goods and services are considered distinct from other goods and services in the agreement. Where individual goods and services don't meet the criteria to be identified as separate obligations they are aggregated with other goods and/or services in the agreement until a separate obligation is identified. The obligations identified will depend on the nature of individual customer contracts, but might typically be separately identified for other equipment provided to customers and services provided to customers such as fixed line communications services. Where goods and services have a functional dependency (for example a fixed line router can only be used within company's services) this does not, in isolation, prevent those goods or services from being assessed as separate obligations.

The company determines the transaction price to which it expects to be entitled to in return for providing the promised obligations to the customer based on the committed contractual amounts, net of sales taxes and discounts.

The transaction price is allocated between the identified obligations according to the relative standalone selling prices of the obligations. The standalone selling price of each obligation deliverable in the contract is determined according to the prices that the company would achieve by selling the same goods and/or services included in the obligation to a similar customer on a standalone basis; where standalone selling prices are not directly observable, estimation techniques are used maximising the use of external inputs.

Revenue is recognised when the respective obligations in the contract are delivered to the customer and payment remains probable:

- Revenue for the provision of services, such as fixed line broadband, is recognised when the Company provides the related service during the agreed service period.
- Revenue for equipment sales to end customers is generally recognised when the equipment is delivered to the end customer.

Vodacom Business Africa Group Services Limited

Notes to the annual financial statements (continued)
for the year ended 31 March 2020



1. Presentation of Annual Financial Statements (continued)

1.10 Revenue Recognition (continued)

When the company has control of goods or services prior to delivery to a customer, then the Customer is the principal in the sale to the customer. As a principal, receipts from and payments to suppliers are reported on a gross basis in revenue and operating costs. If another party has control of goods or services prior to transfer to a customer, then the company is acting as an agent for the other party and revenue in respect of the relevant obligations is recognised net of any related payments to the supplier and recognised revenue represents the margin earned by the Company.

When the revenue recognised in respect of a customer contract exceeds amounts received or receivable from a customer at that time a contract asset is recognised; contract assets will typically be recognised for equipment provided to customers where payment is recovered by the Company via future service fees. If amounts received or receivable from a customer exceed revenue recognised for a contract, for example if the Company receives an advance payment from a customer, a contract liability is recognised.

The company principally obtains revenue from providing the following telecommunication services: data services and connection fees.

Revenue from data services is recognised when the company has performed the related service.

Customer connection revenue is recognised together with the related equipment revenue to the extent that the aggregate equipment and connection revenue does not exceed the fair value of the equipment delivered to the customer. Any customer connection revenue not recognised together with related equipment revenue is deferred and recognised over the period in which services are expected to be provided to the customer.

Other income

Dividends from investments are recognised when the company's right to receive payment has been established.

Interest is recognised on a time proportion basis with reference to the principal amount receivable and the effective interest rate applicable.

Presentation: gross versus net

Where the company's role in a transaction is that of principal, revenue is recognised on a gross basis. This requires revenue to comprise the gross value of the transaction billed to the customer, after trade discounts, with any related administrative fees charged as an operating cost.

Where the company's role in a transaction is that of an agent, revenue is recognised on a net basis, with revenue representing the margin earned.

1.12 Expenses

Expenses are recognised as they are incurred. Prepaid expenses are deferred and recognised in periods to which they relate.

1.13 Employee benefits**Post-employment benefits**

The company contributes to defined contribution funds for the benefit of employees and these contributions are expensed as they fall due. The company is not liable for contributions to the medical aid of retired employees.

Short-term and long-term benefits

The cost of all short-term employee benefits, such as salaries, employee entitlements to leave pay, bonuses and other contributions, are expensed in the period in which the employee renders the related service.

1.14 Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is highly probable. They are stated at the lower of carrying amount and fair value less cost to sell.

Vodacom Business Africa Group Services Limited

Notes to the annual financial statements (continued)
for the year ended 31 March 2020



1. Presentation of Annual Financial Statements (continued)

1.15 New accounting pronouncements**Accounting pronouncements adopted****New accounting pronouncements adopted on 1 April 2019**

The following new pronouncements, none of which were considered by the Company as significant on adoption, were adopted by the Company to comply with amendments to IFRS.

- IFRS 16 Leases;
- Amendments to IAS 28 relating to longterm interests in Associates and Joint Ventures;
- Improvements to IFRS: 2015–2017 cycle;
- Amendments to IAS 19 relating to plan amendment, curtailment or settlement;
- Amendments to IFRS 9 relating to prepayment features with negative compensation; and
- IFRIC 23 Uncertainty over Income Tax Treatments.

New accounting pronouncements to be adopted on 1 April 2020

The following pronouncements, issued by the IASB, are effective for periods commencing on or after 1 January 2020. The Company's financial reporting will be presented in accordance with these new standards, which are not expected to have a material impact on the consolidated income statement, consolidated statement of financial position or consolidated cash flow statement from 1 April 2020.

- Amendments to IFRS 3 relating to the definition of a Business;
- Amendments to IAS 1 and IAS 8 relating to the definition of Material; and
- Amendments to IFRS 9, IAS 39 and IFRS 7 relating to interest rate benchmark reform.

New accounting pronouncements to be adopted on or after 1 April 2021

The IASB has issued Amendments to IAS 1 "Classification of Liabilities as Current or Non-current", effective for annual periods beginning on or after 1 January 2022 and IFRS 17 "Insurance Contracts", which is effective for annual periods beginning on or after 1 January 2023; the IASB has proposed deferring the adoption of these standards but no changes have yet been issued.

The Company's financial reporting will be presented in accordance with the above new standards from 1 April 2022 and 1 April 2023 respectively. The Company's work to assess the impact of these accounting changes is continuing; however, the changes are not expected to have a material impact on the consolidated income statement, consolidated statement of financial position or consolidated cash flow statement.

Vodacom Business Africa Group Services Limited**Notes to the annual financial statements (continued)
for the year ended 31 March 2020****1. Presentation of Annual Financial Statements (continued)****1.16 Critical accounting judgements including those involving estimations**

The company prepares its annual financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (IFRS), the application of which often requires management to make judgements when formulating the company's financial position and results. Judgements, including those involving estimations, made in the process of applying the company's accounting policies are discussed below. Management considers these judgements to have a material effect on the annual financial statements.

The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions. Although estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from these estimates. Accounting estimates and the underlying assumptions are reviewed on an ongoing basis.

The discussion below should also be read in conjunction with the company's disclosure of 'Significant accounting policies', which is provided.

Management has presented its critical accounting judgements and associated disclosures to Vodacom Group Limited's Audit, Risk and Compliance Committee who has recommended it to the Board.

Property, plant and equipment

Property, plant and equipment represents 9.2% (2019: 9.4%) of the company's total assets. Therefore, the estimates and assumptions made to determine their carrying amounts and related depreciation are critical to the company's financial position and performance.

Estimation of useful lives and residual values

The charge in respect of periodic depreciation is derived after estimating an asset's expected useful life and the expected residual value. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the statement of comprehensive income.

The company assesses the residual value of every item of property, plant and equipment annually. In determining residual values, the company uses historical sales and management's best estimate for residual values below 10.0% of cost and third-party confirmation for those above 10.0% of cost. At the end of the useful life, the value of the asset is expected to be nil or insignificant in respect of data networks.

The estimation of useful lives is based on certain indicators such as historical experience with similar assets as well as anticipation of future events, which may impact the lives, such as changes in technology. The useful lives will also depend on the future performance of the assets as well as management's judgement of the period over which economic benefits will be derived from the assets.

The estimated useful lives of depreciable property, plant and equipment are as follows:

Item	Average useful life
Data networks	8 years

Vodacom Business Africa Group Services Limited**Notes to the annual financial statements (continued)
for the year ended 31 March 2020****1. Presentation of Annual Financial Statements (continued)****1.16 Critical accounting judgements including those involving estimations (continued)**

The determination of the fair value of assets and liabilities often requires complex estimations and is based, to a considerable extent, on management's judgement.

Taxation

The company's tax charge on ordinary activities is current tax charges. The calculation of the company's total taxation charge necessarily involves judgements, including those involving estimations, in respect of certain matters where the tax impact is uncertain until a conclusion has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profits, losses and/or cash flows.

The complexity of the company's structure, considering its geographic presence, makes the degree of judgement more challenging. The resolution of issues is not always within the company's control and it is often dependent on the efficiency of the legal processes in the relevant tax jurisdictions in which the company operates. Issues can, and often do, take many years to resolve. Payments in respect of tax liabilities for an accounting period result from payments on account and on the final resolution of open items. As a result, there can be substantial differences between the taxation charge in the statement of comprehensive income and tax payments.

Recognition of deferred tax assets

The recognition of deferred tax assets is based upon whether it is probable that taxable profits will be available in the future, against which the deductible temporary differences can be utilised. Management therefore exercises judgement in assessing the Company's future financial performance before recognizing a deferred tax asset. Based on management's assessment, a deferred tax asset is not recognised for tax losses as convincing evidence of future taxable income against which it can be utilised is not available.

Impairment of receivables

From 1 April 2018, the Company measures the loss allowance for trade receivables and contract assets on the simplified approach (Lifetime ECL). The ECL on trade receivables and contract assets are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry at the reporting date such as inflation and GDP growth. The Company had recognised a loss allowance of 100% against all receivables where historical experience has indicated that these receivables are generally not recoverable.

Provisions and contingent liabilities

The company exercises judgements in measuring and recognising provisions and the exposure to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities. Judgements, including those involving estimations, are necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement.

Vodacom Business Africa Group Services Limited

Notes to the annual financial statements (continued)
for the year ended 31 March 2020

	2020 USD '000	2019 USD '000
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2. REVENUE

The following is an analysis of the company's revenue for the year from continuing operations:

Revenue comprises turnover from sale of goods and services rendered	27,048	31,060
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	2020 USD '000	2019 USD '000
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3. OTHER INCOME

Cost recoveries	3,895	4,504
Profit on disposal of assets	-	175
Total	3,895	4,679

Management revised its cost recovery model within the VBA Group, whereby certain costs have been charged to Vodacom Business Africa Group Services directly, who in turn recovers these costs from its indirect operating subsidiaries. This resulted in heightened administration and management fees incurred (refer to Note 4) and a related cost recovery income being recognised.

	2020 USD '000	2019 USD '000
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4. (LOSS) / PROFIT BEFORE TAXATION

(Loss) / Profit before taxation is stated after (charging) /crediting:

Auditors' remuneration	9	(41)
Foreign exchange gain / (loss)	(19)	434
Depreciation	(762)	(843)
Staff costs	(1,317)	(1,489)
Administration and management fees	(4,253)	(4,567)
Legal and professional fees (reversal)	171	10
Bad debt recovered / (expenses)	(967)	400
Impairment of non-current assets	(432)	-
Sale Project Warranty Claims	(1,081)	-
Waiver of debt	(147)	(6,400)

In the current year the company granted a debt forgiveness to Vodacom UK Limited and discharged the intercompany liability in full as the debt was no longer recoverable.

The prior year waiver of debt was granted to AfriConnect Limited.

	2020 USD '000	2019 USD '000
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5. DIRECTORS AND STAFF

Wages and salaries	(1,186)	(1,382)
Pension Fund / Social security costs	(132)	(107)
	(1,317)	(1,489)

Monthly average number of employees	3	3
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Directors' remuneration paid and accrued by:**Executive director**

Vodacom Business Africa Group Services Ltd	114,400	114,400
	114,400	114,400

There are no fees for directorship and it's not practical to apportion the SA salaries for directorship in the UK entities.

Vodacom Business Africa Group Services Limited

Notes to the annual financial statements (continued)
for the year ended 31 March 2020

	2020 USD '000	2019 USD '000
6. TAX EXPENSE		
<u>Main components of UK Corporation tax:</u>		
Income tax	-	-
Deferred tax	-	-
Withholding tax	(526)	(750)
	(526)	(750)
<u>Factors affecting the income tax charge for the current year</u>		
(Loss) / profit before taxation	836	(3,779)
Reconciliation of normal tax on (loss) / profit before tax and the tax expense:		
(Loss) / profit before taxation multiplied by Standard rate of UK Corporation tax of 19% (2019: 19%)	159	(718)
Adjusted for:		
Non-deductible capital expenditure	432	1,376
Non-deductible loss on sale of subsidiary	536	-
Temporary differences not recognised	(25)	(67)
Tax losses (utilised) / not recognised	(1,103)	(590)
Withholding taxes suffered in other tax jurisdictions	(526)	(750)
Total income tax charge	(526)	(750)
<u>Factors affecting the tax charge of future years</u>		
<u>Trade losses</u>		
Trade losses brought forward	41,504	44,610
Tax losses (utilised) / created during the year	(5,805)	(3,106)
Tax loss available for future years	35,699	41,504
<u>Non-trade loan relationship deficit</u>		
Non-trade loan relationship deficit brought forward	1,166	1,166
Trade losses carried forward for future years	1,166	1,166
Unrecognised deferred tax asset relating to the tax loss multiplied by future standard rate of UK Corporation tax of 19% (2019 : 19%).	7,004	8,107

The tax losses can be carried forward indefinitely as long as the company is carrying on a trade. The deferred tax asset is not recognised for the unutilised tax losses as convincing evidence of future taxable income against which it can be utilised is not available.

Vodacom Business Africa Group Services Limited

Notes to the annual financial statements (continued)
for the year ended 31 March 2020

**7. PROPERTY, PLANT AND EQUIPMENT**

	Data Networks	Total
	USD '000	USD '000
Cost	6,855	6,855
Accumulated depreciation	(3,000)	(3,000)
Closing balance – 31 March 2018	3,855	3,855
Movement:		
Additions	57	57
Depreciation charge	(843)	(843)
Disposals - Cost	(215)	(215)
Disposals - Accumulated depreciation	26	26
Cost	6,697	6,697
Accumulated depreciation	(3,817)	(3,817)
Closing balance – 31 March 2019	2,880	2,880
Movement:		
Additions	39	39
Impairment of non-current assets	(432)	-
Depreciation charge	(762)	(762)
Cost	6,736	6,736
Accumulated depreciation	(5,010)	(5,010)
Closing balance – 31 March 2020	1,726	1,726
	2020	2019
	USD '000	USD '000

8. INVESTMENTS IN SUBSIDIARIESEquity investments in subsidiaries:

Opening Balance - 01 April	-	3,533
Impairment loss reversal	-	-
Reclassified to non-current assets held for sale	-	(3,533)
Closing Balance - 31 March	-	-

In the prior year the board of directors decided to dispose of certain subsidiaries within the Vodacom Business Africa Group which was classified as 'non-current assets held for sale' in accordance with the provisions of IFRS5. No impairments were recognised as a result of the 'non-current asset held for sale' classification.

The asset disposed of was predominantly the investment held in Vodacom Business (Nigeria) Limited.

The sales of the Vodacom Business Africa operations in Nigeria, Zambia and Ivory Coast to Synergy Communications were completed on 6th March 2020; the sale of Cameroon was completed and released from non-current assets held for sale classification in the first half of the new financial year Sep 2020. The sale of the Ghana company to Vodafone Ghana was completed on 31st December 2019.

Vodacom Business Africa Group Services Limited

Notes to the annual financial statements (continued)
for the year ended 31 March 2020

**8. INVESTMENTS IN SUBSIDIARIES (continued)**

The company controls the following subsidiaries:

			2020	2019
Gateway Communications Africa (UK) Limited	UK	Ordinary	100%	100%
VBA Holdings Limited	Guernsey	Ordinary	100%	100%
VBA International Limited *	Guernsey	Ordinary	100%	100%
Spar Aerospace Nigeria Limited *	Nigeria	Ordinary	100%	100%
Vodacom Business Kenya Ltd (formally known as Gateway Telecommunications (Kenya) Limited) *	Kenya	Ordinary	100%	100%
Vodacom Business Cameroon SA (formally known as GS Telecom Cameroon SARL) *	Cameroon	Ordinary	100%	100%

* These entities are indirectly held by Vodacom Business Africa Group Services Limited.

Main activities of the subsidiary undertakings as follows:

Gateway Communications Africa (UK) Limited - an intermediate holding company, currently in strike-off.

VBA Holdings Limited - an intermediate holding company.

VBA International Limited - an intermediate holding company.

Spar Aerospace Nigeria Limited - in the process of being liquidated.

Vodacom Business (Kenya) Limited - a telecommunications and internet service provider in Africa.

Vodacom Business Cameroon SA - a telecommunications and internet service provider in Africa.

The following subsidiaries was disposed of during the year :

Vodacom Business Africa (Nigeria) Limited

Vodacom Business (Angola) Lda

Vodacom Business SARL

Africonnect Limited

Vodacom Business Africa Group Services Limited

Notes to the annual financial statements (continued)
for the year ended 31 March 2020

	2020 USD '000	2019 USD '000
9. TRADE AND OTHER RECEIVABLES		
Trade receivables	5,169	2,734
Provision for estimated credit losses	(791)	(1,148)
Prepayments	-	369
Sundry Debtors	-	-
Accrued revenue	402	20
Amounts owed by other group companies (note 15)	8,383	18,857
Total	13,163	20,832

The average credit period granted on sales of goods is 60 days (2019: 60 days). No interest is charged on trade receivables for the first 60 days from the date of invoice or thereafter. The amounts owed by other group companies are repayable on demand.

Age of trade receivables

0 – 30 days	4,290	1,899
30 – 60 days	18	21
60 – 90 days	101	86
90 – 120 days	90	5
More than 120 days	497	723
Total	4,996	2,734

Age of intergroup receivables and accrued revenue not yet provided for

0 – 30 days	3,394	4,463
30 – 60 days	498	362
60 – 90 days	330	1,135
90 – 120 days	399	1,106
More than 120 days	3,763	11,791
Total	8,383	18,857

Receivable balances are denominated in the following currencies

United States Dollar	13,163	20,805
British Pound	-	27
Total	13,163	20,832

Movement in the provision for estimated credit losses

Opening Balance - 01 April	(1,148)	(1,519)
Utilisation of provision / (additional provision recognised)	396	371
Closing Balance - 31 March	(752)	(1,148)

Default rate per ageing category applied in ECL

Not due	0.96%	0.92%
0 – 30 days	2.02%	2.02%
31 – 60 days	3.43%	3.68%
61 – 90 days	4.95%	5.34%
91 – 120 days	9.13%	8.26%
More than 120 days	10.5%	10.5%

Expected credit loss ('ECL') allowance included above

From 1 April 2018, the Company measures the loss allowance for trade receivables and contract assets on the simplified approach (Lifetime ECL). The ECL on trade receivables and contract assets are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry at the reporting date such as inflation and GDP growth. The Company had recognised a loss allowance of 100% against all receivables where historical experience has indicated that these receivables are generally not recoverable.

As a result of the possible impact of COVID-19, the Group has reassessed its credit and risk policies pertaining to receivables and has taken this into account when measuring the loss allowance. The impact is not significant.

Vodacom Business Africa Group Services Limited

Notes to the annual financial statements (continued)
for the year ended 31 March 2020

	2020 USD '000	2019 USD '000
10. CASH AND CASH EQUIVALENTS		
Bank balances	3,825	3,286
Credit quality of bank balances		
Low credit risk	3,825	3,286
Bank balances are denominated in the following currencies		
United States Dollar	3,783	3,253
British Pound	25	4
United Arab Emirates Dirham	17	29
Total	3,825	3,286
	2020 USD '000	2019 USD '000

11. TRADE AND OTHER PAYABLES		
Trade payables	(2,642)	(483)
Other payables	(9,736)	(10,030)
Value added tax	(174)	(478)
Withholding taxes	(740)	(925)
Amounts owed to other group companies (note 15)	(9,557)	(23,059)
Total	(22,849)	(34,975)

The average credit period granted on purchases is 60 days (2019: 60 days). No interest is charged on trade payables for the first 60 days from the date of invoice. The company has financial risk management policies in place to ensure that all payables are within the pre-agreed credit terms. Amounts owed to other group companies are repayable on demand and carries no interest.

Deferred Revenue

	OPENING BALANCE	-	-
Vodacom Business Nigeria - Irrevocable right of use	(208)	-	-
Vodacom Business(Nigeria) - IRU Amortisation (Revenue Recognition)	6	-	-
	(202)	-	-
Vodacom Business Nigeria - Operation & Maintenance	(12)	-	-
IRU - O & M Amortisation (Revenue Recognition)	6	-	-
	(6)	-	-
	CLOSING BALANCE	(208)	-

During the year the company entered into an 'Irrevocable Right of Use' agreement with Vodacom Business(Nigeria) to provide them the IRU of preferential broadband capacity. To ensure maximum efficiency and maintenance to keep the capacity running an 'Operation & Maintenance (O&M)' agreement component was added to the transaction. The transaction price allocated to the fixed portion 'IRU' was \$400 000. The contractual period of the IRU as per the agreement was 15 years (180 months). The payment terms for the fixed portion of the 'IRU' was for 24 months, the initial sign-on payment was \$140 100 and a monthly payment of \$11 300 to be made following the duration of the next 23 months.

The contractual period for the 'Operation & Maintenance (O & M)' as per the agreement was also 15 years (180 months). The payment terms is \$12 000 annually for the duration of the contractual period 15 years.

	2020 USD '000	2019 USD '000
12. FINANCIAL INSTRUMENTS		
At 31 March 2020 and 31 March 2019, the company's financial instruments consists of financial assets made up of loans and receivables, and financial liabilities which are held at amortised cost.		
Financial risk management: the following categories of financial instruments exist:		
Loans and receivables:		
Trade and other receivables	13,163	20,463
Cash and cash equivalents	3,825	3,286
	16,989	23,749
Financial liabilities:		
Trade and other payables	(21,935)	(33,572)
	(21,935)	(33,572)

Vodacom Business Africa Group Services Limited**Notes to the annual financial statements (continued)
for the year ended 31 March 2020****12. FINANCIAL INSTRUMENTS (continued)****Overview**

The company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Financial risk

The board of directors has overall responsibility for the establishment and oversight of the company's risk management framework.

The company's management considers that all of the financial assets that are not impaired or past due for the current financial period are of good credit quality. The credit risk for cash and cash equivalents and trade and other receivables is considered negligible, since the counterparties are reputable banks and customers with a credible payment history.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty of a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers and cash and cash equivalents.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Exposure to credit risk

	2020	2019
	USD '000	USD '000
Trade and other receivables	13,163	20,463
Cash and cash equivalents	3,825	3,286
2020		Carrying amount USD '000
Trade and other receivables		13,163
Cash and cash equivalents		3,825
2019		Carrying amount USD '000
Trade and other receivables		20,463
Cash and cash equivalents		3,286

In respect of the comparative information for the 2019 financial year, the carrying amounts disclosed above approximate fair value, applying the principles of IAS 39.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. There are no loans bearing interest.

Vodacom Business Africa Group Services Limited**Notes to the annual financial statements (continued)
for the year ended 31 March 2020****12. FINANCIAL INSTRUMENTS (continued)**

The following are the contractual maturities of financial instruments:

	Carrying amount USD'000	Contractual cash flows USD'000	Less than a year USD'000	Between 1 and 2 years USD'000	Between 2 and 3 years USD'000
2020					
Trade and other receivable	13,163	13,163	13,163	-	-
Trade and other payable	(21,935)	(21,935)	(21,935)	-	-
Cash and cash equivalents	3,825	3,825	3,825	-	-
2019					
Trade and other receivable	20,463	20,463	20,463	-	-
Trade and other payable	(33,572)	(33,572)	(33,572)	-	-
Cash and cash equivalents	3,286	3,286	3,286	-	-

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Currency risk

The company is exposed to currency risk on purchases that are denominated in a currency other than the functional currency of the entity, the US Dollar. The company incurs currency risk as a result of purchases in foreign currencies. The company also incurs currency risk, due to foreign denominated trade receivable, trade payable and bank balances, which however do not have a significant impact to the financial statements.

No sensitivity analysis is therefore performed, as a general increase of one percentage point in the value of the United States Dollar against other foreign currencies would not have a material impact on the company's profits and losses.

Interest rate risk

The company is not exposed to significant cash flow interest rate risk as no significant financial instruments are interest bearing.

Vodacom Business Africa Group Services Limited

Notes to the annual financial statements (continued)
for the year ended 31 March 2020

	2020 USD '000	2019 USD '000
12. FINANCIAL INSTRUMENTS (continued)		

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

There are no externally imposed capital requirements. There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Financial risk management

The company has considered the impact of the COVID-19 outbreak on its operations. The company's financial position as at 31 March 2020 and the availability of sufficient funds and committed facilities, will assist to address liquidity risk that may arise from customers experiencing cash flow constraints. The company does not carry any long-term debt and has no significant obligation to repay any debt in the short to medium term. The company continues to monitor its debt exposure between fixed and variable rates to ensure a balanced portfolio in an uncertain and volatile environment.

	2020 USD '000	2019 USD '000
13. AUTHORISED AND ISSUED SHARE CAPITAL		

Authorised

70 000 000 ordinary shares of GBP 1 each (2019: 70 000 000) 126,000 126,000

Allotted, called up and fully paid

49 567 569 ordinary shares of GBP 1 each (2019: 49 567 569) 91,700 91,700

Preference share capital

20 790 572 preference shares of USD 1 each (2019: 20 790 572) 20,791 20,791

The preference shares issued are non-voting shares and irredeemable.

	2020 USD '000	2019 USD '000
14. NON-CURRENT ASSETS HELD FOR SALE		

There was no assets classified as non-current assets held for sale in the current year.

The assets consist predominantly of the following:

- Investment in Vodacom Business (Nigeria) Limited	-	3,533
Total non-current assets held for sale	-	3,533

Impairment loss recognised to revalue the above assets at lower of carrying value and fair value less cost to sell

	-	-
Total non-current assets held for sale	-	3,533

Vodacom Business Africa Group Services Limited

Notes to the annual financial statements (continued)
for the year ended 31 March 2020

	2020 USD '000	2019 USD '000
15. RELATED PARTY TRANSACTIONS		
<u>The company had the following transactions with other group companies</u>		
Service recovery fee from Vodacom Business Africa Group Proprietary Limited (<i>holding company</i>) *	(4,253)	(4,567)
Cost recovery fee to Vodacom Business Cameroon SA (<i>subsidiary</i>) *	364	364
Cost recovery fee to Vodacom Business (Ghana) Limited (<i>subsidiary</i>) *	-	374
Cost recovery fee to Vodacom Business (Angola) Limited (<i>subsidiary</i>) *	-	256
Cost recovery fee to Vodacom Business (Kenya) Limited (<i>subsidiary</i>) *	362	362
Cost recovery fee to Vodacom Business Cote d'Ivoire (<i>subsidiary</i>) *	-	226
Cost recovery fee to Vodacom Business Africa Nigeria Limited (<i>subsidiary</i>) *	-	1,515
Cost recovery fee to AfriConnect Limited (<i>fellow subsidiary</i>) *	-	628
Cost recovery fee to Vodafone Group Services (<i>holding company</i>) *	652	779
Sales to Vodafone Enterprise Global Limited (<i>sister company</i>)	5,283	6,942
Sales to Vodacom Proprietary Limited (<i>fellow subsidiary</i>)	6,009	6,383
Sales to VM, S.A. (trading as Vodacom Mozambique) (<i>fellow subsidiary</i>)	274	299
Sales to GS Telecoms Proprietary Limited (<i>fellow subsidiary</i>)	-	433
Sales to AfriConnect Limited (<i>fellow subsidiary</i>)	-	46
Sales to Vodacom Business Cameroon SA (<i>subsidiary</i>)	993	500
Sales to Vodacom Business Africa (Nigeria) Limited (<i>subsidiary</i>)	-	1,790
Sales to Vodacom Business (Ghana) Limited (<i>subsidiary</i>)	-	219
Sales to Vodacom Business (Angola) Limited (<i>subsidiary</i>)	-	56
Sales to Vodacom Business (Kenya) Limited (<i>subsidiary</i>)	163	54
Sales to Vodacom Lesotho Proprietary Limited (<i>fellow subsidiary</i>)	132	88
Sales to Vodacom DRC (Congo) (<i>fellow subsidiary</i>)	1,144	1,019
Sales to Vodafone Ghana (<i>sister company</i>)	69	-
Cost of sales		
Vodacom Business Cameroon SA (<i>subsidiary</i>)	(1,589)	(1,638)
Vodacom Business (Ghana) Limited (<i>subsidiary</i>)	-	(1,490)
Vodacom Business (Angola) Limited (<i>subsidiary</i>)	-	(668)
Vodacom Business Africa (Nigeria) Limited (<i>subsidiary</i>)	-	(2,712)
GS Telecom Proprietary Limited (<i>fellow subsidiary</i>)	(70)	(86)
Vodacom Proprietary Limited (Network) (<i>fellow subsidiary</i>)	(733)	(710)
Vodacom Business (Kenya) Limited (<i>subsidiary</i>)	(1,293)	(1,486)
Vodacom Business Cote d'Ivoire (<i>subsidiary</i>)	-	(1,432)
Africonnect Limited (<i>fellow subsidiary</i>)	-	(986)
Vodacom Lesotho Proprietary Limited (<i>fellow subsidiary</i>)	(24)	(98)
Storage Technology Services Proprietary Limited (<i>fellow subsidiary</i>)	(12)	(46)
Vodacom Mozambique (<i>fellow subsidiary</i>)	(464)	(326)
Vodacom Tanzania Public Limited Company (<i>fellow subsidiary</i>)	(146)	(100)
Vodacom DRC (Congo) (<i>fellow subsidiary</i>)	(589)	(398)
Vodafone Ghana (<i>sister company</i>)	(387)	(80)
Cable & Wireless Worldwide (<i>sister company</i>)	-	(692)
Vodafone Enterprise Global Limited (<i>sister company</i>)	(128)	-
	(5,307)	(12,948)

Vodacom Business Africa Group Services Limited

Notes to the annual financial statements (continued)
for the year ended 31 March 2020



	2020 USD '000	2019 USD '000
15. RELATED PARTY TRANSACTIONS (continued)		
<u>The company had the following balances with other group companies</u>		
Trade receivables		
VBA Holdings Limited (<i>subsidiary</i>)	74	72
Vodacom Business Africa (Nigeria) Limited (<i>subsidiary</i>)	-	5,894
VBA International Limited (<i>subsidiary</i>)	551	44
Vodacom UK Limited (<i>holding company</i>)	-	147
GS Telecom Proprietary Limited (<i>fellow subsidiary</i>)	-	1
Vodacom Business (Kenya) Limited (<i>subsidiary</i>)	2,135	1,610
Vodacom Business (Ghana) Limited (<i>subsidiary</i>)	-	364
Vodacom Business Cameroon SA (<i>subsidiary</i>)	852	3,091
Vodacom Business (Angola) Limited (<i>subsidiary</i>)	-	1,374
Vodacom Business Cote d'Ivoire (<i>subsidiary</i>)	-	113
Vodafone Group Services (<i>holding company</i>)	303	700
Vodafone Ghana (<i>sister company</i>)	43	-
VM, S.A. (trading as Vodacom Mozambique) (<i>fellow subsidiary</i>)	95	23
AfriConnect Limited (<i>fellow subsidiary</i>)	-	43
Vodacom Proprietary Limited (<i>fellow subsidiary</i>)	1,647	1,225
Vodacom DRC (Congo) (<i>fellow subsidiary</i>)	402	82
Vodacom Lesotho Proprietary Limited (<i>fellow subsidiary</i>)	147	15
Vodafone Enterprise Global Limited (<i>sister company</i>)	1,821	4,021
Vodafone Limited (<i>holding company</i>)	-	38
	8,068	18,857
Trade payables		
Vodacom Business Cameroon SA (<i>subsidiary</i>)	(1,407)	(5,192)
Vodacom Business (Ghana) Limited (<i>subsidiary</i>)	-	(26)
Vodacom Business (Angola) Limited (<i>subsidiary</i>)	-	(887)
Vodacom Business Africa (Nigeria) Limited (<i>subsidiary</i>)	-	(6,098)
GS Telecom Proprietary Limited (<i>fellow subsidiary</i>)	6	(37)
Vodacom Proprietary Limited (Network) (<i>fellow subsidiary</i>)	(35)	(232)
Vodacom Business (Kenya) Limited (<i>subsidiary</i>)	(5,097)	(5,118)
Vodacom Business Cote d'Ivoire (<i>subsidiary</i>)	-	(479)
Vodacom Business Africa Group Proprietary Limited (<i>holding company</i>)	(293)	(2,711)
Vodacom Lesotho Proprietary Limited (<i>fellow subsidiary</i>)	(30)	(6)
Vodacom Mozambique (<i>fellow subsidiary</i>)	(106)	(34)
Bourasan Telekom (Vodafone Alternatif) (<i>sister company</i>)	(248)	(248)
Vodafone Ghana (<i>sister company</i>)	(387)	-
VBA International Limited (<i>subsidiary</i>)	(1,959)	(1,959)
Vodacom Tanzania Public Limited Company (<i>fellow subsidiary</i>)	-	(13)
Storage Technology Services Proprietary Limited (<i>fellow subsidiary</i>)	-	(19)
	(9,557)	(23,059)

During the current year Vodacom Group Limited disposed of the following subsidiaries no longer part of the group : Vodacom Business Africa (Nigeria) Limited , Vodacom Business Cote d'Ivoire , Vodacom Business (Angola) Limited , AfriConnect Limited. The disposal of Vodacom Business Cameroon was completed in the first half of the new financial year Sep 2020.

Vodacom Business Africa Group Services Limited

Notes to the annual financial statements (continued)
for the year ended 31 March 2020

**16. HOLDING COMPANY**

On 29 December 2008, Gateway Group was acquired by the Vodacom Group and subsequently rebranded to Vodacom Business Africa Group. The ultimate parent company and largest group in which the results of the company are consolidated is Vodafone Group Plc, incorporated in the UK. The consolidated financial statements of Vodafone Group Plc are available to the public and may be obtained from their website.

The smallest group in which they are consolidated is headed by Vodacom Group Limited, a company incorporated in South Africa. The consolidated financial statements are available to the public from Vodacom Corporate Park, Vodacom Boulevard, Midrand, Johannesburg. These may also be obtained from the website. No other group financial statements include the results of the company.

Consolidated financial statements will accordingly not be prepared for Vodacom Business Africa Group Services Limited, since its results have already been included in holding company consolidated financial statements, which are publicly available.

17. CONTINGENT LIABILITIES AND COMMITMENTS

The company had no material contingent liabilities and commitments (2019: USD nil).

18. SUBSEQUENT EVENTS

The Company has considered the impact of the COVID-19 outbreak on its operations after reporting date, at this stage, whilst affecting growth, the impact on the business and results has not been significant. The company's customer base is large corporate customers who by large would still require connectivity services despite the impact COVID-19 had on their respective businesses. The fixed term contracts that is in place with customers makes cash inflow expectations known and changes to customer services and contracts that has a direct effect on the business is easily identified. The effect of COVID-19 has little to no impact on bad debt and this is largely attributed the customer base. Both admin and operational staff worked remotely pre-COVID-19 with no impact on operations during lockdowns, other than some project delays during the hard lockdowns. Management concluded that COVID-19 is a non-adjusting event but will continue to monitor the position on a continuous basis.

19 GOING CONCERN

The company made a net profit of USD 0.3 million during the year ended 31 March 2020 (2019 – net loss of USD 4.5 million).

The directors are of the opinion that the company is properly managed and has access to adequate resources to enable it to meet its obligations and continue in operational existence in the foreseeable future. The ability of the company to continue as a going concern is dependent on the directors' continued procurement of funding for the ongoing operations for the company from the ultimate holding company in the Vodacom Group, being Vodacom Group Limited. The financial statements have been prepared on the basis of accounting policies applicable to a going concern.

The company's liabilities currently exceeds its assets with USD 4.1 million (2019 – the company's liabilities exceeded the assets with USD 4.4 million) and the directors have accordingly taken steps in conjunction with its ultimate holding company, Vodacom Group Limited to recapitalise the business. These include the restructuring of the Group's operations and staff as well the restructuring of its statement of financial position. Going forward, the directors plan to use the company as the contract vehicle for all major MPLS global contracts. This is expected to in time to lead to the entity becoming profitable. Given these steps, the directors have a reasonable expectation that the company and Vodacom Group Limited have adequate resources to continue in operational existence for the foreseeable future based on confirmation that Vodacom Group Limited will continue to support the company for at least 12 months following the signing of the financial statements and the directors' report. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

20. COVID 19

On 11 March 2020, the World Health Organisation officially declared the novel coronavirus, COVID-19, a pandemic, triggering various government interventions in order to stem the spread. As most of the countries that we operate in are in the very early stages of the pandemic, the full impact of the pandemic on our operations and the economies they operate in will only be known over time.

Telecommunication services have been recognised as an essential service, in most operations, during this crisis, which allows our businesses to continue to operate. As countries attempt to contain the spread of the virus, various forms of restrictions on movement has resulted in an increase in demand for the services we render. The company has assessed the potential impact, including a wide range of related risks that the aforementioned will have on its performance and liquidity in the short to medium term. The going concern assumption, as adopted in the preparation of the preliminary condensed consolidated financial statements for the company, remains applicable.

Management has considered the consequences and impact of COVID-19 on its operations and has determined that there is no material uncertainty that casts doubt on the entity's ability to continue as a going concern. Management, whilst continuing to monitor the situation remains of the view that COVID-19 will not have a significant impact on the entity's expected future performances based on the insignificant impact it had in the financial year 2020. Vodacom Group Limited is a large operational entity listed on the JSE and has adequate resources to support Vodacom Business Africa Group Services Limited. The parent company issued a letter of support of USD 5 million dollars which covers Vodacom Business Africa Group Pty (Ltd) and its subsidiaries. Management will on a continuous basis be evaluating its position and the impact of COVID-19 on the business.

Vodacom Business Africa Group Services Limited

Notes to the annual financial statements (continued)
for the year ended 31 March 2020



	2020 USD '000	2019 USD '000
20. CASH GENERATED FROM / (UTILISED IN) OPERATIONS		
Profit / (loss) before taxation	836	(3,779)
<u>Adjustment:</u>		
Depreciation	762	843
Withholding tax	(526)	(750)
Loss on sales of subsidiaries	2,823	-
Impairment of non-current assets	432	-
Sale Project Warranty Claims	1,081	-
Movement in provisions	(210)	(371)
Waiver of debt	147	6,400
<u>Change in working capital:</u>		
(Increase) / Decrease in trade and other receivables	7,729	(2,900)
Increase / (Decrease) in trade and other payables	(13,206)	824
Cash generated from / (utilised in) operations	(132)	267