

Company Registration No. 10759673

**Strategic report, report of the directors and
Audited financial statements for the year ended 29 February 2020
For
LIQUID TELECOMMUNICATIONS FINANCING PLC**

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Company Information

Directors:

S Masiyiwa
N T Rudnick
H N Pemhiwa
K E M Hennessy

Secretary:

H K Marsh

Registered office:

9th Floor
6 New Street Square
London
EC4A 3BF

Registered number:

10759673 (England and Wales)

Auditor:

Deloitte LLP
Statutory Auditor
1 New Street Square
London
EC4A 3HQ

Strategic Report

The directors present the Strategic Report of the Company and the Group for the year ended 29 February 2020. In preparing this Strategic Report, the directors have complied with section 414C of the Companies Act 2006.

Review of principal activity

The Group comprises Liquid Telecommunications Financing Plc (the "Company") and its subsidiary company Liquid Telecommunications Investments Limited (the "subsidiary"). The principal activity of the group is to act as the financing vehicle for the parent undertaking Liquid Telecommunications Holdings Limited (the "parent"). The Company has issued Senior Secured Notes and lent the proceeds to its parent undertaking and other companies within the Liquid Telecommunications group (the "Liquid Group") to conduct the business of telecommunications services and technology services across Africa and the remaining amount was used to invest in the subsidiary. The parent undertaking and certain subsidiaries, will fully and unconditionally guarantee the payment of principal, interest and any other amounts due under the guaranteed debt securities (including the bond loans) issued by the company. The directors are not aware, at the date of this report, of any likely changes in the group's activities in the forthcoming year.

Review of business activity

The Company was established in London on 8 May 2017 as a public limited company, limited by shares incorporated under the laws of England and Wales. It was formed as a finance company and on 13 July 2017 issued Senior Secured Notes for an amount of USD 550 million through the offering of 5-year Senior Secured Notes bearing a fixed coupon rate of 8.5%. The total net proceeds of this issue were lent to its parent company and invested in its subsidiary to refinance the existing debt within the group and invest in the African telecommunications business.

On 14 November 2017, the 8.5% 5-year Senior Secured Notes were tapped for a further USD 180 million, under the same terms and conditions as the initial debt notes and was consolidated with the original to form a single class of debt securities. From the tap the proceeds were lent to its parent company and invested in its subsidiary to refinance the existing debt within the group and invest in the African telecommunications business. Interest payments to the bondholders and in respect of the intercompany loans are made on semi-annual instalments, every January and July. The Group paid interest to bondholders during the year ended 29 February 2020 of USD 62.05 million (2019: USD 62.05 million).

As shown in the Group's Statement of profit or loss and other comprehensive income on page 13, during the year ended 29 February 2020 the Group made a loss of USD 1.9 million (2019: profit of USD 1.4 million) as interest income from the loans is off-set by the finance payments to the bond holders. Last year the Group made a gains due to the sale of currency forward. The Group's key performance indicators are the losses from operations and profit before tax and interest income and expense. The Statement of financial position on page 14 shows the group's net liabilities at 29 February 2020 were USD 36.2 million (2019: net liabilities of USD 6.5 million).

Principal risks and uncertainties

The principal risk for the Group is that it does not have sufficient funds to meet its financial obligations to its external Senior Secured Note holders. This would result if the wider Liquid group failed to generate sufficient cash flows from the operating businesses. The impact of Brexit on business in the UK has been limited given that the Group's operations are outside the EU. The Liquid Group has implemented robust contingency plans across the business to protect the health of people and Management estimates there is minimal impact of COVID-19 pandemic on the Group business.

Foreign currency risk

The Company and Group's functional currency is US Dollars ("USD") due to the Senior Secured Notes being issued in USD. The subsidiary company's functional currency is South African Rand ("ZAR") to reduce the subsidiary's exposure to ZAR, since the loan to South Africa is given in ZAR. For the Group, there is significant foreign exchange exposure arising from the ZAR loan and in order to reduce that exposure, the Group monitors foreign exchange rates and considers the use of a forward foreign exchange contract or cross-currency swap to manage this risk. The Group is also exposed to movement in the USD to Great British Pound ("GBP") exchange rate due to invoices being settled to consultants in GBP, which are not hedged.

Credit risk

The Group's credit risk is primarily attributable to loans to related companies. Apart from the loans to related companies, the group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The group defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Group has no significant concentration of credit risk.

Interest risk

The group has issued Senior Secured Notes at a fixed interest rate and has lent funds via intercompany loans at fixed and variable interest rates. The variable interest rate loan is denominated in ZAR and interest is calculated based on South African Prime Rate. The variable rate is higher than the external fixed rate thus limiting the exposure to adverse movements in interest rates.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. It includes the risk of inability to manage unplanned changes in funding sources, and any failure to recognise and address changes in market conditions that could affect the Group's ability to liquidate assets quickly, with minimum value loss, if necessary. The Group is the funding vehicle for Liquid Group and relies on the Liquid Group companies to meet the projected cashflows from the loans and investments to meet its interest payments.

Strategic Report (continued)

Future prospects

The directors' long-term strategy is to continue to increase the Group's service to Liquid Group companies who are trying to diversify the business to technology product lines.

Approved for and on behalf of the Board on

A handwritten signature in black ink that reads "Kate Hennessy". The signature is written in a cursive, flowing style.

K E M Hennessy
Director
25th August 2020

Report of the directors

The directors have pleasure in presenting their annual report together with the audited financial statements of the Company and the Group for the year ended 29 February 2020. This annual report and financial statements are prepared under International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU"). A review of the business and the company's and group's exposure to risks and uncertainties are set out in the Strategic Report (page 3).

General information

The Company was established in London on 8 May 2017 as a public limited company, limited by shares incorporated in the United Kingdom. Its parent company is Liquid Telecommunications Holdings Limited and ultimate controlling party is Econet Global Limited which is incorporated in Mauritius. The address of the registered office is 9th Floor, 6 New Street Square, London, EC4A 3BF. The Group's main activities are to act as the funding vehicle for the parent company and the broader Liquid Telecommunications group.

Response to COVID-19 pandemic

The directors' top priority is to help protect the health, well-being and safety of staff, customers, partners and the public whilst ensuring that the smooth delivery of communications solutions continues during the COVID-19 pandemic. The Liquid Group has implemented robust contingency plans across the business to protect the health of the people and those with whom the group comes into contact. This includes, but is not limited to, implementing the advice of the authorities, particularly the World Health Organisation and other reliable sources. As the situation evolves, the Liquid Group continues to work closely with employees, partners and suppliers to support ongoing business operations. Management estimates there is minimal impact of COVID-19 pandemic on the Group.

Directors and secretary

The names of the directors who have served during the period and up to the date of signing the financial statements (unless stated otherwise) are given below:

N T Rudnick
S Masiyiwa
H N Pemhiwa
K E M Hennessy (Appointed 26 February 2020)

The Company did not enter into any contract, other than the contracts of service with the directors or any person engaged in the full-time employment of the Company, whereby any individual, firm or body corporate undertakes the management and administration of the whole, or any substantial part of any business of the Company.

At no time during the period was the Company, its holding company, or its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other corporate body. None of the directors held any direct interests during the period in shares of the Liquid Group companies and the directors and officers are indemnified by the companies for the execution of their duties.

Secretary

H K Marsh

Dividends

The directors do not recommend payment of a dividend for the period ended 29 February 2020 (2019: USD nil).

Going concern

The Company's business activities, together with the factors likely to affect its future development and position are described in the Strategic Report on pages 3 and 4. Given the Company's current and long term liquidity, capital requirements and forecast financial position are assessed at the Liquid Group level, the directors have reviewed the cash flow projections of the Liquid Group. This included the impact of currency changes in South Africa, the repayment of existing obligations and loan funding and forecast performance, including the impact on liquidity of any reduction in operating cash-flows. The directors are satisfied the Liquid Group has access to adequate cash resources to settle obligations as they fall due. They also consider that the operations of the wider Liquid group provide sufficient financial sustainability to generate positive cash flows for the foreseeable future.

The directors have considered the potential impact of the COVID-19 pandemic on the operations of the Liquid Group. Although the full effects of the pandemic are not yet known, they have taken into account the potential impacts on:

- the instability of the financial markets and the volatility of the currency markets;
- trading risks presented by the current economic conditions in the operating markets; and
- mitigating actions available should business activities fall behind current expectations, including the deferral of discretionary capital expenditure and restricting cash outflows.

Even after assessing these factors, the directors consider the Company to have sufficient liquidity to continue.

LIQUID TELECOMMUNICATIONS FINANCING PLC
For the year ended 29 February 2020

The directors note that the Company has received confirmation of support from the Liquid Group for a period of at least 12 months from the date of signing of the financial statements. The directors note that the principal cash obligation that arises within the next 12 months relates to the payment of \$62.05m of interest on the Senior Secured Notes held by the Company – the directors are confident of the Liquid Group's ability to generate sufficient cash-flows to meet this and all other obligations as they fall due. Accordingly, it will continue to adopt the going concern basis of accounting in preparing the financial statements.

Events after the reporting date

The directors are not aware of any event of circumstances after period end but before the date of this report that would warrant disclosure in the annual financial statements.


Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

Approved for and on behalf of the board:



K E M Hennessy – Director

Date: 25th August 2020

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 are required to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union [and Article 4 of the IAS Regulation] and have also chosen to prepare the parent company financial statements under IFRSs as adopted by the EU. Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and group and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

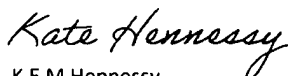
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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.

Responsibility Statement

We confirm to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's position and performance, business model and strategy.

The responsibility statement was approved by the board of directors on 25th August 2020 and is signed on its behalf by:



K E M Hennessy
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIQUID TELECOMMUNICATIONS FINANCING PLC

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Liquid Telecommunications (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 29 February 2020 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated and parent company income statement;
- the consolidated and parent company statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated and parent company cash flow statement; and
- the related notes 1 to 20.

financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.




2. 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.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, 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.

3. Summary of our audit approach

Key audit matters	<p>The key audit matter that we identified in the current year was:</p> <ul style="list-style-type: none">• <i>The recoverability of intercompany receivables</i> <p>Within this report, key audit matters are identified as follows:</p> <p>Newly identified</p> <ul style="list-style-type: none"> Increased level of risk Similar level of risk Decreased level of risk
Materiality	<p>The materiality that we used for the group financial statements was \$6.9 million which was determined on the basis of total assets.</p>

Scoping	We audited the Group as two components comprised of the two companies which constitute the group, covering 100% of net assets, revenue and profit before tax.
Significant changes in our approach	The scope and materiality of the audit are consistent with the previous year's audit. The key audit matter is consistent with the previous year's audit as there was no new matters identified within the financial year.

4. Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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 group's or the parent 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.

We have nothing to report in respect of these matters.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Recoverability of Intercompany Receivables

Key audit matter description	<p>The Group forms part of the Liquid Telecommunications group, whose parent company is Liquid Telecommunications Holdings Limited, a company incorporated in Mauritius. The purpose of the Group is to provide financing for the wider Liquid Telecommunications group and as a consequence the Group has material intercompany receivables of \$698.2 million (2019: \$725.1 million) due from other group companies. Judgement is required in assessing the expected credit loss on the receivable in accordance with IFRS 9 Financial Instruments based on the group's ability to generate sufficient cash flow to re-pay the amount when it falls due at the end of its term.</p> <p>Further details are included within the strategic report on page 1, and notes 12 and 17 to the financial statements.</p>
How the scope of our audit responded to the key audit matter	<p>The procedures performed included the following:</p> <ul style="list-style-type: none"> obtaining an understanding of relevant controls; agreeing intercompany receivables to intercompany counterparty confirmations; using credit default swap market data for other market participants to estimate a probability of default, to compare to the conclusions reached by management in relation to expected credit losses; and assessing the ability of the counter-party to settle their liability by assessing the group's ability to generate sufficient cash flows to repay the receivables.
Key observations	Based on our audit work, we consider the intercompany receivable to be appropriately valued overall, though we consider the expected credit loss to be optimistic in the context of the receivable's term and the requirements of IFRS 9.

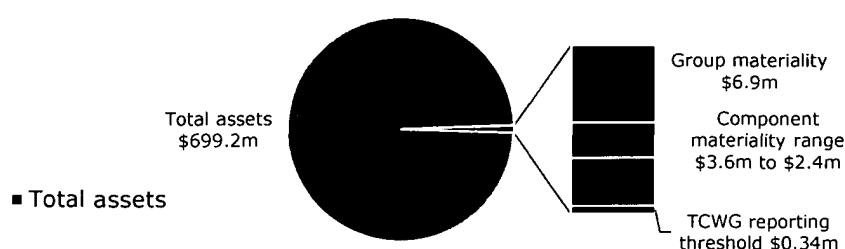
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	\$6.9 million (2019: \$6.2 million)	\$3.6 million (2019: \$4.0 million)
Basis for determining materiality	We determined materiality using a benchmark of 1.0% of total assets	Parent company materiality equates to 0.5% of total assets, constituting 52% of group materiality
Rationale for the benchmark applied	The Group exists primarily to finance the operations of the wider Liquid Telecommunications group. The total assets which the entity holds are the assets required by the company to meet the obligations of its external financing arrangements, and are therefore of key importance to the operations of the entity.	In line with the basis for materiality for the group, we assess that Total Assets are the key metric for the entity's operations. The Company, as the legal entity responsible for the external borrowings, requires adequate resources to meet the obligations of servicing the debt as they fall due.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 70% of group materiality for the 2020 audit (2019: 70%). In determining performance materiality, we considered the following factors:

- our risk assessment, including our assessment of the Group's overall control environment; and
- the nature of the Group's operations, our past experience of the audit, and the nature and value of uncorrected misstatements identified in prior periods.

6.3. Error reporting threshold

We agreed with those charged with governance that we would report all audit differences in excess of \$0.34 million (2019: \$0.31 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to those charged with governance on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

The Group is comprised of two entities who maintain separate accounting records, both of these entities were identified to be components subject to full scope audit procedures. Audit work in relation to these components was performed at levels of materiality which were lower than Group materiality and the materiality of the two entities Liquid Telecommunications Financing Plc and Liquid Telecommunications Investments Limited was \$3.6 million and \$2.4 million respectively, determined based on the component's contribution to the Group's total assets.

There were no changes in the components in scope from prior year. Audit work to respond to the risks of material misstatement was performed directly by the group audit engagement team, including testing the consolidation process.

8. Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

10. 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

11. Opinions on other matters prescribed by the Companies Act 2006

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

- 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 the directors' report have been prepared in accordance with applicable legal requirements.

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

12. Matters on which we are required to report by exception

12.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

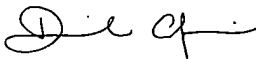
12.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

13. 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.



David Griffin FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, UK
25 August 2020

LIQUID TELECOMMUNICATIONS FINANCING PLC
For the year ended 29 February 2020

Statement of profit or loss and other comprehensive income

		Group	Company	Group	Company
	Notes	Year ended 29 February 2020	Year ended 29 February 2020	Year ended 28 February 2019	Year ended 28 February 2019
Continuing operations		\$	\$	\$	\$
Revenue		-	-	-	-
Other operating expenses		(730,826)	(730,826)	(758,577)	(758,577)
Administrative expenses		(246,610)	(100,125)	(184,457)	(196,613)
(Loss) from operations	6	(977,436)	(830,951)	(943,034)	(955,190)
Finance income	7	63,160,752	63,943,320	66,436,763	58,628,594
Finance costs	8	(63,907,768)	(63,900,913)	(63,967,224)	(63,967,224)
(Loss)/Profit before tax		(1,724,452)	(788,544)	1,526,505	(6,293,820)
Income tax expense	10	(209,613)	-	(82,026)	-
(Loss)/Profit for the period		(1,934,065)	(788,544)	1,444,479	(6,293,820)
Other comprehensive income		-	-	-	-
Exchange differences on translation of foreign operations	14	(27,770,408)	-	(55,489,928)	-
Total comprehensive (loss) for the period		(29,704,473)	(788,544)	(54,045,449)	(6,293,820)

LIQUID TELECOMMUNICATIONS FINANCING PLC
For the year ended 29 February 2020

Statement of financial position

		Group	Company	Group	Company
	Notes	29 February 2020	29 February 2020	28 February 2019	28 February 2019
		\$	\$	\$	\$
Assets					
Non-current assets					
Investments	11	-	268,766,359	-	268,766,359
Trade and other receivables	12	677,996,737	436,272,588	704,462,013	434,772,588
Total non-current assets		677,996,737	705,038,947	704,462,013	703,538,947
Current assets					
Trade and other receivables	12	20,246,117	16,977,255	20,736,649	16,531,745
Cash and bank balances	5	938,573	818,051	2,125,136	1,937,345
Total current assets		21,184,690	17,795,306	22,861,785	18,469,090
Total Assets		699,181,427	722,834,253	727,323,798	722,008,037
Equity and liabilities					
Capital and reserves					
Called up share capital	13	129,584	129,584	129,584	129,584
Retained reserves	14	(36,306,965)	(12,628,554)	(6,602,491)	(11,840,010)
Total equity		(36,177,381)	(12,498,970)	(6,472,907)	(11,710,426)
Non-current liabilities					
Interest bearing loans and borrowings	15	721,655,953	721,655,953	718,117,585	718,117,585
Other long-term payables	15	2,637,284	2,637,284	4,567,004	4,567,003
Total non-current liabilities		724,293,237	724,293,237	722,684,589	722,684,588
Current liabilities					
Trade and other payables	16	2,792,238	2,766,653	2,838,783	2,760,542
Interest bearing loans and borrowings	15	8,273,333	8,273,333	8,273,333	8,273,333
Total current liabilities		11,065,571	11,039,986	11,112,116	11,033,875
Total liabilities		735,358,808	735,333,223	733,796,705	733,718,463
Total equity and liabilities		699,181,427	722,834,253	727,323,798	722,008,037

The financial statements with company registration number 10759673 were approved by the Board of Directors on 25 August 2020 and signed on its behalf by:

Kate Hennessy
K E M Hennessy
Director

LIQUID TELECOMMUNICATIONS FINANCING PLC
For the year ended 29 February 2020

Statement of changes in equity

	Notes	Issued Capital	Retained Earnings	Foreign Currency Translation Reserve	Total Equity
Group		\$	\$	\$	\$
At 1 March 2018		129,584	(508,782)	47,951,740	47,572,542
Total comprehensive (loss) for the year					
Exchange differences on translation of foreign operations	14	-	-	(55,489,928)	(55,489,928)
Profit for the period	14	-	1,444,479	-	1,444,479
At 28 February 2019		129,584	935,697	(7,538,188)	(6,472,907)
Total comprehensive (loss) for the year					
Exchange differences on translation of foreign operations	14	-	-	(27,770,408)	(27,770,408)
(Loss) for the period	14	-	(1,934,065)	-	(1,934,065)
At 29 February 2020		129,584	(998,368)	(35,308,595)	(36,177,380)

	Notes	Issued Capital	Retained Earnings	Total Equity
Company		\$	\$	\$
At 1 March 2018		129,584	(5,546,190)	(5,416,606)
Total comprehensive (loss) for the year				
(Loss) for the period and total comprehensive income	14	-	(6,293,820)	(6,293,820)
At 28 February 2019		129,584	(11,840,010)	(11,710,426)
Total comprehensive (loss) for the year				
(Loss) for the period and total comprehensive income	14	-	(788,544)	(788,544)
At 29 February 2020		129,584	(12,628,554)	(12,498,970)

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Statement of cash flows

		Group	Company	Group	Company
	Notes	29 February 2020	29 February 2020	28 February 2019	28 February 2019
		\$	\$	\$	\$
Cash flows from operating activities:					
Cash generated from operations	4	(338,583)	(1,270,350)	(1,796,765)	(1,290,616)
Tax (paid)		(209,613)	-	-	-
Net cash generated from operations		(548,196)	(1,270,350)	(1,796,765)	(1,290,616)
Cash flows from investing activities:					
Interest received		63,160,752	37,027,920	58,588,449	29,572,452
Dividends received	7	-	26,915,400	-	21,700,000
Investment in subsidiary company	11	-	-	-	(7,655)
Provision of long-term funding to other group companies		(1,500,000)	(1,500,000)	(12,128,893)	(3,822,500)
Net cash from investing activities		61,660,752	62,443,320	46,459,556	47,442,297
Cash flows from financing activities					
Interest paid	18	(62,299,120)	(62,292,265)	(62,348,018)	(62,186,781)
Realised gain on FX hedge		-	-	1,818,236	-
Net cash used by financing activities		(62,299,120)	(62,292,265)	(60,529,782)	(62,186,781)
Net decrease in cash and cash equivalents	5	(1,186,564)	(1,119,295)	(15,866,991)	(16,035,100)
Cash and cash equivalents at beginning of the period		2,125,136	1,937,345	17,992,127	17,972,445
Cash and cash equivalents at end of the period		938,573	818,051	2,125,136	1,937,345

Notes to the financial statements

1. General information

Liquid Telecommunications Financing Plc is a public limited company incorporated in the United Kingdom on 8 May 2017. Its immediate parent party is Liquid Telecommunications Holdings Limited, a company incorporated in Mauritius. The addresses of the registered office and principal place of business are disclosed in the Report of the directors. The company's principal activity is to act as the financing vehicle for the parent undertaking and subsidiaries who conduct the business of a wholesale telecommunications service and technology services.

The presentation currency of the financial statements is US dollar (USD).

2. Application of New and Revised International Financial Reporting Standards (IFRS)

In the current period, the company has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 March 2019.

Application of New and Revised International Financial Reporting Standards (IFRS)

Newly mandatorily effective in the current period

In the current year, the Company has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 March 2019.

The following relevant revised Standards have been applied in these financial statements. Their application has not had any significant impact on the amounts reported for current periods but may affect the accounting for future transactions or arrangements.

IFRS 16 - Leases (effective 1 January 2019)

IFRIC 23 - Uncertainty over Income Tax treatments (effective 1 January 2019)

IFRS 9 - Amendments to (October 2017) - Prepayment features with negative compensation (effective 1 January 2019)

IAS 28 - Amendments to (October 2017) - Long-term interests in associates and joint (effective TBC per IASB 1 January 2019)

IAS 19 - Amendments to (February 2018) - Employee benefits for planned amendment, curtailment or settlement (effective TBC per IASB 1 January 2019)

IFRSs 2015 -17 cycle Annual improvements to IFRS's (December 2017) - Annual improvements to IFRS's 2015 -2017 (effective TBC per IASB 1 January 2019)

References to the Conceptual Framework in IFRS Standards - Amendments to References to the Conceptual Framework in IFRS Standards (effective TBC per IASB 1 January 2020)

IFRS 3 - Amendments to (October 2018) - Definition of business (effective TBC per IASB 1 January 2020)

IAS 8 - Amendments to (October 2018) - Definition of material (effective TBC per IASB 1 January 2020)

IFRSs and IFRICs in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant Standards were in issue but not yet effective on annual periods beginning on or after the respective dates as indicated:

IAS 1 - Amendments to (October 2018) - Classification of liabilities as current or non-current (effective TBC per IASB 1 January 2022)

IFRS 17 - Insurance contracts (effective TBC per IASB 1 January 2021)

IAS 10 and IAS 28 - Amendments to (September 2014) - Sale or contribution of assets between an investor and its associate or joint venture (effective TBC per IASB postponed)

The directors anticipate that these IFRSs will be applied on their effective dates in the financial statements in future periods. The directors have not yet assessed the potential impact of the application of these amendments.

Notes to the financial statements (continued)

3. Summary of significant accounting policies

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, except for the remeasurement to fair value of certain financial assets and liabilities as described in the accounting policies below.

The Company's business activities, together with the factors likely to affect its future development and position are described in the Strategic Report on pages 3 and 4. Given the Company's current and long term liquidity, capital requirements and forecast financial position are assessed at the Liquid Group level, the directors have reviewed the cash flow projections of the Liquid Group. This included the impact of currency changes in South Africa, the repayment of existing obligations and loan funding and forecast performance, including the impact on liquidity of any reduction in operating cash-flows. The directors are satisfied the Liquid Group has access to adequate cash resources to settle obligations as they fall due. They also consider that the operations of the wider Liquid group provide sufficient financial sustainability to generate positive cash flows for the foreseeable future.

The directors have considered the potential impact of the COVID-19 pandemic on the operations of the Liquid Group. Although the full effects of the pandemic are not yet known, they have taken into account the potential impacts on:

- the instability of the financial markets and the volatility of the currency markets;
- trading risks presented by the current economic conditions in the operating markets; and
- mitigating actions available should business activities fall behind current expectations, including the deferral of discretionary capital expenditure and restricting cash outflows.

Even after assessing these factors, the directors consider the Company to have sufficient liquidity to continue.

The directors note that the Company has received confirmation of support from the Liquid Group for a period of at least 12 months from the date of signing of the financial statements. The directors note that the principal cash obligation that arises within the next 12 months relates to the payment of \$62.05m of interest on the Senior Secured Notes held by the Company – the directors are confident of the Liquid Group's ability to generate sufficient cash-flows to meet this and all other obligations as they fall due. Accordingly, it will continue to adopt the going concern basis of accounting in preparing the financial statements.

The principal accounting policies adopted in the preparation of these financial statements are set out below:

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The following assets are held by the company:

- loans and receivables; and
- cash and bank balances.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Non USD period end balances are translated to USD at the spot rate at 29 February 2020.

Impairment of financial assets

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

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

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For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables. For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

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

Financial liabilities and equity instruments

Financial liabilities and equity instruments classification as debt or equity:

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

Notes to the financial statements (continued)

3. Summary of significant accounting policies (continued)

Equity instruments:

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

Share capital and share premium are classified as equity.

Financial liabilities:

The company had financial liabilities comprising trade payables and accruals, and interest-bearing debt, all classified at amortised cost.

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities:

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the consolidated statements of profit or loss and other comprehensive income.

Cash and bank balances

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Taxation

Income tax expense represents the sum of the tax currently payable and movements in deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date. The UK companies have a group tax policy in place.

Deferred tax

Deferred tax is recognised on 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 and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Interest income

Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Notes to the financial statements (continued)

3. Summary of significant accounting policies (continued)

Foreign currencies

The financial statements are expressed in United States Dollars (USD), which is the functional and presentational currency of the company. While the company predominantly deals in USD, other operational costs are incurred in GBP or EUR. The financial statements of the subsidiary company are presented South African ZAR which is the functional currency of the subsidiary.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the statement of profit or loss and other comprehensive income for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in statements of comprehensive income for the period except for differences arising on the retranslation of non-monetary items in respect of which, gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations (including comparatives) are expressed in US Dollars using exchange rates prevailing at the reporting date. Exchange differences arising, if any, are classified as equity and transferred to the group's translation reserve. Such translation differences are recognised in statements of comprehensive income in the year in which the foreign operation is disposed of.

Cash flows

For the purpose of the Statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held, all of which are available for use by the company unless otherwise stated.

Reportable segments

IFRS 8 "Operating Segments" requires the segment information presented in the financial statements to be that which is used internally by the chief operating decision maker to evaluate the performance of the business and decide how to allocate resources. The group has identified the Board of Directors as its chief operating decision maker and as the internal reporting reviewed by the Board focuses on the operations of the group as a whole and does not identify individual operating segments, the group has only one reportable segment.

Notes to the financial statements (continued)

4. Cash generated from operations

Reconciliation of loss from operations to cash generated from operations:

	Group	Company	Group	Company
	Year ended 29 February 2020	Year ended 29 February 2020	Year ended 28 February 2019	Year ended 28 February 2019
	\$	\$	\$	\$
(Loss)/Profit before tax	(1,724,452)	(788,544)	1,526,505	(6,293,820)
Interest income	(63,160,752)	(63,943,320)	(66,436,763)	(58,628,594)
Interest expense	63,907,768	63,900,913	63,967,224	63,967,224
(Loss) from operations	(977,436)	(830,951)	(943,034)	(955,190)
Decrease/(Increase) in trade and other receivables	679,914	(256,129)	372,264	342,545
(Decrease) in trade and other payables	(78,647)	(212,516)	(1,225,613)	(674,867)
Increase/(Decrease) in accruals	37,586	29,246	(382)	(3,104)
Cash used by operating activities	(338,583)	(1,270,350)	(1,796,765)	(1,290,616)

5. Cash and cash equivalents

The amounts disclosed on the Statement of cash flows in respect of cash and cash equivalents are in respect of these Statements of financial position amounts to:

	Group	Company	Group	Company
	Year ended 29 February 2020	Year ended 29 February 2020	Year ended 28 February 2019	Year ended 28 February 2019
	\$	\$	\$	\$
Cash and cash equivalents	938,573	818,051	2,125,136	1,937,345

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Notes to the financial statements (continued)

6. Loss from operations

	Group	Company	Group	Company
	Year ended 29 February 2020	Year ended 29 February 2020	Year ended 28 February 2019	Year ended 28 February 2019
	\$	\$	\$	\$
The Profit/(loss) before income tax is stated after charging:				
Auditors' remuneration	42,402	24,603	65,172	42,000
Taxation advisory services	- 10,748	5,374	13,157	6,579
Foreign exchange differences	(161,611)	(38,237)	(31,988)	5,353
The analysis of the auditor's remuneration is as follows:				
	Group	Company	Group	Company
	Year ended 29 February 2020	Year ended 29 February 2020	Year ended 28 February 2019	Year ended 28 February 2019
	\$	\$	\$	\$
Fees payable to the company's auditor and their associates for the audit of the company's annual accounts				
The audit of the Company and its subsidiary	42,402	24,603	42,528	24,586
Total audit fees	42,402	24,603	42,528	24,586
Other taxation advisory services	10,748	5,374	13,157	6,579
Total non-audit fees	10,748	5,374	13,157	6,579

7. Finance income

	Group	Company	Group	Company
	Year ended 29 February 2020	Year ended 29 February 2020	Year ended 28 February 2019	Year ended 28 February 2019
	\$	\$	\$	\$
Intercompany interest received	63,160,700	37,027,920	64,618,528	36,928,594
Intercompany dividends received	-	26,915,400	-	21,700,000
External interest received	52	-	-	-
Realised gain on foreign exchange hedge	-	-	1,818,235	-
	63,160,752	63,943,320	66,436,763	58,628,594

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Notes to the financial statements (continued)

8. Finance costs

	Group	Company	Group	Company
	Year ended 29 February 2020	Year ended 29 February 2020	Year ended 28 February 2019	Year ended 28 February 2019
	\$	\$	\$	\$
Interest payable on borrowings	62,144,454	62,137,600	62,188,800	62,188,800
Amortisation of premium on bond	(1,929,720)	(1,929,720)	(1,929,720)	(1,929,720)
Amortisation of financing costs	3,693,034	3,693,033	3,708,144	3,708,144
	63,907,768	63,900,913	63,967,224	63,967,224

9. Employees and directors

There were no staff costs for the year ended 29 February 2020 (2019: USD nil). The fees for the directors are borne by another group company.

10. Income taxes

Analysis of tax expense	Group	Company	Group	Company
	Year ended 29 February 2020	Year ended 29 February 2020	Year ended 28 February 2019	Year ended 28 February 2019
	\$	\$	\$	\$
Current tax				
In respect of prior period	209,613	-	-	-
In respect of current period	-	-	82,026	-
	209,613	-	82,026	-
Total tax on profit on ordinary activities	209,613	-	82,026	-

Factors affecting the total tax charge for the current period

The charge for the period can be reconciled to the loss per the Statement of profit or loss and other comprehensive income as follows:

	Group	Company	Group	Company
	Year ended 28 February 2020	Year ended 28 February 2020	Year ended 28 February 2019	Year ended 28 February 2019
	\$	\$	\$	\$
(Loss)/Profit for the period – continuing operations	(1,724,452)	(788,544)	1,526,505	(6,293,820)
Income tax expense calculated at 19.00% (2019: 19.00%)	(327,646)	(149,823)	290,036	(1,195,826)
Income not taxable	-	(5,113,926)	-	(4,123,000)
Utilisation of tax losses under group relief/other reliefs	537,259	5,263,749	(208,010)	5,318,826
Income tax expense recognised in profit or loss	209,613	-	82,026	-

There are no tax losses to be carried forward.

Notes to the financial statements (continued)

11. Investments

			Unlisted Investments Company	Unlisted Investments Company
			Year ended 29 February 2020	Year ended 28 February 2019
			\$	\$
Cost				
At 1 March			268,766,359	268,758,704
Additions			-	7,655
At 29 February			268,766,359	268,766,359
Net book value				
At 29 February			268,766,359	268,766,359

The company has invested in a subsidiary company, Liquid Telecommunications Investments Limited and owns 100% of the issued share ordinary share capital of the subsidiary. The subsidiary company has 245,966,667 shares in issue with a par value of ZAR 1 each. The issue was at a premium of ZAR 14 per share.

The subsidiary company was established in London on 9 May 2017 as a private company limited by shares incorporated under the laws of England and Wales. The address of the registered office is 6 New Street Square, London, EC4A 3BF. It is an investment vehicle for the Liquid Group and has loaned to another group company who conduct business of telecommunications services and technology services.

12. Trade and other receivables

Non-Current assets

	Group	Company	Group	Company
	Year ended 29 February 2020	Year ended 29 February 2020	Year ended 28 February 2019	Year ended 28 February 2019
	\$	\$	\$	\$
Liquid Telecommunications Holdings Limited	436,272,588	436,272,588	434,772,588	434,772,588
Liquid Telecommunications South Africa (Pty) Limited	241,724,149	-	269,689,425	-
	677,996,737	436,272,588	704,462,013	434,772,588

The interest rate for the Liquid Telecommunications Holdings Limited loan is 8.5% paid semi-annually in January and July of each year and the interest rate for Liquid Telecommunications South Africa (Pty) Limited is based on the South African Prime rate and is also paid semi-annually in January and July. The principal of the two loans are payable as a bullet payment at the end of the 5 years in line with the terms of the Senior Secured Note.

Current assets

	Group	Company	Group	Company
	Year ended 29 February 2020	Year ended 29 February 2020	Year ended 28 February 2019	Year ended 28 February 2019
	\$	\$	\$	\$
Trade receivables				
Amounts owed by other group undertakings (see Note 17)	20,208,595	16,939,733	20,649,709	16,444,805
Prepayments and accrued income	37,522	37,522	57,221	57,221
VAT tax receivable	-	-	29,719	29,719
	20,246,117	16,977,255	20,736,649	16,531,745

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Notes to the financial statements (continued)

13. Issued capital

	Group	Company	Group	Company
	Year ended 29 February 2020	Year ended 29 February 2020	Year ended 28 February 2019	Year ended 28 February 2019
	\$	\$	\$	\$
Share capital	129,584	129,584	129,584	129,584

The Company has unlimited authorised share capital. The stated capital above represents 100,000 ordinary shares with a face value of £1.00 each.

The holder of ordinary shares has voting rights of one vote per each ordinary share. Each ordinary share has equal rights on distribution of income and capital. The shares were translated on 8 May 2017 at £1 = \$1.29584

14. Retained earnings

	Group	Company	Group	Company
	Year ended 29 February 2020	Year ended 29 February 2020	Year ended 28 February 2019	Year ended 28 February 2019
	\$	\$	\$	\$
Balance at the start of the period	(6,602,491)	(11,840,010)	47,442,958	(5,546,190)
(Loss/Profit) for the period	(1,934,066)	(788,544)	1,444,479	(6,293,820)
Foreign currency translation reserve	(27,770,408)	-	(55,489,928)	-
Balance at the end of the period	(36,306,965)	(12,628,554)	(6,602,491)	(11,840,010)

The subsidiary, Liquid Telecommunications Investments Limited's functional currency is South African Rand. There is high volatility in that currency and the gain or loss on foreign currency translation has been recognised through other comprehensive income. There is no income tax relating to each of the items of other comprehensive income.

15. Financial Liabilities – borrowings

Non-Current Liabilities

	Group	Company	Group	Company
	Year ended 29 February 2020	Year ended 29 February 2020	Year ended 28 February 2019	Year ended 28 February 2019
	\$	\$	\$	\$
8.5% 5-year Senior Secured Notes				
Balance at the start of the period	718,117,585	718,117,585	714,546,222	714,546,222
Costs attributable to the Notes	-	-	32,995	32,995
Non-cash movements	3,538,368	3,538,368	3,538,368	3,538,368
Balance at the end of the period	721,655,953	721,655,953	718,117,585	718,117,585
Long-term Premium on the Notes	2,637,284	2,637,284	4,567,004	4,567,003
Total Non-Current Liabilities	724,293,237	724,293,237	722,684,589	722,684,588
Current Liabilities				
Interest on 8.5% 5-year Senior Secured Notes	8,273,333	8,273,333	8,273,333	8,273,333
Short-term Premium on the Notes	1,929,720	1,929,720	1,929,720	1,929,720
	10,203,053	10,203,053	10,203,053	10,203,053

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Notes to the financial statements (continued)
15. Financial Liabilities – borrowings (continued)

Terms and debt repayment schedule

		Less than 1 year	1 year - less than 5 years	Total
		\$	\$	\$
Balance at 1 March 2019		8,273,333	724,614,309	732,887,642
8.5% 5-year Senior Secured Notes		-	3,538,368	3,538,368
Premium on the Notes		-	(1,929,720)	(1,929,720)
Balance at 29 February 2020		8,273,333	726,222,957	734,496,290

On 13 July 2017, the Company issued debt of an amount of USD 550 million through the offering of 5-year Senior Secured Notes bearing a fixed coupon rate of 8.5%. The total net proceeds of this issue were lent to its parent company and invested in its subsidiary to refinance the existing debt within the group and invest in the African telecommunications business.

On 14 November 2017, the 8.5% 5-year Senior Secured Note was tapped for a further USD 180 million, under the same terms and conditions as the original notes and was consolidated with the original to form a single class of debt securities. From the tap the proceeds were lent to its parent company and invested in its subsidiary to refinance the existing debt within the group and invest in the African telecommunications business.

Interest payment to the Senior Secured Note holders and the intercompany loans are made in bi-annual instalments, every January and July. The gross interest payment for the year ended 29 February 2020 was USD 62,050,000. The principal amount is repayable as a bullet payment at the end of the 5 years.

The premium on the notes was paid on the tap and the premium is being amortised over the life of the 5-year Senior Secured Notes. The non-cash movement relates to the amortisation of the financial arrangement fees.

16. Trade and other payables

	Group Year ended 29 February 2020	Company Year ended 29 February 2020	Group Year ended 28 February 2019	Company Year ended 28 February 2019
	\$	\$	\$	\$
Amounts owed to related parties (see Note 17)	-	-	52,279	52,279
Accruals	833,372	807,787	795,785	778,543
Premium on the Notes	1,929,720	1,929,720	1,929,720	1,929,720
Other payables	29,146	29,146	60,999	-
	2,792,238	2,766,653	2,838,783	2,760,542

Amounts payable to related companies are unsecured, interest free and with no fixed date of repayment.

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Notes to the financial statements (continued)

17: Related party transactions

During the period the company entered into the following trading transactions with related parties:

	Group	Company	Group	Company
	Year ended 29 February 2020	Year ended 29 February 2020	Year ended 28 February 2019	Year ended 28 February 2019
	\$	\$	\$	\$
Investment income				
Liquid Telecommunications Holdings Limited	37,027,920	37,027,920	36,928,594	36,928,594
Liquid Telecommunications South Africa (Pty) Limited	26,132,780	-	27,689,934	-
	63,160,700	37,027,920	64,618,528	36,928,594

	Group	Company	Group	Company
	Year ended 29 February 2020	Year ended 29 February 2020	Year ended 28 February 2019	Year ended 28 February 2019
	\$	\$	\$	\$
Interest paid				
Liquid Telecommunications Holdings Limited	43,800	43,800	69,400	69,400
Liquid Telecommunications Operations Limited	43,800	43,800	69,400	69,400
	87,600	87,600	138,800	138,800

	Group	Company	Group	Company
	Year ended 29 February 2020	Year ended 29 February 2020	Year ended 28 February 2019	Year ended 28 February 2019
	\$	\$	\$	\$
Management fees paid				
Liquid Telecommunications Limited	730,826	730,826	758,577	758,577
	730,826	730,826	758,577	758,577

The following amounts were outstanding at the statement of financial position date:

	Group	Company	Group	Company
	Year ended 29 February 2020	Year ended 29 February 2020	Year ended 28 February 2019	Year ended 28 February 2019
	\$	\$	\$	\$
Short term amounts owed from				
Liquid Telecommunications Holdings Limited	16,444,228	16,444,228	16,444,805	16,444,805
Liquid Telecommunications South Africa (Pty) Limited	3,545,266	-	4,204,904	-
Liquid telecommunications Investments Limited	-	276,404	-	-
Liquid Telecommunications Limited	219,101	219,101	-	-
	20,208,594	16,939,733	20,649,709	16,444,805

The short-term amounts owed by Liquid Telecommunications Holdings Limited and Liquid Telecommunications South Africa (Pty) Limited relate to interest receivable on the respective intercompany loans.

Notes to the financial statements (continued)

17. Related party transactions (continued)

	Group	Company	Group	Company
	Year ended 29 February 2020	Year ended 29 February 2020	Year ended 28 February 2019	Year ended 28 February 2019
	\$	\$	\$	\$
Long term loans owed from				
Liquid Telecommunications Holdings Limited	436,272,588	436,272,588	434,772,588	434,772,588
Liquid Telecommunications South Africa (Pty) Limited	241,724,149	-	269,689,425	-
	677,996,737	436,272,588	704,462,013	434,772,588

	Group	Company	Group	Company
	Year ended 29 February 2020	Year ended 29 February 2020	Year ended 28 February 2019	Year ended 28 February 2019
	\$	\$	\$	\$
Short term amounts owed to				
Liquid Telecommunications Limited	-	-	52,279	52,279
	-	-	52,279	52,279

Short term intercompany receivables are unsecured, interest free with no fixed date of repayment.

18. Financial instruments

18.1 Capital risk management

The group and company manage its capital to ensure it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The group's and the company's strategy remain unchanged.

The capital structure of the group consists of net debt (which includes the borrowings offset by cash and cash equivalents) and equity attributable to owners of the company, comprising issued share capital and retained earnings in the statement of changes in equity respectively.

18.2 Significant accounting policies

In the application of the group's accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, the basis on which income and expenses are recognised, for each class of financial asset, financial liability and equity instrument, the directors are required to make judgements, estimates and assumptions which are disclosed in note 3 to the financial statements.

Judgements and estimates are reviewed on ongoing basis, including obtaining advice from third parties. Judgements and estimates are based on historical experience, believed to be reasonable under the circumstances and, where appropriate, practices adopted by other entities. In the process of applying the accounting policies described in this note, judgements and estimates made by Group entities that have the most significant impact on the amounts recorded in the financial report may differ from actual results. The revisions to the estimates are recognised in the period in which the estimate is revised, if the revision only affects that period, or in that period and future periods if the revision affects both the current and future periods.

Based on the budget and forecast of the related party companies, management applies its judgement to the recoverability of these inter-company receivables. There is uncertainty on the recoverability of these related party balances, which is dependant on the performance of these entities and their ability to settle the amounts when they fall due.

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Notes to the financial statements (continued)

18. Financial instruments (continued)

18.3 Gearing ratio

The directors review the capital structure on a periodic basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital.

	Group	Company	Group	Company
	Year ended 29 February 2020	Year ended 29 February 2020	Year ended 28 February 2019	Year ended 28 February 2019
	\$	\$	\$	\$
Debt (i)	729,929,286	729,929,286	726,390,918	726,390,918
Cash and bank balances (see note 5)	(938,573)	(818,051)	(2,125,136)	(1,937,345)
Net debt	728,990,713	729,111,235	724,265,782	724,453,573
Net equity (ii)	36,177,381	12,498,970	6,472,907	11,710,426

(i) Debt is defined as long and short-term borrowings as detailed in note 15.

(ii) Equity includes all capital and reserves of the Company and group that are managed as capital, as detailed in the statement of changes in equity on page 14.

Reconciliation of movements in liabilities to cash flows arising from financing activities

Group		Short term borrowings	Long term borrowings	Total Debt
		\$	\$	\$
At 1 March 2019		8,273,333	718,117,585	726,390,918
Interest paid (see note 15)		-	(62,050,000)	(62,050,000)
Accrued interest expenses		-	62,050,000	62,050,000
Amortisation of arrangement fees		-	3,538,368	3,538,368
At 29 February 2020		8,273,333	721,655,953	729,929,286
Cash and cash equivalent				(938,573)
Net borrowings				728,990,713

Group		Short term borrowings	Long term borrowings	Total Debt
		\$	\$	\$
At 1 March 2018		8,273,333	714,546,222	722,819,555
Interest paid (see note 15)		-	(62,050,000)	(62,050,000)
Accrued interest expenses		-	62,050,000	62,050,000
Finance arrangement fees		-	32,995	32,995
Amortisation of arrangement fees		-	3,538,368	3,538,368
At 28 February 2019		8,273,333	718,117,585	726,390,918
Cash and cash equivalent				(2,125,136)
Net borrowings				724,265,782

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For the year ended 29 February 2020

Notes to the financial statements (continued)

18. Financial instruments (continued)

Reconciliation of movements in liabilities to cash flows arising from financing activities

Company		Short term borrowings	Long term borrowings	Total Debt
		\$	\$	\$
At 1 March 2019		8,273,333	718,117,585	726,390,918
Interest paid (see note 15)		-	(62,050,000)	(62,050,000)
Accrued interest expenses		-	62,050,000	62,050,000
Amortisation of arrangement fees		-	3,538,368	3,538,368
At 29 February 2020		8,273,333	721,655,953	729,929,286
Cash and cash equivalent				(818,051)
Net borrowings				729,111,235

Company		Short term borrowings	Long term borrowings	Total Debt
		\$	\$	\$
At 1 March 2018		8,273,333	714,546,222	722,819,555
Interest paid (see note 15)		-	(62,050,000)	(62,050,000)
Accrued interest expenses		-	62,050,000	62,050,000
Finance arrangement fees		-	32,995	32,995
Amortisation of arrangement fees		-	3,538,368	3,538,368
At 28 February 2019		8,273,333	718,117,585	726,390,918
Cash and cash equivalent				(1,937,345)
Net borrowings				724,453,573

LIQUID TELECOMMUNICATIONS FINANCING PLC
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Notes to the financial statements (continued)

18. Financial instruments (continued)

18.4 Categories of financial assets and liabilities

	Group	Company	Group	Company
	Year ended 29 February 2020	Year ended 29 February 2020	Year ended 28 February 2019	Year ended 28 February 2019
Financial assets and liabilities held at amortised cost	\$	\$	\$	\$
Financial assets				
Loans receivables	677,996,737	436,272,588	704,462,013	434,772,588
Trade and other receivables	20,246,117	16,977,255	20,679,428	16,474,524
Cash and bank balances	938,573	818,051	2,125,136	1,937,345
Financial liabilities				
External loans	734,496,290	734,496,290	732,187,642	732,887,642
Trade and other payables	862,518	836,933	909,063	830,822

Financial assets and liabilities held at amortised cost are a reasonable approximation of fair value. As at 29 February 2020, the fair value of the Senior Secured Notes was USD 747,739,000 (2019: USD 764,675,000)

Management co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal management reports, which analyse exposures by degree and magnitude of risks. These risks include market risk including currency risk, fair value interest rate risk and price risk, credit risk, liquidity risk and cash flow interest rate risk.

18.5 Market risk

The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The group has entered into derivative financial instruments to manage its exposure to foreign currency risk.

18.6 Foreign currency risk management

The group undertakes certain transactions denominated in foreign currencies hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters.

The carrying amounts of the group's and the Company's foreign currency denominated monetary assets at the reporting date are as follows:

	Group	Company	Group	Company
	Year ended 29 February 2020	Year ended 29 February 2020	Year ended 28 February 2019	Year ended 28 February 2019
Assets	\$	\$	\$	\$
Currency of United Kingdom (GBP)	219,101	219,101	29,719	29,719
Currency of the South African (ZAR)	3,545,321	-	4,204,970	-
	3,764,422	219,101	4,234,689	29,719

18.7 Foreign currency analysis

The Company is mainly exposed to currency of United Kingdom (GBP) and the group is exposed to currency of South African (ZAR) also.

The following table details the group's sensitivity to a 10 per cent increase and decrease in US\$ against the relevant foreign currencies. 10 per cent is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10 per cent change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Company where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit and other equity where US\$ strengthens 10% per cent against the relevant currency. For a 10% per cent weakening of US\$ against the relevant currency, there would be a comparable impact on the profit and other foreign currency translation reserve, and the balances below would be negative.

Notes to the financial statements (continued)

18. Financial instruments (continued)

	Group	Company	Group	Company
	Year ended 29 February 2020	Year ended 29 February 2020	Year ended 28 February 2019	Year ended 28 February 2019
	\$	\$	\$	\$
ZAR Currency impact	324,333	-	418,773	-
GBP Currency impact	19,017	19,017	10,003	10,003

The sensitivity on statements of profit or loss and other comprehensive income is mainly attributable to the exposure outstanding on foreign currency receivables, payables and long-term loans at period end in the Company.

18.8 Interest rate risk management

The group is exposed to interest rate risk because entities in the Company borrow and lend funds at both fixed and floating interest rates. The risk is managed by the group by maintaining an appropriate mix between fixed and floating rate borrowings. The group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

18.9 Interest rate sensitivity analysis

The sensitivity analysis has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole period. A 100 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 100 basis points higher/lower and all other variables were held constant, it would affect the group and Company as follows:

- If interest rates had been 100 basis points higher/lower and all other variables were held constant the group's and the Company's profit for the period ended 29 February 2020 would decrease by \$(329,342) and \$(2,765,218) (2019: (decrease) by \$(11,451) and \$(2,747,683)). This is mainly attributable to the group's exposure to interest rates on variable rate borrowings as most of the group's borrowings are at a fixed rate.

18.10 Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The group's exposure and the credit ratings of its counterparties are monitored continuously and the aggregate value of transactions concluded is spread amongst approved counterparties.

Apart from sales to related companies, the group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The group defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk.

18.11 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the group's short, medium and long-term funding and liquidity management requirements. The group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below details the remaining contractual maturity for financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which they can be required to pay. The table includes both interest and principal cash flows.

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Notes to the financial statements (continued)

18. Financial instruments (continued)

Group	Weighted average effective rate	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
2020 Financial liabilities	8.50%	29,146	67,348	10,969,078	724,293,237	-	735,358,808
2019 Financial liabilities	8.50%	52,279	1,367,022	13,231,184	719,146,220	-	733,796,705
Company							
2020 Financial liabilities	8.50%	29,146	47,708	10,963,134	724,293,237	-	735,333,224
2019 Financial liabilities	8.50%	52,279	1,367,022	12,374,399	719,146,220	-	732,939,920

18.12 Fair values

The financial assets and financial liabilities held at amortised costs are a reasonable approximation of fair value as outlined in note 18.4. They are not recognised at fair value but if a fair value classification was observed it would be under level 1 of the fair value hierarchy which is the market value.

19. Ultimate controlling party

The Company's immediate parent company is Liquid Telecommunications Holdings Limited, a company incorporated in Mauritius. The parent company is a wholly incorporated into Econet Global Limited, a Mauritius registered corporation, is the ultimate controlling company and heads the largest group into which the results of the company are consolidated. Copies of the group financial statements of Liquid Telecommunications Holdings Limited (incorporated in Mauritius) can be obtained from Liquid Telecommunications Holdings Limited, 10th Floor, Raffles Tower 19, Cybercity, Ebene, Mauritius.

20. Events after the balance sheet date

The directors have taken into account the unusual circumstances created by the COVID-19 pandemic in the preparation of these financial statements. Director's estimate there is minimal impact of COVID-19 pandemic on the Company business. The impact indicates a reduction of general economic activity but with minor impact on the underlying services being provided by the Company. Given the general levels of uncertainty in the global economy, the directors have taken active steps to access increased levels of working capital financing and conservatively manage expenses for the year ahead. The directors are monitoring the risk on the approved business plan for the year and financial indicators. They also continue to monitor economic and industry specific data as it emerges, including any further impact of the volatility of the exchange rates.

There are no other significant events after the balance sheet date as at the date of signing of the financial statements.