African Parks Network

(Non-profit company)
(Registration number: 2007/030803/08)

Consolidated and separate annual financial statements

for the year ended 31 December 2019

The consolidated and separate financial statements of
African Parks Network have been audited in accordance with
the Companies Act of South Africa

Ayesha Jackaria,
Finance and Administration Director CA (SA),
was responsible for the preparation of the consolidated and
separate financial statements

African Parks Network
(Non-profit company)
(Registration number: 2007/030803/08)

Consolidated and separate annual Financial Statements
For the year ended 31 December 2019

Contents | *Page*

African Parks Network

(Non-profit company)
(Registration number: 2007/030803/08)

Directors' report

for the year ended 31 December 2019

The directors have pleasure in presenting their report on the activities of the company and the group for the year ended 31 December 2019.

General

African Parks is a non-profit conservation organisation that takes on the complete responsibility for the rehabilitation and long-term management of national parks in partnership with governments and local communities. The following parks are registered as legal entities with African Parks Network exercising majority control either through majority share ownership or board control: African Parks Majete Limited (99,98%), African Parks Zambia Limited (70%), Akagera Management Company Limited (51%), African Parks (Malawi) Limited and Bangweulu Wetlands Management Reserve. African Parks also provided technical assistance in Aouk (Chad) and Parc W (Benin). The costs relating to these are included in the financial statements. The remaining parks are treated as special purpose entities and are consolidated in the group financial statements.

The following parks are managed by African Parks Network:

Majete Wildlife Reserve (Malawi)
Liuwa Plain National Park (Zambia)
Garamba National Park (Democratic Republic of Congo)
Bangweulu Wetlands (Zambia)
Akagera National Park (Rwanda)
Zakouma National Park (Chad)
Siniaka Minia Wildlife Reserve (Chad)
Odzala Kokoua National Park (Congo)
Nkhotakota Wildlife Reserve (Malawi)
Liwonde National Park (Malawi)
Mangochi Forest Reserve (Malawi)
Chinko Project (Central African Republic)
Pendjari National Park (Benin)
Bazaruto Archipelago National Park (Mozambique)
Ennedi Natural and Cultural Reserve (Chad)
Matusadona National Park (Zimbabwe)
Iona National Park (Angola)

Financial results

The results for the year are clearly set out in the consolidated and separate financial statements.

The 2019 year was a satisfactory year for African Parks Network.

The group showed a surplus for the year of USD 24 699 (2018 – deficit USD 562 085) with donor income of USD 55 840 491 (2018 – USD 40 903 959) and other operating income of USD 6 354 059 (2018 – USD 5 202 666).

The company showed a surplus for the year of USD 7 155 483 (2018 – deficit USD 893 024) with donor income of USD 14 193 730 (2018 – USD 5 276 836) and other operating income of USD 805 964 (2018 – USD 911 744).

Directors

The directors of the company throughout the year and at the date of this report are:

P Fearnhead	Chief Executive Officer	
RJ van Ogtrop	Chairman	
M Msimang	Non-Executive	
Hon. J Lembeli	Non-Executive	
V Chitalu	Non-Executive	
R Rugamba	Non-Executive	
EM Woods	Non-Executive	
H Wyss	Non-Executive	
V Narasimhan	Non-Executive	(appointed 4 December 2019)

The current local representative addresses are as follows:

Business address	**Postal address**
Fairway Office Park	PO Box 2336
52, Grosvenor Road	Lonehill
Bryanston East	2062
Johannesburg	Johannesburg
South Africa	South Africa

Subsequent events

Towards the end of the first quarter of 2020 the impacts of the Covid-19 pandemic on health, travel and business intensified at a global scale, with many countries enacting travel bans and nation-wide lockdowns within the space of several weeks. This naturally resulted in African Parks forecasting a loss of the remaining tourism revenue for 2020, due to the travel restrictions. The revenue generated from tourism is however not the core income source of African Parks Network, but rather the donor funding received for the conservation of the parks. The organisational budget is covered by a combination of revenue generated in the parks (mainly through tourism) as well as through donor funding. The unfunded portion of the budget in any given year is defined as the 'funding gap', and African Parks Network aims to close this gap each year through a global fundraising strategy. The loss of the tourism revenue has thus increased the funding gap for 2020, however with the cost cutting measures implemented has resulted in the revised funding gap being covered.

As the pandemic has evolved, the implications on the global economy have become more apparent. In a response to the increasing concern that there could be an additional loss of committed and prospective donor funding, management conducted a scenario planning exercise for the organisation. This matrix provides mitigating/response strategies and will act as a guide for African Parks' operations in the event of further revenue loss. In addition to the threats posed by Covid-19, management have also identified a number of opportunities arising from the current global context.

Since the reporting date, COVID-19, the worldwide pandemic has had a material impact on the business with the loss in tourism revenue. The impact has been considered and management considers it to be a non-adjusting event for the year under review.

African Parks Network

(Non-profit company)
(Registration number: 2007/030803/08)

Directors' report

for the year ended 31 December 2019 (continued)

Going concern

The consolidated and separate financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments, will occur in the ordinary course of business.

The current liabilities of the group exceeded its current assets as at 31 December 2019. The current liabilities include an amount of USD7 192 350 in respect of deferred income and an amount of USD27 836 033 in respect of unutilised funds. These are non-cash items and will not result in a cash outflow. Once removed, the current assets exceed the current liabilities.

In performing this assessment, management has considered the impact of COVID-19 on its funding sources (being donor income and commercial income) for the 2020 as well as the 2021 financial year. The impact on commercial income has been material, given the travel ban imposed on most countries. Management has reviewed its 2020 budget and reduced or postponed operational activities in order to contain the financial impact of the loss in commercial revenue. Management has also scanned all its 2020 and 2021 donor commitments to ensure that there is no further impact on grant revenue. A scenario analysis has been completed by management that would trigger additional cost cutting measures should there be additional loss in revenue. It is through this scenario analysis that management has concluded on the entity's ability to operate as a going concern.

Approval of group annual financial statements and separate parent annual financial statements

The consolidated and separate annual financial statements of African Parks Network, set out on pages 1 to 42, were approved by the board of directors on 15 June 2020 and are signed by:

Peter Fearnhead.

P Fearnhead
Authorised Director

Ed Woods

E.M Woods
Authorised Director

KPMG Inc
KPMG Crescent
85 Empire Road, Parktown, 2193,
Private Bag 9, Parkview 2122, South Africa
Telephone +27 (0)11 647 7111
Fax +27 (0)11 647 8000
Docex 472 Johannesburg
Web http://www.kpmg.co.za

Independent Auditor's Report

To the shareholder of African Parks Network

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of African Parks Network (the group and company) set out on pages 8 to 42, which comprise the statements of financial position as at 31 December 2019, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of African Parks Network as at 31 December 2019, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information
The directors are responsible for the other information. The other information comprises the information included in the document titled "African Parks Network consolidated and separate annual financial statements for the year ended 31 December 2019", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

Responsibilities of the directors for the consolidated and separate financial statements
The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and company's internal control.

Auditor's responsibilities for the audit of the consolidated and separate financial statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

KPMG Inc.

Per A McKeaveney
Chartered Accountant (SA)
Registered Auditor
Director
17 June 2020

African Parks Network
(Non-profit company)

Statements of financial position
at 31 December 2019

		Group		Company	
	Note	**2019**	2018	**2019**	2018
Assets		**$**	$	**$**	$
Non-current assets		**42 910 675**	31 038 610	**15 131 348**	8 030 371
Property, plant and equipment	*2*	**37 581 039**	25 173 195	**9 818 541**	2 164 086
Right-of-use assets	*3*	**343 834**	–	**326 135**	–
Investment in subsidiary parks	*4*	**–**	–	**870**	870
Non-current assets held-for-sale	*5*	**4 985 802**	5 865 415	**4 985 802**	5 865 415
Current assets		**33 031 629**	32 392 710	**18 082 202**	14 835 103
Inventories	*6*	**774 447**	679 492	**–**	–
Trade and other receivables	*7*	**12 336 669**	7 584 747	**10 668 555**	8 136 813
Cash and cash equivalents	*8*	**19 920 513**	24 128 471	**7 413 647**	6 698 290
Total assets		**75 942 304**	63 431 320	**33 213 550**	22 865 474
Equity and liabilities					
Capital and reserves					
Maintenance reserve		**321 778**	321 778	**321 778**	321 778
Foreign currency translation reserve	*9*	**(1 747 394)**	(1 742 509)	**59 537**	59 537
Retained earnings		**2 105 783**	1 827 969	**16 062 654**	8 907 171
Total equity attributable to equity holders of the company		**680 167**	407 238	**16 443 969**	9 288 486
Non-controlling interest		**(611 909)**	(358 798)	**–**	–
Total equity		**68 258**	48 440	**16 443 969**	9 288 486
Non-current liabilities		**36 046 529**	27 524 999	**286 528**	–
Lease liabilities	*3*	**293 711**	–	**286 528**	–
Deferred income	*10*	**35 073 011**	27 106 882	**–**	–
Deferred taxation	*11*	**679 807**	418 117	**–**	–
Current liabilities		**39 827 517**	35 857 881	**16 483 053**	13 576 988
Provisions	*12*	**179 373**	179 578	**99 276**	91 810
Trade and other payables	*13*	**4 559 862**	3 201 009	**12 809 242**	9 751 955
Unutilised funds	*14*	**27 836 033**	28 837 128	**3 527 213**	3 733 223
Lease liabilities	*3*	**59 899**	–	**47 322**	–
Deferred income	*10*	**7 192 350**	3 640 166	**–**	–
Total equity and liabilities		**75 942 304**	63 431 320	**33 213 550**	22 865 474

African Parks Network
(Non-profit company)

Statements of profit or loss and other comprehensive income
for the year ended 31 December 2019

	Note	Group 2019	Group 2018	Company 2019	Company 2018
		$	$	**$**	$
Revenue	*15*	**55 840 491**	40 903 959	**14 193 730**	5 276 836
Other operating income	*16*	**6 354 059**	5 202 666	**805 964**	911 744
Employee benefit expenses		**(20 871 504)**	(17 263 599)	**(3 612 484)**	(2 844 726)
Depreciation and amortisation		**(7 230 219)**	(3 640 165)	**(220 565)**	(240 076)
Administrative expenses		**(12 300 940)**	(7 693 981)	**(3 629 274)**	(2 803 177)
Other operating expenses		**(21 249 015)**	(17 128 915)	**(305 129)**	(973 568)
Results from operating activities	*17*	**542 872**	379 965	**7 232 242**	(672 967)
Finance expense	*18*	**(386 258)**	(591 469)	**(99 390)**	(230 265)
Finance income	*18*	**129 775**	68 131	**22 631**	10 208
Surplus/(deficit) before tax		**286 389**	(143 373)	**7 155 483**	(893 024)
Income tax expense	*19*	**(261 690)**	(418 712)	**–**	–
Surplus/(deficit) for the year		**24 699**	(562 085)	**7 155 483**	(893 024)
Other comprehensive loss					
Foreign currency translation differences		**(4 881)**	(111 914)	**–**	–
Total comprehensive surplus/(deficit) for the year		**19 818**	(673 999)	**7 155 483**	(893 024)
Surplus/(deficit) attributable to:					
Equity holder of parent		**277 814**	(331 319)	**7 155 483**	(893 024)
Non-controlling interest		**(253 115)**	(230 766)	**–**	–
Surplus/(deficit) for the year		**24 699**	(562 085)	**7 155 483**	(893 024)
Other comprehensive loss attributable to:					
Equity holder of parent		**(4 885)**	(111 910)	**–**	–
Non-controlling interest		**4**	(4)	**–**	–
Other comprehensive loss for the year		**(4 881)**	(111 914)	**–**	–

African Parks Network
(Non-profit company)

Statements of changes in equity
for the year ended 31 December 2019

	Maintenance reserve $	Foreign currency translation reserve $	Retained earnings $	Total $	Non-controlling interest $	Total equity $
Group						
Balance at 31 December 2017	321 778	(1 630 599)	2 159 288	850 467	(128 028)	722 439
Deficit for the year	–	–	(331 319)	(331 319)	(230 766)	(562 085)
Other comprehensive income						
Foreign currency translation differences	–	(111 910)	–	(111 910)	(4)	(111 914)
Balance at 31 December 2018	321 778	(1 742 509)	1 827 969	407 238	(358 798)	48 440
Surplus for the year	**–**	–	**277 814**	**277 814**	**(253 115)**	**24 699**
Other comprehensive income						
Foreign currency translation differences	**–**	**(4 885)**	–	**(4 885)**	**4**	**(4 881)**
Balance at 31 December 2019	**321 778**	**(1 747 394)**	**2 105 783**	**680 167**	**(611 909)**	**68 258**

The maintenance reserve represents funds reserved for the future maintenance of helicopters.

African Parks Network
(Non-profit company)

Statements of changes in equity
for the year ended 31 December 2019 (continued)

Company	**Maintenance reserve $**	**Foreign currency translation reserve $**	**Retained earnings $**	**Total $**
Balance at 31 December 2017	321 778	59 537	9 800 195	10 181 510
Deficit for the year	–	–	(893 024)	(893 024)
Balance at 31 December 2018	321 778	59 537	8 907 171	9 288 486
Surplus for the year	**–**	**–**	**7 155 483**	**7 155 483**
Balance at 31 December 2019	**321 778**	**59 537**	**16 062 654**	**16 443 969**

The maintenance reserve represents funds reserved for the future maintenance of helicopters.

African Parks Network
(Non-profit company)

Statements of cash flows
for the year ended 31 December 2019

	Note	Group 2019 $	Group 2018 $	Company 2019 $	Company 2018 $
Cash flows from operating activities					
Cash generated from operations	*20.1*	**10 335 203**	16 873 308	**2 570 757**	4 287 348
Finance income	*18*	**129 775**	68 131	**22 631**	10 208
Finance expense	*18*	**(386 258)**	(591 469)	**(99 390)**	(230 265)
Tax paid		**–**	(595)	**–**	–
Net cash inflow from operating activities		**10 078 720**	16 349 375	**2 493 998**	4 067 291
Net cash outflow from investing activities		**(13 257 490)**	(9 962 489)	**(1 555 060)**	(84 691)
Acquisition of property, plant and equipment		**(13 294 968)**	(10 027 714)	**(1 559 132)**	(92 325)
Proceeds on disposal of property, plant and equipment	*20.2*	**37 478**	65 225	**4 072**	7 634
Net cash (outflow)/inflow from financing activities		**(1 029 188)**	12 469 692	**(223 581)**	(503 802)
(Decrease)/increase in unutilised funds		**(1 001 095)**	12 469 692	**(206 010)**	(503 802)
Repayment of lease liabilities		**(28 093)**	–	**(17 571)**	–
Net (decrease)/increase in cash and cash equivalents		**(4 207 958)**	18 856 578	**715 357**	3 478 798
Cash and cash equivalents at beginning of year		**24 128 471**	5 271 893	**6 698 290**	3 219 492
Cash and cash equivalents at end of year	*8*	**19 920 513**	24 128 471	**7 413 647**	6 698 290

1. Significant accounting policies

African Parks Network is a company domiciled in South Africa. The consolidated and separate financial statements for the year ended 31 December 2019 comprise the company, its subsidiaries and special purpose entities (collectively referred to as "the group").

1.1 Statement of compliance

The consolidated and separate financial statements for the group are prepared in accordance with International Financial Reporting Standards ("IFRS"), its interpretations adopted by the International Accounting Standards Board ("IASB") and the South African Companies Act. The financial statements were approved by the board of directors on 15 June 2020 and were signed by P Fearnhead and EM Woods.

1.2 Basis of preparation

The group's financial statements are presented in US Dollars, which is the presentation currency of the group. The company's financial statements are presented in US Dollars, which is the functional currency of the company. They are prepared on the basis that the group is a going concern, using the historical cost basis of measurement unless otherwise stated.

The accounting policies set out below have been applied consistently in all material respects to all periods presented in these consolidated and separate financial statements, except where the group has adopted the IFRS statements, IFRIC interpretations and amendments that became effective during the year.

1.3 Significant accounting estimates and assumptions

The preparation of the financial statements in conformity with IFRS's requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

1.4 Basis of consolidation

The group financial statements include the financial statements of the company and its subsidiaries.

Subsidiaries are those entities over whose financial and operating policies the group has the power, directly or indirectly, to exercise control, so as to obtain benefits from their activities. In assessing control, potential voting rights that are currently exercisable are taken into account. The financial results of subsidiaries are included in the consolidated and separate financial statements from the date that control was acquired and, where applicable, up to the date that control ceases.

The company carries its investments in subsidiaries at cost less accumulated impairment.

1. Significant accounting policies *(continued)*

1.4 Basis of consolidation *(continued)*

Special purpose entities

Certain entities were established for operations purposes. The group does not have any direct or indirect shareholdings in these entities. They are consolidated into the group as the substance of their relationship with the group is that the group controls the special purpose entities. The terms under which the entities were established resulted in the group receiving the majority of the benefits related to the entities' operations and net assets, exposure to the majority of the risks incidental to the entities' activities and it retains the majority of the residual or ownership risks related to the entities' activities and assets.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated and separate financial statements.

1.5 Foreign currency

Functional and presentation currency

All items in the financial statements of the group's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates ("the functional currency"). The group's consolidated and separate financial statements are presented in US Dollars, which is African Parks Network functional and presentation currency.

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of group entities at rates of exchange ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the rates of exchange ruling at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for the effective interest and payments during the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign exchange differences arising on translation are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to US Dollar at exchange rates at the reporting date. The income and expenses of foreign operations are translated to US Dollar at exchange rates at the average exchange rates over the reporting period. Exchange differences arising out of the translation of foreign entities with functional currencies other than US Dollar are considered within the foreign currency translation reserve.

1. Significant accounting policies *(continued)*

1.6 Financial instruments

Initial recognition and measurement

Trade receivables and debt securities are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the group becomes party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measures at :amortised cost; Fair value through other comprehensive income (‘FVOCI’) – debt; FVOCI – equity instruments; or fair value through profit or loss (‘FVTPL’)

Financial assets are not reclassified subsequent to their initial recognition unless the group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first date of the first reporting period following the change in the business model.

A financial asset is measured at amortised costs if it meets both the following conditions and is not designated as at FVTPL:

- It is held within the business model whose objective is to hold assets to collect contractual cash flows: and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the group may irrevocably elect to present subsequent changes in the investment’s fair value in OCI. This election is made on an investment-by investment basis.

All financial assets not classified as measured at amortised cost of FVOCI as described above are measured at FVTPL.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised costs or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

1. Significant accounting policies *(continued)*

1.6 Financial instruments *continued)*

De-recognition

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offset

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the group has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Trade and other receivables

Trade and other receivables are categorised as loans and receivables. These financial assets originated by the group providing goods, services or money directly to a debtor and are initially recognised at fair value plus any directly attributable transaction costs. Subsequently these financial assets are measured at amortised cost using the effective interest rate method less any accumulated impairment losses.

Cash and cash equivalents

Cash and cash equivalents are stated at fair value. Cash comprised cash on hand and demand deposits. Cash equivalents are short-term liquid investments that are readily converted to known amounts of cash, which are not subject to significant risk of changes in fair value. For cash flow purposes this included bank overdrafts.

Trade and other payables

Initially such financial liabilities are recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement these financial liabilities are measured at amortised cost using the effective interest method.

1. Significant accounting policies *(continued)*

1.7 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Installation and other costs, which comprise materials and direct labour costs necessarily incurred in order to acquire or bring the property, plant and equipment to a working condition for their intended use, are also included in cost.

When parts of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Borrowing costs are expensed as incurred.

Gains or losses on the disposal of property, plant and equipment, comprising the difference between the net disposal proceeds and the carrying amount of the asset, are recognised net within other income in profit or loss.

Subsequent costs

Subsequent expenditure relating to an item of property, plant and equipment is capitalised when it is probable that future economic benefits embodied within the item will flow to the group and its cost can be measured reliably. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Depreciation

Depreciation is recognised in the statements of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each part of the assets in order to reduce the cost of the asset to its residual value. Residual value is the net amount expected to be recovered from disposal of the asset at the end of its estimated useful life. Residual values and useful lives are reassessed annually.

The estimated useful lives for the current and comparative periods are as follows:

Computer equipment	3 years
Furniture and fittings	5 years
Office equipment	5 years
Aircraft	10 years
Aircraft – helicopters	Based on use
Motor vehicles	4 years
Plant and machinery	5 years
Infrastructural improvements	10 years
Other	4 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. A component approach to depreciation is used for helicopters.

Plant and equipment held by Garamba National Park and Chinko Project are written-down to a net book value of USD nil at acquisition as both the value in use and net realisable value are valued at nil, due to the remote location of these parks.

1. Significant accounting policies *(continued)*

1.7 Property, plant and equipment *(continued)*

Depreciation (continued)

The recognition of property, plant and equipment of parks has been done on the basis that African Parks has a long-term management agreement with the government of the countries of operation. Should Africa Parks leave to operate in any of the parks, all immovable assets will be left behind in the park. This is expected to have nil impact on the income statement.

1.8 Inventories

Consumables have been valued on the first-in first-out basis and are stated at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition and is stated net of purchase incentives. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs to complete and sell the product. The cost of consumables sold includes normal shrinkage, wastage and inventory losses. Obsolete, redundant and slow-moving inventories are identified on a regular basis and are written down to their net realisable value.

1.9 Impairment of assets

Non-financial assets

The carrying amounts of the group's non-financial assets other than inventories (see accounting policy note for inventories) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount, an impairment loss is recognised in the statement of profit or loss and other comprehensive income.

Recoverable amount

The recoverable amount of an asset is the greater of its fair value less cost to sell and its value in use. Recoverable amounts are estimated for individual assets or, if an asset does not generate largely independent cash flows, for a cash-generating unit. A cash-generating unit is the smallest collection of assets capable of generating cash flows independent of other assets or cash-generating units.

The fair value less cost to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash-generating unit and from its disposal at the end of its useful life. The estimated future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

1. Significant accounting policies *(continued)*

1.9 Impairment of assets *(continued)*

Reversal of impairment losses

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or has decreased; either as a result of an event occurring after the impairment loss was recognised or if there has been a change in the estimates used to calculate the recoverable amount.

An impairment loss is reversed only to the extent that the carrying amount of the affected asset is not increased to an amount higher than the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised in prior years. The reversal is recorded as income in the statement of profit or loss and other comprehensive income.

An impairment loss in respect of goodwill is never reversed.

Financial assets

The group has initially applied IFRS 9 from 1 January 2018. IFRS 9 *Financial Instruments* sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaced IAS 39 *Financial Instruments: Recognition and Measurement*.

Trade receivables are still accounted for under IFRS 15 in terms of classification and measurement but the impairment and expected credit losses are accounted for under IFRS 9. IFRS 9 replaced the incurred loss model in IAS 39 with a more judgemental and forward looking approach. This is the expected loss model.

As African Parks Network is not a trading entity, it does not have customers. It receives its funding from donors and trade receivables are mainly due from donors. There are no receivables which are past due, the group does not have an expected loss allowance. All related party receivables are controlled by the company.

The group and company do not have contract customers. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure expected credit losses, trade receivables have been grouped based on days past due. The expected loss rates are based on the payment profiles and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information affecting the ability of the customers to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery. Impairment losses on trade receivables are presented as net impairment losses within operating expenses. Subsequent recoveries of amount previously written off are credited against operating expenses in profit or loss.

1. Significant accounting policies *(continued)*

1.10 Employee benefits

Short-term employee benefits

The cost of all short-term employee benefits is recognised as an expense during the period in which the employee renders the related service.

Accruals for employee entitlements to wages, salaries, bonuses, annual and sick leave represent the amount which the group has a present obligation to pay as a result of employees' services provided to the reporting date. The accruals have been calculated at undiscounted amounts based on current wage and salary rates.

1.11 Revenue

Amounts received to fund specific projects

The donor requires the funds contributed to be utilised for a specific project. The donations are recognised as revenue to the extent that they have been utilised in the relevant projects. Amounts not utilised at year end are included in unutilised funds.

Amount received to fund general expenses (no restriction)

The donor indicates that the funds contributed are to be used to fund the expenses of African Parks Network or any park within the group. The donations are recognised as unutilised funds upon receipt and are released to revenue as and when they are expensed.

Tourism revenue

Tourism revenue is received in the form of park entry fees, accommodation and activity fees that are received from customers who visit the parks. This revenue is recognised when the service has been rendered i.e. for accommodation bookings, when the customer has checked in and for day visitors, when the visitor has entered the park.

The group has implemented best practice internal controls within its operations to address fraud risk.

1.12 Leases

The group leases a few office buildings. Rental contracts are typically concluded for an initial fixed period of 1 to 5 years with an extension option.

Until the 2018 financial year, the leasing of office buildings was accounted for as an expense, see note 21 for details under IAS 17. From 1 January 2019 with the adoption of IFRS 16, leases are recognised as a right-of-use asset with a corresponding liability at the date which the leased asset is available for use by the group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments. Lease payments are fixed with an annual escalation of 7 –10% compounded annually.

Property rates and taxes are considered to be variable lease payments that do not depend on an index or rate, therefore these payments have not been included in the measurement of the lease liability.

1. Significant accounting policies *(continued)*

1.12 Leases *(continued)*

The group uses the discount rate as the interest rate implicit in the lease. If the implicit rate cannot be readily determined, the lease payments are discounted using the incremental borrowing rate that the group would have paid to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability and
- any initial direct costs

Right-of-use assets are depreciated over the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

For the comparative year 2018 – leases

In the prior year, a lease was classified as a finance lease if it transferred substantially all the risks and rewards incidental to ownership. A lease was classified as an operating lease if it did not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Any contingent rents were expensed in the period they were incurred.

1.13 Unutilised funds

Unutilised funds represent cash received from donors that has not yet been expended. Unutilised funds are recognised as revenue as and when these are incurred to finance operating or capital expenses.

1.14 Deferred income

Deferred income represents donations that have been expended on the acquisition of property, plant and equipment. Deferred income is released to profit or loss as and when these items of property, plant and equipment are depreciated. Deferred income liability consists of a current and non-current portion. The current portion is estimated to be the current year's depreciation expense and that is the amount that is expected to be released to profit or loss within one year.

1. Significant accounting policies *(continued)*

1.15 Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the group will comply with the conditions associated with the grant, and are then recognised in profit or loss on a systematic basis over the useful life of the asset.

Grants that compensate the group for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

1.16 Assets held-for-sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

1.17 Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the related tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised for losses carried forward to the extent that sufficient taxable temporary differences are available or realisation of the related tax benefit through the future taxable profits is probable. The assessment of whether a deferred tax asset should be recognised on the basis of the availability of future taxable profits take into account all factors concerning the entity's expected future profitability, both favourable and unfavourable.

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

As the company is registered as an organisation not for gain under S30 of the Income Tax Act, the company is exempt from income tax.

2. Property, plant and equipment

Group

2019	**Cost** **$**	**Accumulated depreciation** **$**	**Carrying value** **$**
Plant and machinery	**6 854 593**	**(2 162 515)**	**4 692 078**
Furniture and fittings	**733 536**	**(438 483)**	**295 053**
Office equipment	**206 322**	**(118 816)**	**87 506**
Infrastructural improvements	**14 862 019**	**(5 910 201)**	**8 951 818**
Computer equipment	**1 197 013**	**(866 030)**	**330 983**
Capital work-in-progress	**7 556 198**	**–**	**7 556 198**
Other	**4 237 848**	**(2 834 966)**	**1 402 882**
Aircraft	**12 115 298**	**(1 740 231)**	**10 375 067**
Motor vehicles	**11 310 598**	**(7 421 144)**	**3 889 454**
	59 073 425	**(21 492 386)**	**37 581 039**

2018			
Plant and machinery	4 123 224	(1 516 235)	2 606 989
Furniture and fittings	582 754	(354 386)	228 368
Office equipment	262 655	(173 190)	89 465
Infrastructural improvements	11 332 143	(3 831 901)	7 500 242
Computer equipment	657 728	(437 064)	220 664
Capital work-in-progress	8 432 775	–	8 432 775
Other	2 806 753	(1 760 094)	1 046 659
Aircraft	3 322 518	(891 329)	2 431 189
Motor vehicles	8 146 411	(5 529 567)	2 616 844
	39 666 961	(14 493 766)	25 173 195

Company

2019			
Plant and machinery	**179 200**	**(95 502)**	**83 698**
Furniture and fittings	**45 004**	**(25 376)**	**19 628**
Office equipment	**23 501**	**(11 148)**	**12 353**
Infrastructural improvements	**39 767**	**(4 135)**	**35 632**
Computer equipment	**105 752**	**(65 653)**	**40 099**
Aircraft	**10 243 958**	**(625 564)**	**9 618 394**
Motor vehicles	**18 595**	**(10 349)**	**8 246**
Other	**1 403**	**(912)**	**491**
	10 657 180	**(838 639)**	**9 818 541**

2018			
Plant and machinery	179 200	(51 651)	127 549
Furniture and fittings	35 416	(25 259)	10 157
Office equipment	30 832	(17 262)	13 570
Infrastructural improvements	39 767	(218)	39 549
Computer equipment	84 224	(45 564)	38 660
Aircraft	2 438 649	(516 736)	1 921 913
Motor vehicles	18 595	(6 725)	11 870
Other	1 403	(585)	818
	2 828 086	(664 000)	2 164 086

African Parks Network

(Non-profit company)

Notes to the financial statements

for the year ended 31 December 2019 (continued)

2. Property, plant and equipment *(continued)*

Reconciliation of the movement on property, plant and equipment for the year

Group

2019	Plant and machinery $	Furniture and fittings $	Office equipment $	Infra-structural improve-ments $	Computer equipment $	Capital work in progress $	Other* $	Aircraft $	Motor vehicles $	Total $
Carrying value at beginning of year	**2 606 989**	**228 368**	**89 465**	**7 500 242**	**220 664**	**8 432 775**	**1 046 659**	**2 431 189**	**2 616 844**	**25 173 195**
Additions	**697 809**	**167 442**	**36 565**	**1 820 639**	**511 397**	**4 205 140**	**1 020 774**	**8 515 403**	**2 615 107**	**19 590 276**
Disposals	**–**	**(2 818)**	**(1 621)**	**–**	**(268)**	**–**	**–**	**–**	**(5 035)**	**(9 742)**
Reclassifications	**2 134 443**	**–**	**(7 584)**	**1 643 033**	**34 355**	**(5 052 053)**	**440 011**	**290 626**	**517 169**	**–**
Depreciation charge	**(725 823)**	**(88 561)**	**(32 473)**	**(2 056 668)**	**(435 927)**	**–**	**(1 092 894)**	**(861 035)**	**(1 898 969)**	**(7 192 350)**
Foreign exchange differences	**(21 340)**	**(9 378)**	**3 154**	**44 572**	**762**	**(29 664)**	**(11 668)**	**(1 116)**	**44 338**	**19 660**
Carrying value at end of year	**4 692 078**	**295 053**	**87 506**	**8 951 818**	**330 983**	**7 556 198**	**1 402 882**	**10 375 067**	**3 889 454**	**37 581 039**
2018										
Carrying value at beginning of year	2 287 142	173 369	82 169	7 317 239	110 582	3 634 385	621 310	3 449 970	2 088 394	19 764 560
Additions	660 555	116 526	48 984	757 804	247 513	5 407 650	1 046 912	164 027	1 577 743	10 027 714
Disposals	–	–	(189)	–	(8 426)	–	–	(938 306)	(10 586)	(957 507)
Reclassifications	9 961	8 385	(10 627)	511 368	20 202	(608 337)	27 714	–	41 334	–
Depreciation charge	(350 091)	(69 728)	(30 865)	(1 070 324)	(149 105)	–	(648 825)	(244 126)	(1 077 101)	(3 640 165)
Foreign exchange differences	(578)	(184)	(7)	(15 845)	(102)	(923)	(452)	(376)	(2 940)	(21 407)
Carrying value at end of year	2 606 989	228 368	89 465	7 500 242	220 664	8 432 775	1 046 659	2 431 189	2 616 844	25 173 195

* includes radio and communication equipment.

2. Property, plant and equipment *(continued)*

Reconciliation of the movement on property, plant and equipment for the year

Company	Plant and machinery $	Furniture and fittings $	Office equipment $	Infrastructural improvements $	Computer equipment $	Aircraft $	Motor vehicles $	Other $	Total $
2019									
Carrying value at beginning of year	**127 549**	**10 157**	**13 570**	**39 549**	**38 660**	**1 921 913**	**11 870**	**818**	**2 164 086**
Additions	**–**	**18 135**	**4 955**	**–**	**26 042**	**7 805 308**	**–**	**–**	**7 854 440**
Disposals	**–**	**(2 817)**	**(1 621)**	**–**	**(268)**	**–**	**–**	**–**	**(4 706)**
Depreciation charge	**(43 851)**	**(5 847)**	**(4 551)**	**(3 917)**	**(24 335)**	**(108 827)**	**(3 624)**	**(327)**	**(195 279)**
Carrying value at end of year	**83 698**	**19 628**	**12 353**	**35 632**	**40 099**	**9 618 394**	**8 246**	**491**	**9 818 541**
2018									
Carrying value at beginning of year	163 291	16 403	7 704	–	27 183	2 982 344	16 506	1 300	3 214 731
Additions	–	547	10 038	39 767	41 973	–	–	–	92 325
Disposals	–	–	–	–	(7 635)	(895 259)	–	–	(902 894)
Depreciation charge	(35 742)	(6 793)	(4 172)	(218)	(22 861)	(165 172)	(4 636)	(482)	(240 076)
Carrying value at end of year	127 549	10 157	13 570	39 549	38 660	1 921 913	11 870	818	2 164 086

3. Right-of-use assets and lease liabilities

The right-of-use asset on the statement of financial position consists of office buildings that are leased over various periods.

The initial lease liability recognised on 1 January 2019 amounted to USD381 703. The entity has opted not to restate prior year.

		Group		Company	
		2019	2018	**2019**	2018
3.1	Right-of-use assets	**$**	$	**$**	$
	Recognition of right-of-use asset on initial application of IFRS 16	**381 703**	–	**351 421**	–
	Amortisation	**(37 869)**	–	**(25 286)**	–
	Carrying amount at the end of the year	**343 834**	–	**326 135**	–
3.2	Lease liabilities				
	Recognition of lease liability on initial application of IFRS 16	**367 408**	–	**341 737**	–
	Interest paid	**14 295**	–	**9 684**	–
	Lease payments made	**(28 093)**	–	**(17 571)**	–
	Balance at 31 December 2019	**353 610**	–	**333 850**	–
	Total lease liability				
	Current	**59 899**	–	**47 322**	–
	Non-current	**293 711**	–	**286 528**	–
	Balance at 31 December 2019	**353 610**	–	**333 850**	–
	Amounts recognised in the statement of financial position				
	Right-of-use assets	**343 834**	–	**326 135**	–
	Lease liabilities	**(353 610)**	–	**(333 850)**	–
	Current liabilities	**(59 899)**	–	**(47 322)**	–
	Non-current liabilities	**(293 711)**	–	**(286 528)**	–
		(353 610)	–	**(333 850)**	–
	Amounts recognised in the statement of comprehensive income				
	Amortisation charge	**37 869**	–	**25 286**	–
	Interest expense	**14 295**	–	**9 684**	–
	Cash outflow				
	The capital portion	**28 093**	–	**17 571**	–
	Total interest portion	**14 295**	–	**9 684**	–

		Group		Company	
		2019	2018	**2019**	2018
3.	**Leases** *(continued)*	**$**	$	**$**	$
3.2	Lease liabilities *(continued)*				
	Maturity analysis of lease payments to be paid at the reporting date				
	Future lease payments				
	Year 1	**(95 313)**	–	**(80 183)**	–
	Year 2	**(93 762**	–	**(86 197)**	–
	Year 3	**(92 662)**	–	**(92 662)**	–
	Year 4	**(99 611)**	–	**(99 611)**	–
	Year 5 – end of lease	**(70 968)**	–	**(70 968)**	–
		(452 316)	–	**(429 621)**	–
	Future finance costs				
	Year 1	**35 414**	–	**32 861**	–
	Year 2	**27 733**	–	**27 352**	–
	Year 3	**20 550**	–	**20 550**	–
	Year 4	**12 262**	–	**12 262**	–
	Year 5 – end of lease	**2 747**	–	**2 747**	–
		98 706	–	**95 772**	–

For the comparative period – 2018	Group and Company	
	2019	2018
	$	$
Total of future minimum lease payments for each of the following periods:		
Office buildings		
– within one year	**59 899**	47 322
– in second to fifth year inclusive	**293 711**	286 528
– later than 5 years	**–**	–

		Group		Company	
		2019	2018	**2019**	2018
		$	$	**$**	$
4.	**Investment in subsidiary parks**				
	Akagera Management Company Limited	**–**	–	**867**	867
	African Parks Majete Limited	**–**	–	**1**	1
	Bangweulu Wetlands Management Reserve	**–**	–	**2**	2
		–	–	**870**	870
5.	**Non-current assets held-for-sale**	**4 985 802**	5 865 415	**4 985 802**	5 865 415

The property relates to a farm that was donated to African Parks Network and is currently marked to sell with the sale expecting to take place within 1 year. The farm is located in the Alma Area in South Africa. The asset will be sold as is together with all infrastructure and other immovable assets present. The asset is measured at fair value less cost to sell. The fair value adjustment to the property in the current year is $879 613 (2018: $ 454 585).

		Group		Company	
		2019	2018	**2019**	2018
		$	$	**$**	$
6.	**Inventories**				
	Consumables	**774 447**	679 492	**–**	–
7.	**Trade and other receivables**				
	Receivables due from related parties (note 23)	**5 613 127**	4 717 151	**10 025 216**	7 724 740
	Deposits and prepayments	**576 240**	–	**341 084**	–
	Other receivables	**6 147 302**	2 867 596	**302 255**	412 073
		12 336 669	7 584 747	**10 668 555**	8 136 813
8.	**Cash and cash equivalents**				
	Bank balances	**19 670 778**	23 907 044	**7 406 453**	6 668 800
	Cash on hand	**249 735**	221 427	**7 194**	29 490
		19 920 513	24 128 471	**7 413 647**	6 698 290
9.	**Foreign currency translation reserve**				
	The foreign currency translation reserve comprises all foreign currency differences arising from the translation of subsidiary companies to the group presentation currency	**(1 747 394)**	(1 742 509)	**59 537**	59 537

Notes to the financial statements
for the year ended 31 December 2019 (continued)

	Group		Company	
	2019	2018	**2019**	2018
	$	$	**$**	$
10. Deferred income				
Opening balance	**30 747 048**	25 771 590	**–**	–
Additions to property, plant and equipment	**19 590 276**	10 027 714	**–**	–
Fair value adjustment of non-current asset held for sale	**(879 613)**	(454 585)	**–**	–
Depreciation	**(7 192 350)**	(3 640 165)	**–**	–
Disposals	**–**	(957 507)	**–**	–
	42 265 361	30 747 047	**–**	–
Short-term portion	**(7 192 350)**	(3 640 165)	**–**	–
Long-term portion	**35 073 011**	27 106 882	**–**	–
11. Deferred taxation				
The deferred taxation balance is attributable to the following:				
Differential in accounting and taxation depreciation rates	**679 807**	418 117	**–**	–
12. Provisions				
Opening provision balance	**179 578**	117 260	**91 810**	94 554
Raised during the year	**264 169**	218 797	**20 069**	–
Utilised during the year	**(264 374)**	(156 479)	**(12 603)**	(2 744)
	179 373	179 578	**99 276**	91 810
13. Trade and other payables				
Amount owing to related parties (note 23)	**967 361**	76 737	**12 450 952**	9 462 376
Trade payables	**1 523 594**	1 831 382	**101 060**	122 476
Other payables and accrued expenses	**2 068 907**	1 292 890	**257 230**	167 103
	4 559 862	3 201 009	**12 809 242**	9 751 955

	Group		Company	
	2019	2018	**2019**	2018
14. Unutilised funds	**$**	$	**$**	$
Individual donors	**7 050 042**	9 681 638	**2 657 645**	2 101 878
Conservation organization	**1 631 094**	2 252 921	**27 489**	32 289
Government	**14 807 385**	10 456 676	**350 286**	353 705
Corporate	**178 677**	11 719	**–**	–
Foundation	**803 053**	2 366 448	**48 429**	935 944
Lotteries	**3 362 960**	4 067 726	**440 542**	309 407
Endowment	**2 822**	–	**2 822**	–
	27 836 033	28 837 128	**3 527 213**	3 733 223

Unutilised funds represent cash received from donors. Expenses related to these grants have not yet been incurred and therefore the revenue has not yet been recognised.

15. Revenue

The group generates revenue from donor funding, tourism income and rental income. Tourism and rental income is reflected as "other operating income”.

	Group		Company	
	2019	2018	**2019**	2018
	$	$	**$**	$
Donation income	**67 358 804**	45 879 416	**14 193 730**	5 276 836
Transfer to deferred income	**(11 518 313)**	(4 975 457)	**–**	–
	55 840 491	40 903 959	**14 193 730**	5 276 836
Donation income per category donor				
Individual donors	**26 868 257**	24 752 597	**10 454 932**	2 136 008
Conservation organization	**3 870 240**	1 618 553	**–**	–
Government	**24 492 784**	13 377 939	**161 695**	622 705
Corporate	**89 120**	361 969	**–**	–
Foundation	**7 776 720**	2 000 170	**888 479**	–
Lotteries	**2 584 504**	2 388 188	**1 011 445**	1 138 123
Endowment	**1 677 179**	1 380 000	**1 677 179**	1 380 000
	67 358 804	45 879 416	**14 193 730**	5 276 836

In the following table, revenue from donors is disaggregated by primary geographical market:

	Group		Company	
	2019	2018	**2019**	2018
	$	$	**$**	$
Europe	**33 093 291**	27 480 436	**5 425 371**	5 269 380
USA	**29 538 742**	15 116 453	**8 335 017**	–
Africa	**4 726 771**	3 282 527	**433 342**	7 456
	67 358 804	45 879 416	**14 193 730**	5 276 836

Notes to the financial statements

for the year ended 31 December 2019 (continued)

		Group		Company	
		2019	2018	**2019**	2018
		$	$	**$**	$
16.	**Other operating income**				
	Management fee income	**–**	–	**–**	584 892
	Other operating income	**6 354 059**	5 202 666	**805 964**	326 852
		6 354 059	5 202 666	**805 964**	911 744
17.	**Results from operating activities**				
	Results from operating activities is arrived at after taking into account:				
	Auditors' remuneration – audit fees	**362 704**	378 881	**58 034**	80 806
	Depreciation of property, plant and equipment	**7 192 350**	3 640 165	**195 279**	240 076
	Amortisation on right-of-use asset	**37 869**	–	**25 286**	–
	Consulting fees	**1 290 922**	1 152 455	**189 797**	328 439
	(Profit)/loss on disposal of property, plant and equipment	**(27 736)**	892 282	**634**	895 260
	Salary costs and pension contributions	**20 871 504**	17 263 599	**3 612 484**	2 844 726
18.	**Finance income/(expense)**				
18.1	Finance income				
	Interest received on bank balances	**86 035**	17 476	**22 631**	10 208
	Foreign exchange gain	**43 740**	50 655	**–**	–
		129 775	68 131	**22 631**	10 208
18.2	Finance expense				
	Interest expenses	**(11 841)**	(19 019)	**(11 841)**	(37)
	Foreign exchange losses	**(374 417)**	(572 450)	**(87 549)**	(230 228)
		(386 258)	(591 469)	**(99 390)**	(230 265)

		Group 2019 $	Group 2018 $	Company 2019 $	Company 2018 $
19.	**Income tax expense**				
	Income tax expense	**–**	(595)	**–**	–
	Deferred tax expense	**(261 690)**	(418 117)	**–**	–
		(261 690)	(418 712)	**–**	–

		Group 2019 $	Group 2018 $	Company 2019 $	Company 2018 $
20.	**Notes to the statements of cash flows**				
20.1	Cash generated from operations				
	Surplus/(deficit) before tax	**286 389**	(143 373)	**7 155 483**	(893 024)
	Adjustments for –				
	– finance expense	**386 258**	591 469	**99 390**	230 265
	– finance income	**(129 775)**	(68 131)	**(22 631)**	(10 208)
	– depreciation	**7 192 350**	3 640 165	**195 279**	240 076
	– amortisation of right-of-use asset	**37 869**	–	**25 286**	–
	– foreign exchange differences on operating activities	**(19 660)**	21 407	**–**	–
	– (profit)/loss on disposal of property, plant and equipment	**(27 736)**	892 282	**634**	895 260
	– fair value adjustment on asset held for sale	**879 613**	454 585	**879 613**	454 585
	– helicopter donated	**(6 295 308)**	–	**(6 295 308)**	–
	– increase in deferred income	**11 518 313**	4 975 457	**–**	**–**
	Operating profit before working capital changes	**13 828 313**	10 363 861	**2 037 746**	916 954
	Increase in inventories	**(94 955)**	(277 370)	**–**	–
	(Increase)/decrease in trade and other receivables	**(4 751 922)**	6 582 582	**(2 531 742)**	3 411 358
	Increase/(decrease) in trade and other payables and provisions	**1 358 648**	316 149	**3 064 753**	(40 964)
	Foreign currency translation reserve	**(4 881)**	(111 914)	**–**	–
		10 335 203	16 873 308	**2 570 757**	4 287 348

		Group		Company	
		2019	2018	**2019**	2018
		$	$	**$**	$
20.	**Notes to the statements of cash flows** *(continued)*				
20.2	Proceeds on disposal of property, plant and equipment				
	Carrying value of property, plant and equipment disposed	**9 742**	957 507	**4 706**	902 894
	Profit/(loss) on disposal of property, plant and equipment	**27 736**	(892 282)	**(634)**	(895 260)
		37 478	65 225	**4 072**	7 634

21. Lease commitments

Operating lease commitments

The group previously leased premises under an operating lease.

Future minimum lease payments under non-cancellable operating leases due:

	Group		Company	
	2019	2018	**2019**	2018
	$	$	**$**	$
Less than one year	**–**	78 198	**–**	78 198
Between one and five years	**–**	–	**–**	–
	–	78 198	**–**	78 198

22. Financial instruments

The group’s activities expose it to a variety of financial risks:

- Market risk
- Interest rate risk
- Liquidity risk
- Credit risk

This note presents information about the group’s exposure to each of the above risks, the group’s objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout these consolidated and separate financial statements.

The group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group’s financial performance.

22. Financial instruments *(continued)*

22.1 Market risk

22.1.1 Foreign currency exposure

The group incurs currency risk as a result of transactions which than the entities' functional currencies.

The settlement of these transactions takes place within a normal bu financial instruments is not permitted and no such use occurred dur The local company has a policy of not taking out forward exchange entered into.

Exchange rates used for conversion of foreign items were:

	Group and Company	
	2019	2018
Rwandan Francs	**0.00108**	0.00114
Zambian Kwacha	**0.07117**	0.08389
West African CFA Franc	**0.00168**	0.00180
South African Rands	**0.07123**	0.06929
Malawian Kwacha	**0.00134**	0.00136
Euro	**1.10050**	1.14493
Great British Pound	**1.31846**	1.27542

As at 31 December 2019, if the currency had strengthened 1%, against the relevant currencies, with all other variables held constant, profit for the year would have been higher/(lower) for the following financial instruments:

	Group		Company	
	2019	2018	**2019**	2018
	$	$	**$**	$
Cash and cash equivalents				
Rwandan Francs	**238 506**	69 225	**–**	**–**
Zambian Kwacha	**51 957**	23 295	**–**	**–**
West African CFA Franc	**377 716**	79 131	**–**	**–**
South African Rands	**113 369**	192 308	**113 369**	192 308
Malawian Kwacha	**186 665**	25 161	**–**	–
Euro	**6 918**	9 609 622	**–**	2 050 949
Great British Pound	**1 316 491**	504	**1 316 491**	–
	2 291 622	9 999 246	**1 429 860**	2 243 257

A 1% weakening in the US Dollar against the currencies, would have had an almost equal but opposite effect on the amounts above on the basis that all other variables remain constant.

22. Financial instruments *(continued)*

22.2 Interest rate risk

As the group has no significant interest-bearing assets, the group's income and operating cash flows are substantially independent of changes in market interest rates.

The group is exposed to interest rate risk arising from cash and cash equivalents. The group is not exposed to fair value interest rate risk as they do not have any fixed interest-bearing financial instruments carried at fair value.

The interest rate risk profile of the interest-bearing financial instruments was:

	Group		Company	
	2019	2018	**2019**	2018
	$	$	**$**	$
Variable rate instruments – cash and cash equivalents	**19 920 513**	24 128 471	**7 413 647**	6 698 290

Sensitivity analysis for variable-rate instruments

A change in 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below for a period of one year compounded monthly. This analysis assumes that all other variables, in particular foreign exchange rates, remain constant. This analysis is performed on the same basis for 2018.

Effect:	**Increase in equity from 100 bp increase**	**Decrease in equity from 100 bp decrease**	**Increase in profit from 100 bp increase**	**Decrease in profit from 100 bp decrease**
Group	**$**	**$**	**$**	**$**
2019				
US Dollar	**199 205**	**(199 205)**	**199 205**	**(199 205)**
2018				
US Dollar	241 285	(241 285)	241 285	(241 285)
Company				
2019				
US Dollar	**74 136**	**(74 136)**	**74 136**	**(74 136)**
2018				
US Dollar	66 982	(66 982)	66 982	(66 982)

22. Financial instruments *(continued)*

22.3 Fair values of financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. The carrying value approximated the fair value for all financial assets and liabilities at year end. IFRS 9 sets out the requirements for recognising and measuring financial assets and financial liabilities. This standard replaced IAS39 Financial Instruments: Recognition and Measurement.

		2019		2018	
Group		**Carrying value $**	**Fair value $**	Carrying value $	Fair value $
Financial assets					
Trade and other receivables	Loans and receivables	**12 336 669**	**12 336 669**	7 584 747	7 584 747
Cash and cash equivalents	Loans and receivables	**19 920 513**	**19 920 513**	24 128 471	24 128 471
Financial liabilities					
Trade and other payables	Other liabilities	**(4 559 862)**	**(4 559 862)**	(3 201 009)	(3 201 009)
Unutilised funds	Other liabilities	**(27 836 033)**	**(27 836 033)**	(28 837 128)	(28 837 128)
Deferred income	Other liabilities	**(42 265 361)**	**(42 265 361)**	(30 747 048)	(30 747 048)
Company					
Financial assets					
Trade and other receivables	Loans and receivables	**10 668 555**	**10 668 555**	8 136 813	8 136 813
Cash and cash equivalents	Loans and receivables	**7 413 647**	**7 413 647**	6 698 290	6 698 290
Financial liabilities					
Trade and other payables	Other liabilities	**12 809 242**	**12 809 242**	(9 751 955)	(9 751 955)
Unutilised funds	Other liabilities	**3 527 213**	**3 527 213**	(3 733 223)	(3 733 223)

The carrying values of short-term financial instruments are assumed to approximate their fair values.

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

Trade and other receivables
For receivables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables are discounted to determine the fair value.

Cash and cash equivalents
The carrying amount of cash and mutual accounts approximate fair value due to relatively short-term maturity of these financial instruments.

Trade and other payables
The carrying amount approximates fair value because of the short period to maturity of these instruments.

22. Financial instruments *(continued)*

22.4 Credit risk management

Credit risk refers to the risk that a counter party will default on its contractual obligation resulting in financial loss to the group. The group is exposed to credit risk arising from cash equivalents as well as trade and other receivables. The concentrations of credit risk with respect to trade receivables are limited due to the cash nature of the business. For banks and financial institutions cash balances are only placed with highly reputable financial institutions. Trade and other receivables are limited to amounts owing from external funders with good credit ratings.

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

	Group Carrying amount		Company Carrying amount	
	2019	2018	**2019**	2018
	$	$	**$**	$
Trade and other and receivables	**12 336 669**	7 584 747	**10 668 555**	8 136 813
Cash and cash equivalents	**19 920 513**	24 128 471	**7 413 647**	6 698 290
	32 257 182	31 713 218	**18 082 202**	14 835 103

The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was:

	Group		Company	
	2019	2018	**2019**	2018
	$	$	**$**	$
Foreign	**12 336 669**	7 584 747	**10 668 555**	8 136 813

The ageing of receivables at the reporting date was:

	2019			2018		
	Gross	**Impairment**	**Net**	Gross	Impairment	Net
Group	**$**	**$**	**$**	$	$	$
Not past due	**12 336 669**	–	**12 336 669**	7 584 747	–	7 584 747

The ageing of the company receivables at the reporting date was not past due.

The majority of cash and cash equivalents are foreign. The group utilises a reputable banking institution with a good credit rating.

There was no allowance for impairment in respect of trade receivables during the current or comparative year.

22. Financial instruments *(continued)*

22.5 Liquidity risk management

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group'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 risk damage to the group's reputation.

Liquidity and interest risk tables

The following tables detail the group's remaining contractual maturity for its financial liabilities, including interest payments and excluding the impact of netting agreements:

The group and company hold no derivative financial instruments.

	Interest terms	Carrying amount $	Contractual cash flows $	1 year or less $	1 to 5 years $	Over 5 years $
Group						
2019						
Non derivative-liabilities						
Trade and other payables	None	**(4 559 862)**	**(4 559 862)**	**(4 559 862)**	**–**	**–**
Deferred income	None	**(42 265 361)**	**(42 265 361)**	**(7 192 350)**	**(35 073 011)**	**–**
Unutilised funds	None	**(27 836 033)**	**(27 836 033)**	**(27 836 033)**	**–**	**–**
2018						
Non derivative-liabilities						
Trade and other payables	None	(3 201 009)	(3 201 009)	(3 201 009)	–	–
Deferred income	None	(30 747 048)	(30 747 048)	(3 640 166)	(27 106 882)	–
Unutilised funds	None	(28 837 128)	(28 837 128)	(28 837 128)	–	–

	Interest terms	Carrying amount $	Contractual cash flows $	1 year or less $	1 to 5 years $	Over 5 years $
Company						
2019						
Non derivative-liabilities						
Trade and other payables	None	**(12 809 242)**	**(12 809 242)**	**(12 809 242)**	**–**	**–**
Unutilised funds	None	**(3 527 213)**	**(3 527 213)**	**(3 527 213)**	**–**	**–**
2018						
Non derivative-liabilities						
Trade and other payables	None	(9 751 955)	(9 751 955)	(9 751 955)	–	–
Unutilised funds	None	(3 733 223)	(3 733 223)	(3 733 223)	–	–

23. Related parties

23.1 Identity of related parties

Related party	Relationship	2019 $	2018 $
Group			
Iona	Affiliated entity	**(3 788)**	–
Matusadona	Affiliated entity	**(963 573)**	–
Honey with Heart	Affiliated entity	**13 021**	99 606
Honey with Heart	Affiliated entity	**–**	(72 751)
Contracted donors	Funding partner	**1 779 002**	2 527 608
Stichting African Parks Foundation	Funding partner	**890 583**	244 646
African Parks Foundation America	Funding partner	**2 637 928**	1 571 307
African Parks Foundation Switzerland	Funding partner	**267 709**	273 984
Staff advances	Employees	**24 884**	–
Staff payables	Employees	**–**	(3 986)
		4 645 766	4 640 414
Total amount owing to related parties		**(967 361)**	(76 737)
Total amount due from related parties		**5 613 127**	4 717 151
		4 645 766	4 640 414
Director’s emoluments		**229 611**	216 970

Only the Chief Executive Officer receives emoluments.

Related party	Relationship	2019 $	2018 $
Company			
African Parks Foundation Switzerland	Funding partner	**267 709**	273 984
Bazaruto Archipelago National Park	Special purpose entity	**158 496**	44 298
Bazaruto Archipelago National Park	Special purpose entity	**(651 968)**	–
Ennedi Cultural Reserve	Special purpose entity	**275 489**	72 201
Ennedi Cultural Reserve	Special purpose entity	**(10 000)**	(10 000)
African Parks (Malawi) Limited	Subsidiary	**1 854 909**	392 717
African Parks (Malawi) Limited	Subsidiary	**(883 219)**	(1 255 736)
African Parks Foundation America	Funding partner	**2 637 928**	1 571 307
African Parks Majete Limited	Subsidiary	**426 119**	604 022
African Parks Majete Limited	Subsidiary	**(191 983)**	(257 873)
African Parks Zambia Limited	Subsidiary	**208 842**	33 026
African Parks Zambia Limited	Subsidiary	**(233 507)**	(263 595)
Akagera Management Company	Subsidiary	**(813 552)**	(1 395 266)

23. Related parties *(continued)*

23.1 Identity of related parties *(continued)*

Related party	Relationship	2019 $	2018 $
Company *(continued)*			
Bangweulu Wetlands Management Board	Subsidiary	**208 254**	188 713
Bangweulu Wetlands Management Board	Subsidiary	**(270)**	(74 183)
Chinko Project	Special purpose entity	**798 328**	821 483
Chinko Project	Special purpose entity	**(870 705)**	(340 284)
African Parks Congo	Special purpose entity	**–**	1 095 243
African Parks Congo	Special purpose entity	**(5 283 412)**	(2 531 647)
Foundation Odzala-Kokoua National Park	Special purpose entity	**1 130 284**	177 113
Foundation Odzala-Kokoua National Park	Special purpose entity	**(628 953)**	(1 282 984)
Pendjari National Park	Funding partner	**158 250**	946 021
Pendjari National Park	Special purpose entity	**(12 517)**	(1 789 043)
Stichting African Parks Foundation	Funding partner	**890 583**	244 646
Zakouma National Park	Special purpose entity	**–**	1 076 411
Zakouma National Park	Special purpose entity	**(1 039 708)**	(202 590)
Donor receivable	Funding partner	**–**	83 949
Honey with Heart	Affiliated entity	**13 021**	99 606
Honey with Heart	Affiliated entity	**–**	(59 175)
Parc W	Special purpose entity	**122 595**	–
Aouk	Special purpose entity	**6 824**	–
Matusadona	Affiliated entity	**(963 573)**	–
		(2 425 736)	(1 737 636)
Amount owing to related parties		**(12 450 952)**	(9 462 376)
Amount receivable from related parties		**10 025 216**	7 724 740
		(2 425 736)	(1 737 636)
Management fee			
Garamba National Park	Special purpose entity	**–**	312 559
Pendjari National Park	Special purpose entity	**–**	100 000
		–	412 559

24. Standards and interpretations not yet effective

At the date of authorisation of the financial statements for the year ended 31 December 2019, the following standards and interpretations were in issue but not yet effective:

Effective for the financial year commencing 1 January 2020

- *Amendments to references to conceptual framework in IFRS standards*
- *Definition of a business* (Amendments to IFRS 3)
- *Definition of material* (Amendments to IAS 1 and IAS 8)

Effective for the financial year commencing 1 January 2021

- IFRS 17 *Insurance contracts*

All standards and interpretations will be adopted at their effective date (except for those standards and interpretations that are not applicable to the entity).

Amendments to IFRS 3, IAS 1 and IAS 8 as well as IFRS 17 are not applicable to the business of the entity and will therefore have no impact on future financial statements. The directors are of the opinion that the impact of the application of the remaining standards and interpretations will be as follows:

Conceptual Framework Amendments

The IASB decided to revise the Conceptual Framework because certain important issues were not covered and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes:

- a new chapter on measurement;
- guidance on reporting financial performance;
- improved definitions of an asset and a liability, and guidance supporting these definitions; and
- clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting

The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing Amendments to References to the Conceptual Framework in IFRS Standards. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.

The Conceptual Framework Amendments applies for annual periods beginning on or after 1 January 2020.

25. Subsequent events

Towards the end of the first quarter of 2020 the impacts of the Covid-19 pandemic on health, travel and business intensified at a global scale, with many countries enacting travel bans and nation-wide lockdowns within the space of several weeks. This naturally resulted in African Parks forecasting a loss of the remaining tourism revenue for 2020, due to the travel restrictions. The revenue generated from tourism is however not the core income source of African Parks Network, but rather the donor funding received for the conservation of the parks. The organisational budget is covered by a combination of revenue generated in the parks (mainly through tourism) as well as through donor funding. The unfunded portion of the budget in any given year is defined as the ‘funding gap’, and African Parks Network aims to close this gap each year through a global fundraising strategy. The loss of the tourism revenue has thus increased the funding gap for 2020, however with the cost cutting measures implemented has resulted in the revised funding gap being covered.

As the pandemic has evolved, the implications on the global economy have become more apparent. In a response to the increasing concern that there could be an additional loss of committed and prospective donor funding, management conducted a scenario planning exercise for the organisation. This matrix provides mitigating/response strategies and will act as a guide for African Parks’ operations in the event of further revenue loss. In addition to the threats posed by Covid-19, management have also identified a number of opportunities arising from the current global context.

Since the reporting date, COVID-19, the worldwide pandemic has had a material impact on the business with the loss in tourism revenue. The impact has been considered and management considers it to be a non-adjusting event for the year under review.

26. Going concern

The consolidated and separate financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments, will occur in the ordinary course of business.

The current liabilities of the group exceeded its current assets as at 31 December 2019. The current liabilities include an amount of USD7 192 350 in respect of deferred income and an amount of USD27 836 033 in respect of unutilised funds. These are non-cash items and will not result in a cash outflow. Once removed, the current assets exceed the current liabilities.

In performing this assessment, management has considered the impact of COVID-19 on its funding sources (being donor income and commercial income) for the 2020 as well as the 2021 financial year. The impact on commercial income has been material, given the travel ban imposed on most countries. Management has reviewed its 2020 budget and reduced or postponed operational activities in order to contain the financial impact of the loss in commercial revenue. Management has also scanned all its 2020 and 2021 donor commitments to ensure that there is no further impact on grant revenue. A scenario analysis has been completed by management that would trigger additional cost cutting measures should there be additional loss in revenue. It is through this scenario analysis that management has concluded on the entity’s ability to operate as a going concern.