



African Parks Network

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

Annual financial statements

for the year ended 31 December 2016

Audited in accordance with the Companies Act of South Africa

Ayesha Jackaria,
Chief Financial Controller CA (SA), was responsible for the
preparation of the financial statements

African Parks Network
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Annual Financial Statements
for the year ended 31 December 2016

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African Parks Network

(Non-profit company)

(Registration number: 2007/030803/08)

Directors' report

for the year ended 31 December 2016

The directors have pleasure in presenting their report on the activities of the company and the group for the year ended 31 December 2016.

General

The nature of the business of the entities within the group is to ensure the long term sustainability of parks within Africa. 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. 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)
Fondation Odzala Kokoua (Congo)
Nkhotakota Wildlife Reserve (Malawi)
Liwonde National Park (Malawi)
Chinko Project (Central African Republic)

Financial results

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

The year 2016 was a satisfactory year for African Parks Network.

The group showed a profit for the year of USD976 738 (2015 – loss USD329 322) with donor income of USD26 823 895 (2015 – USD20 273 006) and other operating income of USD2 862 591 (2015 – USD2 284 887).

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	
Hon. J Lembeli	
V Chitalu	
R Rugamba	
EM Woods	(appointed 8 April 2016)



African Parks Network

(Non-profit company)

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Directors' report

for the year ended 31 December 2016 (continued)

Directors (continued)

The current local representative addresses are as follows:

Business address	Postal address
Centurion Building The Oval Office Park Cnr Meadowbrook and Sloane Street Bryanston East	PO Box 2336 Lonehill 2062

Subsequent events

No material fact or circumstance has occurred between the reporting date and the date of this report, which requires disclosure or adjustment in these financial statements.

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

The group annual financial statements and annual financial statements of African Parks Network, set out on pages 7 to 35, were approved by the board of directors on 13 April 2017 and are signed by:



P Fearnhead
Authorised Director



RJ van Ogtrop
Chairman



KPMG Inc
KPMG Crescent
85 Empire Road, Parktown, 2193
Private Bag 9, Parkview, 2122, South Africa

Telephone +27 (0)11 647 7111
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Docex 472 Johannesburg
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Independent auditor's report

To the directors 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 7 to 35, which comprise the statements of financial position as at 31 December 2016, 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 2016, 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 International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). 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 directors' report as required by the Companies Act of South Africa, which we obtained prior to the date of this report. 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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Policy Board:
Chief Executive: TH Hoole

Executive Directors: M Letsitsi, SL Louw, NKS Malaba,
M Oddy, CAT Smit

Other Directors: ZA Beseti, LP Fourie, N Fubu,
AH Jaffer (Chairman of the Board), ME Magondo,
F Mail, GM Pickering, JN Pierce

KPMG Inc is a company incorporated under the South African Companies Act and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG Inc is a Registered Auditor, in public practice, in terms of the Auditing Profession Act, 26 of 2005.

Registration number 1999/021543/21

The company's principal place of business is at KPMG Crescent, 85 Empire Road, Parktown, where a list of the directors' names is available for inspection.

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's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and/or the 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 the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the 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 the 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.



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

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

KPMG Inc.

A handwritten signature in black ink, appearing to be 'Per D Read', written over a vertical line that extends upwards from the text 'KPMG Inc.'.

Per D Read
Chartered Accountant (SA)
Registered Auditor
Director
13 April 2017

African Parks Network

(Non-profit company)

Statements of financial position

at 31 December 2016

	Note	Group		Company	
		2016	2015	2016	2015
		\$	\$	\$	\$
Assets					
Non-current assets					
Property, plant and equipment	2	13 376 292	9 105 048	1 450 604	1 617 728
Investment in subsidiary parks	3	13 376 292	9 105 048	1 449 734	1 616 858
		-	-	870	870
Current assets					
Inventories	4	11 236 709	9 642 631	10 730 858	6 344 116
Trade and other receivables	5	167 141	82 368	-	-
Cash and cash equivalents	6	7 219 077	3 879 119	8 147 365	2 744 759
		3 850 491	5 681 144	2 583 493	3 599 357
Total assets		24 613 001	18 747 679	12 181 462	7 961 844
Equity and liabilities					
Capital and reserves					
Maintenance reserve		321 778	-	321 778	-
Foreign currency translation reserve	7	(1 416 382)	(1 288 120)	59 537	59 537
Retained earnings		2 079 590	1 449 892	1 856 084	1 884 062
Total equity attributable to equity holders of the company		984 986	161 772	2 237 399	1 943 599
Non-controlling interest		(153 296)	(178 562)	-	-
Total equity		831 690	(16 790)	2 237 399	1 943 599
Current liabilities					
Provisions	8	23 781 311	18 764 469	9 944 063	6 018 245
Trade and other payables	9	101 343	135 593	78 093	111 826
Undrawn funds	10	1 719 994	1 664 760	7 635 738	2 301 165
Deferred income	11	9 013 754	8 288 956	2 230 232	3 605 254
		12 946 220	8 675 160	-	-
Total equity and liabilities		24 613 001	18 747 679	12 181 462	7 961 844



African Parks Network

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Statements of comprehensive income

for the year ended 31 December 2016

	<i>Note</i>	Group		Company	
		2016	2015	2016	2015
		\$	\$	\$	\$
Revenue	<i>12</i>	26 823 895	20 273 006	2 948 287	2 541 366
Other operating income	<i>13</i>	2 862 591	2 284 887	995 225	430 737
Employee benefit expenses		(9 992 179)	(7 881 888)	(1 601 583)	(1 278 890)
Depreciation		(2 517 658)	(2 155 729)	(408 365)	(453 870)
Administrative expenses		(4 340 267)	(3 060 304)	(903 993)	(643 293)
Other operating expenses		(11 847 400)	(9 596 126)	(944 354)	(1 012 884)
Results from operating activities	<i>14</i>	988 982	(136 154)	85 217	(416 834)
Finance expense	<i>15</i>	(238 484)	(287 574)	–	(43)
Finance income	<i>15</i>	226 240	94 406	208 583	93 587
Profit/(loss) for the year		976 738	(329 322)	293 800	(323 290)
Other comprehensive loss					
Foreign currency translation differences		(128 258)	(120 197)	–	–
Total comprehensive income/(loss) for the year		848 480	(449 519)	293 800	(323 290)
Profit/(loss) attributable to:					
Equity holder of parent		951 476	(334 724)	293 800	(323 290)
Non-controlling interest		25 262	5 402	–	–
(Loss)/profit for the year		976 738	(329 322)	293 800	(323 290)
Other comprehensive loss attributable to:					
Equity holder of parent		(128 262)	(120 173)	–	–
Non-controlling interest		4	(24)	–	–
Other comprehensive loss for the year		(128 258)	(120 197)	–	–

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Statements of changes in equity
for the year ended 31 December 2016

Group	Maintenance reserve \$	Foreign currency translation reserve \$	Retained earnings \$	Total \$	Non-controlling interest \$	Total equity \$
Balance at 31 December 2014	–	(1 167 947)	1 784 616	616 669	(183 940)	432 729
Loss for the year	–	–	(334 724)	(334 724)	5 402	(329 322)
Other comprehensive income						
Foreign currency translation differences	–	(120 173)	–	(120 173)	(24)	(120 197)
Balance at 31 December 2015	–	(1 288 120)	1 449 892	161 772	(178 562)	(16 790)
Profit for the year	–	–	951 476	951 476	25 262	976 738
Transfer to maintenance reserve	321 778	–	(321 778)	–	–	–
Other comprehensive income						
Foreign currency translation differences	–	(128 262)	–	(128 262)	4	(128 258)
Balance at 31 December 2016	321 778	(1 416 382)	2 079 590	984 986	(153 296)	831 690

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

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Statements of changes in equity

for the year ended 31 December 2016 (continued)

Company	Maintenance reserve \$	Foreign currency translation reserve \$	Retained earnings \$	Total \$
Balance at 31 December 2013	–	59 537	2 207 352	2 266 889
Loss for the year	–	–	(323 290)	(323 290)
Balance at 31 December 2015	–	59 537	1 884 062	1 943 599
Maintenance reserve	321 778	–	(321 778)	–
Profit for the year	–	–	293 800	293 800
Balance at 31 December 2016	321 778	59 537	1 856 084	2 237 399

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Statements of cash flows

for the year ended 31 December 2016

	Note	Group		Company	
		2016 \$	2015 \$	2016 \$	2015 \$
Cash flows from operating activities					
Cash (utilised)/generated by operations	16.1	(78 038)	3 500 292	413 645	2 883 738
Finance income	15	226 240	94 406	208 583	93 587
Finance expense	15	(238 484)	(287 574)	–	(43)
Net cash (outflow)/inflow from operating activities		(90 282)	3 307 124	622 228	2 977 282
Net cash outflow from investing activities					
Acquisition of property, plant and equipment		(6 736 229)	(3 826 835)	(263 070)	(97 017)
Proceeds on disposal of property, plant and equipment	16.2	52 489	26 211	–	519
Net cash inflow/(outflow) from financing activities		4 995 858	607 275	(1 375 022)	(1 512 039)
Increase/(decrease) in undrawn funds		724 798	(1 090 042)	(1 375 022)	(1 512 039)
Increase in deferred income		4 271 060	1 697 317	–	–
Net (decrease)/increase in cash and cash equivalents		(1 830 653)	87 564	(1 015 864)	1 368 226
Cash and cash equivalents at beginning of year		5 681 144	5 593 580	3 599 357	2 231 131
Cash and cash equivalents at end of year	6	3 850 491	5 681 144	2 583 493	3 599 357

African Parks Network

(Non-profit company)

Notes to the financial statements

for the year ended 31 December 2016

1. Significant accounting policies

African Parks Network is a company domiciled in South Africa. The consolidated financial statements for the year ended 31 December 2016 comprise the company and its subsidiaries (collectively referred to as “the group”).

1.1 Statement of compliance

The consolidated 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.

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 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 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.

African Parks Network

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Notes to the financial statements

for the year ended 31 December 2016 (continued)

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 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 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.

For all prior periods such differences have been recognised in the foreign currency translation reserves.

African Parks Network

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Notes to the financial statements

for the year ended 31 December 2016 (continued)

1. Significant accounting policies (continued)

1.6 Financial instruments

Financial instruments are initially recognised at fair value less transaction costs except for financial instruments that are classified as being carried at fair value through profit and loss. Subsequent to initial recognition, these instruments are classified according to their nature and are measured at either amortised cost or fair value, as appropriate to their financial instrument category. The subsequent measurement of each financial instrument is explained in more detail below.

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.

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.

African Parks Network

(Non-profit company)

Notes to the financial statements

for the year ended 31 December 2016 (continued)

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 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
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.

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

African Parks Network

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Notes to the financial statements

for the year ended 31 December 2016 (continued)

1. Significant accounting policies (continued)

1.8 Leases

Leases of assets under which substantially all of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Minimum lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

1.9 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.

1.10 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.

For intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date.

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 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.

African Parks Network

(Non-profit company)

Notes to the financial statements

for the year ended 31 December 2016 (continued)

1. Significant accounting policies (continued)

1.10 Impairment of assets (continued)

Non-financial assets (continued)

Recoverable amount (continued)

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.

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 comprehensive income.

An impairment loss in respect of goodwill is never reversed.

Financial assets

At each reporting date, an assessment is made as to whether objective evidence exists that a financial asset or a group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

African Parks Network

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Notes to the financial statements

for the year ended 31 December 2016 (continued)

1. Significant accounting policies (continued)

1.11 Taxation

As the company is registered as an organisation not for gain under S21 of the Income Tax Act, the company is exempt from tax.

1.12 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.

1.13 Revenue

Revenue comprises donations, which is broken down into the following categories:

Amounts received to fund specific projects

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

Amounts received to fund core expenses

The donor indicates that the funds contributed be used to fund the core expenses of African Parks Network or any park within the group. The donations are recognised as undrawn funds upon receipt and released to revenue as and when they are expended in terms of IAS 20 – Accounting for Government Grants.

Other donations

The donor does not specify how the funds should be used. These are typically ad hoc donations from the general public. The donations are recognised as undrawn funds upon receipt.

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Notes to the financial statements

for the year ended 31 December 2016 (continued)

1. Significant accounting policies (continued)

1.14 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

1.15 Undrawn funds

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

1.16 Deferred income

Deferred income represents donations that have been expended on the acquisition of property, plant and equipment. Deferred income is released to the statement of comprehensive income as and when these items of property, plant and equipment are depreciated.

1.17 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 as other income 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 as other income on a systematic basis in the periods in which the expenses are recognised.

2. Property, plant and equipment

Group	Cost	Accumulated depreciation	Carrying amount
2016	\$	\$	\$
Plant and machinery	2 962 183	(904 451)	2 057 732
Furniture and fittings	446 327	(284 060)	162 267
Office equipment	296 396	(184 132)	112 264
Infrastructural improvements	5 601 909	(2 141 489)	3 460 420
Computer equipment	346 780	(242 833)	103 947
Aircraft	3 239 331	(1 361 841)	1 877 490
Motor vehicles	5 424 028	(3 675 558)	1 748 470
Capital work-in-progress	3 370 790	–	3 370 790
Other	1 527 890	(1 044 978)	482 912
	<u>23 215 634</u>	<u>(9 839 342)</u>	<u>13 376 292</u>

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Notes to the financial statements

for the year ended 31 December 2016 (continued)

2. Property, plant and equipment (continued)

Group (continued)

	Cost \$	Accumulated depreciation \$	Carrying amount \$
2015			
Plant and machinery	2 408 532	(687 641)	1 720 891
Furniture and fittings	370 792	(214 357)	156 435
Office equipment	301 895	(162 367)	139 528
Infrastructural improvements	3 773 056	(1 479 079)	2 293 977
Computer equipment	274 743	(175 470)	99 273
Aircraft	2 864 792	(889 009)	1 975 783
Motor vehicles	4 515 575	(2 870 990)	1 644 585
Capital work-in-progress	949 762	–	949 762
Other	978 926	(854 112)	124 814
	<u>16 438 073</u>	<u>(7 333 025)</u>	<u>9 105 048</u>

Company

2016

Furniture and fittings	50 395	(30 937)	19 458
Office equipment	26 974	(14 980)	11 994
Computer equipment	64 451	(44 341)	20 110
Aircraft	<u>2 404 291</u>	<u>(1 006 119)</u>	<u>1 398 172</u>
	<u>2 546 111</u>	<u>(1 096 377)</u>	<u>1 449 734</u>

2015

Furniture and fittings	46 813	(25 545)	21 268
Office equipment	27 537	(11 146)	16 391
Computer equipment	46 770	(36 698)	10 072
Aircraft	2 163 161	(615 863)	1 547 298
Motor vehicles	24 820	(2 991)	21 829
Other	555	(555)	–
	<u>2 309 656</u>	<u>(692 798)</u>	<u>1 616 858</u>

African Parks Network
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Notes to the financial statements
for the year ended 31 December 2016 (continued)

2. Property, plant and equipment (continued)

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

Group	2016										2015									
	Plant and machinery \$	Furniture and fittings \$	Office equipment \$	Infra-structural improvements \$	Computer equipment \$	Aircraft \$	Motor vehicles \$	Capital work in progress \$	Other* \$	Total \$	Plant and machinery \$	Furniture and fittings \$	Office equipment \$	Infra-structural improvements \$	Computer equipment \$	Aircraft \$	Motor vehicles \$	Capital work in progress \$	Other* \$	Total \$
Carrying value at beginning of year	1 720 891	156 435	139 528	2 293 977	99 273	1 975 783	1 644 585	949 762	124 814	9 105 048	1 606 067	120 877	82 531	1 974 314	37 818	2 052 084	994 969	442 350	241 532	7 552 542
Additions	521 771	64 409	21 291	1 651 372	71 764	374 537	1 018 403	2 427 101	638 070	6 788 718	309 892	85 188	97 553	496 966	118 673	341 747	1 397 720	883 537	121 770	3 853 046
Disposals	-	-	-	-	(204)	-	(31 567)	-	-	(31 771)	-	(1 930)	-	-	-	-	-	(15 545)	(10 147)	(27 622)
Transfer from work in progress	-	-	-	21 120	-	-	-	(21 120)	-	-	-	-	-	-	-	-	-	(360 580)	-	-
Reclassifications	-	-	(3 544)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(64 671)	-
Depreciation charge	(189 993)	(59 569)	(41 894)	(485 845)	(68 683)	(472 830)	(914 153)	-	(284 691)	(2 517 658)	(190 852)	(47 085)	(39 720)	(452 317)	(56 561)	(482 719)	(722 912)	-	(163 563)	(2 155 729)
Foreign exchange differences	5 063	992	(3 117)	(20 204)	1 797	-	31 202	15 047	1 175	31 955	(4 216)	(615)	(836)	(85 566)	(657)	-	(25 192)	-	(107)	(117 189)
Carrying value at end of year	2 057 732	162 267	112 264	3 460 420	103 947	1 877 490	1 748 470	3 370 790	482 912	13 376 292	1 720 891	156 435	139 528	2 293 977	99 273	1 975 783	1 644 585	949 762	124 814	9 105 048

* includes radio and communication equipment.

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Notes to the financial statements
for the year ended 31 December 2016 (continued)

2. Property, plant and equipment (continued)

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

Company	Furniture and fittings \$	Office equipment \$	Computer equipment \$	Aircraft \$	Motor vehicles \$	Total \$
2016						
Carrying value at beginning of year	21 268	16 391	10 072	1 547 298	21 829	1 616 858
Additions	3 958	560	17 687	240 865	—	263 070
Disposals	—	—	—	—	(21 829)	(21 829)
Depreciation charge	(5 768)	(4 957)	(7 649)	(389 991)	—	(408 365)
Carrying value at end of year	19 458	11 994	20 110	1 398 172	—	1 449 734
2015						
Carrying value at beginning of year	7 992	15 254	8 736	1 943 140	—	1 975 122
Additions	21 004	6 036	8 412	37 264	24 820	97 536
Disposals	(1 930)	—	—	—	—	(1 930)
Depreciation charge	(5 798)	(4 899)	(7 076)	(433 106)	(2 991)	(453 870)
Carrying value at end of year	21 268	16 391	10 072	1 547 298	21 829	1 616 858

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Notes to the financial statements

for the year ended 31 December 2016 (continued)

3. Investment in subsidiary parks

	Group		Company	
	2016	2015	2016	2015
	\$	\$	\$	\$
Akagera Management Company Limited	–	–	867	867
African Parks Majete Limited	–	–	1	1
Bangweulu Wetlands Management Reserve	–	–	2	2
	<u>–</u>	<u>–</u>	<u>870</u>	<u>870</u>
4. Inventories				
Consumables	<u>167 141</u>	<u>82 368</u>	<u>–</u>	<u>–</u>
5. Trade and other receivables				
Receivables due from related parties	<u>5 732 906</u>	<u>1 605 968</u>	<u>7 757 236</u>	<u>2 573 449</u>
Other receivables	<u>1 486 171</u>	<u>2 273 151</u>	<u>390 129</u>	<u>171 310</u>
	<u>7 219 077</u>	<u>3 879 119</u>	<u>8 147 365</u>	<u>2 744 759</u>
6. Cash and cash equivalents				
Bank balances	<u>3 667 032</u>	<u>5 519 335</u>	<u>2 579 835</u>	<u>3 598 165</u>
Cash on hand	<u>183 459</u>	<u>161 809</u>	<u>3 658</u>	<u>1 192</u>
	<u>3 850 491</u>	<u>5 681 144</u>	<u>2 583 493</u>	<u>3 599 357</u>
7. 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	<u>(1 416 378)</u>	<u>(1 288 120)</u>	<u>59 537</u>	<u>59 537</u>
8. Provisions				
Bonus provision				
Opening provision balance	<u>135 593</u>	<u>44 369</u>	<u>111 826</u>	<u>–</u>
Raised during the year	<u>144 145</u>	<u>202 298</u>	<u>40 512</u>	<u>111 826</u>
Utilised during the year	<u>(178 395)</u>	<u>(111 074)</u>	<u>(74 245)</u>	<u>–</u>
	<u>101 343</u>	<u>135 593</u>	<u>78 093</u>	<u>111 826</u>



African Parks Network

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Notes to the financial statements

for the year ended 31 December 2016 (continued)

	Group		Company	
	2016 \$	2015 \$	2016 \$	2015 \$
9. Trade and other payables				
Amount owing to related parties	85 432	734 169	7 479 676	2 188 970
Trade payables	468 808	194 963	48 924	17 158
Other payables and accrued expenses	1 165 754	735 628	107 138	95 037
	1 719 994	1 664 760	7 635 738	2 301 165
10. Undrawn funds				
Stichting Dioraphle	27 969	—	—	—
Adessium Foundation	42 960	320 537	42 960	107 782
Foundation Segre	210 264	—	—	—
Rwanda Development Board	50 000	—	—	—
WWF Zambia	5 561	43 430	—	—
The Dutch Postcode Lottery	1 328 005	661 265	126 963	208 476
The Walton Family Foundation	94 480	—	—	—
Stichting African Parks	—	—	—	—
Foundation Board of Directors	481 473	630 041	115 646	630 041
Jumpstart Foundation	23 056	213 967	—	—
European Union	530 260	486 789	—	11 771
USFW	131 242	86 931	—	—
PREPAN/World Bank	40 000	79 185	—	—
The People's Republic of China (Embassy in Congo)	55 788	66 169	—	—
Hoarec	—	345 879	—	345 879
Unesco	15 429	70 292	—	—
WCN	63 176	27 679	—	—
The Wildcat Foundation	110 795	794 654	—	502 589
The People's Postcode Lottery	886 467	522 414	—	—
Flora and Fauna International	—	32 804	—	—
The Rainforest Trust	15 378	—	—	—
The Wyss Foundation	975 761	1 137 957	—	31 406
Other private donors	3 409 339	2 410 002	1 428 315	1 408 349
Other unrestricted donors	516 351	358 961	516 351	358 961
	9 013 754	8 288 956	2 230 232	3 605 254

Undrawn 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.

11. Deferred income

Opening balance	8 675 160	6 977 843	—	—
Additions to property, plant and equipment	6 788 718	3 853 046	—	—
Depreciation	(2 517 658)	(2 155 729)	—	—
	12 946 220	8 675 160	—	—

African Parks Network

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Notes to the financial statements

for the year ended 31 December 2016 (continued)

	Group		Company	
	2016 \$	2015 \$	2016 \$	2015 \$
12. Revenue				
Donation income	31 094 955	21 970 323	2 948 287	2 541 366
Transfer to deferred income	(4 271 060)	(1 697 317)	-	-
	26 823 895	20 273 006	2 948 287	2 541 366
Donation income per specific donor				
Acacia Fund	200 000	-	-	-
Adessium Foundation	678 996	548 426	46 092	296 183
ANPN	-	155 484	-	-
Africom	-	27 386	-	-
Jumpstart Foundation	190 912	193 450	-	-
Wyss Foundation	3 041 838	1 361 346	31 406	-
Dutch Postcode Lottery	3 321 273	884 820	539 082	136 972
African Parks Endowment Fund	1 919 469	1 500 999	1 919 469	1 468 679
European Union	5 542 958	6 768 161	23 359	25 410
Segre Foundation	559 701	-	-	-
World Bank	300 169	199 738	-	-
Réseau des Aires Protégées d'Afrique Centrale	-	322 552	-	-
Rwandan Development Board	200 000	250 000	-	-
Stop Ivory	-	106 243	-	-
The Rainforest Trust	131 205	75 552	-	-
USFW	1 093 424	1 124 750	-	-
Unesco	81 894	14 390	-	-
Vittol	-	80 675	-	-
Walton Family Foundation	905 520	1 010 042	-	-
WWF Netherlands	543 463	661 441	-	-
WWF Zambia	112 767	169 674	-	-
Stichting Dioraphte	617 171	160 452	-	-
The People's Republic of China	10 381	103 804	-	-
The People's Postcode Lottery	455 551	108 425	-	-
Vulcan	65 293	34 890	-	-
Save the Elephant	140 801	200 000	-	-
FFI	32 804	25 821	-	-
Randgold	204 361	65 451	-	-
WCN	27 679	83 580	-	-
Stichting African Parks Foundation	572 032	-	-	-
USAID	504 600	-	-	-
Other private donors	9 640 693	5 732 771	388 879	614 122
	31 094 955	21 970 323	2 948 287	2 541 366



African Parks Network

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Notes to the financial statements

for the year ended 31 December 2016 (continued)

	Group		Company	
	2016	2015	2016	2015
	\$	\$	\$	\$
13. Other operating income				
Management fee income	–	–	367 331	430 737
Other operating income	<u>2 862 591</u>	<u>2 284 887</u>	<u>627 894</u>	<u>–</u>
	<u>2 862 591</u>	<u>2 284 887</u>	<u>995 225</u>	<u>430 737</u>
14. Results from operating activities				
Operating profit before dividend and financing costs is arrived at after taking into account:				
Operating income	(3 416 141)	(2 284 887)	(995 225)	(430 218)
Auditors' remuneration – audit fees	293 218	157 314	51 077	28 945
Depreciation of property, plant and equipment	2 517 658	2 155 729	408 365	453 870
Consulting fees	134 803	117 983	70 170	36 074
(Profit)/loss on disposal of property, plant and equipment	(20 718)	1 411	21 829	1 411
Salary costs and pension contributions	<u>9 992 179</u>	<u>7 881 888</u>	<u>1 601 583</u>	<u>1 278 890</u>
15. Finance income/(expenses)				
15.1 Finance income				
Interest received on bank balances	22 492	7 849	12 429	7 765
Foreign exchange gain	<u>203 748</u>	<u>86 557</u>	<u>196 154</u>	<u>85 822</u>
	<u>226 240</u>	<u>94 406</u>	<u>208 583</u>	<u>93 587</u>
15.2 Finance expenses				
Bank interest paid	–	(43)	–	(43)
Foreign exchange losses	<u>(238 484)</u>	<u>(287 531)</u>	<u>–</u>	<u>–</u>
	<u>(238 484)</u>	<u>(287 574)</u>	<u>–</u>	<u>(43)</u>

African Parks Network

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Notes to the financial statements

for the year ended 31 December 2016 (continued)

	Group		Company	
	2016 \$	2015 \$	2016 \$	2015 \$
16. Notes to the statements of cash flows				
16.1 Cash (utilised)/generated by operations				
Profit before income tax	976 738	(329 322)	293 800	(323 290)
Adjustments for –				
– finance expense	238 484	287 574	–	43
– finance income	(226 240)	(94 406)	(208 583)	(93 587)
– depreciation	2 517 658	2 155 729	408 365	453 870
– foreign exchange differences on operating activities	(31 955)	117 189	–	–
– (profit)/loss on disposal of property, plant and equipment	(20 718)	1 411	21 829	1 411
Operating profit before working capital changes	3 453 967	2 138 175	515 411	38 447
(Increase)/decrease in inventories	(84 773)	75 241	–	–
(Increase)/decrease in trade and other receivables	(3 339 958)	1 015 512	(5 402 606)	1 980 485
Increase in trade and other payables and provisions	20 984	391 561	5 300 840	864 806
Foreign currency translation reserve	(128 258)	(120 197)	–	–
	(78 038)	3 500 292	413 645	2 883 738
16.2 Proceeds on disposal of property, plant and equipment				
Carrying value of property, plant and equipment disposed	31 771	27 622	21 829	1 930
Loss on disposal of property, plant and equipment	20 718	(1 411)	(21 829)	(1 411)
	52 489	26 211	–	519



African Parks Network

(Non-profit company)

Notes to the financial statements

for the year ended 31 December 2016 (continued)

17. Lease commitments

Operating lease commitments

The group leases premises under an operating lease.

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

	Group		Company	
	2016	2015	2016	2015
	\$	\$	\$	\$
Less than one year	67 808	68 425	67 808	68 425
Between one and five years	135 618	236 504	135 618	236 504
	<u>203 426</u>	<u>304 929</u>	<u>203 426</u>	<u>304 929</u>

18. Financial instruments

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

- Market 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 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.

18.1 Market risk

18.1.1 Foreign currency exposure

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

The settlement of these transactions takes place within a normal business cycle. Speculative use of financial instruments is not permitted and no such use occurred during any of the periods presented. The local company has a policy of not taking out forward exchange contracts for foreign transactions entered into.

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Notes to the financial statements

for the year ended 31 December 2016 (continued)

18. Financial instruments (continued)

18.2 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	
	2016	2015	2016	2015
	\$	\$	\$	\$
Variable rate instruments				
– cash and cash equivalents	<u>3 850 491</u>	<u>5 681 144</u>	<u>2 583 493</u>	<u>3 599 357</u>

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 2015.

Effect:				
Group	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
	\$	\$	\$	\$
2016				
US Dollar	<u>38 505</u>	<u>(38 505)</u>	<u>38 505</u>	<u>(38 505)</u>
2015				
US Dollar	<u>56 811</u>	<u>(56 811)</u>	<u>56 811</u>	<u>(56 811)</u>
Company				
2016				
US Dollar	<u>25 834</u>	<u>(25 834)</u>	<u>25 834</u>	<u>(25 834)</u>
2015				
US Dollar	<u>35 993</u>	<u>(35 993)</u>	<u>35 993</u>	<u>(35 993)</u>

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Notes to the financial statements

for the year ended 31 December 2016 (continued)

18. Financial instruments (continued)

18.3 Fair values of financial instruments

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

Group		2016		2015	
		Carrying value \$	Fair value \$	Carrying value \$	Fair value \$
Financial assets					
Trade and other receivables	Loans and receivables	7 219 077	7 219 077	3 879 119	3 879 119
Cash and cash equivalents	Loans and receivables	3 850 491	3 850 491	5 681 144	5 681 144
Financial liabilities					
Trade and other payables	Other liabilities	(1 719 994)	(1 719 994)	(1 664 760)	(1 664 760)
Undrawn funds	Other liabilities	(9 013 754)	(9 013 754)	(8 288 959)	(8 288 959)
Deferred income	Other liabilities	(12 946 220)	(12 946 220)	(8 675 160)	(8 675 160)
Company					
Financial assets					
Trade and other receivables	Loans and receivables	8 147 365	8 147 365	2 744 759	2 744 759
Cash and cash equivalents	Loans and receivables	2 583 493	2 583 493	3 599 357	3 599 357
Financial liabilities					
Trade and other payables	Other liabilities	(7 635 738)	(7 635 738)	(2 301 161)	(2 301 161)
Undrawn funds	Other liabilities	(2 230 232)	(2 230 232)	(3 605 254)	(3 605 254)

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 and loans and other borrowings

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 and borrowings

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

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Notes to the financial statements

for the year ended 31 December 2016 (continued)

18. Financial instruments (continued)

18.4 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		Company	
	Carrying amount		Carrying amount	
	2016	2015	2016	2015
	\$	\$	\$	\$
Trade and other receivables	7 219 077	3 879 119	8 147 365	2 744 759
Cash and cash equivalents	<u>3 850 491</u>	<u>5 681 144</u>	<u>2 583 493</u>	<u>3 599 357</u>
	<u>11 069 568</u>	<u>9 560 263</u>	<u>10 730 858</u>	<u>6 344 116</u>

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

	Group		Company	
	2016	2015	2016	2015
	\$	\$	\$	\$
Foreign	<u>7 219 077</u>	<u>3 879 119</u>	<u>8 147 365</u>	<u>2 744 759</u>

The ageing of receivables at the reporting date was:

Group	Gross \$	2016		Gross \$	2015	
		Impairment \$	Net \$		Impairment \$	Net \$
Not past due	<u>7 219 077</u>	<u>–</u>	<u>7 219 077</u>	<u>3 879 119</u>	<u>–</u>	<u>3 879 119</u>

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.

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Notes to the financial statements

for the year ended 31 December 2016 (continued)

18. Financial instruments (continued)

18.5 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						
2016						
Non derivative-liabilities						
Trade and other payables	None	(1 719 994)	(1 719 994)	(1 719 994)	-	-
Deferred income	None	(12 946 220)	(12 946 220)	(12 946 220)	-	-
Undrawn funds	None	(9 013 754)	(9 013 754)	(9 013 754)	-	-
<hr/>						
2015						
Non derivative-liabilities						
Trade and other payables	None	(1 664 760)	(1 664 760)	(1 664 760)	-	-
Deferred income	None	(8 675 160)	(8 675 160)	(8 675 160)	-	-
Undrawn funds	None	(8 288 956)	(8 288 956)	(8 288 956)	-	-
<hr/>						
Company						
2016						
Non derivative-liabilities						
Trade and other payables	None	(7 635 738)	(7 635 738)	(7 635 738)	-	-
Undrawn funds	None	(2 230 232)	(2 230 232)	(2 230 232)	-	-
<hr/>						
2015						
Non derivative-liabilities						
Trade and other payables	None	(2 301 165)	(2 301 165)	(2 301 165)	-	-
Undrawn funds	None	(3 605 254)	(3 605 254)	(3 605 254)	-	-
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Notes to the financial statements

for the year ended 31 December 2016 (continued)

19. Related parties

19.1 Identity of related parties

Related party	Relationship	2016 \$	2015 \$
Group			
Contracted donors	Funding partner	(3 001)	1 512 054
Contracted donors	Funding partner	2 635 162	–
Stichting African Parks Foundation	Funding partner	625 798	(4 167)
African Parks Foundation America	Funding partner	2 470 000	–
Stichting African Parks Foundation	Funding partner	(63 586)	(730 002)
Staff advances	Employees	1 946	93 914
Staff payables	Employees	(18 845)	–
		5 647 474	871 799
Total amount owing to related parties		(85 432)	(734 169)
Total amount due from related parties		5 732 906	1 605 968
		5 647 474	871 799
Directors' emoluments		164 920	115 624
Only the executive director receives emoluments.			
Company			
Garamba National Park	Special purpose entity	775 241	1 187 024
Akagera Management Company	Subsidiary	66 770	96 911
African Parks Foundation America	Funding partner	2 470 000	–
Akagera Management Company	Subsidiary	(1 049 424)	(129 333)
Zakouma National Park	Special purpose entity	476 847	258 237
Zakouma National Park	Special purpose entity	(143 346)	(479 235)
Odzala-Kokoua National Park	Special purpose entity	1 657 293	826 280
Garamba National Park	Special purpose entity	–	(576 656)
Garamba National Park	Special purpose entity	(242 997)	–
Bangweulu Wetlands Board	Subsidiary	32 767	263
Bangweulu Wetlands Board	Subsidiary	(200 354)	–
African Parks Majete Limited	Subsidiary	216 242	113 226
African Parks Zambia Limited	Subsidiary	29 669	928
Stichting African Parks Foundation	Funding partner	(63 586)	–
Stichting African Parks Foundation	Funding partner	445 052	–
African Parks Majete Limited	Subsidiary	(199 956)	(68 936)
Odzala-Kokoua National Park	Special purpose entity	(219 661)	(108 219)
Chinko Project	Special purpose entity	(985 087)	(96 524)
Chinko Project	Special purpose entity	1 209 834	90 580
African Parks Zambia Limited	Subsidiary	(390 997)	(95 997)
African Parks (Malawi) Limited	Subsidiary	(3 984 268)	(634 070)
African Parks (Malawi) Limited	Subsidiary	377 521	–
		277 560	384 479
Total amount owing to related parties		(7 479 676)	(2 188 970)
Total amount due from related parties		7 757 236	2 573 449
		277 560	384 479
<i>Management fee</i>			
Garamba National Park		116 368	255 460
Zakouma National Park		128 271	103 581
Odzala-Kokoua National Park		122 692	71 696
		367 331	430 737

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Notes to the financial statements

for the year ended 31 December 2016 (continued)

20. Standards and interpretations not yet effective

At reporting date the following standards and interpretations were in issue but not yet effective:

Effective dates beginning on or after 1 January 2017

- IAS 7: Disclosure amendments
- IAS 12: Recognition of deferred tax assets for unrealised losses

Effective dates beginning on or after 1 January 2018

- IFRS 15: Revenue from contracts with customers
- IFRS 9: Financial instruments

Effective dates beginning on or after 1 January 2019

- IFRS 16: Leases

The above standards will be adopted when they become effective.

Disclosure initiative (Amendments to IAS 7)

The amendments provide for disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. This includes providing a reconciliation between the opening and closing balances for liabilities arising from financing activities.

The amendments apply for annual periods beginning on or after 1 January 2017 and early application is permitted.

Recognition of deferred tax assets for unrealized losses (Amendments to IAS 12)

The amendments provide additional guidance on the existence of deductible temporary differences, which depend solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.

The amendments also provide additional guidance on the methods used to calculate future taxable profit to establish whether a deferred tax asset can be recognised.

Guidance is provided where an entity may assume that it will recover an asset for more than its carrying amount, provided that there is sufficient evidence that it is probable that the entity will achieve this.

Guidance is provided for deductible temporary differences related to unrealised losses are not assessed separately for recognition. These are assessed on a combined basis, unless a tax law restricts the use of losses to deductions against income of a specific type.

The amendments apply for annual periods beginning on or after 1 January 2017 and early application is permitted.

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for the year ended 31 December 2016 (continued)

20. Standards and interpretations not yet effective (continued)

IFRS 15 Revenue from contracts with customers

This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving Advertising Services.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

This new standard may have an impact on the group, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised. The group is currently in the process of performing a more detailed assessment of the impact of this standard on the group and will provide more information in the year ending 31 December 2017 financial statements.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted under IFRS.

IFRS 9 Financial instruments

On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

This standard may have an impact on the group, which will include changes in the measurement bases of the group's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the group.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted.

IFRS 16 Leases

IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. IFRS 16 has one model for lessees which will result in almost all leases being included on the Statement of Financial position. No significant changes have been included for lessors.

The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted only if the entity also adopts IFRS 15. The transitional requirements are different for lessees and lessors. The group has begun assessing the potential impact on the financial statements resulting from the application of IFRS 16. No significant impact is expected for the group's finance leases.