African Parks Network

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

Annual financial statements

for the year ended 31 December 2018

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 financial statements

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

Annual Financial Statements
For the year ended 31 December 2018

Contents | *Page*

Directors' report	2 – 3
Independent auditor's report	4 – 6
Statements of financial position	7
Statements of profit or loss and other comprehensive income	8
Statements of changes in equity	9 – 10
Statements of cash flows	11
Notes to the financial statements	12 – 39

African Parks Network

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

Directors' report

for the year ended 31 December 2018

The directors have pleasure in presenting their report on the activities of the company and the group for the year ended 31 December 2018.

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)
Pendjari National Park (Benin)
Bazaruto Archipelago National Park (Mozambique)
Ennedi Natural and Cultural Reserve (Chad)

Financial results

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

The 2018 year was a satisfactory year for African Parks Network.

The group showed a deficit for the year of USD561 985 (2017 – surplus USD104 995) with donor income of USD40 903 959 (2017 – USD32 664 710) and other operating income of USD5 202 666 (2017 – USD4 211 537).

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	
H Wyss	(appointed 31 May 2018)

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 separate parent annual financial statements of African Parks Network, set out on pages 7 to 39, were approved by the board of directors on 15 July 2019 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
Fax +27 (0)11 647 8000
Docex 472 Johannesburg
Internet kpmg.co.za

Independent auditor's report

To the directors of African Parks Network

Opinion

We have audited the consolidated and separate financial statements of African Parks Network (the group and company) set out on pages 7 to 39, which comprise the statements of financial position as at 31 December 2018, 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 2018, 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 sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively. 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 2018" 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'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.

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

- 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.

KPMG Inc.

Per D Read
Chartered Accountant (SA)
Registered Auditor
Director
17 July 2019

African Parks Network
(Non-profit company)

Statements of financial position
at 31 December 2018

	Note	Group 2018 $	Group * Restated 2017 $	Group * Restated 1 January 2017 $	Company 2018 $	Company 2017 $
Assets						
Non-current assets		**25 173 195**	26 084 560	13 376 292	**2 164 956**	9 535 601
Property, plant and equipment	2	**25 173 195**	19 764 560	13 376 292	**2 164 086**	3 214 731
Investment in subsidiary parks	3	–	–	–	**870**	870
Investment property	4	–	6 320 000	–	–	6 320 000
Current assets		**38 258 125**	19 841 344	11 236 709	**20 700 518**	14 767 663
Non-current assets held-for-sale	5	**5 865 415**	–	–	**5 865 415**	–
Inventories	6	**679 492**	402 122	167 141	–	–
Trade and other receivables	7	**7 584 747**	14 167 329	7 219 077	**8 136 813**	11 548 171
Cash and cash equivalents	8	**24 128 471**	5 271 893	3 850 491	**6 698 290**	3 219 492
Investment property		–	–	–	–	–
Total assets		**63 431 320**	45 925 904	24 613 001	**22 865 474**	24 303 264
Equity and liabilities						
Capital and reserves						
Maintenance reserve		**321 778**	321 778	321 778	**321 778**	321 778
Foreign currency translation reserve	9	**(1 742 509)**	(1 630 599)	(1 416 382)	**59 537**	59 537
Retained earnings		**1 827 969**	2 159 288	2 079 590	**8 907 171**	9 800 195
Total equity attributable to equity holders of the company		**407 238**	850 467	984 986	**9 288 486**	10 181 510
Non-controlling interest		**(358 798)**	(128 028)	(153 296)	–	–
Total equity		**48 440**	722 439	831 690	**9 288 486**	10 181 510
Non-current liabilities		**27 524 999**	22 188 176	10 428 562	–	–
Deferred income	14	**27 106 882**	22 188 176	10 428 562	–	–
Deferred taxation	10	**418 117**	–	–	–	–
Current liabilities		**35 857 881**	23 015 289	13 352 749	**13 576 988**	14 121 754
Provisions	11	**179 578**	117 260	101 343	**91 810**	94 554
Trade and other payables	12	**3 201 009**	2 947 178	1 719 994	**9 751 955**	9 790 175
Undrawn funds	13	**28 837 128**	16 367 436	9 013 754	**3 733 223**	4 237 025
Deferred income	14	**3 640 166**	3 583 415	2 517 658	–	–
Total equity and liabilities		**63 431 320**	45 925 904	24 613 001	**22 865 474**	24 303 264

* The comparative amounts have been restated, refer to notes 14 and 27 for further details.

African Parks Network
(Non-profit company)

Statements of profit or loss and other comprehensive income
for the year ended 31 December 2018

	Note	Group		Company	
		2018	2017	**2018**	2017
		$	$	**$**	$
Revenue	*15*	**40 903 959**	32 664 710	**5 276 836**	11 977 950
Other operating income	*16*	**5 202 666**	4 211 537	**911 744**	404 323
Employee benefit expenses		**(17 263 599)**	(13 190 959)	**(2 844 726)**	(2 361 048)
Depreciation		**(3 640 165)**	(3 583 415)	**(240 076)**	(418 533)
Administrative expenses		**(7 693 981)**	(6 426 601)	**(2 803 177)**	(799 375)
Other operating expenses		**(17 128 915)**	(13 598 894)	**(973 568)**	(975 195)
Results from operating activities	*17*	**379 965**	76 378	**(672 967)**	7 828 122
Finance expense	*18*	**(591 469)**	(215 196)	**(230 265)**	–
Finance income	*18*	**68 131**	243 813	**10 208**	115 989
(Deficit)/surplus for the year		**(143 373)**	104 995	**(893 024)**	7 944 111
Income tax expense	*19*	**(418 712)**	–	**–**	–
(Deficit)/surplus after tax		**(562 085)**	104 995	**(893 024)**	7 944 111
Other comprehensive loss					
Foreign currency translation differences		**(111 914)**	(214 246)	**–**	–
Total comprehensive (deficit)/surplus for the year		**(673 999)**	(109 251)	**(893 024)**	7 944 111
(Deficit)/surplus attributable to:					
Equity holder of parent		**(331 319)**	79 698	**(893 024)**	7 944 111
Non-controlling interest		**(230 766)**	25 297	**–**	–
(Deficit)/surplus for the year		**(562 085)**	104 995	**(893 024)**	7 944 111
Other comprehensive loss attributable to:					
Equity holder of parent		**(111 910)**	(214 217)	**–**	–
Non-controlling interest		**(4)**	(29)	**–**	–
Other comprehensive loss for the year		**(111 914)**	(214 246)	**–**	–

African Parks Network
(Non-profit company)

Statements of changes in equity
for the year ended 31 December 2018

	Maintenance reserve $	Foreign currency translation reserve $	Retained earnings $	Total $	Non-controlling interest $	Total equity $
Group						
Balance at 31 December 2016	321 778	(1 416 382)	2 079 590	984 986	(153 296)	831 690
Profit for the year	–	–	79 698	79 698	25 297	104 995
Other comprehensive income						
Foreign currency translation differences	–	(214 217)	–	(214 217)	(29)	(214 246)
Balance at 31 December 2017	321 778	(1 630 599)	2 159 288	850 467	(128 028)	722 439
Loss 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**

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

African Parks Network
(Non-profit company)

Statements of changes in equity
for the year ended 31 December 2018 (continued)

Company	Maintenance reserve $	Foreign currency translation reserve $	Retained earnings $	Total $
Balance at 31 December 2016	321 778	59 537	1 856 084	2 237 399
Profit for the year	–	–	7 944 111	7 944 111
Balance at 31 December 2017	321 778	59 537	9 800 195	10 181 510
Loss for the year	–	–	**(893 024)**	**(893 024)**
Balance at 31 December 2018	**321 778**	**59 537**	**8 907 171**	**9 288 486**

African Parks Network
(Non-profit company)

Statements of cash flows
for the year ended 31 December 2018

	Note	Group 2018 $	Group 2017 $	Company 2018 $	Company 2017 $
Cash flows from operating activities					
Cash generated/(utilised) by operations	*20.1*	**11 897 851**	(2 381 718)	**4 287 348**	696 607
Finance income	*18*	**68 131**	243 813	**10 208**	115 989
Finance expense	*18*	**(591 469)**	(215 196)	**(230 265)**	–
Tax paid		**(595)**	–	–	–
Net cash inflow/(outflow) from operating activities		**11 373 918**	(2 353 101)	**4 067 291**	812 596
Net cash outflow from investing activities		**(9 962 489)**	(10 084 550)	**(84 691)**	(2 183 390)
Acquisition of property, plant and equipment		**(10 027 714)**	(10 088 786)	**(92 325)**	(2 183 530)
Proceeds on disposal of property, plant and equipment	*20.2*	**65 225**	4 236	**7 634**	140
Net cash inflow/(outflow) from financing activities		**17 445 149**	13 859 053	**(503 802)**	2 006 793
Increase/(decrease) in undrawn funds		**12 469 692**	7 353 682	**(503 802)**	2 006 793
Increase in deferred income		**4 975 457**	6 505 371	–	–
Net increase in cash and cash equivalents		**18 856 578**	1 421 402	**3 478 798**	635 999
Cash and cash equivalents at beginning of year		**5 271 893**	3 850 491	**3 219 492**	2 583 493
Cash and cash equivalents at end of year	*9*	**24 128 471**	5 271 893	**6 698 290**	3 219 492

1. Significant accounting policies

African Parks Network is a company domiciled in South Africa. The consolidated financial statements for the year ended 31 December 2018 comprise the company, its subsidiaries and special purpose entities (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. The financial statements were approved by the board of directors on 15 July 2019 and were signed by P Fearnhead and RJ van Ogtrop.

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. The group has adopted IFRS 9 and IFRS 15 in the current year, the impact on the group is not material.

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.

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.

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.

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
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 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 park.

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. 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 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)*

1.10 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 replaces IAS 39 *Financial Instruments: Recognition and Measurement*. The Standard has a mandatory effective date for annual periods beginning on or after 1 January 2018.

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 donor trips sold to 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)*

1.11 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.

1.12 Revenue

The group has initially applied IFRS 15 from 1 January 2018.

Due to the transition methods chosen by the group in applying this standard, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standard.

IFFS 15 establishes a comprehensive framework for determining whether, how much, and when revenue is recognised. It replaced IAS 18 Revenue. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of -at a point in time or over time -requires judgement.

The group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated, i.e. it is presented, as previously reported, under IAS 18. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

Since the group's main revenue comprises of donations, the adoption of IFRS 15 has not had a material impact. Revenue from donations is not in the scope of IFRS 15 since it is not received from a customer as defined in IFRS 15. As such, the group continues to apply IAS 20 - Accounting for Government Grants by analogy to donations received. Commercial income in the form of tourism revenue is however in the scope of IFRS 15.

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 undrawn funds.

1. Significant accounting policies *(continued)*

1.12 Revenue *(continued)*

Amount received to fund core expenses

The donor indicates that the funds contributed are to 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 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 cash is received from customers at a point in time.

1.13 Lease payments

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

1.14 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.

1.15 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.

1.16 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. Significant accounting policies *(continued)*

1.17 Investment property

Investment property is property held for capital appreciation and is stated at fair value at balance sheet date. Gains and losses arising from changes in fair value are included in profit or loss for the period in which they arise.

1.18 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.

1.19 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 by 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

2018	**Cost** $	**Accumulated depreciation** $	**Carrying value** $
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**
	39 667 884	**(14 494 689)**	**25 173 195**
2017			
Plant and machinery	3 462 833	(1 175 691)	2 287 142
Furniture and fittings	471 531	(298 162)	173 369
Office equipment	291 881	(209 712)	82 169
Infrastructural improvements	10 110 475	(2 793 236)	7 317 239
Computer equipment	378 358	(267 776)	110 582
Capital work-in-progress	3 634 385	–	3 634 385
Other	1 742 378	(1 121 068)	621 310
Aircraft	5 124 533	(1 674 563)	3 449 970
Motor vehicles	6 531 236	(4 442 842)	2 088 394
	31 747 610	(11 983 050)	19 764 560

Company

2018			
Motor vehicles	**18 595**	**(6 725)**	**11 870**
Other	**1 403**	**(585)**	**818**
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**
Computer equipment	**84 224**	**(45 564)**	**38 660**
Aircraft	**2 438 649**	**(516 736)**	**1 921 913**
Infrastructural improvements	**39 767**	**(218)**	**39 549**
	2 828 086	**(664 000)**	**2 164 086**
2017			
Motor vehicles	18 595	(2 089)	16 506
Other	1 403	(103)	1 300
Plant and machinery	179 200	(15 909)	163 291
Furniture and fittings	53 140	(36 737)	16 403
Office equipment	26 975	(19 271)	7 704
Computer equipment	86 496	(59 313)	27 183
Aircraft	4 363 051	(1 380 707)	2 982 344
	4 728 860	(1 514 129)	3 214 731

Notes to the financial statements
for the year ended 31 December 2018 (continued)

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

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

Group

2018	**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	**2 287 142**	**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**
2017										
Carrying value at beginning of year	2 057 732	162 267	112 264	3 460 420	103 947	3 370 790	482 912	1 877 490	1 748 470	13 376 292
Additions	503 978	76 033	21 283	2 854 811	102 677	2 559 693	403 932	2 043 929	1 522 450	10 088 786
Disposals	–	–	–	(4 717)	–	–	–	–	–	(4 717)
Transfer from work in progress	41 906	–	–	2 199 567	–	(2 241 473)	–	–	–	–
Reclassifications	15 189	7 682	(5 967)	10 547	–	(26 300)	(8 718)	–	7 567	–
Depreciation charge	(341 413)	(71 752)	(41 913)	(1 196 303)	(95 253)	–	(258 336)	(470 963)	(1 107 482)	(3 583 415)
Foreign exchange differences	9 750	(861)	(3 498)	(7 086)	(789)	(28 325)	1 520	(486)	(82 611)	(112 386)
Carrying value at end 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

* 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 $
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**
2017									
Carrying value at beginning of year	–	19 458	11 994	–	20 110	1 398 172	–	–	1 449 734
Additions	179 200	3 269	–	–	22 038	1 959 025	18 595	1 403	2 183 530
Depreciation charge	(15 909)	(6 324)	(4 290)	–	(14 965)	(374 853)	(2 089)	(103)	(418 533)
Carrying value at end of year	163 291	16 403	7 704	–	27 183	2 982 344	16 506	1 300	3 214 731

	Group		Company	
3. Investment in subsidiary parks	**2018**	2017	**2018**	2017
	$	$	**$**	$
Akagera Management Company Limited	**–**	–	**867**	867
African Parks Majete Limited	**–**	–	**1**	1
Bangweulu Wetlands Management Reserve	**–**	–	**2**	2
	–	–	**870**	870

4. Investment property

	Group 2018	Group 2017	Company 2018	Company 2017
At fair value				
Opening balance	**6 320 000**	–	**6 320 000**	–
Acquisition	**–**	6 320 000	**–**	6 320 000
Net loss from fair value adjustment	**(454 585)**	–	**(454 585)**	–
Classified as held-for-sale	**(5 865 415)**	–	**(5 865 415)**	–
Closing balance	**–**	6 320 000	**–**	6 320 000

The property is a set of farms located in the Alma region of South Africa. The property was donated in the prior year and was reclassified as held for sale in the current year as management actively started marketing the property with a view of selling it within the next year. The fair values of the investment property at 31 December 2018 have been determined on the basis of valuations carried out on 18 February 2019 by independent valuation experts. They have an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

	Group		Company	
	2018	2017	**2018**	2017
	$	$	**$**	$
5. Non-current assets held-for-sale				
Reclassification from investment property	**5 865 415**	–	**5 865 415**	–

The property was re-classified as held for sale in the current year. It is expected that the company will sell the asset within the next 12 months. The asset is measured at fair value less cost to sell.

	Group		Company	
	2018	2017	**2018**	2017
	$	$	**$**	$
6. Inventories				
Consumables	**679 492**	402 122	**–**	–

African Parks Network
(Non-profit company)

Notes to the financial statements
for the year ended 31 December 2018 (continued)

		Group		Company	
		2018	2017	**2018**	2017
		$	$	**$**	$
7.	**Trade and other receivables**				
	Receivables due from related parties	**4 717 151**	11 810 779	**7 724 740**	10 894 406
	Other receivables	**2 867 596**	2 356 550	**412 073**	653 765
		7 584 747	14 167 329	**8 136 813**	11 548 171
8.	**Cash and cash equivalents**				
	Bank balances	**23 907 044**	5 078 977	**6 668 800**	3 212 790
	Cash on hand	**221 427**	192 916	**29 490**	6 702
		24 128 471	5 271 893	**6 698 290**	3 219 492
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	**(1 742 509)**	(1 630 599)	**59 537**	59 537
10.	**Deferred taxation**				
	The deferred taxation balance is attributable to the following:				
	Differential in accounting and taxation depreciation rates	**418 117**	–	**–**	–
11.	**Provision**				
	Opening provision balance	**117 260**	101 343	**94 554**	78 093
	Raised during the year	**218 797**	137 269	**–**	16 461
	Utilised during the year	**(156 479)**	(121 352)	**(2 744)**	–
		179 578	117 260	**91 810**	94 554
12.	**Trade and other payables**				
	Amount owing to related parties	**76 737**	58 772	**9 462 376**	9 141 886
	Trade payables	**–**	1 118 529	**122 476**	29 550
	Other payables and accrued expenses	**3 124 272**	1 769 877	**167 103**	618 739
		3 201 009	2 947 178	**9 751 955**	9 790 175

13. Undrawn funds	Group 2018 $	Group 2017 $	Company 2018 $	Company 2017 $
Acacia	**50 000**	800 000	**50 000**	800 000
Arcus Foundation	**248 241**	176 079	–	–
Big Cat Rescue	–	154 257	–	154 257
The Chinese Embassy (Congo)	–	55 788	–	–
The Dutch Postcode Lottery	**3 232 747**	99 590	**309 407**	97 075
Elephant Conservation Fund	**145 353**	100 000	–	–
The European Union	**9 064 846**	4 090 186	–	–
Foundation Segre	**440 862**	142 421	–	–
Jumpstart Foundation	**387 963**	221 848	–	–
Lion Recovery Fund	**119 250**	80 000	–	–
Other unrestricted donors	**120 000**	406 500	**120 000**	215 228
Other private donors	**8 220 659**	5 461 787	**3 097 096**	2 648 941
Rwanda Development Board	**50 000**	50 000	–	–
Save the Elephants	**338 601**	133 778	–	–
Stichting African Parks Foundation Board of Directors	–	106 207	–	106 207
The People's Postcode Lottery	**834 565**	1 167 968	–	132 960
The Wildcat Foundation	**1 072 933**	433 809	–	–
The Wyss Foundation	**4 089 690**	2 029 960	–	–
Tusk Trust	–	22 893	–	22 893
USAID	**124 431**	91 673	**124 431**	–
USFW	**234 454**	211 034	–	–
Vulcan	**62 533**	62 533	**32 289**	32 289
Walton Family Foundation	–	27 175	–	27 175
WWF – Belgium	–	241 950	–	–
	28 837 128	16 367 436	**3 733 223**	4 237 025

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.

14. Deferred income	Group 2018 $	Group 2017 *Restated $	Company 2018 $	Company 2017 $
Opening balance	**25 771 591**	12 946 220	–	–
Additions to property, plant and equipment	**10 027 714**	10 088 786	–	–
Investment property donated	–	6 320 000	–	–
Fair value adjustment of investment property	**(454 585)**	–	–	–
Depreciation	**(3 640 165)**	(3 583 415)	–	–
Disposals	**(957 507)**	–	–	–
	30 747 048	25 771 591	–	–
Short-term portion	**(3 640 165)**	(3 583 415)	–	–
Long-term portion	**27 106 883**	22 188 176	–	–

* The comparative amounts have been restated, refer to notes 14 and 27 for further details.

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	
	2018	2017	**2018**	2017
	$	$	**$**	$
Donation income	**45 879 416**	45 490 079	**5 276 836**	11 977 950
Transfer to deferred income	**(4 975 457)**	(12 825 369)	–	–
	40 903 959	32 664 710	**5 276 836**	11 977 950
Donation income per specific donor				
Acacia Fund	–	–	–	–
Adessium Foundation	–	323 154	–	253 479
Arcus Foundation	**268 173**	46 192	–	–
Don Quixote Foundation	**1 130 988**	691 357	–	–
Dutch Postcode Lottery	**1 140 639**	2 115 848	**1 138 123**	982 640
Endowment Income	**1 380 000**	1 077 471	**1 380 000**	1 077 471
European Union	**8 829 235**	3 689 833	**622 705**	–
FSOA	**568 332**	–	–	–
Government of Benin	**1 023 143**	1 958 665	–	–
GRASP	**30 423**	39 435	–	–
Jumpstart Foundation	**781 102**	248 908	–	–
Kibali	**361 969**	496 707	–	–
National Geographic Society	**431 779**	–	–	–
PREPAN/World Bank	**253 542**	686 443	–	–
Rwandan Development Board	**250 000**	250 000	–	–
Save the Elephant	**138 278**	133 235	–	–
Segre Foundation	**843 382**	1 396 296	–	–
SGF	–	8 190	–	–
Stichting Dioraphte	**107 513**	698 877	–	–
Swedish PCL	**292 389**	300 267	–	–
The People's Postcode Lottery	**955 160**	860 078	–	–
The Rainforest Trust	–	74 623	–	–
THRU/COM-Malaria Research Centre	–	17 551	–	–
USAID	**1 226 440**	1 673 084	–	–
USFW	**1 196 824**	847 550	–	54 546
Vulcan	–	54 278	–	–
Walton Family Foundation	**726 455**	1 072 825	–	–
WWF Netherlands	**755 384**	355 273	–	–
WWF Zambia	**293 112**	254 549	–	–
The Wyss Foundation	**4 539 489**	3 844 023	–	–
Other private non-discloseable donors and small donors	**18 355 665**	22 275 367	**2 136 008**	9 609 814
	45 879 416	45 490 079	**5 276 836**	11 977 950

15. Revenue *(continued)*

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

	2018	
	Group	**Company**
	$	**$**
Europe	**27 480 436**	**5 269 380**
USA	**15 116 453**	**–**
Africa	**3 282 527**	**7 456**
	45 879 416	**5 276 836**

	Group		Company	
	2018	2017	**2018**	2017
	$	$	**$**	$
16. Other operating income				
Management fee income	**–**	–	**584 892**	224 004
Other operating income	**5 202 666**	4 211 537	**326 852**	180 319
	5 202 666	4 211 537	**911 744**	404 323
17. Results from operating activities				
Results from operating activities is arrived at after taking into account:				
Auditors' remuneration – audit fees	**378 881**	315 090	**80 806**	47 936
Depreciation of property, plant and equipment	**3 640 165**	3 583 415	**240 076**	418 533
Consulting fees	**1 152 455**	120 514	**328 439**	–
Loss/(profit) on disposal of property, plant and equipment	**892 282**	(481)	**895 260**	140
Salary costs and pension contributions	**17 263 599**	13 190 959	**2 844 726**	2 361 048
18. Finance income/(expense)				
18.1 Finance income				
Interest received on bank balances	**17 476**	16 248	**10 208**	6 746
Foreign exchange gain	**50 655**	227 565	**–**	109 243
	68 131	243 813	**10 208**	115 989

		Group 2018 $	Group 2017 $	Company 2018 $	Company 2017 $
18.	**Finance income/(expense)** *(continued)*				
18.2	Finance expense				
	Interest paid on payables	**(19 019)**	–	**(37)**	–
	Foreign exchange losses	**(572 450)**	(215 196)	**(230 228)**	–
		(591 469)	(215 196)	**(230 265)**	–
19.	**Income tax expense**				
	Income tax expense	**(595)**	–	–	–
	Deferred tax expense	**(418 117)**	–	–	–
		(418 712)	–	–	–

		Group 2018 $	Group 2017 $	Company 2018 $	Company 2017 $
20.	**Notes to the statements of cash flows**				
20.1	Cash generated/(utilised) by operations				
	(Loss)/profit for the year before tax	**(143 373)**	104 995	**(893 024)**	7 944 111
	Adjustments for –				
	– finance expense	**591 469**	215 196	**230 265**	–
	– finance income	**(68 131)**	(243 813)	**(10 208)**	(115 989)
	– depreciation	**3 640 165**	3 583 415	**240 076**	418 533
	– foreign exchange differences on operating activities	**21 407**	112 386	–	–
	– loss/(profit) on disposal of property, plant and equipment	**892 282**	481	**895 260**	(140)
	– donation of investment property	–	–	–	(6 320 000)
	– fair value adjustment on investment property	**454 585**	–	**454 585**	–
	Operating profit before working capital changes	**5 388 404**	3 772 660	**916 954**	1 926 515
	Increase in inventories	**(277 370)**	(234 981)	–	–
	Decrease/(increase) in trade and other receivables	**6 582 582**	(6 948 252)	**3 411 358**	(3 400 806)
	Increase/(decrease) in trade and other payables and provisions	**316 149**	1 243 101	**(40 964)**	2 170 898
	Foreign currency translation reserve	**(111 914)**	(214 246)	–	–
		11 897 851	(2 381 718)	**4 287 348**	696 607

	Group		Company	
	2018	2017	**2018**	2017
	$	$	**$**	$
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	**957 507**	4 717	**902 894**	–
(Loss)/profit on disposal of property, plant and equipment	**(892 282)**	(481)	**(895 260)**	140
	65 225	4 236	**7 634**	140

21. 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	
	2018	2017	**2018**	2017
	$	$	**$**	$
Less than one year	**78 198**	76 715	**78 198**	76 715
Between one and five years	**–**	91 222	**–**	91 222
	78 198	167 937	**78 198**	167 937

22. 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.

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 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.

Exchange rates used for conversion of foreign items were:

	Group and Company	
	2018	2017
Rwandan Francs	**0.00114**	0.00118
Zambian Kwacha	**0.08389**	0.10010
West African CFA Franc	**0.00180**	0.00180
ZAR	**0.06929**	0.08000
Malawian Kwacha	**0.00136**	0.00137
Euro	**1.14493**	1.19700
Great British Pound	**1.27542**	1.35140

As at 31 December 2018, 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	
	2018	2017	**2018**	2017
	$	$	**$**	$
Cash and cash equivalents				
Rwandan Francs	**69 225**	47 620	–	–
Zambian Kwacha	**23 295**	23 949	–	–
West African CFA Franc	**79 131**	101 878	–	–
ZAR	**192 308**	110 752	**192 308**	110 752
Malawian Kwacha	**25 161**	743 590	–	–
Euro	**9 609 622**	1 279 250	**2 050 949**	1 042 212
Great British Pound	**504**	589	–	–
	9 999 246	2 307 628	**2 243 257**	1 152 964

A 10% 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	
	2018	2017	**2018**	2017
	$	$	**$**	$
Variable rate instruments				
– cash and cash equivalents	**24 128 471**	5 271 893	**6 698 290**	3 219 492

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 2017.

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	**$**	**$**	**$**	**$**
2018				
US Dollar	**241 285**	**(241 285)**	**241 285**	**(241 285)**
2017				
US Dollar	52 719	(52 719)	52 719	(52 719)
Company				
2018				
US Dollar	**66 982**	**(66 982)**	**66 982**	**(66 982)**
2017				
US Dollar	32 195	(32 195)	32 195	(32 195)

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 replaces IAS39 Financial Instruments: Recognition and Measurement. The group has adopted this standard prospectively and as such has not been applied to comparative information:

		2018		2017	
Group		**Carrying value $**	**Fair value $**	Carrying value $	Fair value $
Financial assets					
Trade and other receivables	Loans and receivables	**7 584 747**	**7 584 747**	14 167 329	14 167 329
Cash and cash equivalents	Loans and receivables	**24 128 471**	**24 128 471**	5 271 893	5 271 893
Financial liabilities					
Trade and other payables	Other liabilities	**(3 201 009)**	**(3 201 009)**	(2 947 178)	(2 947 178)
Undrawn funds	Other liabilities	**(28 837 128)**	**(28 837 128)**	(16 367 436)	(16 367 436)
Deferred income	Other liabilities	**(30 747 048)**	**(30 747 048)**	(25 771 591)	(25 771 591)

Company					
Financial assets					
Trade and other receivables	Loans and receivables	**8 136 813**	**8 136 813**	11 548 171	11 548 171
Cash and cash equivalents	Loans and receivables	**6 698 290**	**6 698 290**	3 219 492	3 219 492
Financial liabilities					
Trade and other payables	Other liabilities	**(9 751 955)**	**(9 751 955)**	(9 790 175)	(9 790 175)
Undrawn funds	Other liabilities	**(3 733 223)**	**(3 733 223)**	(4 237 025)	(4 237 025)

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.

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	
	2018	2017	**2018**	2017
	$	$	**$**	$
Trade and other and receivables	**7 584 747**	14 167 329	**8 136 813**	11 548 171
Cash and cash equivalents	**24 128 471**	5 271 893	**6 698 290**	3 219 492
	31 713 218	19 439 222	**14 835 103**	14 767 663

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

	Group		Company	
	2018	2017	**2018**	2017
	$	$	**$**	$
Foreign	**7 584 747**	14 167 329	**8 136 813**	11 548 171

The ageing of receivables at the reporting date was:

	2018			2017		
Group	**Gross** **$**	**Impairment** **$**	**Net** **$**	Gross $	Impairment $	Net $
Not past due	**7 584 747**	-	**7 584 747**	14 167 329	-	14 167 329

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						
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)**	**(30 747 048)**	-	-
Undrawn funds	None	**(28 837 128)**	**(28 837 128)**	**(28 837 128)**	-	-
2017						
Non derivative-liabilities						
Trade and other payables	None	(2 947 178)	(2 947 178)	(2 947 178)	-	-
Deferred income	None	(25 771 591)	(25 771 591)	(25 771 591)	-	-
Undrawn funds	None	(16 367 436)	(16 367 436)	(16 367 436)	-	-

	Interest terms	Carrying amount $	Contractual cash flows $	1 year or less $	1 to 5 years $	Over 5 years $
Company						
2018						
Non derivative-liabilities						
Trade and other payables	None	**(9 751 955)**	**(9 751 955)**	**(9 751 955)**	-	-
Undrawn funds	None	**(3 733 223)**	**(3 733 223)**	**(3 733 223)**	-	-
2017						
Non derivative-liabilities						
Trade and other payables	None	(9 790 175)	(9 790 175)	(9 790 175)	-	-
Undrawn funds	None	(4 237 025)	(4 237 025)	(4 237 025)	-	-

African Parks Network
(Non-profit company)

Notes to the financial statements
for the year ended 31 December 2018 (continued)

23. Related parties

23.1 Identity of related parties

Related party	Relationship	2018 $	2017 $
Group			
Honey with Heart	Affiliated entity	**99 606**	–
Government partner`	Partner	**–**	(58 772)
Honey with Heart	Affiliated entity	**(72 751)**	–
Contracted donors	Funding partner	**2 527 608**	5 177 178
Stichting African Parks Foundation	Funding partner	**244 646**	4 046 964
African Parks Foundation America	Funding partner	**1 571 307**	2 540 000
African Parks Foundation Switzerland	Funding partner	**273 984**	–
Staff advances	Employees	**–**	46 637
Staff payables	Employees	**(3 986)**	–
		4 640 414	11 752 007
Total amount owing to related parties		**(76 737)**	(58 772)
Total amount due from related parties		**4 717 151**	11 810 779
		4 640 414	11 752 007
Directors' emoluments		**216 970**	180 190

Only the executive director receives emoluments.

Related party	Relationship	2018 $	2017 $
Company			
African Parks Foundation Switzerland	Funding partner	**273 984**	–
Bazaruto Archipelago National Park	Special purpose entity	**44 298**	–
Ennedi Cultural Reserve	Special purpose entity	**72 201**	–
Ennedi Cultural Reserve	Special purpose entity	**(10 000)**	(1 780 572)
African Parks (Malawi) Limited	Subsidiary	**392 717**	277 264
African Parks (Malawi) Limited	Subsidiary	**(1 255 736)**	–
African Parks Foundation America	Funding partner	**1 571 307**	2 540 000
African Parks Majete Limited	Subsidiary	**604 022**	320 048
African Parks Majete Limited	Subsidiary	**(257 873)**	(207 935)
African Parks Zambia Limited	Subsidiary	**33 026**	24 684
African Parks Zambia Limited	Subsidiary	**(263 595)**	(1 042 390)
Akagera Management Company	Subsidiary	**–**	328 777
Akagera Management Company	Subsidiary	**(1 395 266)**	(725 377)
Bangweulu Wetlands Management Board	Subsidiary	**188 713**	13 792
Bangweulu Wetlands Management Board	Subsidiary	**(74 183)**	(1 019 358)
Chinko Project	Special purpose entity	**821 483**	(173 626)
Chinko Project	Special purpose entity	**(340 284)**	–
African Parks Congo	Special purpose entity	**1 095 243**	1 289 999
African Parks Congo	Special purpose entity	**(2 531 647)**	(2 144 515)
Foundation Odzala-Kokoua National Park	Special purpose entity	**177 113**	787 017
Foundation Odzala-Kokoua National Park	Special purpose entity	**(1 282 984)**	(200 640)
Pendjari National Park	Funding partner	**946 021**	–
Stichting African Parks Foundation	Funding partner	**244 646**	4 046 965
Zakouma National Park	Special purpose entity	**1 076 411**	1 178 577
Zakouma National Park	Special purpose entity	**(202 590)**	(401 675)
Pendjari National Park	Special purpose entity	**(1 789 043)**	(1 445 798)
Donor receivable	Funding partner	**83 949**	87 283
Honey with Heart	Affiliated entity	**99 606**	–
Honey with Heart	Affiliated entity	**(59 175)**	–
		(1 737 636)	1 752 520
Amount owing to related parties		**(9 462 376)**	(9 141 886)
Amount receivable from related parties		**7 724 740**	10 894 406
		(1 737 636)	1 752 520

23. Related parties *(continued)*

23.1 Identity of related parties *(continued)*

Related party	Relationship	2018 $	2017 $
Company *(continued)*			
Management fee			
Garamba National Park	Special purpose entity	**312 559**	224 000
Pendjari National Park	Special purpose entity	**100 000**	–
		412 559	224 000

24. Standards and interpretations not yet effective

At the date of authorisation of the financial statements for the year ended 31 December 2018, the following standards and interpretations were in issue but not yet effective:

Effective for the financial year commencing 1 January 2019

- IFRS 16 *Leases*
- IFRIC 23 *Uncertainty over income tax treatments*
- *Prepayment features with negative compensation* (Amendments to IFRS 9)
- *Long-term interests in associates and joint ventures* (Amendment to IAS 28)
- *Plan amendment, curtailment or settlement* (Amendment to IAS 19)
- *Annual improvements to IFRS standards 2015/2017 Cycle various standards*

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 9, IAS 19, IFRS 3, IAS 1 and IAS 8 as well as IAS 28 and 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:

24. Standards and interpretations not yet effective *(continued)*

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 includes a single model for lessees which will result in almost all leases being included in the statement of financial position. No significant changes have been included for lessors. IFRS 16 also includes extensive new disclosure requirements for both lessees and lessors.

The group has begun assessing the potential impact of IFRS 16 on the financial statements.

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.

IFRIC 23 ***Uncertainty over income tax treatments***

IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities. Specifically, IFRIC 23 provides clarity on how to incorporate this uncertainty into the measurement of tax as reported in the financial statements.

IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:

- Judgments made;
- Assumptions and other estimates used; and
- The potential impact of uncertainties that are not reflected.

IFRIC 23 applies for annual periods beginning on or after 1 January 2019. Earlier adoption is permitted.

25. 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.

26. Going concern

The 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.

27. Prior period restatement

The deferred income liability consists of a current and a non-current portion. The current portion is estimated to be the current year's depreciation expense as that is the amount that is expected to be released to profit or loss within one year. In the current year, however, management noted that the entire deferred income liability balance has historically been classified as current. This classification error has been retrospectively restated. The impact on the relevant financial statement lines items is explained below.

	Balance previously stated as current $	Reclassification to non-current $	Restated current portion $
2016			
Deferred income	12 946 220	10 428 562	2 517 658
2017			
Deferred income	25 771 591	22 188 176	3 583 415