GONDWANA HOLDINGS LIMITED

AND ITS SUBSIDIARIES

COMPANY REGISTRATION NUMBER: 2017/1055

GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 OCTOBER 2019

GONDWANA HOLDINGS LIMITED AND ITS SUBSIDIARIES
COMPANY REGISTRATION NUMBER 2017/1055
GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 OCTOBER 2019

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GONDWANA HOLDINGS LIMITED AND ITS SUBSIDIARIES

COMPANY REGISTRATION NUMBER 2017/1055

GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 OCTOBER 2019

GENERAL INFORMATION

Country of incorporation and domicile:	*Namibia*	
Directors:	*F Amuenje*	
	SS Galloway	
	M Goldbeck	
	C J Gouws	
	L J Gouws	
	T Hiwilepo	
	A G I Noirfalise	
	J Visser	
	G J Joubert	
	D Namalenga	*(Appointed: 11/04/2019)*
	J Mnyupe	*(Appointed: 12/11/2019)*
	S H Steyn	*(Resigned: 14/10/2019)*
Company registration:	*2017 / 1055*	
Secretary:	*F Schrywer*	*(Appointed: 16/01/2019)*
	J Visser	*(Resigned: 16/01/2019)*
	42 Nelson Mandela Avenue	
	PO Box 80205	
	Windhoek	
	Namibia	
Registered office:	*42 Nelson Mandela Avenue*	
	PO Box 80205	
	Windhoek	
	Namibia	
Auditors:	*Ernst & Young*	
	Registered Accountants and Auditors	
	Chartered Accountants (Namibia)	
Bankers:	*First National Bank of Namibia Limited*	
	Standard Bank Namibia Limited	
	Bank Windhoek Limited	

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required by the Companies Act of Namibia, to maintain adequate accounting records and are responsible for the content and integrity of the group and company's annual financial statements and related financial information included in this report. It is their responsibility to ensure that the group and company's annual financial statements fairly present the state of affairs of the group and company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards, and in the manner required by the Companies Act of Namibia. The external auditors are engaged to express an independent opinion on the annual financial statements.

The group and company's annual financial statements are prepared in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of Namibia and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and company and all employees are required to maintain the highest ethical standards in ensuring the group and company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group and company is on identifying, assessing, managing and monitoring all known forms of risk across the group and company. While operating risk cannot be fully eliminated, the group and company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the group and company's annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group and company's cash flow forecast for the year to 31 October 2020 and, in the light of this review and the current financial position they are satisfied that the group and company has or will have access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the group and company's annual financial statements. The group and company's annual financial statements have been examined by the company's external auditors and their report is presented on pages 5 to 6.

The group and company's annual financial statements set out on pages 7 to 101, which have been prepared on the going concern basis, were approved by the board of directors and were signed on its behalf by:

Director	**Director**
05/06/2020	05/06/2020
Date	**Date**
Windhoek	*Windhoek*

GONDWANA HOLDINGS LIMITED AND ITS SUBSIDIARIES
COMPANY REGISTRATION NUMBER 2017/1055
GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 OCTOBER 2019

CORPORATE GOVERNANCE

ETHICAL STANDARDS

Gondwana Holdings Limited and its subsidiaries have adopted a code of ethics. This incorporates the group and company's operating, financial and behavioral policies in a set of integrated values, including the ethical standards required of employees of the company in their interaction with one another and with all stakeholders. Detailed policies and procedures are in place for the company and its subsidiaries covering the regulation and reporting of transactions in securities of the company by directors and officers.

STAKEHOLDERS

The group has formalised its stakeholder philosophy and introduced structures of corporate governance to manage the interface with the various stakeholder groups. There are responsive systems of governance and practice which the board and management regard as entirely appropriate in place.

EMPLOYEES

The group applies various participative practices in its relationships with non-management employees, primarily in respect of operating matters and plans. Divisional management are encouraged to enhance the motivation and commitment of all employees by providing opportunities for involvement in business performance improvement, on the basis of mutual information sharing. The group designs employment policies which are appropriate to its business and markets and which attract, retain and motivate the quality of staff necessary to compete. These policies are required to provide equal employment opportunities, without discrimination.

DIRECTORATE

The Board of Directors of Gondwana Holdings Limited and its subsidiaries is constituted with an equitable ratio of executive to non-executive directors and meet at least quarterly. Gondwana Holdings Limited's chairman is elected on an annual basis.

HUMAN RESOURCES COMMITTEE

The board maintains a people committee comprising non-executive directors, with the exception of the membership of the managing director. It is responsible for reviewing the compensation arrangements for all personnel. This committee also reviews management incentive schemes, retirement and termination entitlements and fringe benefit policies.

Ernst & Young Namibia
Cnr Otto Nitzsche and Maritz Streets
Box 1857
Windhoek, Namibia

Tel: +264 61 289 1100
Fax: +264 61 234991
www.ey.com

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GONDWANA HOLDINGS LIMITED

Opinion

We have audited the consolidated and separate financial statements of Gondwana Holdings Limited and its subsidiaries ('the group') set out on pages 7 to 101, which comprise the directors' report, the consolidated and separate statement of financial position as at 31 October 2019, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate 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 the group as at 31 October 2019, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia.

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 company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (including International Independence Standards) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with the ethical requirements applicable to performing audits in Namibia. 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 index on page 1, the general information on page 2, the director's responsibilities and approval on page 3, the corporate governance statement on page 4, the company detailed statement of comprehensive income on page 102 as well as the company taxation computation on page 103. 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 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 Namibia, 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 ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or 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.

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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 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 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 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 and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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.

Ernst & Young

Ernst & Young
Partner – Jaco Coetzee
Registered Accountants and Auditors
Chartered Accountant (Namibia)
Windhoek

05 June 2020

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the consolidated and separate annual financial statements of Gondwana Holdings Limited for the year ended 31 October 2019.

DIRECTORS AND SECRETARY

The directors and secretary of the group during the year and to date of this report are as follows:

Directors	*Role*	*Nationality*
F Amuenje	*Non-executive*	*Namibian*
SS Galloway	*Non-executive – Chairperson*	*Namibian*
M Goldbeck	*Executive*	*Namibian*
C J Gouws	*Non-executive*	*Namibian*
L J Gouws	*Non-executive*	*South African*
T Hiwilepo	*Non-executive*	*Namibian*
A G I Noirfalise	*Executive*	*Belgium*
J Visser	*Executive*	*Namibian*
G J Joubert	*Executive*	*Namibian*
D Namalenga	*Non-executive*	*Namibian (Appointed: 11/04/2019)*
J Mnyupe	*Non-executive*	*Namibian (Appointed: 12/11/2019)*
S H Steyn	*Non-executive*	*Namibian (Resigned: 14/10/2019)*

PRINCIPAL ACTIVITIES OF THE COMPANY

The principal activities of the group are to operate lodges, including production of fruit, vegetables, meat and milk products for lodge consumption, owning of property and investment in wholly owned property-owning companies. The group also operates a game and nature conservation trust.

OPERATING RESULTS

The operating results are set out in the Group and Company Statement of Profit or Loss and Other Comprehensive Income.

The Group recorded a net profit before taxation of N$ 76 152 365 (2018: N$ 71 215 781) while the Company recorded a net (loss)/profit before taxation of (N$ 179 230) (2018: N$ 104 795 326). In 2018 the Company net profit included a group dividend of N$ 104 800 000.

DIVIDENDS

Dividends of N$ 15 925 632 were declared during the year under review (2018: N$ 104 800 000).

DIRECTORS' REPORT (continued)

SHARE CAPITAL

300 000 shares of N$ 0.001 per share were issued during the year under review at a share premium of N$ 1 979 700.

SUBSEQUENT EVENTS

The recent coronavirus outbreak (Covid-19) is dominating global news and is a high emerging risk that the Gondwana Group is monitoring closely. The Group is adhering to local government guidelines in response to the virus. During March 2020, the President of the Republic of Namibia declared a National emergency, and subsequently issued a 21-day lockdown order, commencing on 27 March 2020, followed by an extension notice on 14 April 2020 until 4 May 2020. This entails an international as well as local travel ban in the Erongo and Khomas regions. The Group's business is heavily dependent on international tourists as well as local tourists that take advantage of special rates that are offered to them. Although the lockdown period falls within the Group's low season, Group revenue figures are still expected to be impacted by the decline in international and domestic tourists. At the date of this report it is uncertain if the lockdown period will be again extended so the overall impact on revenue is difficult to determine, but management have performed three scenario analysis:

1. *In this scenario, actual and forward-looking bookings have remained unchanged. This scenario includes several expense saving measures and reduction in costs. This scenario allows enough cashflow and facility at October 2020 to maintain operations at shutdown for 18 months without any insurance claim pay-out.*

2. *In this scenario, April 2020 and May 2020 occupancy have been set at very low levels and the remaining months of the year 2020 financial year have been set at 25% below budgeted levels. This scenario also allows for additional saving measures and cuts with regards to costs. This scenario allows enough cashflow and facility at October 2020 to maintain operations at shutdown for 15 months with a larger insurance claim pay-out but a lower claim success rate.*

3. *In this scenario, April 2020 and May 2020 are in complete shutdown. Occupancy rates for June 2020 to October 2020 is set at only 25% of actual rates and 75% below budgeted levels. This scenario allows for more cost savings and extended interest and capital holidays. This scenario allows enough cashflow and facility at October 2020 to maintain operations at shutdown for 7 months with no insurance pay-out claims.*

All three scenarios above allow for completion of the development at King Nehale, Palmwag and Etosha Safaris Lodge upgrades.

The Group has however taken the decision to keep all lodges open during the lockdown period so that local Namibians that are not within the lockdown regions or stranded international tourists can make use of these lodges. In addition, staff-training programmes scheduled for later in the year have been moved forward to take advantage of the quiet period. The Group is in constant communication with the Ministry of Environment and Tourism regarding the impact of the pandemic on the Namibian Tourism industry. Given that the Government of the Republic of Namibia has acted swiftly in response to this pandemic, the Group is confident that despite this period of uncertainty, the prompt response by both the Government and private sector will boost the confidence of international tourists and will result in a speedy recovery of the industry when international borders are reopened.

DIRECTORS' REPORT (continued)

GOING CONCERN

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

AUDITORS

Ernst & Young were appointed as the group's auditor on 20 October 2019.

INTERESTS IN SUBSIDIARIES

Gondwana Holdings Limited is the shareholder of several subsidiaries, whose results have been included in the group financial statements. Set out below is a list of subsidiaries, percentage shares held and operating income/loss before tax for the current year. Details of material interests in subsidiary companies are presented in consolidated financial statements in note 8.

Subsidiary	*% Held*	*Operating income/(loss)*
		N$
Gondwana Collection Namibia (Pty) Ltd	*100*	*37 651 759*
Nature Investments (Pty) Ltd	*100*	*9 116 791*

Non-Subsidiary Investments

Gondwana Holdings group also has shareholding in Naukluft Electricity Investments (Pty) Ltd. Further information on these investments is disclosed in note 7.

GONDWANA HOLDINGS LIMITED AND ITS SUBSIDIARIES

COMPANY REGISTRATION NUMBER 2017/1055

GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS (continued)

AS AT 31 OCTOBER 2019

GROUP STATEMENT OF FINANCIAL POSITION

	Notes	2019	Restated (*) 2018	Restated (*) 2017
		N$	N$	N$
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	4	746 455 274	624 529 443	512 461 518
Intangible assets	5	27 879 222	19 425 218	2 450 644
Investment in related parties		-	-	20 900 000
Goodwill	6	24 049 082	13 153 419	849 419
Other financial assets	7	474	474	474
Deferred taxation asset	10	700 844	664 523	2 016
		799 084 896	657 773 077	536 664 071
CURRENT ASSETS				
Loans to related parties	9	762 497	762 497	266 006
Current tax receivable		6 196 467	14 036 038	11 254 232
Inventories	11	17 025 577	12 780 002	10 434 752
Biological assets	12	311 750	230 066	157 495
Trade and other receivables	13	45 452 229	51 359 819	33 420 511
Bank and cash on hand	14	16 950 696	91 309 091	32 093 378
		86 699 216	170 477 513	87 626 374
TOTAL ASSETS		885 784 112	828 250 590	624 290 445
EQUITY AND LIABILITIES				
CAPITAL AND RESERVES				
Share capital	15	66 357	66 057	56 566
Share premium	15	132 301 614	130 321 914	48 636 435
Revaluation reserve	16	171 353 956	168 100 551	168 100 551
Shareholders' reserve	17	17 364 558	17 364 558	17 364 558
Retained earnings		210 615 792	174 182 170	140 541 587
		531 702 277	490 035 250	374 699 697
NON-CURRENT LIABILTIES				
Deferred tax liability	10	52 083 211	39 351 326	34 246 781
Interest bearing liabilities - secured	18.1	176 743 828	181 340 358	117 394 971
Interest bearing liabilities - unsecured	18.2	353 821	1 148 826	1 875 879
Shareholders' loans		-	-	6 375 706
		229 180 860	221 840 510	159 893 337
CURRENT LIABILITIES				
Bank overdrafts	14	353 243	266 152	-
Short-term portion of interest-bearing liabilities: secured	18.1	41 738 330	23 498 791	20 603 792
Short-term portion of interest-bearing liabilities: unsecured	18.2	795 005	727 053	664 700
Current tax payable		6 941 968	15 695 653	12 824 129
Trade and other payables	19	73 346 815	75 699 331	55 571 612
Dividend payable	32	1 725 614	487 850	33 178
		124 900 975	116 374 830	89 697 411
TOTAL EQUITY AND LIABILITIES		885 784 112	828 250 590	624 290 445

(*) Refer to restatement note 36.

GONDWANA HOLDINGS LIMITED AND ITS SUBSIDIARIES

COMPANY REGISTRATION NUMBER 2017/1055

GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 OCTOBER 2019

GROUP STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2019	2018
		N$	N$
REVENUE	20	446 387 980	380 408 449
COST OF SALES	21	(126 158 523)	(110 386 405)
GROSS PROFIT		320 229 457	270 022 044
Other operating income	22	5 867 710	3 692 598
Operating expenses	23	(231 632 012)	(189 428 736)
Operating profit		94 465 155	84 285 906
Investment income	24	2 495 384	1 297 521
Finance income	25	322 121	47 370
Finance cost	26	(21 130 295)	(14 415 016)
Profit before taxation		76 152 365	71 215 781
Taxation	27	(23 793 111)	(22 775 198)
Profit for the year		52 359 254	48 440 583
Other comprehensive income		-	-
Total comprehensive income		52 359 254	48 440 583
Total comprehensive income attributable to:			
Owners of parent		52 359 254	48 440 583
Non-controlling interest		-	-
Consolidated earnings per share			
Basic and diluted earnings per share (cents)			
Continuing operations	28	78.91	73.33

GONDWANA HOLDINGS LIMITED AND ITS SUBSIDIARIES

COMPANY REGISTRATION NUMBER 2017/1055

GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 OCTOBER 2019

GROUP STATEMENT OF CHANGES IN EQUITY

	Note	Share capital	Share premium	Revaluation reserves	Shareholders' reserve	Retained income	Total
		N$	N$	N$	N$	N$	N$
Balance at 01/11/2017		56 566	48 636 435	168 100 551	17 364 558	140 541 587	374 699 697
Dividends		-	-	-	-	(14 800 000)	(14 800 000)
Issue of share capital		9 491	81 685 479	-	-	-	81 694 970
Total comprehensive income		-	-	-	-	48 440 583	48 440 583
Balance at 31/10/2018		66 057	130 321 914	168 100 551	17 364 558	174 182 170	490 035 250
Deferred tax on revaluation	10	-	-	3 253 405	-	-	3 253 405
Dividends		-	-	-	-	(15 925 632)	(15 925 632)
Issue of share capital		300	1 979 700	-	-	-	1 980 000
Total comprehensive income		-	-	-	-	52 359 254	52 359 254
Balance at 31/10/2019		66 357	132 301 614	171 353 956	17 364 558	210 615 792	531 702 277
Notes		15		16	17		

GONDWANA HOLDINGS LIMITED AND ITS SUBSIDIARIES
COMPANY REGISTRATION NUMBER 2017/1055
GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 OCTOBER 2019
GROUP STATEMENT OF CASH FLOWS

	Notes	2019	2018
		N$	N$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		526 001 634	425 259 730
Payments to suppliers		(294 852 714)	(223 479 891)
Payments to employees		(114 749 097)	(105 433 038)
Cash generated from operations	31	116 399 823	96 346 801
Taxation paid	33	(10 644 854)	(17 778 206)
Investment income	24	2 495 384	1 297 521
Finance income	25	322 121	47 370
Finance cost	26	(21 130 295)	(14 415 016)
Net cash inflow from operating activities		87 442 179	65 498 470
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4	(114 887 363)	(114 736 855)
Purchase of intangible asset	5	(4 163 323)	(13 260 494)
Loans to related companies		-	(1 578 763)
Proceeds on disposal of property, plant and equipment		1 071 741	124 766
Acquisition of subsidiaries	35	(34 500 000)	(10 000 000)
Net cash outflow from investing activities		(152 478 945)	(139 451 346)
CASH FLOW FROM FINANCING ACTIVITIES			
Shares issued	15	-	81 694 970
Dividends paid	32	(14 687 868)	(14 345 328)
Proceeds from borrowings	34	38 827 128	87 269 883
Repayment of borrowings	34	(33 547 980)	(21 717 088)
Net cash (outflow)/inflow from financing activities		(9 408 720)	132 902 437
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(74 445 486)	58 949 561
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		91 042 939	32 093 378
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	14	16 597 453	91 042 939

GONDWANA HOLDINGS LIMITED AND ITS SUBSIDIARIES

COMPANY REGISTRATION NUMBER 2017/1055

GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 OCTOBER 2019

COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	2019	2018
		N$	N$
ASSETS			
NON-CURRENT ASSETS			
Investment in subsidiaries	8	56 666	56 666
		56 666	56 666
CURRENT ASSETS			
Loans to related parties	9	157 320 062	172 161 839
Trade receivables	13	6 566	6 566
Cash and bank	14	1 964 320	9 641
		159 290 948	172 178 046
TOTAL ASSETS		159 347 614	172 234 712
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	15	66 357	66 057
Share premium	15	83 665 179	81 685 479
Retained earnings		73 890 464	89 995 326
		157 622 000	171 746 862
CURRENT LIABILITIES			
Dividend payable	32	1 725 614	487 850
TOTAL EQUITY AND LIABILITIES		159 347 614	172 234 712

GONDWANA HOLDINGS LIMITED AND ITS SUBSIDIARIES

COMPANY REGISTRATION NUMBER 2017/1055

GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 OCTOBER 2019

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2019	2018
		N$	N$
OTHER INCOME	24	-	104 800 000
COST OF SALES		-	-
GROSS PROFIT		-	104 800 000
Operating expenses	23	(179 230)	(4 674)
Operating (loss) / profit		(179 230)	104 795 326
(Loss) / profit before taxation		(179 230)	104 795 326
Taxation	27	-	-
(Loss) / profit for the year		(179 230)	104 795 326
Other Comprehensive Income		-	-
Total comprehensive (loss) / income		(179 230)	104 795 326

GONDWANA HOLDINGS LIMITED AND ITS SUBSIDIARIES

COMPANY REGISTRATION NUMBER 2017/1055

GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 OCTOBER 2019

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Retained Income	Total
	N$	N$	N$	N$
Balance at 01/11/2017	-	-	-	-
Dividends declared	-	-	(14 800 000)	(14 800 000)
Total comprehensive income	-	-	104 795 326	104 795 326
Issue of share capital	66 057	81 685 479	-	81 751 536
Balance at 31/10/2018	66 057	81 685 479	89 995 326	171 746 862
Dividends declared	-	-	(15 925 632)	(15 925 632)
Total comprehensive loss	-	-	(179 230)	(179 230)
Issue of share capital	300	1 979 700	-	1 980 000
Balance at 31/10/2019	66 357	83 665 179	73 890 464	157 622 000
Notes	15			

GONDWANA HOLDINGS LIMITED AND ITS SUBSIDIARIES

COMPANY REGISTRATION NUMBER 2017/1055

GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 OCTOBER 2019

COMPANY STATEMENT OF CASH FLOWS

	Notes	2019	2018
		N$	N$
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		-	-
Cash paid to suppliers		(179 230)	(4 674)
Cash utilised by operations	31	(179 230)	(4 674)
Net cash outflow from operating activities		(179 230)	(4 674)
CASH FLOW FROM FINANCING ACTIVITIES			
Shares issued	15	1 980 000	81 751 536
Dividends paid	32	(14 687 868)	(14 312 150)
Loan repayment received from related party		14 841 777	14 326 465
Loans to related party		-	(81 751 536)
Net cash inflow from financing activities		2 133 909	14 315
NET INCREASE IN CASH AND CASH EQUIVALENTS		1 954 679	9 641
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		9 641	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		1 964 320	9 641

1. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated and separate annual financial statements are set out below:

1.1 Basis of preparation

The consolidated and separate annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the Namibian Companies Act, No 28 of 2004.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Namibian dollars, which is the group and company's functional and presentation currency.

These accounting policies are consistent with the previous period, except for the changes set out in note 2.

1.2 Significant accounting judgements and estimates

Judgements made by management

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements and estimates include:

Loans and receivables

The group and company assess its loans and receivables for impairment at each statement of financial position date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the group and company makes judgements as to whether there is observable data indicating and estimated future cash flows from a financial asset.

The impairment for loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlated with defaults on the portfolio. These annual loss rations are applied to loan balances in the portfolio and scaled to the estimated loss estimated period.

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The group and company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

1. ACCOUNTING POLICIES (continued)

1.2 Significant accounting judgements and estimates (continued)

Impairment of non-financial assets

The recoverable amounts of individual assets have been determined based on the higher of value-in- use calculations and fair values. These calculations require the use of estimates and assumptions.

The group and company review and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use in of goodwill and tangible assets are inherently uncertain and could materially change over time.

Taxation

Judgement is required in determining the provisions for income taxed due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The group and company recognise the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the statement of financial position date could be impacted.

1.3 Property, plant and equipment

The cost of an item of plant and equipment is recognised as an asset when:

- *The cost of the item can be measured reliably; and*
- *It is probable that future economic benefits associated with the item will flow to the group.*

1. ACCOUNTING POLICIES (continued)

*1.3 **Property, plant and equipment (continued)***

Capital work in progress is stated at cost, net of accumulated impairment losses, if any. Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment. Plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on all plant and equipment other than land, to write down the cost, less residual value, on a straight-line basis over their useful lives as follows:

Item		***Depreciation rate***
Land	-	*Indefinite*
Buildings	-	*0 – 5% per annum*
Plant, machinery and equipment	-	*10 – 15% per annum*
Motor vehicles	-	*14 – 25% per annum*
Furniture and fittings	-	*10 – 15% per annum*
Computer equipment	-	*30% per annum*
Linen and crockery	-	*20% per annum*
Powerlines	-	*10% per annum*
Office and communication equipment	-	*15% per annum*

The residual value of the useful life of each asset are reviewed at each financial year-end.

Each part of an item of plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

Where the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is written down to its recoverable amount through the statement of comprehensive income.

1. ACCOUNTING POLICIES (continued)

*1.3 **Property, plant and equipment (continued)***

Land is subsequently measured at the revaluation model. Properties are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Buildings are not depreciated where the residual value is higher than the carrying value. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. However, where management have assessed the residual value of the asset to be greater than its carrying value, no depreciation is recognised and no such transfer is made. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

*1.4 **Financial instruments***

Accounting policy applicable in the comparative period (under IAS 39):

Initial recognition

The group and company classify financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the group and company's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Loans to/(from) related parties

These include loans to/(from companies related by common shareholders and are recognised initially at fair value plus direct transaction costs.

Subsequently these loans are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

Loans to/(from) shareholders, directors, managers and employees

These financial assets are initially at fair value plus direct transaction costs.

Subsequently these loans are measured at amortised cost using the effective interest method, less any impairment loss recognised to reflect irrecoverable amounts.

1. ACCOUNTING POLICIES (continued)

1.4 Financial instruments (continued)

Trade and other receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest computed at initial recognition.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

Cash and cash equivalents

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

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

Derecognition of financial assets and liabilities

Financial assets

A financial asset is derecognised when the rights to receive cash flows from the asset have expired.

Financial liability

A financial liability is derecognised when the obligation of the liability is discharged or cancelled or expires.

1. ACCOUNTING POLICIES (continued)

1.4 Financial instruments (continued)

Impairment of financial assets

The group assesses at each statement of financial position date whether a financial asset or group of financial assets are impaired.

At amortised cost

The group and company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evident of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets collectively assessed for impairment. Assets that are individually assessed for impairment and for which and impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the profit and loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

In relation to trade and other receivables, a provision for impairment is made when there is objective evidence (such as probability of insolvency or significant financial difficulties of the debtor) that the group and company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivables is reduced through use of an allowance account. Impair debts are derecognised when they are assessed as uncollectible.

Accounting policy applicable on and after 1 November 2018 (under IFRS 9):

Financial instruments held by the group and company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classified possibilities, which are adopted by the group and company, are as follows:

Financial assets which are debt instruments:

- *Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or*

- *Fair value through other comprehensive income. (This category applied only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or*

1. ACCOUNTING POLICIES (continued)

1.4 ***Financial instruments (continued)***

Broadly, the classified possibilities, which are adopted by the group, are as follows: (continued)

Financial assets which are debt instruments: (continued)

- *Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or*
- *Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces and accounting mismatch).*

Financial liabilities:

- *Amortised cost; or*
- *Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or*
- *Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).*

Trade receivables

Classification

Trade receivables are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on trade receivables.

Recognition and measurement

Trade receivables are recognised when the group and company become a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

1. ACCOUNTING POLICIES (continued)

1.4 Financial instruments (continued)

Trade receivables (continued)

Impairment

The group and company recognise a loss allowance for expected credit losses on trade receivables, excluding VAT, prepayments and deposits. The amount of expected credit losses is updated at each reporting date.

The group measures the loss allowance for expected credit losses on trade receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

The group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast director of conditions at the reporting date, including the time value of money, where appropriate. The customer base is widespread and does not show significantly different loss patterns for different customer segments. Provision matrix was used in the current year however there were no trade and other receivables subject to impairment at 31 October 2019. Trade receivables are grouped in such a manner that they share similar credit risk characteristics, such as nature of the loan, external credit ratings (if available), industry of counterparty etc.

If necessary, impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade receivables, through use of a loss allowance account.

Definition of default

The group considers a default event if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into consideration). Irrespective of this, the group considers that default has occurred when a customer's account is more than 30 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write off policy

The group and company write off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Credit risk

Details of credit risk are included in the financial instruments and risk management note (note 38.1 (e)).

1. ACCOUNTING POLICIES (continued)

1.4 Financial instruments (continued)

Loans to related parties and other receivables

Classification

Loans to related parties and other receivables are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans to related parties and other receivables are recognised when the group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognized on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The group and company recognise a loss allowance for expected credit losses on all loans to related parties measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The group measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12-month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

1. ACCOUNTING POLICIES (continued)

1.4 ***Financial instruments (continued)***

Loans to related parties and other receivables (continued)

Significant increase in credit risk

In assessing whether the credit risk on a loan has increased significantly since initial recognition, the group compares the risk of a default occurring on the loan as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

Irrespective of the outcome of the above assessment, the credit risk on a loan is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the group has reasonable and supportable information that demonstrates otherwise.

By contrast, if a loan is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the loan has not increased significantly since initial recognition.

The group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

Definition of default

For purposes of internal credit risk management purposes, the group considers that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).

Irrespective of the above analysis, the group considers that default has occurred when a loan instalment is more than 60 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write off policy

The group writes off a loan when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Loans written off may still be subject to enforcement activities under the group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

1. ACCOUNTING POLICIES (continued)

1.4 ***Financial instruments (continued)***

Loans to related parties and other receivables (continued)

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. Loans are then grouped in such a manner that they share similar credit risk characteristics, such as nature of the loan, external credit ratings (if available), industry of counterparty etc.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the group measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and vice versa.

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance.

Details of credit risk related to loans to related parties are included in the financial instruments and risk management (note 38.1 (e)).

Other financial assets

Other financial assets are equity instruments and are measured at fair value through profit or loss where any change in fair value is recognised in profit or loss.

Interest bearing borrowings and loans from related parties

Classification

Loans from related parties and interest-bearing borrowings are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Interest-bearing borrowings and loans from related parties are recognised when the group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost using the effective interest method.

1. ACCOUNTING POLICIES (continued)

1.4 Financial instruments (continued)

Interest bearing borrowings and loans from related parties (continued)

Recognition and measurement (continued)

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability. Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 26). Borrowings expose the group to liquidity risk and interest rate risk. Refer to note 38.1(c) for details of risk exposure and management thereof.

Trade and other payables

Classification

Trade and other payables excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability. If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs. Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 38.1 (c) for details of risk exposure and management thereof.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

1. ACCOUNTING POLICIES (continued)

1.4 Financial instruments (continued)

Derecognition

Financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The group derecognises financial liabilities when, and only when, the group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Reclassification

Financial liabilities

Financial liabilities are not reclassified as per IFRS 9 criteria.

Fair value methods and assumptions

The fair value of financial instruments traded in an organised financial market is measured at the applicable quoted prices, adjusted for any transactions cost necessary to realise the assets or settle the liabilities.

The fair value of financial instruments not traded in an organised financial market, is determined using a variety of methods and assumptions that are based on market conditions and risk existing at statement of financial position date, including independent appraisals and discounted cash flow methods. The fair value determined is adjusted for any transaction costs necessary to realise the assets or settle the liabilities.

1. ACCOUNTING POLICIES (continued)

*1.4 **Financial instruments (continued)***

Fair value methods and assumptions (continued)

The carrying amounts of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair value.

*1.5 **Tax***

Current income tax

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax liabilities are measured at the rate substantively enacted at statement of financial position date.

Tax expenses

Current and deferred taxes are recognised as income or an expense and include in profit or loss for the period, except to the extent that the tax arises from:

- *a transaction or event which is recognised, in the same or a different period, directly in equity; or*
- *a business combination.*

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

1. ACCOUNTING POLICIES (continued)

1.5 Tax (continued)

Value-added tax

Revenues, expenses and assets are recognised net of the amount of value-added tax except:

- where the value-added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of the acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of value-added tax included.

The net amount of value-added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight- line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

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

1.7 Share capital, equity and reserves

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Ordinary shares are classified as equity.

Non-distributable reserves

Existing revaluation reserves are treated as non-distributable. Transfers to retained earnings only takes place upon the underlying asset being retired or disposed of.

1. ACCOUNTING POLICIES (continued)

1.7 Share capital, equity and reserves (continued)

Non-distributable reserves (continued)

Revaluation reserves arising from assets used by the entity may be transferred to retained earnings. The amount of the surplus transferred would be the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. However, where management have assessed the residual value of the asset to be greater that its carrying value, no depreciation is recognised and no such transfer is made. Transfers from the revaluation surplus to retained earnings are directly done in equity.

1.8 Intangible assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets, other than goodwill, that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The useful lives of intangible assets have been assessed as follows. Amortised over straight-line method with no residual value.

Item of intangible asset		***Average useful life***
Computer software	-	*5 years*
Leasehold right	-	*Indefinite (refer to note 5)*

1.9 Inventories

Inventory is value at the lower of cost and net realisable value.

Cost in each category is determined as follows:

- *Raw material at actual cost on a weighted average cost basis.*
- *Own manufactured products at direct raw material and labour cost plus an appropriate portion of production overheads on a weighted average cost basis.*
- *Consumable and trading stock at actual cost on a weighted average cost basis.*

1. ACCOUNTING POLICIES (continued)

*1.10 **Biological assets***

Biological assets comprise of livestock and game. These are carried at fair value. Management assess the fair value at each year-end. Changes in fair value are recognised through profit and loss.

*1.11 **Dividend distribution***

The company's dividend policy is to consider a final dividend in respect of each financial year up to a maximum of 33% of the net profit after tax for that year, subject to project financing and contractual operating requirements and availability of cash resources.

*1.12 **Employee benefits***

Short-term employee benefits

Liabilities which relate to short-term employee benefits are not discounted and are recognised as current liabilities within trade and other payables.

A defined contribution plan is one under which the group and company pay fixed contributions into a separate entity and there is no legal or constructive obligation to pay any further contributions should that plan hold insufficient assets to fund all employee benefits relating to employee services in the current or prior periods. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

The cost of short-term employee benefits is recognised in the period in which the service is rendered. Short-term costs include salaries, wages, annual and sick leave costs, bonus and other profit-sharing costs and defined contribution costs.

The expected cost of paid leave is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating leave, when the leave occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

*1.13 **Consolidation of subsidiaries***

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the company and all subsidiaries. Subsidiaries are entities, including structured entities, which are controlled by the group.

1. ACCOUNTING POLICIES (continued)

1.13 Consolidation of subsidiaries (continued)

Basis of consolidation (continued)

Control exists when the group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity, and it has the ability to affect those returns through use of its power over the entity.

All inter-company transactions and balances between group companies are eliminated in full on consolidation.

Acquisitions and disposals

Subsidiaries are fully consolidated into the group's financial statements from the effective date of acquisition to the effective date of disposal or when control ceases.

The group and company accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed, and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. If, in the case of a bargain purchase, the result of this formula is negative, then the difference is recognised directly in profit or loss.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

1.14 Investments in subsidiaries

Investments in subsidiaries in the company annual financial statements are carried at cost less any accumulated impairment losses.

1.15 Impairment of non-financial assets

The group assesses at each statement of financial position date whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

1. ACCOUNTING POLICIES (continued)

1.15 Impairment of non-financial assets (continued)

Irrespective of whether there is any indication of impairment, the group also:

- *tests intangible assets with an indefinite useful life or intangible assets not yet available for use of impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual year and at the same time every year.*
- *tests goodwill acquired in a business combination for impairment annually.*

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

The group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased, if any such indication exists, the recoverable amounts of those assets are estimated.

1.16 Revenue recognition

Accounting policy applicable in the comparative period

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be readily measured.

Revenue comprises the invoiced value of sale of accommodation, sale of tours, food and beverages, souvenirs, fuel and activities net of Value Added Taxation.

Accounting policy applicable on and after 1 November 2018

The group's key sources of income include: Sale of accommodation, sale of food and beverages. The accounting for each of these elements is discussed below:

Sale of accommodation

The contract to provide accommodation is established when the customer books accommodation. The performance obligation is to provide the right to use accommodation for a given number of nights, and the transaction price is the room rate for each night determined at the time of the booking.

The performance obligation is met when the customer is given the right to use the accommodation, and so revenue is recognised for each night as it takes place, at the room rate for that night. Customers may pay in advance for accommodation. In this case the Company has received consideration for services not yet provided. This is treated as a contract liability until the performance obligation is met.

1. ACCOUNTING POLICIES (continued)

1.16 Revenue recognition (continued)

Accounting policy applicable on and after 1 November 2018 (continued)

Sale of food and beverages

The contract is established when the customer orders the food or drink item and the performance obligation is the provision of food and drink by the lodge. The performance obligation is satisfied when the food and drink is delivered to the customer, and revenue is recognised at this point at the price for the items purchased. Payment is made on the same day and consequently there are no contract assets or liabilities.

Sale of tour packages

Gondwana arranges leisure travel packages for tourists at lodges that it owns as well as lodges that are owned by external parties. It also provides car rental services to tourists. This division primarily carries out an intermediation activity in the sale of travel-related products and managing the booking of the hotel rooms.

Revenue is recognised when services are provided to the customer thus, from the date of commencement of the travel experience since it's understood that in this moment the performance obligation is fulfilled. Revenue is recognised as the amount of service fees receivable as determined based on the agreement entered with the principal party. Customers pay in advance for the bookings. In this case the Company has received consideration for services not yet provided. This is treated as a contract liability until the performance obligation is met.

Car rental services

The contract is established when the customer hires the vehicle, the performance obligation is the provision of the vehicle and this is satisfied when the vehicle is delivered to the customer. Revenue is recognised at a point in time. The customer pays for the car rental vehicle as and when the service is availed.

Other revenue

Telephone, laundry, souvenirs, fuel, activities and other represents other services provided to customers. Revenue is recognised for at the time of rendering the service or at the point of sale.

Dividend income

Is recognised when the right to receive dividends is established.

1.17 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a loan and receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest of the instrument and continued unwinding the discount as interest income. Interest income on impaired loans and receivables are recognised using the original effective interest rate. Interest income is included in "finance income" in profit or loss.

2. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted, and methods of computation followed are consistent with those of the previous financial year, except for items disclosed below. Specifically, the group applied IFRS 15 and IFRS 9 for the first time. The nature and effect of the changes as a result of the adoption of these new accounting standards are described below. There were several other new and amendments to standards and interpretations which are applicable for the first time in 2019, but either not relevant or do not have an impact on the annual financial statements of the group. The group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and applies to all revenues arising from contracts with its customers except for rental income. IFRS 15 requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The group adopted IFRS 15 using the modified retrospective method applied and IFRS 15 to all contracts within scope of IFRS 15. There were no contracts not completed at the date of initial application. Therefore, the comparative information was not restated and continues to be reported under IAS 18 and related interpretations.

IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The group applied IFRS 9 retrospectively, with an initial application date of 1 November 2018. The group did not elect to restate the comparative information for 2018, which continues to be reported under IAS 39. No differences arising from the adoption of IFRS 9 have been recognised in retained earnings nor in other components of equity on 1 November 2018.

Classification and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding. The assessment of the group's business model was made as of the date of initial application, 1 November 2018.

The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of IFRS 9 did not have a significant impact on the group. The changes in the classification of the group's financial assets are, as follows: all financial assets previously classified as loans and receivables (trade and other receivables, loans to related parties, cash and cash equivalents) are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now measured at amortised cost.

2. CHANGES IN ACCOUNTING POLICIES (continued)

Impairment

The adoption of IFRS 9 has fundamentally changed the group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and for contract assets.

Specifically, IFRS 9 requires the group to recognise a loss allowance for expected credit losses on debt investments subsequently measured at amortised cost or at fair value through other comprehensive income, lease receivables, contract assets and loan commitments and financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

IFRS 9 requires the group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit- impaired financial asset. On the other hand, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the group is required to measure the loss allowance for that financial instrument at an amount equal to 12 months expected credit losses. IFRS 9 also provides a simplified approach for measuring the loss allowance at an amount equal to lifetime expected credit losses for trade receivables, contract assets and lease receivables in certain circumstances.

Summary of impact of initial application of IFRS 9

The directors reviewed and assessed the group's existing financial instruments as at 1 November 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the group's financial assets and liabilities as regards to their classification and measurement.

Initial application of IFRS 9 - group

	Original classification under IAS 39	New classification under IFRS 9	Original amount under IAS 39	New amount under IFRS 9
Financial assets				
Trade and other receivables	Loans and receivables	Amortised cost	51 359 819	51 359 819
Loans to related companies	Amortised cost	Amortised cost	2 056 606	2 056 606
Cash and cash equivalents	Loans and receivables	Amortised cost	91 309 091	91 309 091

Other financial assets were incorrectly classified in the prior year under IAS39, in the current year this will be restated in accordance with IFRS9. Refer to note 36.

2. CHANGES IN ACCOUNTING POLICIES (continued)

Initial application of IFRS 9 – group (continued)

	Original classification under IAS 39	New classification under IFRS 9	Original amount under IAS 39	New amount under IFRS 9
Financial liabilities				
Borrowings – non-current and current	Amortised cost	Amortised cost	182 849 184	182 849 184
Trade and other payables	Amortised cost	Amortised cost	75 699 331	75 699 331
Dividends payable	Amortised cost	Amortised cost	487 850	487 850
Bank overdraft	Amortised cost	Amortised cost	266 152	266 152

Initial application of IFRS 9 - company

	Original classification under IAS 39	New classification under IFRS 9	Original amount under IAS 39	New amount under IFRS 9
Financial assets				
Trade and other receivables	Loans and receivables	Amortised cost	6 566	6 566
Loans to group companies	Loans and receivables	Amortised cost	172 161 839	172 161 839
Cash and cash equivalents	Loans and receivables	Amortised cost	9 641	9 641
Financial liabilities				
Dividends payable	Amortised cost	Amortised cost	487 850	487 850

3. NEW STANDARDS AND INTERPRETATIONS

3.1 **Standards and interpretations effective and adopted in the current year**

In the current year, the group adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

3. NEW STANDARDS AND INTERPRETATIONS (continued)

3.1 Standards and interpretations effective and adopted in the current year (continued)

IFRS 9 Financial Instruments

IFRS 9 is a new standard which provides new requirements for the classification and measurements of financial instruments and replaces the guidance provided in IAS 39 Financial Instruments: Recognition and Measurement.

The standard also includes an expected credit losses model that replaces the current incurred loss impairment model.

The effective date of the standard is for years beginning on or after 1 January 2018.

The group has adopted the standard for the first time in the 2019 annual financial statements.

The impact of the standard is set out in note 2 Changes in Accounting Policy.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 and its subsequent amendments supersede all other statements on revenue, namely IAS 11 Construction Contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the Construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying a 5-step approach specified within the standard.

In applying the standard to contracts with customers, entities can either apply the full retrospective method or the modified retrospective method. The group has opted to transition using the modified method.

IFRS 15 also includes extensive new disclosure requirements.

The effective date of the standard is for years beginning on or after 1 January 2018.

The group has adopted the standard for the first time in the 2019 annual financial statements.

The impact of the standard is set out in note 2 Changes in Accounting Policy.

3. NEW STANDARDS AND INTERPRETATIONS (continued)

3.1 ***Standards and interpretations not yet effective***

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 1 November 2019 or later periods:

IFRS 16 Leases

This standard replaces the current guidance in IAS 17: Leases and has far reaching changes in accounting by lessees in particular. IFRS 16 supersedes IAS 17; IFRIC 4: Determining whether an Arrangement contains a Lease; SIC 15: Operating Leases – Incentives and SIC 27:

Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.*

Under IAS 17, lessees were required to make a distinction between an 'on balance sheet' finance lease and an 'off balance' operating lease. IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a lease asset representing a right-of -use leased asset for virtually all lease contracts. Optional exemptions are available to lessees for certain short-term leases and leases of low-value assets.

For lessors, the accounting stays almost the same. However, the IASB has updated the guidance on the definition of a lease as well as the guidance on the combination and separation of contracts and lessors will also be affected by the new standard.

The effective date of the standard is for years beginning on or after 1 January 2019.

The group expects to adopt the standard for the first time in the 2020 annual financial statements using a modified retrospective approach.

As at the reporting date, the group has non-cancellable operating lease commitments which relate to mostly long-term and material leases (see note 40). Any portion relating to low value or short- term leases will be recognised on a straight-line basis as an expense in profit or loss on a straight- line.

Right-of-use assets of approximately N$ 12 064 193 will be recognised by the group and company on 1 November 2019 with corresponding lease liabilities of N$ 12 064 193.

Net profit after tax will decrease by approximately N$ 299 419 for the group in the 2020 financial year as a result of adopting the new rules, where depreciation on the right-of-use assets is expensed and operating lease payments are excluded.

Operating cash flows will increase by N$ 1 449 492 for the group with a corresponding decrease in financing activities as cash payments for the principal portion of the lease liability are classified within financing activities.

The group and company do not expect any impact on the annual financial statements relating to activities as a lessor.

GONDWANA HOLDINGS LIMITED AND ITS SUBSIDIARIES

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GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS (continued)

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT

Group	Capital work in progress	Land and buildings	Plant, machinery and equipment	Motor vehicles	Furniture & fittings	Computer equipment	Linen and crockery	Power-lines	Total
	N$	N$	N$	N$	N$	N$	N$	N$	N$
Year ended 31/10/2019									
Restated opening net carrying amount	8 414 574	527 503 976	13 589 564	33 871 213	27 817 485	2 724 176	9 307 709	1 300 746	624 529 443
Transfer work in progress	(4 077 382)	3 173 024	22 265	-	496 588	-	385 505	-	-
Additions	55 823 287	19 063 225	4 176 947	27 596 034	5 615 470	683 648	1 928 752	-	114 887 363
Acquisition of subsidiary	-	25 199 097	698 532	1 205 002	767 605	257 514	-	-	28 127 750
Disposals	-	-	-	(796 256)	(228 854)	-	-	-	(1 025 110)
Depreciation	-	(486 793)	(2 893 929)	(8 180 437)	(4 849 522)	(1 327 437)	(2 159 317)	(166 737)	(20 064 172)
Closing net carrying amount	60 160 479	574 452 529	15 593 379	53 695 556	29 618 772	2 337 901	9 462 649	1 134 009	746 455 274
At 31/10/2019									
At cost / valuation	60 160 479	580 943 752	28 862 035	71 522 491	37 603 239	4 525 341	12 718 730	1 667 391	798 003 458
Accumulated depreciation	-	(6 491 223)	(13 268 656)	(17 826 935)	(7 984 467)	(2 187 440)	(3 256 081)	(533 382)	(51 548 184)
Net carrying amount	60 160 479	574 452 529	15 593 379	53 695 556	29 618 772	2 337 901	9 462 649	1 134 009	746 455 274

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GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS (continued)

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Capital work in progress	Land and buildings	Plant, machinery and equipment	Motor vehicles	Furniture & fittings	Office and commu-nication equipment	Computer equipment	Linen and crockery	Power-lines	Total
	N$	N$	N$	N$	N$	N$	N$	N$	N$	N$
Year ended 31/10/2018										
Restated opening net carrying amount	10 184 762	445 857 902	11 581 030	21 645 915	16 954 981	489 945	1 621 007	3 552 718	573 258	512 461 518
Transfer work in progress	(10 184 762)	10 184 762	-	-	-	-	-	-	-	-
Transfers between categories (*)	-	(579 680)	(819 836)	717 257	(147 190)	(489 945)	36 680	555 226	727 488	-
Additions	8 414 574	63 575 490	5 026 749	15 792 135	13 798 319	-	1 933 470	6 196 118	-	114 736 855
Acquisition of subsidiary	-	8 659 400	-	479 043	6 172	-	-	-	-	9 144 615
Disposals	-	-	-	(11 250)	-	-	-	-	-	(11 250)
Depreciation	-	(193 898)	(2 198 379)	(4 751 887)	(2 794 797)	-	(866 981)	(996 353)	-	(11 802 295)
Restated closing net carrying amount	8 414 574	527 503 976	13 589 564	33 871 213	27 817 485	-	2 724 176	9 307 709	1 300 746	624 529 443
At 31/10/2018										
At cost / valuation	8 414 574	532 129 587	23 964 291	43 790 997	31 009 067	-	3 584 179	10 404 473	1 667 391	654 964 559
Accumulated depreciation	-	(4 625 611)	(10 374 727)	(9 919 784)	(3 191 582)	-	(860 003)	(1 096 764)	(366 645)	(30 435 116)
Restated net carrying amount	8 414 574	527 503 976	13 589 564	33 871 213	27 817 485	-	2 724 176	9 307 709	1 300 746	624 529 443

(*) Transfer between categories relates to assets that were transferred to other classifications due to restructuring exercise conducted by the group during previous years.

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Group only

Land and buildings consist of the following:

- *Portion 2 of Farm Kanebis No 5, registration division "V", measuring 40 hectares and portion 1 of Farm Kanebis No 5, registration division "V", measuring 6 000 hectares at a cost of N$ 528 960. The land was revalued in 2016 to N$ 500 per hectare amounting to N$ 3 000 000. The buildings relating to this land were valued at N$ 52 686 880. The valuation was performed by Mr P J Scholtz, a qualified property valuator. The depreciated replacement valuation was used for all buildings and the comparable sales value was used for the land.*

- *Portion of Farm Witklip number 68, situated between Outjo and Khorixas. The property is subject to a first, second and third covering mortgage bond of N$ 22 000 000 in favour of First National Bank of Namibia Limited. The property was revalued to N$ 24 590 000 by the same valuator as noted above and on the same basis.*

- *Hakusembe River Lodge is built on a right of leasehold with the Government of Namibia applicable for another 17 years on a renewable basis. The buildings and property rights were valued by Mr P J Scholtz a registered valuator at N$ 11 255 000 in 2016.*

- *Chobe River Camp is built on a right of leasehold with the Government of Namibia applicable for another 9 years with an expected extension period.*

- *Zambezi Mubala Lodge is built on a right of leasehold with the Government of Namibia applicable for another 14 years with an expectation to extend.*

- *Zambezi Mubala Camp is built on a right of leasehold with the Government of Namibia applicable for another 16 years with an expected extension period.*

- *Farm Dieprivier No 972, held by tile deed 6007/2011, situated in the Khomas region, measuring 12583 hectares. During October 2016 a registered valuator, Mr P J Scholtz, set a value of N$ 41 775 000 on the property. The property has been mortgaged in favour of First National Bank of Namibia Limited as security for loan facilities to an amount of N$ 72 500 000. Cession of adequate fire cover held.*

- *Portion 8 of the farm Dabib No 112, Mariental district in the Hardap region, measuring 9656 hectares. The property was revalued during October 2016 by a registered valuator, Mr P J Scholtz, placing a value of N$ 58 175 000 on the property. A first, second, third and fourth bond of N$ 33 000 000 was registered in favour of First National Bank of Namibia Limited.*

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Group only

- *Erf 805 (a portion of Erf 78), Klein Windhoek measuring 1365 square metres with improvements thereon. The property was mortgaged by mortgage bond of N$ 9 970 000 in favour of First National Bank of Namibia Limited and is held under Title Deed T2961/05. The property was valued by Mr P J Scholtz at N$ 9 970 000 using market value.*

- *The property at Section 1 and 2 Madiba's Corner, Klein Windhoek is subject to a first covering mortgage bond of N$ 8 500 000 in favour of First National Bank of Namibia Limited.*

- *Portion 1 of Farm Eldorado No 449, registration division "A", measuring 402.5459 hectares with improvements thereon. The property is held under Title Deed T1401/1980. A first, second, third and fourth bond of N$ 46 500 000 was registered in favour of First National Bank Namibia Limited over Portion 1 of Farm Eldorado No 449. Cession of adequate fire cover held. The property was revalued by Mr P J Scholtz to N$ 36 980 000.*

- *Portion 1 of Farm Holoogberg No 107, registration division "T", measures 468 hectares. A first bond of N$ 4 500 000 was registered in favour of First National Bank Namibia Limited. Cession of adequate fire cover held. A second, third and fifth and sixth bond to the value of N$ 21 900 000 was registered in the name of First National Bank of Namibia Limited. These bonds are over this farm and farm Kanebis No 8 as disclosed below.*

- *Portion 8 of portion A, and portion 11 (Dieprivier) (of portion A) of the Farm Holoog No 106, registration division "T", measuring 10575,6842 ha. The property was valued during 2016 by Mr P J Scholtz, a registered property valuator at N$ 500 per hectare.*

- *Farm Altdorn No 3, registration division "V", measuring 13 231 hectares and farm No 376, registration division "V", measuring 2 423 hectares, both held by deed of transfer T 1189/2000. The property was valued during 2016 by Mr P J Scholtz, a registered property valuator at N$ 500 per hectare.*

- *Remaining extent of farm Karios No 8, registration division "V", measuring 5 412 hectares and Portion 1 of farm Karios No 8, registration division "V", measuring 6 999 hectares, both held by deed of transfer T 7622/1996. The property was valued during 2016 by Mr P J Scholtz, a registered property valuator at N$ 500 per hectare. A first, second, third and fourth bond of N$ 14 860 000 has been registered in favour of First National Bank Limited as security for overdraft facilities of the holding company, Nature Investments (Proprietary) Limited.*

- *Farm Augurabis No 109, registration division "T", measuring 11 634 hectares, held by deed of transfer T 6887/1995. The property was valued during 2016 by Mr P J Scholtz, a registered property valuator at N$ 500 per hectare.*

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Group only

- *Farm Hooloogberg No 107, registration division “T”, measuring 12 119 hectares, held by deed of transfer T 2536/1995. The property was valued during 2016 by Mr P J Scholtz, a registered property valuator at N$ 500 per hectare.*

- *Farm Stamprivier No 108, registration division “T”, measuring 15 759 hectares, held by deed of transfer T 7098/1996. The property was valued during 2016 by Mr P J Scholtz, a registered property valuator at N$ 500 per hectare.*

- *Property comprises remainder of Portion A of farm Holoog No 106, registration division “T”, measuring 8 423 hectares, held by deed of transfer T 5576/1999. The property was valued during 2016 by Mr P J Scholtz, a registered property valuator at N$ 500 per hectare.*

- *Property comprises remaining portion of farm Frankfurt No 7, registration division “V”, measuring 7 324 hectares and portion 2 of farm Karios No 8, registration division “V”, measuring 3 000 hectares, both held by deed of transfer T 1352/2000. The property was valued during 2016 by Mr P J Scholtz, a registered property valuator at N$ 500 per hectare.*

- *Portion 1 of Erf no 146 registered in the Municipality of Swakopmund, division “F”, measuring 450 square meters held by virtue of title transfer no T3260/2001.*

- *Erf 149 and Erf 146 situated in the municipality of Swakopmund have been consolidated into Erf 5738. A first bond of N$ 50 000 000 has been registered in favour of The Development Bank of Namibia.*

- *Remainder of Erf no 146 in the municipality of Swakopmund registered in division ”F”, measuring 901 square meters. Both Erf no 146 and Erf no 149 properties were valued by Mr P J Scholtz, a registered property valuator. The properties were valued at N$ 70 520 000.*

- *Portion 2 of Farm Leverbreek No 110, registered in division “T” measuring 5999,9949 hectares, held by deed of transfer no T1091/2003. The farms were valued by Mr P J Scholtz, a registered property valuator at N$ 500 per hectare.*

- *Portion 1 of Farm Chamaites No 113, registered division “T” measuring 2440,6351 hectares, held by deed of transfer no T1091/2003. The farms were valued by Mr P J Scholtz, a registered property valuator at N$ 500 per hectare.*

- *Farm Elizabeth No 383 registered division “T” measuring 5764,3730 hectares, held by deed of transfer no T3730/1990. The farms were valued by Mr P J Scholtz, a registered property valuator at N$ 500 per hectare.*

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4. PROPERTY, PLANT AND EQUIPMENT (continued)

Group only

- *Remaining portion 1 of Erf 78, Klein Windhoek, measuring 1368 square meters. The property is mortgaged by a mortgage bond of N$ 7 240 000 in favour of First National Bank of Namibia Limited. The property was valued by Mr P J Scholtz at N$ 7 240 000 using market valuation.*
- *The building acquired through the acquisition of the subsidiary, Namushasha Country Lodge (Pty) Ltd, consists of a lodge built on the land belonging to the Government of the Republic of Namibia, occupied in accordance with a right of leasehold with the government with an extension period. The first right of leasehold expires in 2025. The buildings were valued during 2016 by Mr P J Scholtz, a registered valuator at N$ 21 500 000.*
- *The building acquired through the acquisition of subsidiary, Antigua Island Investments (Pty) Ltd consists of a lodge built on the land belonging to the Government of the Republic of Namibia. The right of use is based on the concession agreement which is for 20 years expiring in 2033.*
- *Omarunga comprise of a lodge erected on property pertaining to the right of leasehold issued by the Ministry of Lands, Resettlement and rehabilitation in 2017. The lease is for a period of 10 years expiring in 2027.*
- *King Nehale Lodge is built on a right of leasehold with the conservancy applicable for 24 years on a renewable basis.*

If land and building in Gondwana group were measured using the cost model, the carrying amounts would be as follows:

	2019	2018
	N$	N$
Cost		
Cost	409 124 652	360 310 487
Accumulated depreciation	(6 026 066)	(4 160 454)
	403 098 573	356 150 020

Details of valuation

Properties across the group are valued by an independent third party at least once in a 3-year cycle. The valuation is based on the depreciated replacement method and was last performed by Mr P J Scholtz, a qualified property valuator.

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Group only

Details of valuation (continued)

The valuer has experience in the location and categories of properties being valued. All properties are otherwise valued by the directors during the period in which they are not independently valuated. The properties were last valued in 2016.

Valuation technique and significant unobservable inputs

Valuations performed in 2016 were done by a qualified and independent valuator of properties, Mr P J Scholtz. Three methods of valuations were applied, market value for the properties in Windhoek, depreciated replacement values for buildings on lodges and comparable sales values for land.

The properties in Windhoek were valued based on potential rental income generated capitalised at a market return of 8%. The rental income was determined at a rate of N$ 165 to N$ 185 per square meter less cost of approximately 13%. The location of the property was also taken into consideration.

The lodge buildings were valued at depreciated replacement value. The replacement values were determined using the square meters of the buildings constructed, plus a value for the land. The cost of constructions used varied between N$ 800 per square meter to N$ 12 500 per square meter depending on the actual construction, location of the construction and considering complexity of the construction. Each constructed area was separately assessed applying an appropriate rate per square meter constructed. A value was added to the building value when constructed on right of leasehold land to take into account the fair value of the building.

The values obtained were adjusted for a depreciation factor. The factor applied ranged from 5% to 35% depending on the age of the lodge and the actual physical condition of the lodge, noting that continuous maintenance is executed on all lodges.

The underlying land was valued at a comparable sales value. These values varied significantly based on the location of the land. Land values for commercial farm and land ranged from N$ 500 per hectare to N$ 4 500 per hectare. These values also varied depending on access to key tourism sites such as access to National Parks. The underlying value used for the Swakop Property was N$ 5 000 per square meter, taking into account the location, and rights of the property.

Fair value hierarchy

All properties are classified as level 3 in terms of the fair value hierarchy.

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5. INTANGIBLE ASSETS

Reconciliation of intangible assets

	Leasehold right	Computer software	Total
	N$	N$	N$
Cost			
At 1 November 2017	-	2 450 644	2 450 644
Additions	-	956 499	956 499
Acquisition of a subsidiary	16 613 042	-	16 613 042
Balance at 31 October 2018	16 613 042	3 407 143	20 020 185
Additions	4 073 323	90 000	4 163 323
Acquisition of a subsidiary	5 000 000	-	5 000 000
Balance at 31 October 2019	25 686 365	3 497 143	29 183 508
Amortisation and Impairment			
At 1 November 2017	-	-	-
Amortisation	-	594 967	594 967
Impairment	-	-	-
Balance at 31 October 2018	-	594 967	594 967
Amortisation	-	709 319	709 319
Impairment	-	-	-
Balance at 31 October 2019	-	1 304 286	1 304 286
Net book value			
At 31 October 2019	25 686 365	2 192 857	27 879 222
At 31 October 2018	16 613 042	2 812 176	19 425 218

Additional information:

For more detail related to the above, refer to notes below.

5. INTANGIBLE ASSETS (continued)

Amortisation / impairment

The computer software relates to a shopping cart portal developed which links directly into the reservation's system.

The useful lives of intangible assets have been assessed as follows: Amortised over straight line method with no residual value.

Item of intangible asset		***Average useful lives***
Leasehold right	-	*Indefinite (*)*
Computer software	-	*5 years*

(*) Certain assets, including buildings, right of leasehold assets and goodwill relate to assets of which control is governed by underlying access to communal land. The access and right to this communal land are governed by joint venture agreements with respective conservancies and the applicable right of leasehold. Management has assessed all underlying structures and agreements in place and has assessed that access to these areas will be under the group's control for at least 25 years, but with the intention of keeping control indefinitely through the renewal option. Therefore, management have assessed that no depreciation and amortisation is applicable on these assets as the leasehold right useful lives is estimated as indefinite based on the substance over form of this purchased right. In addition to this, the applicable lodges are being revalued on a 3-yearly basis. Management also reassesses arrangement with each lodge on an annual basis to ensure that conditions have not changed.

	2019	*2018*
Group	*N$*	*N$*
Leasehold right		
Opening net carrying amount	*9 638 572*	*-*
Acquired during the year	*-*	*9 638 572*
Closing net carrying amount	*9 638 572*	*9 638 572*

This relates to Mubala Safari Lodge comprising of a Safari Camp situated on the Zambezi river. Leasehold right granted by Ministry of Lands And Resettlement to Kalizo Fishing and Photographic Safaris (Pty) Ltd (a subsidiary), Kalimbeza area in respect of tourism for a remaining period of 15 years with an expectation to renew. Area measuring approximately 5 hectares.

	2019	2018
	N$	N$

5. INTANGIBLE ASSETS (continued)

Group (continued)

	2019 N$	2018 N$
Opening net carrying amount	6 974 470	-
Acquired during the year	-	6 974 470
Closing net carrying amount	6 974 470	6 974 470

Comprise of Camp Chobe Safaris situated in the Zambezi region. Leasehold right granted by Ministry of Lands And Resettlement to Camp Chobe Safaris (Pty) Ltd, Ngoma Village in Ngoma Communal Area, in respect of tourism for a remaining period of 10 years with an expectation to renew. Area measuring approximately 18.3 hectares.

	2019 N$	2018 N$
Opening net carrying amount	-	-
Acquired during the year	5 000 000	-
Closing net carrying amount	5 000 000	-

This relates to Palmwag Lodge situated in the Northwest of Namibia, the group acquired the right of use based on the concession agreement for a remaining period of 14 years.

	2019 N$	2018 N$
Opening net carrying amount	4 073 323	-
Acquired during the year	-	-
Closing net carrying amount	4 073 323	-

This relates to Omarunga Camp situated in the Kunene region. Leasehold right granted by Ministry of Lands and Resettlement in respect of tourism for a remaining period of 8 years with an expectation to renew.

	2019 N$	2018 N$
Right of leasehold and computer software	27 879 222	19 425 218

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6. GOODWILL ACQUIRED

	Goodwill
	N$
Cost	
At 1 November 2017	849 419
Acquisition of a subsidiary	12 304 000
Balance at 31 October 2018	13 153 419
Acquisition of a subsidiary	10 895 663
Balance at 31 October 2019	24 049 082
Impairment	
At 1 November 2017	-
Impairment	-
Balance at 31 October 2019	-
Net book value	
At 31 October 2019	24 049 082
At 31 October 2018	13 153 419

For more details relating to goodwill refer to the explanations below:

	Note	2019	2018
		N$	N$
Goodwill acquired			
- Antigua Island Investment (Pty) Ltd	35	10 895 663	-
- Woestynplaas (Pty) Ltd (*)		849 419	849 419
- Cardboard Box (#)		11 782 000	11 782 000
- New African Frontiers (!)		522 000	522 000
		24 049 082	13 153 419

(*) The goodwill was acquired during the purchase of remaining shares of Woestynplaas (Pty) Ltd. Goodwill's assessed on an annual basis for impairment. No indicators for impairment are present.

6. GOODWILL ACQUIRED (continued)

(#) Gondwana Collections Namibia acquired the operations of Cardboard Box on 1 March 2018. The cost of acquisition amounted to N$ 12 000 000 and was partly financed by the allotment of new shares in Gondwana Holdings for Aulden Harlech Jones. Goodwill of N$ 11 782 000 arose from the purchase of Cardboard Box in 2018.

Management did an assessment for impairment on the goodwill recognised on the Cardboard Box acquisition. In doing this, management did an assessment of the return that is expected through budgeted profit by the division plus the increase in the bottom line as a result of vertical integration realised by keeping within the group commission that would have been paid to external consultants. Based on budgeted figures, the group could realise a return on goodwill of about 135% within 1 year. Therefore, no impairment triggers were identified.

(!) The goodwill was acquired during the purchase of New African Frontiers. Goodwill is assessed on annual basis form impairment. No indicators for impairment are present.

Goodwill is tested for impairment by calculating the recoverable amount of cash generating unit to which the goodwill is allocated. All were tested for impairment and no indicators of impairment were present.

7. OTHER FINANCIAL ASSETS

Group	*Percentage holding*	*2019*	*2018*
	%	*N$*	*N$*
31 October 2019			
Investments in financial assets			
- Naukluft Electricity Investments (Pty) Ltd	*11.85%*	*474*	*474*
		474	*474*

The investment in Naukluft Electricity Investments (Pty) Ltd represents the shares held in the private regional electricity distributor supplying electricity to some of the group's lodges.

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8. INVESTMENT IN SUBSIDIARIES

Company

The following table lists the entities which are controlled directly by the company. All subsidiaries are wholly owned, and the share capital consists of ordinary shares at N$ 1.00 each.

Investment in subsidiaries	% Holding 2019	% Holding 2018	Number of shares held	Shares at cost 2019	Shares at cost 2018
			N$	N$	N$
Gondwana Collection Namibia (Pty) Ltd	100%	100%	100	100	100
Nature Investments (Pty) Ltd	100%	100%	56 566 099	56 566	56 566
TOTAL				56 666	56 666

	2019	2018
	N$	N$
9. LOANS TO RELATED PARTIES		
Group		
Loans to related parties comprises:		
Naukluft Electricity Investments (Pty) Ltd	762 497	762 497
	762 497	762 497
Company		
Gondwana Collection Namibia (Pty) Ltd	46 144 356	60 986 133
Nature Investments (Pty) Ltd	111 175 706	111 175 706
	157 320 062	172 161 839

The related party loans are unsecured, bears no interest and are repayable on demand.

The carrying values of the amounts owed by related parties approximates their fair values.

Loans to related parties are payable on demand. These loans have a low credit risk as the counterparties are profitable entities generating enough cash to meet their obligations. This is expected to continue in the future and thus the expected credit loss allowance is assessed to immaterial.

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	2019	2018
	N$	N$
10. DEFERRED TAXATION		
Group		
Opening balance	38 686 803	34 244 765
Acquisition of subsidiaries	1 886 617	(441 920)
Temporary differences on property, plant and equipment	14 938 076	5 615 660
Temporary differences on prepayments	(563 422)	956 918
Temporary differences on income received in advance	(483 648)	(2 630 986)
Temporary differences on livestock	26 139	73 621
Correction of prior year error (*)	3 253 405	-
Utilisation of assessable loss	145 207	868 745
Deferred tax closing balance	51 382 367	38 686 803
Deferred tax comprises of:		
Accelerated wear, tear and building allowances and leasehold improvement allowances	56 575 452	43 004 164
Assessed loss recognised	(2 571 707)	(2 716 914)
Income received in advance	(3 114 634)	(2 630 986)
Prepayments	393 496	956 918
Livestock	99 760	73 620
	51 382 367	38 686 803
The balance above is disclosed in the statement of financial position as follows:		
Deferred tax asset	(700 844)	(664 523)
Deferred tax liability	52 083 211	39 351 326
	51 382 367	38 686 803

(*) It was erroneously omitted by management to reverse the deferred tax liability raised on revaluation of two properties whose manner of recovery of the underlying asset changed from recovery through use to sale.

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	2019	2018
	N$	N$

10. DEFERRED TAXATION (continued)

Group (continued)

The entities within the group has assessable losses of N$ 8 036 584 (2018: N$ 8 490 356) that are available for offsetting against future taxable income of the companies in which the losses arose.

The table below presents estimated timing of recovery of deferred tax balance:

	2019 N$	2018 N$
Within 12 months	(2 621 378)	(4 317 361)
After 12 months	54 003 745	39 750 759
	51 382 367	35 433 398

Company

No deferred taxation has been provided for on the Company's assessable loss as utilisation is not probable.

11. INVENTORIES

Group

	2019 N$	2018 N$
Merchandise for resale	6 057 480	5 580 240
Food and beverages	4 983 657	5 167 256
Camping equipment	3 074 243	-
Consumables	2 910 197	2 032 506
	17 025 577	12 780 002

There was no provision for obsolete inventory in the current year (2018: 0).

12. BIOLOGICAL ASSETS

Group

	2019 N$	2018 N$
Livestock and game	311 750	230 066

The fair values are based on market price of livestock and game of similar age, weight and market value.

	2019	2018
	N$	N$
13. TRADE AND OTHER RECEIVABLES		
Group		
Financial instruments		
Trade debtors	39 416 978	35 798 203
Staff loans	8 604	5 007
Deposits	156 732	107 662
Insurance refundable	452 561	1 114 918
Other	554 519	3 300 565
Non-financial instruments		
Prepayments	246 882	226 138
Prepaid expenses	1 229 675	2 990 466
Value added tax receivable	3 386 278	7 816 860
	45 452 229	51 359 819
Company		
Financial instruments		
Trade receivables	6 566	6 566

The book value of trade receivables approximates their fair values due to the short-term nature of the instruments.

At each reporting period, trade receivables are assessed for impairment based on various factors that include the ageing of trade receivables, projected future settlements based in history, probability of default and other pertinent information. The group's historical credit loss data indicates that the expected credit loss for trade receivables are immaterial and majority of trade receivables relate to corporates and travel agencies with very low credit risk and with which the group has long standing relationships.

	2019	2018
	N$	N$

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the statement of cash flows comprise the following balances form the statement of financial position:

	2019	2018
Group		
Bank	16 950 696	91 309 091
Bank overdraft	(353 243)	(266 152)
	16 597 453	91 042 939
Company		
Bank	1 964 320	9 641

The carrying amount of cash and cash equivalents approximate their fair value at the reporting date.

Overdraft security

Group

The Bank Windhoek Limited overdraft of N$ 50 000 000 for the group has been secured by the following:

- Unlimited suretyship by Gondwana Holdings Limited, Registration Number 2017/1055.
- Unlimited Cession of shares held by Gondwana Holdings Limited, in Gondwana Collection Namibia (Proprietary) Limited.
- Unlimited suretyship by Nature Investments (Proprietary) Limited, Registration Number 96/0307.
- Unlimited Cession of shares held by Gondwana Holdings Limited, in Nature Investments (Proprietary) Limited.
- Subordination of shareholders loans by Gondwana Holdings Limited, Registration Number 2017/1055.

14. CASH AND CASH EQUIVALENTS (continued)

Group (continued)

Overdraft security (continued)

In the name of Gondwana Collection (Pty) Ltd Registration Number 2007/0203:

- *Unlimited suretyship signed by Nature Investments (Pty) Ltd Registration Number 96/307.*
- *Unlimited suretyship signed by Namib Desert Investments (Pty) Ltd Registration Number 2004/0254.*
- *Unlimited suretyship signed by Anib Lodge (Pty) Ltd Registration Number 2003/124.*
- *Unlimited suretyship signed by Etosha Safari Lodge and Camps (Pty) Ltd Registration Number 2001/588.*
- *Unlimited suretyship signed by Namushaha Country Lodge (Pty) Ltd Registration Number 2003/491.*
- *Unlimited suretyship signed by Canyon Investments (Pty) Ltd Registration Number 97/105.*
- *Unlimited suretyship signed by Combretum Investments (Pty) Ltd Registration Number 96/417.*
- *Unlimited suretyship signed by Oshikateko Investments (Pty) Ltd Registration Number 2015/1193.*
- *Unlimited suretyship signed by Gondwana Travel Centre (Pty) Ltd Registration Number 2007/0203.*

Cession of Debts:

- *Deed of Cession and Pledge N$ Unlimited over Wesbank Movable assets.*

14. CASH AND CASH EQUIVALENTS (continued)

Group (continued)

Overdraft security (continued)

Cession of Debts: (continued)

- *Negative Pledge of Moveable Assets granted by the following entities ("the Parties") in Favour of the First National Bank of Namibia Limited Registration Number 2002/0180 (the Bank):*
- *Gondwana Collection (Pty) Ltd Registration Number 2007/0203*
- *Nature Investments (Pty) Ltd Registration Number 93/307*
- *Anib Lodge (Pty) Ltd Registration Number 2003/124*
- *Canyon Investments (Pty) Ltd Registration Number 97/105*
- *Combretum Investments (Pty) Ltd Registration Number 96/417*
- *Etosha Safari Lodge and Camps (Pty) Ltd Registration Number 2001/588*
- *Gondwana Travel Centre (Pty) Ltd Registration Number 2007/0203*
- *Namib Desert Investments (Pty) Ltd Registration Number 2004/0254*
- *Namushaha Country Lodge (Pty) Ltd Registration Number 2003/491*
- *Oshikateko Investments (Pty) Ltd Registration Number 2015/1193*

	2019	2018
	N$	N$
15. SHARE CAPITAL		
Group		
Authorised:		
500 000 000 (2018: 500 000 000) ordinary shares of N$ 0.001 each	500 000	500 000
Issued:		
66 356 809 (2018: 66 056 809) ordinary shares of N$ 0.001 each	66 357	66 057

The unissued shares are under the control of the directors until the next Annual General Meeting.

Share premium:

Included in the above are the following:

300 000 shares of N$ 0.001 each plus share premium of N$ 1 979 700 relating to the share incentive bonus as a result of a resolution by the directors to acquire 300 000 shares in Gondwana Holdings Limited at N$ 6.60 per share for employees in Gondwana Collection Namibia (Proprietary) Limited. The shares were paid and issued in the current year.

	2019	2018
Company		
Authorised:		
500 000 000 (2018: 500 000 000) ordinary shares of N$ 0.001 each	500 000	500 000
Issued:		
66 356 809 (2018: 66 056 809) ordinary shares of N$ 0.001 each	66 357	66 057

The unissued shares are under the control of the directors until the next Annual General Meeting.

	2019	2018
	N$	N$
15. SHARE CAPITAL (continued)		
Share premium:	132 301 614	130 321 914

Included in the above are the following:

300 000 shares of N$ 0.001 each plus share premium of N$ 1 979 700 relating to the share incentive bonus as a result of a resolution by the directors to acquire 300 000 shares in Gondwana Holdings Limited at N$ 6.60 per share for employees in Gondwana Collection Namibia (Proprietary) Limited. The shares were paid and issued in the current year. In prior year 9 490 710 shares of N$ 0.001 per share were issued at a share premium of N$ 81 685 479.

SHARE INCENTIVE BONUS

The company's share incentive bonus enables all employees to benefit from the performance of Gondwana Holdings Limited Group.

In the previous year a resolution was passed by the directors of Gondwana Collection Namibia (Pty) Ltd to acquire 300 000 shares in Gondwana Holdings Limited at an agreed value of N$ 6.60 per share, to be issued in the names of the employees of Gondwana Collection Namibia (Pty) Ltd as part of a share incentive bonus.

	2019	2018
Total expense recognised in staff cost	-	1 980 000

16. REVALUATION RESERVES

Group

	Note	2019	2018
Opening balance		168 100 551	168 100 551
Deferred tax on revaluation	10	3 253 405	-
Closing balance / restated closing balance		171 353 956	168 100 551

The revaluation reserve comprises the fair value adjustments relating to land and buildings. For properties that were previously revalued the residual values are estimated to be more than the carrying amounts hence depreciation is nil resulting in no recycling of the revaluation reserve.

	Note	2019	2018
		N$	N$

17. SHAREHOLDERS' RESERVE

Closing balance		17 364 558	17 364 558

In 2009/2010 the group structure was adjusted. All shares in all companies were transferred to Nature Investments (the then holding company) and shares were issued at nominal value to all investors in lieu of investments in the separate companies. It was effectively just a share/investment swap. The shares issued out of Nature Investments were agreed by all shareholders and were based on investment done by each investor, based on value, whether through acquisition of shares or provision of loan accounts, to make sure that this was done fairly. However, what was left was a shareholder's loan account (take note, that these were taken into account when issuing shares out of Nature Investments) which were at that time shown as owing to specific shareholders. Thus, in essence these shareholders loans were no longer owing to the original investors as paid in by them, but due to the restructuring were owing back to all the shareholders in their respective shareholding after the restructuring.

There was no intention to repay these loans and there was no expectation to pay these back. Therefore, these loans were transferred as a shareholder's reserve, as they are effectively equity and not a shareholder's loan as there was no claim for repayment and these were as such equity.

18. LONG-TERM LIABILITIES

Group

18.1 Interest bearing liabilities - secured

		2019	2018
First National Bank of Namibia Limited		70 000 000	70 000 000
Less: Short-term portion		(7 058 818)	-
		62 941 182	70 000 000

This loan is in the name of Gondwana Collections Namibia (Pty) Ltd, secured by various properties of the subsidiaries as disclosed in note 4. Interest is charged at a variable rate of 9.5% and is repayable in 78 (2018: 90) monthly installments of N$ 1 090 438 (2018: Nil).

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	2019	2018
	N$	N$

18. LONG-TERM LIABILITIES (continued)

Group

18.1 Interest bearing liabilities – secured (continued)

	2019 N$	2018 N$
First National Bank of Namibia Limited	58 293 581	65 879 511
Less: Short-term portion	(8 006 483)	(7 564 807)
	50 287 098	58 314 704

This loan is in the name of Gondwana Collections Namibia (Pty) Ltd, secured by various properties of the subsidiaries as disclosed in note 4. Interest is charged at prime bank lending rate less 1% and is repayable in 66 (2018: 78) remaining monthly installments of N$ 1 134 675 (2018: N$ 1 134 675).

	2019 N$	2018 N$
First National Bank of Namibia Limited	7 628 920	13 977 336
Less: Short-term portion	(6 990 112)	(6 348 133)
	638 808	7 629 203

This loan is in the name of Gondwana Collections Namibia (Pty) Ltd, secured by various properties of the subsidiaries as disclosed in note 4. Interest is charged at prime bank lending rate less 0,5% and is repayable in 12 (2018: 24) monthly installments of N$ 620 812 (2018: N$ 621 679).

	2019 N$	2018 N$
Sunset Solar Namibia CC	133 409	521 853
Less: Short-term portion	(133 409)	(388 444)
	-	133 409

The loan is for the sunset solar which bears interest at 4%. Fixed monthly installments amount to N$ 33 518 (2018: N$ 33 518). The loan was fully repaid in the current year.

	2019 N$	2018 N$
Standard Bank Namibia Limited – installment sale	17 395 015	
Less: Repayable within 12 months	(5 819 522)	-
	11 575 493	-

The balance consists of various installment sales in the name of Gondwana Collection Namibia (Pty) Ltd, secured by movable assets purchased therewith, attracting interest at prime related rates, with monthly installments totaling N$ 603 915. Interest is charged at prime related rates.

	2019	2018
	N$	N$

18. LONG-TERM LIABILITIES (continued)

Group

18.1 Interest bearing liabilities – secured (continued)

	2019 N$	2018 N$
Bank Windhoek Namibia Limited – installment sale	1 274 359	
Less: Repayable within 12 months	(623 146)	-
	651 213	-

The balance consists of various installment sales in the name of Gondwana Collection Namibia (Pty) Ltd, secured by movable assets purchased therewith, attracting interest at prime related rates, with monthly installments totaling N$ 59 896. Interest is charged at prime related rates.

	2019 N$	2018 N$
Millennium Challenge Account	6 962 507	-
Payable within 12 months	(229 479)	-
	6 733 028	-

The loan does not attract interest, is repayable over a period of 20 years with installments based on revenue generated and is secured by the concession assets purchased with the loan.

	2019 N$	2018 N$
First National Bank of Namibia Limited - instalment sale		
- Gondwana Collections Namibia (Pty) Ltd	22 464 416	14 431 783
Less: Repayable within 12 months	(6 545 249)	(3 530 404)
	15 919 167	10 901 379

The balance consists of various installment sales in the name of Gondwana Collections Namibia (Pty) Ltd, secured by movable assets purchased therewith, attracting interest at prime related rates, with monthly installments totaling N$ 708 165 (2018: N$ 397 782). Interest is charged at prime related rates.

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	2019	2018
	N$	N$

18. LONG-TERM LIABILITIES (continued)

Group

18.1 Interest bearing liabilities - secured (continued)

	2019	2018
Development Bank of Namibia	33 757 546	39 405 776
Less: Repayable within 12 months	(6 303 123)	(5 667 003)
	27 454 423	33 738 773

This loan is secured by the Swakopmund property Erf 5378 as disclosed in Note 4. The loan carries interest at prime less 1%. The loan is repayable in 60 (2018: 72) monthly installments. Repayments amount to N$ 760 000 (2018: N$ 760 000) per month.

	2019	2018
Salambala Conservancy	572 405	622 890
Less: Repayable within 12 months	(28 989)	-
	543 416	622 890

The loan is repayable in 97 (2018: 109) monthly installments of variable minimum lease payments. The liability is secured by the right of leasehold on which the Chobe Camp is situated. Interest is prime less 1%, payable at prime less 1% as per the schedule of operating fees in the Joint Venture Agreement between the company and Salambala.

	2019	2018
Group total – long-term portion	176 743 828	181 340 358
Group total – short-term portion	41 738 330	23 498 791
	218 482 158	204 839 149

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	2019	2018
	N$	N$

18. LONG-TERM LIABILITIES (continued)

Group

18.2 Interest bearing liabilities - unsecured (continued)

	2019 N$	2018 N$
Ruth Albrecht Trust - Anib Lodge (Pty) Ltd	1 148 826	1 875 879
Less: Short-term portion	(795 005)	(727 053)
Group total	353 821	1 148 826
Total long-term portion	353 821	1 148 826
Total short-term portion	795 005	727 053
	1 148 826	1 875 879

The above loans bear interest at 10% fixed rate.

The monthly instalment on the Ruth Albrecht Trust loan amounts to N$ 72 187 (2018: N$ 72 187). The loan is repayable in 17 (2018: 29) monthly instalments.

Ruth Albrecht Trust - Trustees

- H Pritzen - shareholder
- C J Gouws - shareholder and director

The carrying amount of the long-term liabilities approximates its fair value.

19. TRADE AND OTHER PAYABLES

Group

Financial instruments

	2019 N$	2018 N$
Trade creditors	21 930 515	19 873 455
Deposits on accommodation	19 208 529	15 630 096
Bed levy accrual	861 714	739 853
Conservancy levies	1 339 971	788 680
Accruals	2 097 563	2 126 707
Other	1 106 805	734 589
BALANCE CARRIED FORWARD	46 545 097	39 893 380

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		2019	2018
		N$	N$
19.	TRADE AND OTHER PAYABLES (continued)		
	Group		
	BALANCE BROUGHT FORWARD	46 545 097	39 893 380
	Non-financial instruments		
	Salary related accruals	8 743 428	22 183 180
	Income received in advance	9 733 230	8 221 828
	Value added taxation accrual	8 325 060	5 400 943
		73 346 815	75 699 331
	The directors believe that the above amounts present the fair value of trade and other payables.		
	Reconciliation of deposits on accommodation:		
	Balance at the beginning of the year	15 630 096	-
	Revenue recognised in respect of opening balances	(15 589 235)	-
	Revenue recognised in respect of deposits received during the year	(154 000 813)	-
	Deposits received during the year	173 168 481	-
	Balance at the end of the year	19 208 529	-
20.	REVENUE		
	Revenue from contracts with customers	446 387 980	380 408 449
	Set out below is the disaggregation of the Group's revenue from contracts with customers:		
	Accommodation	193 525 522	159 668 323
	Activities	27 218 603	22 183 806
	Bar	25 088 120	23 403 405
	Car rental	8 203 769	2 582 608
	Fuel	8 366 562	2 988 284
	Other	2 254 030	1 468 543
	Package tour sales	60 978 642	52 668 976
	Restaurant	106 138 267	102 022 243
	Souvenirs / telephone cards	14 614 465	13 422 261
	Total revenue from contracts with customers	446 387 980	380 408 449
	Primary geographical markets		
	Namibia	446 387 980	380 408 449
	Total revenue from contracts with customers	446 387 980	380 408 449

		Notes	2019	2018
			N$	N$
20.	REVENUE (continued)			
	Timing of Revenue Recognition			
	Good transferred at a point in time		191 883 816	168 071 150
	Services transferred overtime		254 504 164	212 337 299
	Total revenue from contracts with customers		446 387 980	380 408 449
	Liabilities related to contracts with customers			
	Deposits on accommodation	19	19 208 529	15 630 096
21.	COST OF SALES			
	Accommodation		4 950 744	4 722 496
	Activities		3 706 692	3 386 481
	Bar		10 544 145	9 539 242
	Car rental		105 650	281 725
	Fuel		7 674 528	2 998 437
	Other		1 404 603	967 368
	Package tour sales		49 100 646	46 720 912
	Restaurant		39 821 294	34 351 814
	Souvenirs / telephone cards		8 850 221	7 417 930
	Total cost of sales		126 158 523	110 386 405
22.	OTHER OPERATING INCOME			
	Donations income		848 843	-
	Profit on sale of assets		46 639	113 519
	Gondwana card income		1 031 530	1 020 534
	HR training		1 432 854	302 060
	Insurance refunds		425 306	173 766
	HQ contributions received		704 436	691 695
	Other		1 378 112	1 391 024
			5 867 710	3 692 598

	2019	2018
	N$	N$
23. OPERATING EXPENSE		
Operating profit for the year is stated after charging the following amongst others:		
Group		
Auditor's remuneration		
- audit fees	1 347 370	1 124 000
Increase/(decrease) in provision	4 000	(400 000)
Other consultation services	-	126 986
	1 351 370	850 986
Company		
Auditor's remuneration		
- audit fees	63 220	-
- other services	-	1 495
	63 220	1 495
Group		
Employee costs		
Salaries, wages, bonuses and other benefits	93 276 873	84 344 798
Directors' fees	13 788 591	11 280 420
Directors' costs for other services	131 193	226 862
Directors' costs on special project	2 124	462 837
Retirement benefit plans: defined contribution expense	9 418 590	6 881 353
Share incentive bonus	-	1 980 000
Other short-term costs	111 726	256 768
	116 729 097	105 433 038
Operating lease charges		
Premises	638 952	446 388
Equipment	-	-
	638 952	446 388
Profit on sale of assets	46 639	113 519
Depreciation and amortisation	20 773 492	12 397 257

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	N$	N$

23. OPERATING EXPENSE (continued)

Breakdown of expenses by nature – Group

	2019	2018
Administration fees	11 596	-
Advertising	8 202 368	7 187 971
Bank charges	6 148 579	4 996 717
Bad debts	150 768	142 937
Commission paid	2 238 458	2 018 982
Computer expenses	1 456 914	918 143
Depreciation, amortisation and impairment	20 773 492	12 397 257
Repairs and maintenance	14 949 454	10 258 863
Operating lease	638 952	446 388
Employee costs	116 729 097	105 433 038
Security	1 302 361	600 182
Consulting and professional fees – legal fees	-	650 338
Consulting and professional fees – other	3 199 977	2 409 146
Other expenses	55 829 996	41 968 774
	231 632 012	189 428 736

Breakdown of expenses by nature – Company

	2019	2018
Bank charges	3 589	369
Consulting and professional fees – other	175 641	4 305
	179 230	4 674

24. INVESTMENT INCOME

Group

	2019	2018
Dividend income from investments	2 495 384	1 297 521

Company

	2019	2018
Dividend income from investments	-	104 800 000

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	2019	2018
	N$	N$

25. FINANCE INCOME

Group

	2019	2018
Bank	322 121	47 370
	322 121	47 370

26. FINANCE COST

Group

	2019	2018
Bank loans and overdraft	17 492 554	11 723 963
Interest-bearing borrowings	3 331 776	2 405 080
Other	305 965	285 973
	21 130 295	14 415 016

27. TAXATION

Group

Major components of tax expenses

	2019	2018
Namibian normal tax		
- current	9 730 740	17 891 240
- deferred tax	14 062 371	4 883 958
	23 793 111	22 775 198

Reconciliation between accounting profit and tax expenses:

	2019	2018
Accounting profit before taxation	76 152 365	71 215 781
Tax at the applicable tax rate of 32% (2018: 32%)	24 368 757	22 789 050
Dividends received	(798 523)	(415 207)
Deferred tax asset on assessable loss not recognised	48 250	1 496
Donations paid	265 405	190 286
Legal fees	-	208 108
Land tax	16 191	35 772
Prior year error	(106 969)	-
Other	-	819
Capital profit	-	(35 126)
	23 793 111	22 775 198

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	2019	2018
	N$	N$

27. TAXATION (continued)

Company

No taxation has been provided for as the company has an assessable loss of N$ 183 904 (2018: N$ 4 674) to set off against future income.

28. EARNINGS PER SHARE

Basic and diluted earnings (cents per share)

	2019	2018
From continuing operations	78.91	73.33

Basic earnings per share is based on net profit attributable to equity shareholders of the company as per the Statement of Profit or Loss and Other Comprehensive Income of N$ 52 359 254 (2018: N$ 48 440 583) and a weighted average number of ordinary shares outstanding during the year of 66 356 809 shares (2018: 66 056 809 shares). It is calculated by dividing the net profit attributable to equity holders of the company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is equal to earning per share because there are not dilutive potential ordinary shares in issue.

29. CONSOLIDATED BASIC AND DILUTED HEADLINE EARNINGS (CENTS PER SHARE)

Reconciliation between basic earnings and headline earnings

	2019	2018
Earnings From continuing operations	52 359 254	48 440 583
Total earning attributable or ordinary shareholders	52 359 254	48 440 583

		2019	2018
		N$	N$
29.	CONSOLIDATED BASIC AND DILUTED HEADLINE EARNINGS (CENTS PER SHARE) (continued)		
	Adjusted for:		
	Profit on disposal of property, plant and equipment	(46 639)	(113 519)
		52 312 615	48 327 064
	Consolidated basic and diluted headline earnings (cents per share)		
	Continuing operations	78.82	73.16

Headline earnings per share is based on basic earnings attributable to equity shareholders of the company, after adjusting for certain defined remeasurement net of related tax. It is calculated by dividing the headline earnings of the company by the weighted average number of ordinary shares outstanding during the year.

There are no dilutive shares in issue and accordingly there is no dilutive impact on basic or headline earnings per share for all years presented.

30. RELATED COMPANIES' TRANSACTIONS

Group

Transactions with related companies:

	2019	2018
Ruth Albrecht Trust		
- interest paid	139 191	201 552
Naukluft Electricity Investments (Pty) Ltd		
- electricity charge	1 469 254	1 077 070

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	2019	2018
	N$	N$
30. RELATED COMPANIES' TRANSACTIONS (continued)		
Group (continued)		
Fisher Quarmby & Pfeifer		
- liquor licenses, bond registration and other	643 212	1 315 242
Wine bar		
Purchases	1 900 306	2 123 222
Gondwana Trust		
- donations	-	594 644
- vouchers	-	182 271
Compensation to directors and key management		
- salary and other short-term employee benefits	13 921 908	11 970 119
Conserv Engineering Services CC		
- repairs and maintenance	822 055	642 448
Company		
Transactions with related companies:		
Dividends received		
- Nature Investments (Pty) Ltd	-	104 800 000

All transactions are performed on an arm's length basis.

Group and company

Related parties are identified as follows:

- Anib Lodge (Pty) Ltd – subsidiary
- Namib Desert Investments (Pty) Ltd – subsidiary
- Etosha Safari Lodge and Camps (Pty) Ltd – subsidiary

30. RELATED COMPANIES' TRANSACTIONS (continued)

Group and company (continued)

Related parties are identified as follows: (continued)

- *Gondwana Travel Centre (Pty) Ltd – subsidiary*
- *Fisher Quarmby & Pfeifer – common shareholders, directors, partners*
- *Conserv Engineering Services CC – common shareholding, membership*
- *Springwater Investments (Pty) Ltd – common ultimate shareholding, directorship*
- *Gondwana Collections Namibia (Pty) Ltd – subsidiary*
- *Nature Investments (Pty) Ltd – subsidiary*
- *Kalizo Fishing and Photographic Safaris (Pty) Ltd – subsidiary*
- *Camp Chobe Safaris (Pty) Ltd – subsidiary*
- *Island View Lodge (Pty) Ltd – subsidiary*
- *Antigua Island Investments (Pty) Ltd – subsidiary*
- *Gondwana Care Trust – common directorship / trusteeship*
- *Acacia Investments (Pty) Ltd – subsidiary*
- *Altdorn Farming and Tourism (Pty) Ltd – subsidiary*
- *Canyon Investments (Pty) Ltd – subsidiary*
- *Combretum Investments (Pty) Ltd – subsidiary*
- *Eden East Farming and Tourism (Pty) Ltd – subsidiary*
- *Frankfurt Farming and Tourism (Pty) Ltd – subsidiary*
- *Holoog Wildtelers (Pty) Ltd – subsidiary*
- *Kanebis Farming and Tourism (Pty) Ltd – subsidiary*
- *R.A.L. Boerdery (Pty) Ltd – subsidiary*
- *Violet Investments (Pty) Ltd – subsidiary*
- *Bahnhof Properties Swakopmund (Pty) Ltd – subsidiary*
- *Woestynplaas (Pty) Ltd – subsidiary*
- *Namushasha Country Lodge (Pty) Ltd – subsidiary*

	2019	2018
	N$	N$
31. CASH GENERATED BY OPERATIONS		
Group		
Profit before taxation	76 152 365	71 215 781
Adjustments for:		
- investment income	(2 495 384)	(1 297 521)
- depreciation and amortisation	20 773 492	12 397 257
- finance income	(322 121)	(47 370)
- finance cost	21 130 295	14 415 017
- Share issue	1 980 000	-
- net (gains)/losses on disposal of assets	(46 639)	(113 519)
	117 172 008	96 569 645
Working capital adjustments:		
Increase in inventories	(4 327 259)	(2 417 821)
Decrease/(increase) in accounts receivable	5 907 590	(17 932 742)
(Decrease)/increase in accounts payable	(2 352 516)	20 127 719
	(772 185)	(222 844)
Cash generated from operations	116 399 823	96 346 801
Company		
(Loss)/profit before taxation	(179 230)	104 795 326
Adjustments for:		
- investment income	-	(104 800 000)
	(179 230)	(4 674)
Working capital adjustments:		
Increase in inventories	-	-
Increase in accounts receivable	-	-
Increase in accounts payable	-	-
	-	-
Cash utilised by operations	(179 230)	(4 674)

	2019	2018
	N$	N$
32. DIVIDENDS PAID		
Group		
Balance at the beginning of the year	(487 850)	(33 178)
Dividends	(15 925 632)	(14 800 000)
Balance at the end of the year	1 725 614	487 850
	(14 687 868)	(14 345 328)
Company		
Balance at the beginning of the year	(487 850)	-
Dividends	(15 925 632)	(14 800 000)
Balance at the end of the year	1 725 614	487 850
	(14 687 868)	(14 312 150)

During the year under review, dividends of N$ 0.22 per share (2018: N$ 0.24 per share) amounting to a total of N$ 15 925 632 (2018: 14 800 000) were declared by the group.

	2019	2018
33. TAX PAID		
Balance at the beginning of the year	(1 659 615)	(1 569 897)
Current tax for the year recognised in profit or loss	(9 730 740)	(17 891 240)
Balance of taxation refundable as a result of acquiring a subsidiary	-	23 316
Balance at end of the year	745 501	1 659 615
	(10 644 854)	(17 778 206)

34. CHANGES IN LIABILITIES ARISING FROM FINANCIAL ACTIVITIES

Group - 2019	**Opening balance**	**Cash inflow**	**Cash outflow**	**Subsidiary acquired**	**Closing balance**
	N$	N$	N$	N$	N$
Borrowings – secured	204 839 149	38 827 129	(32 820 928)	7 636 808	218 482 158
Borrowings – unsecured	1 875 879	-	(727 053)	-	1 148 826
	206 715 028	38 827 129	(33 547 981)	7 636 808	219 630 984

Group – 2018	**Opening balance**	**Cash inflow**	**Cash outflow**	**Subsidiary acquired**	**Closing balance**
	N$	N$	N$	N$	N$
Borrowings – secured	137 998 763	87 269 883	(21 052 387)	622 890	204 839 149
Borrowings – unsecured	2 540 579	-	(664 700)	-	1 875 879
	140 539 342	87 269 883	(21 717 087)	622 890	206 715 028

35. ACQUISITION OF SUBSIDIARIES

Business Combination	Island View Lodge (Pty) Ltd	Kalizo Fishing & Photographic Safaris	Camp Chobe Safari (Pty) Ltd	2018 Total
	N$	N$	N$	N$
Fair Value of assets acquired, and liabilities assumed:				
Right of leasehold	-	9 638 571	6 974 471	16 613 042
Property, Plant and Equipment	5 741 110	225 098	3 178 407	9 144 615
Current tax	-	23 316	-	23 316
Deferred tax	(141 110)	113 015	470 012	441 917
Long-term borrowings	-	-	(622 890)	(622 890)
Shareholders loan	(5 935 869)	(181 765)	(1 778 732)	(7 896 366)
Total identifiable net assets	(335 869)	9 818 235	8 221 268	17 703 634
Elimination of inter-Company loan	5 935 869	181 765	1 778 732	7 896 366
Cash flow	5 600 000	10 000 000	10 000 000	25 600 000
Paid in the previous year	(5 600 000)	(5 000 000)	(5 000 000)	(15 600 000)
Cash outflow on Business Combination in 2018	-	5 000 000	5 000 000	10 000 000

35. ACQUISITION OF SUBSIDIARIES (continued)

Business Combination	***Antigua Island Investments (Pty) Ltd***	***2019 Total***
	N$	*N$*
Fair Value of assets acquired, and liabilities assumed:		
Right of leasehold	*5 000 000*	*5 000 000*
Property, Plant and Equipment	*28 127 742*	*28 127 742*
Deferred tax	*(1 886 597)*	*(1 886 597)*
Long-term borrowings	*(7 636 808)*	*(7 636 808)*
Total identifiable net assets	*23 604 337*	*23 604 337*
Goodwill	*10 895 663*	*10 895 663*
Cash outflow on Business Combination in 2019	*34 500 000*	*34 500 000*

On 1 May 2019 the Group acquired 100% of the voting equity interest of Antigua Island Investments (Pty) Ltd which resulting in the Group obtaining control over and consolidating the Company into the Group results from that date. The purchase price of N$ 34 500 000 was paid in cash and resulted in the goodwill of N$ 10 895 663.

Antigua Island Investments (Pty) Ltd is principally a property investment company and is expected to positively contribute building the group's property investment portfolio.

As the strategic positioning of the lodge fits into the strategic plan of the group. The goodwill recognised on the acquisition is as a result of the history of the underlying Palmwag Lodge. The lodge is a very well-known lodge in Namibia, being frequented by many tourists and tour operators based on its name, location and history.

The recoverable amount of Antigua Island Investments (Pty) Ltd, N$ 41 million as at 31 October 2019, has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a ten-year period. The pre-tax discount rate applied to cash flow projections is 11.0% and cash flows beyond the ten-year period are extrapolated using an 8.0% growth rate that is the same as the long-term average growth rate for the hospitality industry. As a result of this analysis, management has recognised no impairment charge in the current year against goodwill with a carrying amount of N$ 10 895 663 as at 31 October 2019.

Operating Income and Profit after tax related to Antigua Island Investments (Pty) Ltd

In 2019, a loss of N$ 146 667 in Antigua, has been included in the Group's results from the date of acquisition to the end of the year.

36. RESTATEMENT – CORRECTION OF ERROR

Group

In prior years, the investment in Melting Ice (Pty) Ltd was previously incorrectly disclosed as an investment in other financial assets and loans to related parties. The aforementioned entity owns a piece of land in Zimbabwe. This is the only asset owned by the entity. It was assessed that Gondwana group has control over this entity from the start and therefore needs to be consolidated.

The investment was acquired in 2012 for N$ 2 568 000. At the date of acquisition, the fair value of the land was deemed to be at cost and as such there was no goodwill.

The assets and liabilities of the entity will be consolidated into the group.

In the past, costs that were incurred relating to architectural land and other related costs were capitalised to a related party loan account. This will be restated in the prior year and corrected in the current year. These costs will be included as part of capital work in progress as they form part of the cost of construction of that project.

There are no other changes to the statement of financial position. There will be no changes to statement of profit or loss and other comprehensive income statement, or statement of changes in equity as none of these are affected.

Due to the nature of the investment being in Zimbabwe and the deferral of further development on the property, no revaluation had been done on this property since acquisition. The directors are confident that the value has not decreased. The directors have performed a valuation of the land in the current year and have assessed there to be no change since acquisition.

GROUP STATEMENT OF FINANCIAL POSITION

	1 November 2017		
	As previously reported	Adjustments	As restated
	N$	N$	N$
Property, plant and equipment	509 893 518	2 568 000	512 461 518
Other financial assets	2 568 474	(2 568 000)	474
Total assets	512 461 992	-	512 461 992
	31 October 2018		
Property, plant and equipment	620 667 334	3 862 109	624 529 443
Other financial assets	2 568 474	(2 568 000)	474
Loans to related parties	2 056 606	(1 294 109)	762 497
Total assets	625 292 414	-	625 292 414

37. CAPITAL RISK MANAGEMENT - GROUP

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new capital or sell assets to reduce debt.

The Group monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity, as shown in the statement of financial position, plus net debt. During 2019 the Group's strategy, which was unchanged for 2018 was applied.

The gearing rations at 31 October 2019 and 2018 was as follows:

	2019	2018
	N$	N$
Total borrowings	219 630 984	206 715 028
Less: cash and bank balances	(16 597 453)	(91 042 939)
Net debt	203 033 531	115 672 089
Total equity	531 702 277	493 288 655
Total capital	734 735 808	608 960 744
Gearing ratio	27%	18%

38. FINANCIAL RISK MANAGEMENT - **GROUP**

38.1 Overview

The Group's activities expose it to a variety of financial risks: Credit risk, liquidity risk and market risk. Market risk is further divided into currency risk, interest rate risk and price risk. There were no significant changes in the manner which risk is managed in comparison to the previous period.

38. FINANCIAL RISK MANAGEMENT - **GROUP (continued)**

38.1 Overview (continued)

The board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyses the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed to reflect changes in market conditions and the Group's activities

a) Market risk

i) Foreign exchange risk

The group is exposed to minimal foreign exchange risk, as none of the purchases is paid for in foreign currency and revenue is general in local currency. The group has one foreign exchange account with Standard Bank Namibia Limited. The effect of this is not considered significant.

ii) Price risk

Based on past experience, the group experiences only inconsequential fluctuations in product prices. The objective is to be profitable and remain competitive. Management set prices year in advance during the budgeting process.

Sensitivity analysis

The table below summarises the impact of increases/decreases of the average cost and selling prices of products on the group's post-tax profit for the year. The analysis is based on the assumption that cost and selling prices had increased/decreased by 10% with all other variables held constant.

	Effect on profit after tax and equity 2019		Effect on profit after tax and equity 2018	
	10% increase	10% decrease	10% increase	10% decrease
	N$	N$	N$	N$
Profit after tax and equity	21 775 603	(21 775 603)	18 374 732	(18 374 732)

38. *FINANCIAL RISK MANAGEMENT - **GROUP (continued)***

38.1 Overview (continued)

b) Operational risk

i) 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 current accounts overdrafts at the banks attract interest at prime related rates. The long-term liabilities - unsecured attract interest at a fixed rate of 10% per annum, while secured long term liabilities attract interest at prime related rates. Other loans to related parties carry no interest.

Group	2019	2018
	N$	N$
First National Bank Namibia Limited / Standard Bank Namibia		
- current accounts	(353 243)	(266 152)
Interest bearing liabilities - secured	(218 482 158)	(204 839 149)
Interest bearing liabilities - unsecured	(1 148 826)	(1 875 879)

The group's trade and other receivables and trade and other payables do not expose the group to any significant interest rate risks due to their short-term non-interest nature.

The following table below summarises the effect interest rate for monetary financial instruments:

	2019	2018
	%	%
Current bank account	prime related	prime related
Instalment sales	prime related	prime related
Long-term liabilities - secured	prime related	prime related
Long-term liabilities - unsecured	10 % fixed	10% fixed

The increase in 100 basis points in the interest rate would affect the group's income after tax and equity by N$ 2 030 335 (2018: N$ 1 156 721).

38. FINANCIAL RISK MANAGEMENT - ***GROUP*** *(continued)*

38.1 Overview (continued)

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the business, the group aims at maintaining flexibility in funding by keeping committed credit lines available.

The Group manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long- and short-term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

In order to manage liquidity risk, management performs cash flow forecasts which take cognisance of Group debt financing plans, covenant compliance, internal ratio targets and any external regulatory or legal requirements that may be in place.

A rolling cash flow forecast is maintained individually at operating entity level and consolidated by Company Finance. The forecast is regularly performed to monitor Group's liquidity requirements and to ensure there is sufficient cash to meet operational and capital needs while maintaining sufficient headroom on undrawn committed borrowing facilities which the group has access to. This cash flow management process ensures that the group does not breach borrowing limits or covenants on any of its facilities, where applicable.

The table below analyses the Group financial liabilities, respectively, into relevant maturity groupings based on the remaining period until contractual maturity date as at the statements of financial position. These amounts are the contractual undiscounted cash flows of the liabilities. The amounts due within 12 months equal their carrying balances in these financial statements as the impact of discounting is not significant, with the exception of borrowings.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet at the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

38. FINANCIAL RISK FACTORS - **GROUP** (continued)

38.1 Overview (continued)

c) Liquidity risk (continued)

	Notes	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Carrying amount
		N$	N$	N$	N$	N$	N$
At 31/10/2019							
Non-current liabilities							
Long-term liabilities – secured and unsecured	18	-	53 386 101	126 827 232	47 535 704	227 749 037	177 097 649
Current liabilities							
Bank overdraft	14	353 243	-	-	-	353 243	353 243
Trade and other payables	19	46 545 097	-	-	-	46 545 097	46 545 097
Dividends payable		1 725 614	-	-	-	1 725 614	1 725 614
Long-term liabilities - secured and unsecured	18	60 894 837	-	-	-	60 894 837	42 533 335
		109 518 791	53 386 101	126 827 232	47 535 704	337 267 828	268 254 938

38. FINANCIAL RISK FACTORS - **GROUP** (continued)

38.1 Overview (continued)

c) Liquidity risk (continued)

	Notes	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Carrying amount
		N$	N$	N$	N$	N$	N$
At 31/10/2018							
Non-current liabilities							
Long-term liabilities – secured and unsecured	18	-	49 056 220	125 963 554	75 455 478	250 475 252	182 489 184
Current liabilities							
Bank overdraft	14	266 152	-	-	-	266 152	266 152
Trade and other payables	19	39 893 380	-	-	-	39 893 380	39 893 380
Dividends payable		487 850	-	-	-	487 850	487 850
Long-term liabilities - secured and unsecured	18	36 168 900	-	-	-	36 168 900	24 225 844
		76 816 282	49 056 220	125 963 554	75 455 478	249 362 408	247 362 410

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38. FINANCIAL RISK MANAGEMENT - **GROUP** (continued)

38.1 Overview (continued)

d) Categories of financial assets / liabilities

	Note	2019	2018
		N$	N$
Categories of financial assets:			
Group			
Other financial assets – Fair value through profit or loss	7	474	474
Trade and other receivables – Amortised cost / loans and receivables	13	40 589 394	40 326 355
Cash and cash equivalents – Amortised cost / loans and receivables	14	16 950 696	91 309 091
Loans to related parties – Amortised cost / loans and receivables	9	762 497	762 497
Total		58 303 061	132 398 417
Company			
Loans to group companies – Amortised cost / loans receivable	9	157 320 062	172 161 839
Trade and other receivables – Amortised cost / loans and receivables	13	6 566	6 566
Cash and cash equivalents – Amortised cost / loans and receivables	14	1 964 320	9 641
		159 290 948	172 178 046
Categories of financial liabilities:			
Group			
Bank overdraft – Amortised cost	14	353 243	266 152
Borrowing – Amortised cost	18	219 630 984	206 715 028
Trade payables – Amortised cost	19	46 545 097	39 893 380
Dividends payable – Amortised cost	32	1 725 614	487 850
		268 254 934	247 362 410
Company			
Dividends payable	32	1 725 614	487 850

*38. FINANCIAL RISK MANAGEMENT - **GROUP** (continued)*

38.1 Overview (continued)

e) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group is exposed to credit risk on loans to related parties, trade and other receivables, contract receivables, lease receivables, cash and cash equivalents, loan commitments and financial guarantees.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The Group only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Credit risk exposure arising on cash and cash equivalents is managed by the Group through dealing with well-established financial institutions with high credit ratings.

Credit loss allowances for expected credit losses are recognised for all debt instruments but excluding those measured at fair value through profit or loss. Credit loss allowances are also recognised for loan commitments and financial guarantee contracts.

In order to calculate credit loss allowances, management determine whether the loss allowances should be calculated on a 12 month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12 month expected credit losses. This determination is made at the end of each financial period. Thus, the basis of the loss allowance for a specific financial asset could change year on year.

Management apply the principle that if a financial asset's credit risk is low at year end, then, by implication, the credit risk has not increased significantly since initial recognition. In all such cases, the loss allowance is based on 12 month expected credit losses. Credit risk is assessed as low if there is a low risk of default (where default is defined as occurring when amounts are 90 days past due).

*38. FINANCIAL RISK MANAGEMENT - **GROUP** (continued)*

38.1 Overview (continued)

e) Credit risk (continued)

When determining the risk of default, management consider information such as payment history to date, industry in which the customer is employed, period for which the customer has been employed, external credit references etc. In any event, if amounts are 30 days past due, then the credit risk is assumed to have increased significantly since initial recognition.

Credit risk is not assessed to be low simply because of the value of collateral associated with a financial instrument. If the instrument would not have a low credit risk in the absence of collateral, then the credit risk is not considered low when taking the collateral into account. Trade receivable and contract assets which do not contain a significant financing component are the exceptions and are discussed below.

Where necessary, the assessment for a significant increase in credit risk is made on a collective basis. Management typically adopt this approach when information relevant to the determination of credit risk is not available on an individual instrument level. Often, the only information available on individual instruments which could indicate an increase in credit risk, is "past due" information. It is typical that more forward-looking information is generally more readily available on a collective basis.

Therefore, making the determination on a collective basis, helps to ensure that credit loss allowances are determined on the basis of lifetime expected credit losses before they reach the point of being past due. Forward looking, macro-economic information is applied on a collective basis when it is readily available without undue cost or effort. When loss allowances are determined on a collective basis, management determines the loss allowances by grouping financial instruments on the basis of shared credit risk characteristics.

For trade receivables and contract assets which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments. For all other trade receivables, contract assets and lease receivables, IFRS 9 permits the determination of the credit loss allowance by either determining whether there was a significant increase in credit risk since initial recognition or by always making use of lifetime expected credit losses. Management have chosen as an accounting policy, to make use of lifetime expected credit losses. Management does therefore not make the annual assessment of whether the credit risk has increased significantly since initial recognition for trade receivables, contract assets or lease receivables.

Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Group.

The Group is not exposed to any significant credit risk.

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*38. FINANCIAL RISK MANAGEMENT - **GROUP** (continued)*

38.1 Overview (continued)

e) Credit risk (continued)

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

	Carrying amount	
	2019	2018
	N$	N$
Loans to related parties	762 497	762 497
Trade and other receivables	45 452 229	51 359 819
Cash and cash equivalents	16 950 696	91 309 091
	63 165 422	143 431 407

The group's standard credit terms are 30 days after statement.

The ageing of the components of trade receivables at year-end was:

	Gross	Impairment	Gross	Impairment
	2019	2019	2018	2018
	N$	N$	N$	N$
Trade debtors				
Not past due	16 138 279	-	21 116 415	-
Past due 0-30 days	15 145 226	-	12 725 945	-
Past due 30-60 days	4 765 898	-	1 382 510	-
Past due 60-90 days	668 012	-	189 336	
Past due 90-120 days	1 174 405	-	83 458	
More than 120 days	1 525 158	-	300 539	-
Total	39 416 978	-	35 798 203	-

Based on past experience, the group believes that no impairment is required in respect of debtors that are past due.

The group has not renegotiated the term of receivables and does not hold any collateral or guarantees as security.

*38. FINANCIAL RISK MANAGEMENT - **GROUP** (continued)*

38.1 Overview (continued)

e) Credit risk (continued)

Financial assets

The group limits its exposure to credit risk by investing in high-quality credit worthy counterparties. Given these high credit ratings, the directors do not expect any counterparty to fail to meet its obligations.

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

38.2 Fair value estimation

Several assets and liabilities of the group are either measured at fair value or disclosure is made of their fair values.

Observable market data is used as inputs to the extent that its available. Qualified external valuers are consulted for the determination of appropriate valuation techniques and inputs.

Information about specific techniques and inputs used in fair value estimation is disclosed in note 37.3.

38.3 Fair value information

The Group carry certain assets at their fair values, as presented in the table below.

The different levels of fair value hierarchy are defined as follows:

- *Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the group can access at measurement date;*
- *Level 2: Inputs other than quotes prices included in Level 1 that are observable for the asset or liability either directly or indirectly;*
- *Level 3: Unobservable inputs for the asset or liability.*

*38. FINANCIAL RISK MANAGEMENT - **GROUP** (continued)*

38.3 Fair value hierarchy (continued)

There were no transfers into or out of Level 3 assets.

Information on the valuation techniques and inputs are disclosed in relevant notes to the Level 3 asset as well as an analysis of the changes in carrying amount.

Level 3 assets	*Note*	*2019*	*2018*
		N$	*N$*
Land and buildings	*4*	*574 452 529*	*527 503 976*
Other financial assets	*7*	*474*	*474*
		574 453 003	*527 504 450*

*38. FINANCIAL RISK MANAGEMENT - **COMPANY***

38.1 Overview

In the normal course of its operations, the company is exposed to liquidity and credit risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. The company manages these risks as follows:

38. *FINANCIAL RISK MANAGEMENT -* ***COMPANY*** *(continued)*

38.1 Overview (continued)

b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the business, the company aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below analysis the company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet at the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Notes	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
		N$	N$	N$	N$	N$
At 31/10/2019						
Dividends payable	32	1 725 614	-	-	-	1 725 614
		1 725 614	-	-	-	1 725 614
At 31/10/2018						
Dividends payable	32	487 850	-	-	-	487 850
		487 850	-	-	-	487 850

38. *FINANCIAL RISK MANAGEMENT - **COMPANY** (continued)*

38.1 Overview (continued)

d) Credit risk

The company has no significant concentrations of credit risk. The company has policies that limit the amount of credit risk exposure to any one financial institution, and cash transactions are limited to high credit quality financial institutions.

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

	Carrying amount	
	2019	2018
	N$	N$
Trade and other receivables	6 566	6 566
Cash and cash equivalents	1 964 320	9 641
	1 970 886	16 207

Included in trade debtors are related party balances as disclosed in the financial statements. These are however not considered material and have been included in the balances above.

Based on past experience, the company believes that no allowance is required in respect of debtors that are past due.

The company has not renegotiated the term of receivables and does not hold any collateral or guarantees as security.

Financial assets

The company limits its exposure to credit risk by investing in high-quality credit worthy counterparties. Given these high credit ratings, the directors do not expect any counterparty to fail to meet its obligations.

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

*38. FINANCIAL RISK FACTORS - **COMPANY** (continued)*

38.2 Fair value estimation

Several assets and liabilities of the group are either measured at fair value or disclosure is made of their fair values.

Observable market data is used as inputs to the extent that its available. Qualified external valuers are consulted for the determination of appropriate valuation techniques and inputs.

Information about specific techniques and inputs used in fair value estimation is disclosed in note 37.3.

38.3 Capital risk management

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

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

The company does not have any external debt.

39. CONTINGENT LIABILITIES

Group

Within the Group the following companies have signed unlimited sureties for other companies in favour of First National Bank of Namibia Limited, relating to loan facilities provided by the bank:

Nature Investments (Pty) Ltd

Namib Desert Investments (Pty) Ltd

Anib Lodge (Pty) Ltd

Etosha Safari Lodge and Camp (Pty) Ltd

Namushasha Country Lodge (Pty) Ltd

Canyon Investments (Pty) Ltd

Combretum Investments (Pty) Ltd

Oshikateko Investments (Pty) Ltd

39. CONTINGENT LIABILITIES (continued)

Group (continued)

Gondwana Travel Centre (Pty) Ltd

Gondwana Collection Namibia (Pty) Ltd

Gondwana Collections Namibia (Pty) Ltd:

- *Cession and pledge over all Wesbank movable property to First National Bank Namibia Limited.*
- *Cession of book debts to First National Bank Namibia Limited.*

Namib Desert Investments (Pty) Ltd:

- *Cession of book debts to First National Bank Namibia Limited dated 20/07/2010.*

Anib Lodge (Pty) Ltd:

- *Cession of book debts to First National Bank Namibia Limited dated 20/07/2010.*

Etosha Safari Lodge and Camps (Pty) Ltd

- *Cession of book debts to First National Bank Namibia Limited dated 20/07/2010.*

The group guarantees by Gondwana Collection Namibia (Pty) Ltd were as follows:

Amount (N$)	***Beneficiary***
400 000	Total Namibia (Pty) Ltd
271 596	Nampower
604 051	Nampower
308 581	Nampower
250 000	Ministry of Environment and Tourism

40. NON-CANCELLABLE OPERATING LEASE EXPENSES

Group	N$
Minimum lease payments due:	
- within one year	1 449 492
- in second to fifth year inclusive	5 834 740
- later than 5 years	21 228 274
	28 512 506
Total future finance costs:	
- within one year	1 247 768
- in second to fifth year inclusive	4 722 479
- later than 5 years	10 523 831
	16 494 078

Operating lease payments represents rental payable by the group for certain of its leasehold properties. The leases are negotiated for an average of 10 to 25 years with an option to renew.

41. CAPITAL COMMITMENTS

The King Nehale project is estimated to be completed in May 2020. Total budget to complete project is N$ 18 700 000. The following have been authorised in terms of a capital budget, but have not been committed in terms of any agreements with external parties:

- *Upgrading of the Palmwag Lodge and addition of 8 Camping 2 Go tents* N$ 13 000 000

42. SUBSEQUENT EVENTS

The recent coronavirus outbreak (Covid-19) is dominating global news and is a high emerging risk that the Gondwana Group is monitoring closely. The Group is adhering to local government guidelines in response to the virus. During March 2020, the President of the Republic of Namibia declared a National emergency, and subsequently issued a 21-day lockdown order, commencing on 27 March 2020, followed by an extension notice on 14 April 2020 until 4 May 2020. This entails an international as well as local travel ban in the Erongo and Khomas regions. The Group's business is heavily dependent on international tourists as well as local tourists that take advantage of special rates that are offered to them.

42. SUBSEQUENT EVENTS (continued)

Although the lockdown period falls within the Group's low season, Group revenue figures are still expected to be impacted by the decline in international and domestic tourists. At the date of this report it is uncertain if the lockdown period will be again extended so the overall impact on revenue is difficult to determine, but management have performed three scenario analysis:

1. *In this scenario, actual and forward-looking bookings have remained unchanged. This scenario includes several expense saving measures and reduction in costs. This scenario allows enough cashflow and facility at October 2020 to maintain operations at shutdown for 18 months without any insurance claim pay-out.*

2. *In this scenario, April 2020 and May 2020 occupancy have been set at very low levels and the remaining months of the year 2020 financial year have been set at 25% below budgeted levels. This scenario also allows for additional saving measures and cuts with regards to costs. This scenario allows enough cashflow and facility at October 2020 to maintain operations at shutdown for 15 months with a larger insurance claim pay-out but a lower claim success rate.*

3. *In this scenario, April 2020 and May 2020 are in complete shutdown. Occupancy rates for June 2020 to October 2020 is set at only 25% of actual rates and 75% below budgeted levels. This scenario allows for more cost savings and extended interest and capital holidays. This scenario allows enough cashflow and facility at October 2020 to maintain operations at shutdown for 7 months with no insurance pay-out claims.*

All three scenarios above allow for completion of the development at King Nehale, Palmwag and Etosha Safaris Lodge upgrades.

The Group has however taken the decision to keep all lodges open during the lockdown period so that local Namibians that are not within the lockdown regions or stranded international tourists can make use of these lodges. In addition, staff-training programmes scheduled for later in the year have been moved forward to take advantage of the quiet period. The Group is in constant communication with the Ministry of Environment and Tourism regarding the impact of the pandemic on the Namibian Tourism industry. Given that the Government of the Republic of Namibia has acted swiftly in response to this pandemic, the Group is confident that despite this period of uncertainty, the prompt response by both the Government and private sector will boost the confidence of international tourists and will result in a speedy recovery of the industry when international borders are reopened.

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SUPPLEMENTARY SCHEDULE NOT FORMING PART OF THE ANNUAL FINANCIAL STATEMENTS

GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 OCTOBER 2019

COMPANY DETAILED STATEMENT OF COMPREHENSIVE INCOME

	2019	2018
	N$	N$
INCOME		
Dividends received	-	104 800 000
EXPENDITURE		
Auditor's remuneration		
- audit services	63 220	-
- other services	-	1 495
Bank charges	3 589	369
Professional fees	112 421	-
Secretarial services	-	2 810
	179 230	4 674
NET (LOSS)/INCOME FOR THE YEAR BEFORE TAXATION	(179 230)	104 795 326

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TAXATION COMPUTATION

		N$
NET LOSS AS PER INCOME STATEMENT		179 230
Add:	Expenses incurred in the production of exempt income	179 230
TAXABLE INCOME FOR THE YEAR		-