GONDWANA HOLDINGS LIMITED

AND ITS SUBSIDIARIES

COMPANY REGISTRATION NUMBER: 2017/1055

GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 OCTOBER 2020

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The following supplementary information does not form part of the Annual Financial Statements and is unaudited:

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GENERAL INFORMATION

Country of incorporation and domicile:	*Namibia*	
Directors:	*F Amuenje* *SS Galloway* *M Goldbeck* *C J Gouws* *L J Gouws* *T T Hiwilepo* *A G I Noirfalise* *J Visser* *G J Joubert* *D Namalenga* *J Y Mnyupe*	 *(Appointed: 12/11/2019)*
Company registration:	*2017 / 1055*	
Secretary:	*F Schrywer* *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)*	

GONDWANA HOLDINGS LIMITED AND ITS SUBSIDIARIES
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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 2021 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 93, 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**
27/05/2021	27/05/21
Date	**Date**
Windhoek	*Windhoek*

GONDWANA HOLDINGS LIMITED AND ITS SUBSIDIARIES
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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.

PEOPLE 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.

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

Opinion

We have audited the consolidated and separate annual financial statements of Gondwana Holdings Limited ('the Group') set out on pages 7 to 93, which comprise the directors' report, the consolidated and separate statement of financial position as at 31 October 2020, 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 annual financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate annual financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 31 October 2020, 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 annual financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) and other independence requirements applicable to performing audits of consolidated and separate annual financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the general information on page 2, the directors' responsibilities and approval on page 3, the corporate governance statement on page 4, the company detailed statement of comprehensive income on page 94 as well as the company tax computation on page 95. The other information does not include the consolidated and separate annual financial statements and our auditor's report thereon. Our opinion on the consolidated and separate annual 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 annual 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 annual 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 Annual financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual 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 annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate annual financial statements, the directors are responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or Company to cease operations, or have no realistic alternative but to do so.

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Auditor's Responsibilities for the Audit of the Consolidated and Separate Annual financial statements

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

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, actions taken to eliminate threats or safeguards applied.

Ernst & Young

Ernst & Young
Partner - Jaco Coetzee
Registered Accountants and Auditors
Chartered Accountants (Namibia)

Windhoek

27 May 2021

GONDWANA HOLDINGS LIMITED AND ITS SUBSIDIARIES
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FOR THE YEAR ENDED 31 OCTOBER 2020

DIRECTORS' REPORT

The directors herewith submit their report on the consolidated and separate annual financial statements of Gondwana Holdings Limited for the year ended 31 October 2020.

DIRECTORS

The directors 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 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*	
J Y Mnyupe	*Non-executive*	*Namibian*	*(Appointed: 12/11/2019)*

PRINCIPAL ACTIVITIES OF THE GROUP

The principal activities of the group are to operate lodges as well as vehicle rental and destination management services, 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 (loss)/profit before taxation of (N$ 137 058 999) (2019: N$ 76 152 365) while the Company recorded a net loss before taxation of (N$ 62 274) (2019: N$ 179 230).

DIVIDENDS

No dividends were declared during the year under review (2019: N$ 15 925 632).

SHARE CAPITAL

There have been no changes to the authorised or issued share capital during the year under review. Full details of the company's authorised and issued share capital at 31 October 2020 are set out on note 16 to the consolidated and separate financial statements.

DIRECTORS' REPORT (continued)

SUBSEQUENT EVENTS

The directors are not aware of any matter or circumstance arising since the balance sheet date and the date of this report, except for on-going impact of Covid-19 and management's future refer to note 36.

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. For the impact of Covid-19, refer to note 36.

AUDITORS

Ernst & Young will continue in office as auditors for the group and company in accordance with section 278 of the Companies Act of Namibia.

INTERESTS IN SUBSIDIARIES

Gondwana Holdings Limited holds interest in several subsidiaries and a joint venture, whose results have been included in the group financial statements. Details of material interests in subsidiary companies and the joint venture are presented in consolidated financial statements in notes 8 and 9.

GONDWANA HOLDINGS LIMITED AND ITS SUBSIDIARIES

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AS AT 31 OCTOBER 2020

GROUP STATEMENT OF FINANCIAL POSITION

	Notes	2020	2019
		N$	N$
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	811 686 586	746 455 274
Right of use asset	4	11 464 591	-
Intangible assets	5	27 153 403	27 879 222
Goodwill	6	24 049 082	24 049 082
Other financial assets	7	474	474
Investment in joint venture	9	6 979 301	-
Loans to related parties	10	762 497	-
Deferred tax asset	11	33 410 604	700 844
		915 506 538	799 084 896
CURRENT ASSETS			
Loans to related parties	10	-	762 497
Current tax receivable		2 504 258	6 196 467
Inventories	12	15 603 031	17 025 577
Biological assets	13	226 000	311 750
Trade and other receivables	14	18 823 736	45 452 229
Cash and cash equivalents	15	6 562 569	16 950 696
		43 719 594	86 699 216
TOTAL ASSETS		959 226 132	885 784 112
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	16	66 357	66 357
Share premium	16	132 301 614	132 301 614
Revaluation reserve	17	200 934 275	171 353 956
Shareholders' reserve	18	17 364 558	17 364 558
Retained earnings		117 272 499	210 615 792
		467 939 303	531 702 277
NON-CURRENT LIABILTIES			
Deferred tax liability	11	40 736 216	52 083 211
Interest bearing liabilities - secured	19.1	312 681 809	176 743 828
Interest bearing liabilities - unsecured	19.2	514 433	353 821
Lease liabilities	20	11 369 109	-
		365 301 567	229 180 860
CURRENT LIABILITIES			
Bank overdrafts	15	56 755 636	353 243
Short-term portion of interest-bearing liabilities: secured	19.1	23 003 284	41 738 330
Short-term portion of interest-bearing liabilities: unsecured	19.2	432 389	795 005
Short-term portion of lease liabilities	20	545 311	-
Current tax payable		695 667	6 941 968
Trade and other payables	21	43 647 263	73 346 815
Dividend payable	33	905 712	1 725 614
		125 985 262	124 900 975
TOTAL EQUITY AND LIABILITIES		959 226 132	885 784 112

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GROUP STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2020	2019
		N$	N$
REVENUE	22	153 465 803	446 387 980
COST OF SALES	23	(48 296 736)	(126 158 523)
GROSS PROFIT		105 169 067	320 229 457
Other operating income	24	9 614 199	5 867 710
Movement in credit loss allowance	14	(666 603)	-
Operating expenses	25	(226 525 404)	(231 632 012)
Operating (loss)/profit		(112 408 741)	94 465 155
Investment income	26	208 236	2 495 384
Finance income	27	66 052	322 121
Finance cost	28	(25 153 847)	(21 130 295)
Share of profit from joint venture	9	229 301	-
(Loss)/Profit before taxation		(137 058 999)	76 152 365
Taxation	29	43 664 461	(23 793 111)
(Loss)/Profit for the year		(93 394 538)	52 359 254
(Loss)/Profit for the year attributable to:			
Owners of parent		(93 394 538)	52 359 254
Non-controlling interest		-	-
		(93 394 538)	52 359 254
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Gains on property revaluation		30 258 370	-
Income tax relating to items that will not be reclassified	29	(626 806)	-
Total items that will not be reclassified to profit or loss		29 631 564	-
Total comprehensive (loss)/income		(63 762 974)	52 359 254
Total comprehensive (loss)/income attributable to:			
Owners of parent		(63 762 974)	52 359 254
Non-controlling interest		-	-
		(63 762 974)	52 359 254
Consolidated earnings per share			
Basic and diluted earnings per share (cents)			
Continuing operations	30	(140.75)	78.91

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GROUP STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Revaluation reserves	Shareholders' reserve	Retained income	Total
	N$	N$	N$	N$	N$	N$
Balance at 01/11/2018	66 057	130 321 914	168 100 551	17 364 558	174 182 170	490 035 250
Deferred tax on revaluation (*)	-	-	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
Total comprehensive income	-	-	29 631 564	-	(93 394 538)	(63 762 974)
Revaluation reserve release	-	-	(51 245)	-	51 245	-
Balance at 31/10/2020	66 357	132 301 614	200 934 275	17 364 558	117 272 499	467 939 303
Notes	16	16	17	18		

(*) In the previous years, 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. The adjustment was done in the prior year to correct the revaluation reserve and the deferred tax.

GONDWANA HOLDINGS LIMITED AND ITS SUBSIDIARIES
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GROUP STATEMENT OF CASH FLOWS

	Notes	2020	2019
		N$	N$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		213 604 909	526 001 634
Payments to suppliers		(186 572 249)	(294 852 714)
Payments to employees		(111 818 248)	(114 749 097)
Cash (utilised)/generated from operations	32	(84 785 588)	116 399 823
Taxation paid	34	(3 573 192)	(10 644 854)
Investment income	26	208 236	2 495 384
Finance income	27	66 052	322 121
Finance cost	28	(25 153 847)	(21 130 295)
Net cash (outflow)/inflow from operating activities		(113 238 339)	87 442 179
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of joint venture	9	(6 750 000)	-
Purchase of property, plant and equipment	3	(65 383 301)	(114 887 363)
Purchase of intangible asset		-	(4 163 323)
Proceeds on disposal of property, plant and equipment		2 885 221	1 071 741
Acquisition of subsidiaries		-	(34 500 000)
Net cash outflow from investing activities		(69 248 080)	(152 478 945)
CASH FLOW FROM FINANCING ACTIVITIES			
Lease payments		(485 130)	-
Dividends paid	33	(819 902)	(14 687 868)
Proceeds from borrowings	35	271 757 574	38 827 128
Repayment of borrowings	35	(154 756 643)	(33 547 980)
Net cash inflow/(outflow) from financing activities		115 695 899	(9 408 720)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(66 790 520)	(74 445 486)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		16 597 453	91 042 939
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	15	(50 193 067)	16 597 453

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COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	2020	2019
		N$	N$
ASSETS			
NON-CURRENT ASSETS			
Investment in subsidiaries	8	56 666	56 666
Loans to related parties	10	157 259 255	-
		157 315 921	56 666
CURRENT ASSETS			
Loans to related parties	10	-	157 320 062
Trade receivables	14	6 566	6 566
Cash and cash equivalents	15	1 142 951	1 964 320
		1 149 517	159 290 948
TOTAL ASSETS		158 465 438	159 347 614
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	16	66 357	66 357
Share premium	16	83 665 179	83 665 179
Retained earnings		73 828 190	73 890 464
		157 559 726	157 622 000
CURRENT LIABILITIES			
Dividend payable	33	905 712	1 725 614
TOTAL EQUITY AND LIABILITIES		158 465 438	159 347 614

GONDWANA HOLDINGS LIMITED AND ITS SUBSIDIARIES

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COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2020	2019
		N$	N$
OTHER INCOME		-	-
COST OF SALES		-	-
GROSS PROFIT		-	-
Operating expenses	25	(62 274)	(179 230)
Operating loss		(62 274)	(179 230)
Loss before taxation		(62 274)	(179 230)
Taxation	29	-	-
Loss for the year		(62 274)	(179 230)
Other comprehensive income		-	-
Total comprehensive loss		(62 274)	(179 230)

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COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Retained Income	Total
	N$	N$	N$	N$
Balance at 01/11/2018	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
Total comprehensive loss	-	-	(62 274)	(62 274)
Balance at 31/10/2020	66 357	83 665 179	73 828 190	157 559 726
Notes	16	16		

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COMPANY STATEMENT OF CASH FLOWS

	Notes	2020	2019
		N$	N$
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		-	-
Cash paid to suppliers		(62 274)	(179 230)
Cash utilised by operations	32	(62 274)	(179 230)
Net cash outflow from operating activities		(62 274)	(179 230)
CASH FLOW FROM INVESTING ACTIVITIES			
Loan repayment received from related party		60 807	-
Net cash inflow from investing activities		60 807	-
CASH FLOW FROM FINANCING ACTIVITIES			
Shares issued		-	1 980 000
Dividends paid	33	(819 902)	(14 687 868)
Loan repayment received from related party		-	14 841 777
Net cash (outflow)/inflow from financing activities		(819 902)	2 133 909
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(821 369)	1 954 679
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1 964 320	9 641
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	15	1 142 951	1 964 320

SUMMARY OF ACCOUNTING POLICIES

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, receivables and impairment of financial assets

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 ratios are applied to loan balances in the portfolio and scaled to the estimated loss estimated period.

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.

The impact of Covid-19 on the recoverability of receivables has been considered. While the methodologies and assumptions applied in the base expected credit loss (ECL) calculations remained unchanged from those applied in the prior financial year, the group has incorporated estimates, assumptions and judgements specific to the impact of the Covid-19 pandemic. Whilst no material recoverability issues have been identified, there is a risk that the economic impacts of Covid-19 could be deeper or more prolonged than anticipated, which could possibly result in higher credit losses than those modelled under the base case. Refer to note 14 for further details on ECL.

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.

GONDWANA HOLDINGS LIMITED AND ITS SUBSIDIARIES
COMPANY REGISTRATION NUMBER 2017/1055
GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020
SUMMARY OF ACCOUNTING POLICIES

1. ACCOUNTING POLICIES (continued)

1.2 **Significant accounting judgements and estimates (continued)**

Impairment of non-financial assets

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.

The assumptions underpinning the value-in-use calculations used to evaluate the supportability of goodwill and intangible assets were adjusted to reflect reasonable estimates of the impact of Covid-19 and the increased risks associated with the estimated cash flows. Whilst there is no impairment in relation to any of the cash-generating units on 31 October 2020, there is an increased level of uncertainty around key assumptions in the current environment. This has the potential to impact the value-in-use assessment moving forward and potentially the carrying value of the respective intangible assets and goodwill. Refer to note 5 and 6 for further details on goodwill and intangible assets.

Valuations of land and buildings

Use is made of independent professionally qualified valuers. Valuations are currently performed on a three-year rotation cycle basis. Valuations are based on assumptions regarding discount rates, vacancy factors, structural conditions and inflation rates, and are performed by independent external valuers. Refer to note 3 for the valuation methodology applied.

Valuation of land and buildings is based on assumptions regarding the discount rates, vacancy factors, structural conditions, and inflation rates, and are performed by independent external valuers. There has been no change in the valuation methodology used for land and buildings as a result of Covid-19. The property valuations reflect the external valuers' assessment of the impact of the Covid-19 at the valuation date, hence the increased uncertainty in these key valuation assumptions.

The general risk environment in which the group operates has heightened in the eight months prior to year-end largely due to the Covid-19 pandemic. For some of the groups' properties, the pandemic has had a significant impact on valuations. As at 31 October 2020, the external valuers consider that they can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. The current response to the pandemic means that external valuers are faced with an unprecedented set of circumstances on which to base a judgement.

Leases

Determining the lease terms

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The renewal period for leases of land with longer non-cancellable periods (i.e., 10 to 25 years) are not included as part of the lease term as these are not reasonably certain to be exercised as these depend on future continued relationship with the community who owns the communal land, the minimum fixed lease payments for renewal periods are also not available hence no lease liabilities for these could be recognised. All future cash outflows have been included in the lease liability. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affect this assessment and that is within the control of the lessee.

1. ACCOUNTING POLICIES (continued)

1.2 ***Significant accounting judgements and estimates (continued)***

Taxation

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The group recognised a deferred tax asset, primarily relating to historical and current year tax losses. The recoverablility of this deferred tax asset is dependent on the generation of sufficient future taxable income to utilize those tax losses. Covid-19 has increased the uncertainty in determining certain key assumptions underlying this assessment. The key assumption subject to this increased uncertainty include future revenue depended on tourist travels and the Covid-19 situation worldwide.

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.*

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 or to replace part of it.

Cost incurred to service an item of property, plant and equipment are expensed.

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 property, 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*

1. ACCOUNTING POLICIES (continued)

1.3 Property, plant and equipment (continued)

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 statement of profit or loss and other comprehensive income 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.

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 Other Comprehensive Income 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

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*

1. ACCOUNTING POLICIES (continued)

1.4 ***Financial instruments***

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

Financial assets which are debt instruments: (continued)

- *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*
- *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 an 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 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. Details of the provision matrix is presented in note 14. An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in profit or loss as a movement in credit loss allowance. 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.

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 37.1 (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.

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.

1. ACCOUNTING POLICIES (continued)

1.4 Financial instruments (continued)

Loans to related parties and other receivables (continued)

Measurement and recognition of expected credit losses (continued)

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.

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 28). 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.

1. ACCOUNTING POLICIES (continued)

1.4 Financial instruments (continued)

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.

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.

Fair value methods and assumptions

The fair value of financial instruments traded in an organised financial market is measured at the applicable quoted prices.

1. ACCOUNTING POLICIES (continued)

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

Fair value methods and assumptions (continued)

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 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.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- *when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;*

- *in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.*

1. ACCOUNTING POLICIES (continued)

1.5 Tax (continued)

Deferred income tax (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The group offsets tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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.

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. ACCOUNTING POLICIES (continued)

1.6 ***Leases IFRS 16***

The group assess whether a contract is or contains a lease, at inception of the contract. The group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases relate to short-term and low value leases for which the IFRS 16 recognition exemption is applied.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined the group uses its incremental borrowing rate.

Lease payment included in the measurement of the lease liability comprise:

- *fixed lease payment (including in-substance fixed payments), less any incentives;*
- *variable lease payments that depend on an index or rate, initially measure using the index or rate at the commencement date;*
- *the amount expected to be payable by the lessee under residual value guarantees;*
- *the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and*
- *payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.*

The lease liability is presented as a separate line in the consolidated and separate statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- *the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.*
- *the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).*
- *a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.*

The group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

1. ACCOUNTING POLICIES (continued)

1.6 Leases IFRS 16 (continued)

Right-of-use assets are depreciated over the shorter period of the lease term and useful life of the underlying asset.

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position. The group applies IAS 36 to determine whether a right-of-use asset is impaired and account for any identified impairment loss as described in the "Property, plant and equipment" policy.

Variable rents that do not depend on an index or rate are not included in the measurement of these liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payment occurs and are included in the line "Other expenses" in the statement of profit or loss. As practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The group has not used this practical expedient.

1.7 Leases IAS 17 (Applicable to comparative year)

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 – 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.

1.8 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.

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 than 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. ACCOUNTING POLICIES (continued)

1.9 Intangible assets

An intangible asset is recognised when:

- *it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and*
- *the cost of the asset can be measured reliably. Intangible assets are initially recognised at cost if acquired separately or internally generated or at fair value (which is regarded as their cost) if acquired as part of a business combination. Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.*

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- *it is technically feasible to complete the asset so that it will be available for use or sale;*
- *there is an intention to complete and use or sell it;*
- *there is an ability to use or sell it;*
- *it will generate probable future economic benefits;*
- *there are available technical, financial and other resources to complete the development and to use or sell the asset;*
- *the expenditure attributable to the asset during its development can be measured reliably.*

The expenditure capitalised includes the cost of material, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in profit or loss in the period in which it is incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

Intangible assets are carried at cost less any accumulated amortization and any impairment losses. An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired.

For all other intangible assets amortisation is provided on a straight-line basis over their useful life tested for impairment. The amortisation period and the amortisation method for intangible assts are reviewed every period-end, with the effect of any changes in estimate being accounted for on a prospective basis. Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life. Internally generated brands, customer lists and items similar in substance are not recognised as intangible assets.

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates. All other subsequent expenditure is expensed as incurred. Amortisation commences when the project generating the intangible asset has been completed.

Intangible asset acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date, which is regarded as their cost. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is provided to write down the intangible assets on a straight-line basis, to their residual values. The foreseeable lives the intangible assets range between 5 and 10 years.

1. ACCOUNTING POLICIES (continued)

1.9 Intangible assets (continued)

Intangible asset acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

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)*

1.10 Inventories

Inventory is valued 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.*

1.11 Biological assets

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

1.12 Agricultural produce

Vegetables and agricultural products produced by the group are initially measured at its fair value less cost to sell at the time of harvest and recorded in inventories until used internally for making food for guests at various lodges. Vegetables and fruit produced by the group are subsequently measured at net realisable value. The net realisable value is determined based on market prices in the local area.

1. ACCOUNTING POLICIES (continued)

1.13 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.

1.14 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.

1.15 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.

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 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.

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SUMMARY OF ACCOUNTING POLICIES

1. ACCOUNTING POLICIES (continued)

1.15 Consolidation of subsidiaries (continued)

Acquisitions and disposals (continued)

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.

1.16 Investments in subsidiaries

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

1.17 Joint ventures

An interest in a joint venture is accounted for using the equity method, except when the investment is classified as held-for-sale in accordance with IFRS 5 Non-current assets held-for-sale and discontinued operations. Under the equity method, interests in joint ventures are carried in the consolidated annual statement of financial position at cost adjusted for post-acquisition changes in the company's share of net assets of the joint venture, less any impairment losses.

Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment individually. Profits or losses on transactions between the company and a joint venture are eliminated to the extent of the company's interest therein. After application of the equity method, the group determines whether it is necessary to recognise an impairment loss on its investment in its joint ventures. At each reporting date, the group determines whether there is objective evidence that the investment in the joint venture is impaired.

If there is such evidence, the group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss as "share of profit of an associate and joint venture" in the statement of profit or loss. When the company loses joint control, the group proportionately reclassified the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

1.18 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.

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.*

1. ACCOUNTING POLICIES (continued)

1.18 Impairment of non-financial assets (continued)

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.

1.19 Government grants

Grants that compensate the group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case the grant is recognised when it becomes receivable.

1.20 Revenue recognition

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. The contract liability is disclosed in the trade and other payables note 21 as deposits on accommodation and tour packages.

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.

1. ACCOUNTING POLICIES (continued)

1.20 Revenue recognition (continued)

Sale of tour packages

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. Contract liabilities are disclosed under note 21 trade and other payables as deposits on accommodation and tour packages.

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.

1.21 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 annual financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of IFRS 16 Leases. A summary of the effect of the adoption of the new standard is presented below.

Application of IFRS 16 Leases

In the current year, the group adopted IFRS 16 Leases with the date of initial application being 1 November 2019. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC 27 – Evaluation the Substance of Transactions Involving the Legal Form of a Lease.

The standard introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset ("ROU asset") and a lease liability at commencement of all leases, with some permissible exceptions with regard to short-term leases and leases of low value assets. The requirements for lessor accounting have remained largely unchanged.

The group adopted the standard by applying the modified retrospective approach. Under this approach the comparative figures are not restated.

The group elected to use the transition practical expedient to not reassess whether a contract contain a lease at 1 November 2019. Instead, the group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The group further elected that the initial recognition involves calculating the present value of all remaining lease payments using the lessee's incremental borrowing rate at the date of initial application and stating the lease liability at the calculated amount on the balance sheet. Accordingly, there has been no adjustment to opening retained earnings.

2. CHANGES IN ACCOUNTING POLICIES (continued)

For operating leases recognised prior to 1 November 2019, the carrying amount of the ROU asset is the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised immediately before that date measured applying IAS 17. Subsequent accounting is in line with the new standard.

The old and new accounting policies on leases are disclosed in note 1.6. Refer to note 4 for ROU assets recognised and lease liabilities raised, note 28 for finance charges and note 20 for information on cash flows from lease contracts.

The group has also opted to apply the following practical expedients in applying the standard for the first time:

- *applying a single discount rate to a portfolio of leases with reasonably similar characteristics.*

The discount rate used by the group is the average incremental borrowing rate of 9.25%, which is calculated with reference to recent third-party financing received. The rate is adjusted for any changes in financing conditions, if relevant. If recent third-party rates are not available a risk-free rate is used and adjusted for credit risk. The rate is then adjusted specifically according to lease term, security held or other relevant factors.

A summary of the accounting effect of the implementation of the new standard on 1 November 2019 is as follows:

Summary of effect of IFRS 16 on group annual financial statements on date of initial application

	2020	2019
	N$	N$
Right-of-use asset	12 399 543	-
Lease liability	(12 399 543)	-
	-	-

The lease liabilities as at 1 November 2019 can be reconciled to be operating lease commitments as of 31 October 2019 as follows:

	N$
Operating lease commitments as at 31 October 2019	12 798 684
Add: Differences in discounting rate applied at the date of initial application	381 115
Less: Commitments relating to short-term leases	(780 256)
Lease liabilities as at 1 November 2019	12 399 543

2.1. 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 company's accounting periods beginning on or after 1 November 2020 or later periods:

Standard / Interpretation:	**Effective date: Year beginning on or after**	**Expected impact:**
Annual Improvements to IFRS Standards 2018 – 2020 (IFRS 9 Financial Instruments)	1 January 2020	Unlikely there will be a material impact

2.1. STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE (continued)

Standard / Interpretation:	***Effective date: Year beginning on or after***	***Expected impact:***
Annual Improvements to IFRS Standards 2018 – 2020 (IFRS 16 Leases)	*1 January 2020*	*Unlikely there will be a material impact*
Annual Improvements to IFRS Standards 2018 – 2020 (IFRS 1 First-time Adoption of International Reporting Standards)	*1 January 2020*	*Unlikely there will be a material impact*
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate of Joint Venture	*Not specified*	*Unlikely there will be a material impact*
Classification of Liabilities as Current or Non-Current Amendment to IAS 1	*1 January 2023*	*Unlikely there will be a material impact*
Covid-19 – Related Rent Concessions – Amendment to IFRS 16	*1 June 2020*	*Unlikely there will be a material impact*
Interest Rate Benchmark Reform: Amendments to IFRS 9; IAS 39 and IFRS 7	*1 January 2020*	*Unlikely there will be a material impact*
Definition of a business – Amendments to IFRS 3	*1 January 2020*	*Unlikely there will be a material impact*
Presentation of Financial Statements: Disclosure initiative	*1 January 2020*	*Unlikely there will be a material impact*
Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative	*1 January 2020*	*Unlikely there will be a material impact*

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3. 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 31/10/2020									
Opening 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
Transfer work in progress	(58 024 652)	58 024 652	-	-	-	-	-	-	-
Additions	8 360 863	21 851 572	2 451 060	15 196 917	11 808 562	548 947	5 165 380	-	65 383 301
Revaluation	-	30 258 377	-	-	-	-	-	-	30 258 377
Disposals	-	-	-	(2 852 526)	-	-	-	-	(2 852 526)
Depreciation	-	(870 971)	(3 405 890)	(12 367 715)	(6 247 097)	(1 610 381)	(2 889 049)	(166 737)	(27 557 840)
Closing net carrying amount	10 496 690	683 716 159	14 638 549	53 672 232	35 180 237	1 276 467	11 738 980	967 272	811 686 586
At 31/10/2020									
At cost / valuation	10 496 690	691 078 353	28 252 597	82 013 879	49 411 800	5 074 289	17 884 097	2 552 694	886 764 399
Accumulated depreciation	-	(7 362 194)	(13 614 048)	(28 341 647)	(14 231 563)	(3 797 822)	(6 145 117)	(1 585 422)	(75 077 813)
Net carrying amount	10 496 690	683 716 159	14 638 549	53 672 232	35 180 237	1 276 467	11 738 980	967 272	811 686 586

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3. PROPERTY, PLANT AND EQUIPMENT (continued)

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

3. 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 2020 to N$ 400 per hectare amounting to N$ 2 416 000. The buildings relating to this land were valued at N$ 65 799 650. 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 was revalued to N$ 29 555 000 by P J Scholtz a qualified property valuator in April 2020 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 16 years on a renewable basis. The buildings and property rights were valued by Mr P J Scholtz a registered valuator at N$ 14 295 000 in 2020.*
- *Chobe River Camp is built on a right of leasehold with the Government of Namibia applicable for another 8 years with an expected extension period. The building and property rights were valued by Mr P J Scholtz a registered valuator at N$ 13 761 930 in 2020.*
- *Zambezi Mubala Lodge is built on a right of leasehold with the Government of Namibia applicable for another 13 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 title deed 6007/2011, situated in the Khomas region, measuring 12583 hectares. During April 2020 a registered valuator, Mr P J Scholtz, set a value of N$ 103 895 000 on the property. The property has been mortgaged in favour of Bank Windhoek as security on a combined first covering mortgage bond of N$ 72 000 000.*
- *Portion 8 of the farm Dabib No 112, Mariental district in the Hardap region, measuring 9656 hectares. The property was revalued during April 2020 by a registered valuator, Mr P J Scholtz, placing a value of N$ 74 605 000 on the property.*
- *Erf 805 (a portion of Erf 78), Klein Windhoek measuring 1365 square metres with improvements thereon. The property was mortgaged by a combined first covering mortgage bond of N$ 72 000 000 in favour of Bank Windhoek and is held under Title Deed T2961/05. The property was valued by Mr P J Scholtz at N$ 8 550 000 using market value.*
- *The property at Section 1 and 2 Madiba's Corner, Klein Windhoek.*
- *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. The property was revalued in April 2020 by Mr P J Scholtz to N$ 58 770 000.*
- *Portion 1 of Farm Holoogberg No 107, registration division "T", measures 468 hectares. The property was revalued in April 2020 by Mr P J Scholtz to N$ 187 200. A combined first covering bond of N$ 72 000 000 was registered in favour of Bank Windhoek. Cession of adequate fire cover held.*

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3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group only

- *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 in April 2020 by Mr P J Scholtz, a registered property valuator at N$ 400 per hectare. A combined first covering mortgage bond was registered in favour of Bank Windhoek.*

- *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 April 2020 by Mr P J Scholtz, a registered property valuator at N$ 400 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 in April 2020 by Mr P J Scholtz, a registered property valuator at N$ 400 per hectare. A combined first covering bond of N$ 72 000 000 has been registered in favour of Bank Windhoek as security.*

- *Farm Augurabis No 109, registration division "T", measuring 11 634 hectares, held by deed of transfer T 6887/1995. The property was valued in April 2020 by Mr P J Scholtz, a registered property valuator at N$ 400 per hectare. A combined first covering bond of N$ 72 000 000 was registered in favour of Bank Windhoek.*

- *Farm Hooloogberg No 107, registration division "T", measuring 12 119 hectares, held by deed of transfer T 2536/1995. The property was valued in April 2020 by Mr P J Scholtz, a registered property valuator at N$ 400 per hectare. A combined first covering bond of N$ 72 000 000 was registered in favour of Bank Windhoek.*

- *Farm Stamprivier No 108, registration division "T", measuring 15 759 hectares, held by deed of transfer T 7098/1996. The property was valued in April 2020 by Mr P J Scholtz, a registered property valuator at N$ 400 per hectare. A combined first covering bond of N$ 72 000 000 was registered in favour of Bank Windhoek.*

- *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 in April 2020 by Mr P J Scholtz, a registered property valuator at N$ 400 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 in April 2020 by Mr P J Scholtz, a registered property valuator at N$ 400 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 in April 2020 by Mr P J Scholtz, a registered property valuator. The properties were valued at N$ 70 530 000.*

- *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 in April 2020 by Mr P J Scholtz, a registered property valuator at N$ 400 per hectare.*

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group only

- *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 in April 2020 by Mr P J Scholtz, a registered property valuator at N$ 400 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 in April 2020 by Mr P J Scholtz, a registered property valuator at N$ 400 per hectare.*

- *Certain piece of land situated in the district of Wankie, being stand 1388 Victoria Falls Township Lands measuring 91144 square meters, held by Title Deed no 973/2012.*

- *Remaining portion 1 of Erf 78, Klein Windhoek, measuring 1368 square meters. The property is mortgaged by a combined first covering mortgage bond of N$ 72 000 000 in favour of Bank Windhoek. The property was valued in April 2020 by Mr P J Scholtz at N$ 5 950 000 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 in April 2020 by Mr P J Scholtz, a registered valuator at N$ 24 260 000.*

- *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 consist of a lodge built on a right of leasehold with the conservancy applicable for 24 years on a renewable basis.*

- *Property comprising of Erf no 337, (a portion of Erf no 6) Prosperita, situated in the Municipality of Windhoek registration division "K", Khomas region measuring 1016 square meters and held by deed of transfer no T 0833/2020.*

- *Property comprising of Erf no 76, Sungate measuring 1,2585 hectares situated in the Municipality of Windhoek, registration division "K" Khomas region, held by deed of transfer no T 9016/2018.*

- *Property comprising of Erf no 75, Sungate measuring 5862 hectares situated in the Municipality of Windhoek, registration division "K" Khomas region, held by deed of transfer no T 4804/2014.*

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3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group only

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

	2020	2019
	N$	N$
Cost		
Cost	489 000 876	409 124 652
Accumulated depreciation	(7 282 189)	(6 026 066)
	481 718 687	403 098 586

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, for lodges market value for admin properties in Windhoek and comparable sales value for land. Valuations were performed in April 2020 by Mr P J Scholtz, a qualified property valuator.

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 valued in April 2020.

It is the policy of the group that revaluations on land and buildings are independently performed every 3 years unless the properties have been previously acquired within the previous 3 years, in that case management believes that their fair values do not differ significantly to their carrying amounts at year-end.

Valuation technique and significant unobservable inputs

Valuations performed in the current year 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 9%. The rental income was determined at a rate of N$ 165 per square meter less cost of approximately 15%. 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$ 500 per square meter to N$ 9 500 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 20% to 40% depending on the age of the lodge and the actual physical condition of the lodge, noting that continuous maintenance is executed on all lodges.

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group only

Valuation technique and significant unobservable inputs (continued)

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$ 75 000 per hectare. These values also varied depending on access to key tourism sites such as access to National Parks.

Property at Swakopmund was valued based on the potential bed night income generated, capitalised at a market return of 12%. The bed night rate was determined at a rate of N$ 1 880 to N$ 3 010 per room which was annualised taking into account the occupation rate less cost of approximately 65%.

Fair value hierarchy

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

4. RIGHT-OF-USE ASSETS

Group

On adoption of IFRS 16, the standard affected the way the group previously accounted for its operating leases being various ground leases. Lease rental contracts include ground leases typically for fixed periods of 15 years to 25 years but may have extension options. Up to, and including the 2019 financial year, as a lessee under IAS 17, the group classified leases as operating, or finance leases based on its assessment of whether the leases transferred significantly all of the risks and reward incidental to ownership of the underlying asset to the group. Payments made under operating lease were charged to profit or loss on a straight-line basis over the period of the lease. The group had no finance leases at 31 October 2019.

The following right-of-use assets were recognised as a result of the implementation of IFRS 16:

Year ended 31 October 2020	**Land**
Recognised on adoption of IFRS 16 (1 November 2019)	12 399 543
Depreciation	(934 952)
Closing net carrying amount	11 464 591

At 31 October 2020	
Cost	12 399 543
Accumulated depreciation	(934 952)
Net carrying amount	11 464 591

5. INTANGIBLE ASSETS

Group

Reconciliation of intangible assets

	Leasehold right	Computer software	Total
	N$	N$	N$
Cost			
At 1 November 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
Additions	-	-	-
Acquisition of a subsidiary	-	-	-
Balance at 31 October 2020	25 686 365	3 497 143	29 183 508
Amortisation and Impairment			
At 1 November 2018	-	594 967	594 967
Amortisation	-	709 319	709 319
Impairment	-	-	-
Balance at 31 October 2019	-	1 304 286	1 304 286
Amortisation	-	725 819	725 819
Impairment	-	-	-
Balance at 31 October 2020	-	2 030 105	2 030 105
Net book value			
At 31 October 2020	25 686 365	1 467 038	27 153 403
At 31 October 2019	25 686 365	2 192 857	27 879 222
Remaining useful life		2 years	

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.

	2020	*2019*
Group	*N$*	*N$*
Leasehold right		
Opening net carrying amount	*9 638 572*	*9 638 572*
Closing net carrying amount	*9 638 572*	*9 638 572*

This relates to Zambezi Mubala Safari Lodge comprising of a Safari Lodge 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 14 years with an expectation to renew. Area measuring approximately 5 hectares.

Opening net carrying amount	*6 974 470*	*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 9 years with an expectation to renew. Area measuring approximately 18.3 hectares.

	2020	2019
	N$	N$

5. INTANGIBLE ASSETS (continued)

Opening net carrying amount	5 000 000	-
Acquired during the year	-	5 000 000
Closing net carrying amount	5 000 000	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.

Opening net carrying amount	4 073 323	4 073 323
Closing net carrying amount	4 073 323	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 7 years with an expectation to renew.

Right of leasehold and computer software	27 153 403	27 879 222

6. GOODWILL

Group	Goodwill
	N$
Cost	
Balance at 31 October 2019	24 049 082
Balance at 31 October 2020	24 049 082
Impairment	
At 1 November 2019	-
Impairment	-
Balance at 31 October 2020	-
Net book value	
At 31 October 2020	24 049 082
At 31 October 2019	24 049 082

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	2020	2019
	N$	N$
6. GOODWILL (continued)		
Group (continued)		
For more details relating to goodwill refer to the explanations below:		
Goodwill acquired		
- Antigua Island Investment (Pty) Ltd	10 895 663	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	24 049 082

Antigua Island Investment (Pty) Ltd

The total value of Antigua Island Investments (Pty) Ltd including goodwill as disclosed in the annual financial statements is N$ 43 million as at 31 October 2020 including capital work in progress. This is a separately identifiable cash generating unit. In assessing the recoverable amount, budgeted profits for 2021 were used, adjusted for update expectations based on provisional bookings and estimated bed nights and considering the current economic environment. In determining the discounted cash flow of the Palmwag Lodge (Antigua Island Investments (Pty) Ltd). The following were key assumptions:

- Tourism will return to normality within the next 2 years, taking a prudent approach.
- Growth rate of 3% per annum, discount has been determined based on a value in use calculation using cash flow projections from financial budget approved by senior management, covering a 13 year period.
- A post tax weighted average cost of capital of 8.16% was used as the discount factor, which was based on the current debt equity ratio weighting, taking a pretax 7.5% debt rate (in line with prime lending rate) and 16.5% cost of equity, based on the pre-covid return on equity of the group which was also in line with market capitalisation at that time.
- Except for inflation, no direct growth rate was applied. Actual expected occupancy was used as revenue generator. This was levelled out at an expected maximum expected level.
- The underlying term of the right-of-leasehold was used as the period for the discounted cash flow, as this was the basis of acquisition when acquiring the asset originally. The period ends in 2033, with a right of renewal, which was not taken into account.
- The terminal value was taken as the actual cost (not adjusted for inflation) invested in the actual physical asset of the company, as this is the minimum expected sales value of the underlying asset at the end of the original lease period. Value for goodwill or right-of-leasehold were not considered.

Based on the above assumptions, the net present value of the investments amounts exceeds the current carrying value of the cash generating unit of N$ 43 million. In addition, management performed some sensitivity analysis, should there be a situation where the recovery in tourism is slower than expected. The directors were still satisfied that no impairment is applicable.

6. GOODWILL (continued)

Cardboard Box

The total value of the Carboard Box business disclosed in the financial statements at 31 October 2020 is N$ 11 782 000 consisting of goodwill. Carboard Box is a separate cash generating unit. In assessing the recoverable amount, budgeted profits for 2021 were used and adjusted for update expectations based on provisional bookings and estimated future travel and market share. In determining the discounted cash flow of the Cardboard Box, the following were key assumptions:

- *Tourism will return to normality within the next 2 years, taking a prudent approach.*
- *Inflation was taken at 3% per annum in line with current levels.*
- *A post tax weighted average cost of capital of 8.16% was used as the discount factor, which was based on the current debt equity ratio weighting, taking a pretax 7.5% debt rate (in line with prime lending rate) and 16.5% cost of equity, based on the pre-covid return on equity which was also in line with market capitalisation at that time.*
- *Except for inflation, no direct growth rate was applied. Actual expected bookings were used as revenue generator and expected increases year on year were used.*
- *A 5-year period was used to determine the discounted cash flow. This is a conservative approach. Although management currently see no finite life for Cardboard Box, the test was sufficient to evidence that no impairment of goodwill took place.*
- *No terminal value was taken into account, considering the comments in the point above. Also, there will be no sellable assets with value for the cash generating unit, except for possible goodwill, which has not been considered for purposes of this test.*

Based on the above assumptions, the net present value of the investments amounts exceeds the current carrying value of the cash generating unit of N$ 12 million. In addition, management performed some sensitivity analysis, should there be a situation where the recovery in tourism is slower than expected.

Woestynplaas (Pty) Ltd and New African Frontiers

The goodwill relating to these investments is not significant for the group, therefore no additional disclosure is provided. Management have assessed that no impairment is applicable.

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7. OTHER FINANCIAL ASSETS

Group	Percentage holding	2020	2019
	%	N$	N$
31 October 2020			
Investments in financial assets			
- Naukluft Electricity Investments (Pty) Ltd	12%	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.

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 2020	% Holding 2019	Number of shares held	Shares at cost 2020	Shares at cost 2019
				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

9. INVESTMENT IN JOINT VENTURE

Group

Investment in joint venture	Nature of business	% Ownership interest 2020	% Ownership interest 2019	Carrying amount 2020	Carrying amount 2019
				N$	N$
Island Marble Investments (Pty) Ltd	Property owning	50.00%	-	6 979 301	-

The group has a 50% interest in Island Marble Investments (Pty) Ltd, a company incorporated in Namibia. The joint venture is a property holding company. The property is used as an administrative building by the group. The group's interest in Island Marble Investments (Pty) Ltd is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its IFRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below.

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9. *INVESTMENT IN JOINT VENTURE (continued)*

Group (continued)
Summarised financial information:
Summarised balance sheets:

	2020	2019
	N$	N$
Assets:		
Non-current assets	14 000 000	-
Shareholder's loan	24 919	-
Cash and cash equivalents	22 644	-
Total assets	14 047 563	-
Liabilities:		
Other current liabilities	88 961	-
Total liabilities	88 961	-
Net assets	13 958 602	-
Group's share in equity – 2020: 50% (2019: Nil)	6 979 301	-
Group's carrying amount of the investment	6 979 301	-
Income	22 500	-
Operating expenses	(62 961)	-
Tax expense	(26 857)	-
Loss for the year and total comprehensive income	(67 318)	-
Group's share of loss	(33 659)	-
Excess on acquisition of joint venture	262 960	-
Total share of profit from joint venture	229 301	-
Carrying value		
Cost of investment	6 750 000	-
Share of profit/(loss) for the year from ongoing operations	(33 659)	-
Recognising excess with acquisition	262 960	-
Carrying value of investments in joint venture	6 979 301	-

The group joint venture had no contingent liabilities or capital commitments.

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	2020	2019
	N$	N$
10. 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	46 083 549	46 144 356
Nature Investments (Pty) Ltd	111 175 706	111 175 706
	157 259 255	157 320 062

The related party loans are unsecured and bears no interest.

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

Loans to related parties are regarded as long-term. 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 be immaterial.

11. DEFERRED TAXATION

Group

	2020	2019
Opening balance	51 382 367	38 686 803
Acquisition of subsidiaries	-	1 886 617
Temporary differences on property, plant and equipment	18 301 115	14 938 076
Temporary differences on revaluation of property (OCI)	626 806	-
Temporary differences on prepayments	274 471	(563 422)
Temporary differences on non-refundable deposits (#)	2 057 215	(483 648)
Temporary differences on livestock	(27 440)	26 139
Temporary difference on right-of-use asset	3 668 670	-
Temporary differences of lease liabilities	(3 812 615)	-
Temporary differences on provision for credit losses	(159 984)	-
Correction of prior year error (*)	-	(3 253 405)
Assessable losses	(64 984 993)	145 207
Deferred tax closing balance	7 325 612	51 382 367

(#) Temporary difference and deferred tax arise from deposits on accommodation and tour packages that are non-refundable.

	2020	2019
	N$	N$

11. DEFERRED TAXATION (continued)

Group

Deferred tax comprises of:

	2020 N$	2019 N$
Accelerated wear, tear and building allowances and leasehold improvement allowances	75 503 373	56 575 452
Assessed loss recognised	(67 556 700)	(2 571 707)
Income received in advance	(1 057 419)	(3 114 634)
Prepayments	667 967	393 496
Right-of-use asset	3 668 670	-
Lease liabilities	(3 812 615)	-
Provision for expected credit losses	(159 984)	-
Livestock	72 320	99 760
	7 325 612	51 382 367

The balance above is disclosed in the statement of financial position as follows:

	2020 N$	2019 N$
Deferred tax asset	(33 410 604)	(700 844)
Deferred tax liability	40 736 216	52 083 211
	7 325 612	51 382 367

(*) In the 2018 financial year 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.

The entities within the group have assessable losses of N$ 211 114 688 (2019: N$ 8 036 584) 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:

	2020 N$	2019 N$
Within 12 months	(424 751)	(2 621 378)
After 12 months	7 750 363	54 003 745
Deferred tax liability closing balance	7 325 612	51 382 367

Company

No deferred taxation has been provided for.

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	2020	2019
	N$	N$

12. INVENTORIES

Group

	2020	2019
Merchandise for resale	7 289 943	6 057 480
Food and beverages	2 657 457	4 983 657
Camping equipment	3 359 036	3 074 243
Consumables	2 296 595	2 910 197
	15 603 031	17 025 577

There was no provision for obsolete inventory in the current year (2019: 0).

13. BIOLOGICAL ASSETS

Group

	2020	2019
Livestock and game	226 000	311 750

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

14. TRADE AND OTHER RECEIVABLES

Group

Financial instruments

	2020	2019
Trade debtors	3 062 981	36 603 792
Credit loss allowance	(666 603)	-
Staff loans (!)	10 097	8 604
Deposits	473 482	403 614
Insurance refundable (*)	315 206	452 561
Other (#)	3 735 119	3 367 705
Total financial instruments	6 930 282	40 836 276

(*) Relates to insurance receivable for staff or tourists that have been injured or suffered a loss.
(!) Expected credit losses for staff loans are considered to be immaterial.
(#) Relates to debit balances reclassified from trade payables.

Non-financial instruments

	2020	2019
Prepaid suppliers	2 087 397	1 229 675
Value added tax receivable	9 806 057	3 386 278
Total non-financial instruments	11 893 454	4 615 593
	18 823 736	45 452 229

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	2020	2019
	N$	N$

14. TRADE AND OTHER RECEIVABLES (continued)

Company

Financial instruments

	2020	2019
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 on history, probability of default and other pertinent information. The group's historical credit loss data indicates that the expected credit loss for trade receivables is very low as majority of trade receivables relate to corporates and travel agencies with very low credit risk and with which the group has long standing relationships.

In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation.

The group measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetimes expected credit losses are estimated using a provision matrix, which is presented below.

The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as the reporting date.

The loss allowance provision for the group is determined as follows:

		Estimated gross carrying amount at default 2020	Loss allowance (lifetime expected credit loss) 2020	Estimated gross carrying amount at default 2019	Loss allowance (lifetime expected credit loss) 2019
		N$	N$	N$	N$
Not past due	2,189% (2019: 0%)	271 177	(5 937)	29 201 941	-
Above 30 days	5,884% (2019: 0%)	635 984	(37 419)	4 655 840	-
Past due	28,91% (2019: 0%)	2 155 820	(623 247)	2 746 011	-
		3 062 981	(666 603)	36 603 792	-

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	2020	2019
	N$	N$

14. TRADE AND OTHER RECEIVABLES (continued)

Reconciliation of loss allowance:

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade and other receivables:

	2020 N$	2019 N$
Opening balance	-	-
Provision raised on new trade receivables	666 603	-
Closing balance	666 603	-

15. 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 from the statement of financial position:

	2020 N$	2019 N$
Group		
Bank	6 562 569	16 950 696
Bank overdraft	(56 755 636)	(353 243)
	(50 193 067)	16 597 453
Company		
Bank	1 142 951	1 964 320

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

Overdraft security

Group

The Bank Windhoek Limited overdraft for the group has been secured by the following:

- Unlimited suretyship by Gondwana Holdings Limited, Registration Number 2017/1055 supported by security in own name.

16. SHARE CAPITAL

	2020 N$	2019 N$
Group		
Authorised:		
500 000 000 (2019: 500 000 000) ordinary shares of N$ 0.001 each	500 000	500 000
Issued:		
66 356 809 (2019: 66 356 809) ordinary shares of N$ 0.001 each	66 357	66 357

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

Share premium:	132 301 614	132 301 614

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		2020 N$	2019 N$
16. SHARE CAPITAL (continued)			
Company			
Authorised:			
500 000 000 (2019: 500 000 000) ordinary shares of N$ 0.001 each		500 000	500 000
Issued:			
66 356 809 (2019: 66 356 809) ordinary shares of N$ 0.001 each		66 357	66 357

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

Share premium:		83 665 179	83 665 179

17. REVALUATION RESERVES

Group			
Opening balance		171 353 956	168 100 551
Deferred tax on revaluation	11	-	3 253 405
Revaluation adjustment on property		29 631 564	-
Revaluation reserve release		(51 245)	-
Closing balance		200 934 275	171 353 956

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, except for the Camp Chobe Safaris where the buildings are depreciated. Camp Chobe Safaris was acquired by Gondwana in 2017. The buildings were revalued for the first time in 2020 since acquisition.

18. SHAREHOLDERS' RESERVE

Group			
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.

This is effectively 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 remained was a shareholder's loan account (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 contribution 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.

	2020	2019
	N$	N$
19. LONG-TERM LIABILITIES		
19.1 Interest-bearing liabilities - secured		
Group		
Bank Windhoek Namibia Limited	255 000 006	-
Less: short-term portion	-	-
Long-term portion	255 000 006	-

The group borrowed N$ 255 000 006 long-term loan from Bank Windhoek Namibia Limited. The loan is repayable over 5 years, the initial 12 months only interest is payable in monthly installments. The capital and interest payable over 4 equal annual installments of approximately N$ 31 471 839 each at the effective date, to be calculated over a 14 annual payment schedule with a balloon payment of the outstanding amount at the end of year 5 and, failing repayment of some, an option to refinance the outstanding capital, interest and costs owing at such time, subject to formal credit application to and approval by the bank and all credit criteria being met.

Interest is calculated at prime lending rate plus 0,5% (at present 8%) for the first 12 months and thereafter, as payments are effected annually, the banks effective annual rate will apply and be calculated at the bank's prime rate plus 0,80% per annum, which interest rate may be adjusted by the bank from time to time in accordance with the conditions of the loan agreement.

The loan is secured as follows:

- *Unlimited suretyship by Nature Investments (Pty) Ltd, Reg No 96/307, supported by security in own name.*
- *Limited suretyship for N$ 72 000 000 by each of the fellow subsidiaries:*

  Gondwana Travel Centre (Pty) Ltd, Reg No 2007/02/03;
  Namib Desert Investments (Pty) Ltd, Reg No 2004/0264;
  Eden East Farming and Tourism (Pty) Ltd, Reg No 99/255;
  Canyon Investments (Pty) Ltd, Reg No 97/105;
  Violet Investments (Pty) Ltd, Reg No 97/201;
  Combretum Investments (Pty) Ltd, Reg No 96/417;
  RAL Boerdery (Pty) Ltd, Reg No 97/195;
  Acacia Investments (Pty) Ltd, Reg No 96/416.

- *A combined first covering mortgage bond of N$ 72 000 000 over the following properties:*

  Erf No 805 (a portion of portion 1 of Erf No 78) Klein Windhoek, Namibia in the name of Gondwana Travel Centre (Pty) Ltd, Reg No 2007/0203;
  Remaining extent of portion 1 of Erf No 78, Klein Windhoek, Namibia in the name of Gondwana Travel Centre (Pty) Ltd, Reg No 2007/0203;
  Farm Dieprivier No 972, Hardap Region, Namibia in the name of Namib Desert Investments (Pty) Ltd, Reg No 2004/0264;
  Remainder of portion A of Farm Holoog No 106, Registration Division "T", Namibia in the name of Eden East Farming and Tourism (Pty) Ltd, Reg No 99/255;
  Portion 1 of the Farm Holoogberg No 107, Registration Division "T", Namibia in the name of Canyon Investments (Pty) Ltd, Reg No 97/106;
  Farm Augurabis No 109, Registration Division "T", Namibia in the name of Violet Investments (Pty) Ltd, Reg No 97/201;
  Remaining extent of the Farm Kairos No 8, Registration Division "V", Namibia in the name of Combretum Investments (Pty) Ltd, Reg No 96/417;
  Farm Holoogberg No. 107, Registration Division "T", Namibia in the name of Acacia Investments (Pty) Ltd, Reg No 97/195; and

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	2020	2019
	N$	N$

19. LONG-TERM LIABILITIES (continued)

19.1 Interest-bearing liabilities - secured

Group (continued)

- *Combined Registered Cession of Comprehensive Insurance Policy of N$ 273 790 000 over the above-mentioned properties to be obtained.*
- *Unlimited suretyship by Gondwana Holdings Ltd, Reg No 2017/1055 for Nature Investments (Pty) Ltd, Reg No 96/307, supported by security in own name; and*
- *Unlimited suretyship by Gondwana Collection Namibia (Pty) Ltd, Reg No 2017/0459 for Nature Investments (Pty) Ltd, Reg No 96/307, supported by security in own name.*

	2020	2019
First National Bank of Namibia Limited	-	70 000 000
Less: Short-term portion	-	(7 058 818)
Long-term portion	-	62 941 182

This loan was in the name of Gondwana Collection Namibia (Pty) Ltd, secured by various properties of the subsidiaries as disclosed in note 3. Interest was charged at a variable rate of 9.5%. The loan was fully repaid during the year under review.

	2020	2019
First National Bank of Namibia Limited	-	58 293 581
Less: Short-term portion	-	(8 006 483)
Long-term portion	-	50 287 098

This loan was in the name of Gondwana Collection Namibia (Pty) Ltd, secured by various properties of the subsidiaries as disclosed in note 3. Interest was charged at prime bank lending rate less 1%. The loan was fully repaid during the year under review.

	2020	2019
First National Bank of Namibia Limited	-	7 628 920
Less: Short-term portion	-	(6 990 112)
Long-term portion	-	638 808

This loan was in the name of Gondwana Collection Namibia (Pty) Ltd, secured by various properties of the subsidiaries as disclosed in note 3. Interest was charged at prime bank lending rate less 0,5%. The loan was fully repaid during the year under review.

	2020	2019
Sunset Solar Namibia CC	67 483	133 409
Less: Short-term portion	(67 483)	(133 409)
Long-term portion	-	-

The loan is for the sunset solar which bears interest at 4%. Fixed monthly installments amount to N$ 33 518 (2019: N$ 33 518).

	2020	2019
	N$	N$

19. LONG-TERM LIABILITIES (continued)

19.1 Interest bearing liabilities – secured (continued)

Group (continued)

	2020 N$	2019 N$
Standard Bank Namibia Limited – installment sale	18 634 943	17 395 015
Less: Repayable within 12 months	(9 413 684)	(5 819 522)
Long-term portion	9 221 259	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$ 862 362 (2019: N$ 603 915). Interest is charged at prime related rates.

	2020 N$	2019 N$
Bank Windhoek Namibia Limited – installment sale	671 458	1 274 359
Less: Repayable within 12 months	(529 016)	(623 146)
Long-term portion	142 442	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$ 58 063 (2019: N$ 59 896). Interest is charged at prime related rates.

	2020 N$	2019 N$
Millennium Challenge Account	6 692 384	6 962 507
Payable within 12 months	(308 230)	(229 479)
Long-term portion	6 384 154	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.

	2020 N$	2019 N$
First National Bank of Namibia Limited - instalment sale		
- Gondwana Collection Namibia (Pty) Ltd	22 377 263	22 464 416
Less: Repayable within 12 months	(8 137 262)	(6 545 249)
Long-term portion	14 240 001	15 919 167

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$ 781 741 (2019: N$ 708 165). Interest is charged at prime related rates.

	2020 N$	2019 N$
Development Bank of Namibia	31 709 642	33 757 546
Less: Repayable within 12 months	(4 485 381)	(6 303 123)
Long-term portion	27 224 261	27 454 423

This loan is secured by the Swakopmund property Erf 5378 as disclosed in Note 3. The loan carries interest at prime less 1%. The loan is repayable in 60 (2019: 72) monthly installments. Repayments amount to N$ 928 916 (2019: N$ 760 000) per month.

	2020	2019
	N$	N$

19. LONG-TERM LIABILITIES (continued)

19.1 Interest bearing liabilities - secured (continued)

Group

	2020 N$	2019 N$
Salambala Conservancy	531 914	572 405
Less: Repayable within 12 months	(62 228)	(28 989)
	469 686	543 416

The loan is repayable in 85 (2019: 97) monthly installments of variable minimum 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.

	2020 N$	2019 N$
Group total – long-term portion	312 681 809	176 743 828
Group total – short-term portion	23 003 284	41 738 330
	335 685 093	218 482 158

19.2 Interest bearing liabilities - unsecured

	2020 N$	2019 N$
Ruth Albrecht Trust - Anib Lodge (Pty) Ltd	946 822	1 148 826
Less: Short-term portion	(432 389)	(795 005)
Long-term portion	514 433	353 821
Total long-term portion	514 433	353 821
Total short-term portion	432 389	795 005
	946 822	1 148 826

The above loans bear interest at 10% fixed rate.

The monthly instalment on the Ruth Albrecht Trust loan amounts to N$ 72 187 (2019: N$ 72 187). The loan is repayable in 5 (2019: 17) 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.

20. LEASE LIABILITIES

The group leases various community land and these rental contracts are typically made for fixed periods of 15 years to 25 years.

Variable lease payments

Certain ground leases contain variable payment terms that are linked to the EBITDA or revenue generated by the lodge. Due to the variable nature of EBITDA the variable lease payments cannot be predicted with reasonable assurance, and as such these variable leases are not considered in determining the lease liability.

Variable lease payments are included in other operating expenses. Refer to note 25.

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20. LEASE LIABILITIES (continued)

Group (continued)

	N$
Year ended 31 October 2020	**Land**
Recognised on adoption of IFRS 16 (1 November 2019)	12 399 543
Finance cost	1 117 265
Lease payments	(1 602 388)
Closing net carrying amount	11 914 420

Lease liabilities

Lease liabilities recognised in the balance sheet are analysed as:

Non-current portion	11 369 109
Current portion	545 311
	11 914 420

Total cash flow payments in respect of leases

Principal portion of the lease liabilities (included in cash flows from financing activities)	485 130
Interest portion of the lease liabilities (included in finance cost cash flows)	1 117 265
Short-term lease payments	780 256
Variable lease payments that are not included in the measurement of the lease liabilities	3 809 814
Total cash outflow payments for leases	6 192 465

Group lease creditors	Interest rate (%)	2020	2019
		N$	N$
Caprivi Communal Land Board (Mashi Conservancy) (N$ 8 100 monthly)	9.25	348 691	-
Mashi Conservancy (N$14 500 monthly)	9.25	633 928	-
Zambezi Communal Land Board (Ngoma Communal Area) (N$ 5 220 monthly)	9.25	401 324	-
Ngoma Family Trust and Salambala Conservancy (N$ 12 000 monthly)	9.25	770 794	-
Mbunza Traditional Authority (N$ 2 773 monthly)	9.25	318 113	-
A F van Niekerk (N$ 1 200 monthly)	9.25	139 727	-
Balance carried forward		2 612 577	-

20. LEASE LIABILITIES (continued)

Group lease creditors	Interest rate (%)	2020	2019
		N$	N$
Balance brought forward		2 612 577	-
The Brehmen Trust (N$ 1 200 monthly)	9.25	139 191	-
Sesfontein, Anabeb and Tora Conservancy (N$ 37 735 monthly)	9.25	3 374 792	-
King Nehale Conservancy (N$ 39 542 monthly)	9.25	4 539 924	-
Zambezi Communal Land Board (Kalundu Communal area) (N$ 5 218 monthly)	9.25	634 470	-
Zambezi Communal Land Board (Kalimbeza Communal area) (N$ 6 043 monthly)	9.25	613 466	-
		11 914 420	-

21. TRADE AND OTHER PAYABLES

	2020	2019
Group		
Financial instruments		
Trade creditors	15 885 851	21 930 515
Bed levy accrual	77 517	861 714
Conservancy levies	941 389	1 339 971
Accruals	2 319 018	2 097 563
Permit entrance fees	537 612	410 666
Other	824 266	696 139
Total financial instruments	20 585 653	27 336 568
Non-financial instruments		
Salary related accruals	2 912 651	8 743 428
Refundable deposits on accommodation and tour packages	16 787 634	19 208 529
Non-refundable deposits on accommodation and tour packages	3 304 432	9 733 230
Value added taxation accrual	56 893	8 325 060
Total non-financial instruments	23 061 610	46 010 247
	43 647 263	73 346 815

The directors believe that the above amounts present the fair value of trade and other payables.

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			2020	2019
			N$	N$
21.	TRADE AND OTHER PAYABLES (continued)			
	Reconciliation of deposits on accommodation and tour packages:			
	Balance at the beginning of the year		28 941 759	15 630 096
	Revenue recognised in respect of opening balances		(16 019 372)	(15 589 235)
	Revenue recognised in respect of deposits received during the year		(58 109 018)	(154 000 813)
	Deposits received during the year		65 278 697	182 901 711
	Balance at the end of the year		20 092 066	28 941 759
22.	REVENUE			
	Group			
	Revenue from contracts with customers		153 465 803	446 387 980
	Set out below is the disaggregation of the group's revenue from contracts with customers:			
	Accommodation		64 957 312	193 525 522
	Activities		8 228 049	27 218 603
	Bar		10 367 731	25 088 120
	Car rental		3 909 953	8 203 769
	Fuel		5 977 076	8 366 562
	Laundry and other		4 867 222	2 254 030
	Package tour sales		15 867 452	60 978 642
	Restaurant		33 548 155	106 138 267
	Souvenirs / telephone cards		5 742 853	14 614 465
	Total revenue from contracts with customers		153 465 803	446 387 980
	Primary geographical markets			
	Namibia		153 465 803	446 387 980
	Total revenue from contracts with customers		153 465 803	446 387 980
	Timing of revenue recognition			
	Good transferred at a point in time		72 641 270	191 883 816
	Services transferred overtime		80 824 533	254 504 164
	Total revenue from contracts with customers		153 465 803	446 387 980
	Liabilities related to contracts with customers			
	Deposits on accommodation and tour packages	21	20 092 066	28 941 759

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		2020	2019
		N$	N$
23.	COST OF SALES		
	Group		
	Accommodation	2 983 544	4 950 744
	Activities	1 737 337	3 706 692
	Bar	4 826 288	10 544 145
	Car rental	311 765	105 650
	Fuel	5 588 006	7 674 528
	Other	2 645 483	1 404 603
	Package tour sales	8 207 720	49 100 646
	Restaurant	16 271 526	39 821 294
	Souvenirs / telephone cards	5 725 067	8 850 221
	Total cost of sales	48 296 736	126 158 523

		2020	2019
24.	OTHER OPERATING INCOME		
	Group		
	Donations income	1 051 232	848 843
	Profit on sale of assets	32 695	46 639
	Gondwana card income	1 220 348	1 031 530
	HR training	460 291	1 432 854
	Insurance refunds	10 193	425 306
	HQ contributions received	230 914	704 436
	Social Security Commission – Covid-19 Relief Funding (*)	3 172 633	-
	CRRRF Recovery Relief Funding	1 335 603	-
	You Tube video	-	356 739
	Namibia Training Authority refunds received	1 502 131	-
	Other	598 159	1 021 363
		9 614 199	5 867 710

(*) During the year the company qualified for a wage subsidy program that was implemented by the government to save jobs in the tourism industry which were hit hard by Covid-19. The grant was awarded on condition that the group will not retrench staff for the three months and was not allowed to reduce staff salaries by more than 50%. The group was in compliance with all conditions. This grant was recognised in profit or loss and presented in other income when it became receivable. There is no outstanding balance of deferred income related to this grant as at 31 October 2020.

25. OPERATING EXPENSES

Operating profit for the year is stated after charging the following amongst others:

	2020	2019
Group		
Auditor's remuneration		
- audit fees	949 845	1 347 370
Increase in provision	972 000	4 000
	1 921 845	1 351 370
Company		
Auditor's remuneration		
- audit fees	-	63 220
	-	63 220

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	2020	2019
	N$	N$
25. OPERATING EXPENSES (continued)		
Operating profit for the year is stated after charging the following amongst others:		
Group		
Employee costs		
Salaries, wages and other benefits	96 550 037	93 276 873
Directors' fees	9 001 898	13 788 591
Directors' costs for other services	90 417	131 193
Directors' costs on special project	142 748	2 124
Retirement benefit plans: defined contribution expense	6 033 148	9 418 590
Other short-term costs	-	111 726
	111 818 248	116 729 097
Operating lease charges	-	638 952
Short-term leases	780 256	-
	780 256	638 952
Depreciation and amortisation		
Depreciation on property, plant and equipment	27 557 840	20 064 172
Amortisation of intangible assets	725 819	709 319
Depreciation of right-of-use assets	934 952	-
	29 218 611	20 773 491
Breakdown of expenses by nature – Group		
Administration fees	14 741	11 596
Advertising	9 559 815	8 202 368
Bank charges	4 187 192	6 148 579
Bad debts	1 675 381	150 768
Commission paid	1 468 670	2 238 458
Computer expenses	2 363 338	1 456 914
Depreciation, amortisation and impairment	29 218 611	20 773 492
Repairs and maintenance	9 817 618	14 949 454
Short-term leases on premises	780 256	638 952
Employee costs	111 818 248	116 729 097
Security	1 136 765	1 302 361
Consulting and professional fees – legal fees	414 949	-
Consulting and professional fees – other	3 483 655	3 199 977
Other expenses	50 586 165	55 829 996
	226 525 404	231 632 012
Breakdown of expenses by nature – Company		
Bank charges	2 469	3 589
Consulting and professional fees – other	59 805	175 641
	62 274	179 230

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		2020	2019
		N$	N$
26.	INVESTMENT INCOME		
	Group		
	Dividend income from investments (*)	208 236	2 495 384
	(*) These are non-taxable distributions received on the investment account.		
27.	FINANCE INCOME		
	Group		
	Bank	66 052	322 121
		66 052	322 121
28.	FINANCE COST		
	Group		
	Bank loans and overdraft	18 904 306	17 492 554
	Interest-bearing borrowings	4 920 907	3 331 776
	Lease liabilities	1 117 265	-
	Other	211 369	305 965
		25 153 847	21 130 295
29.	TAXATION		
	Group		
	Major components of income tax expense for the year		
	Consolidated profit or loss		
	Current income tax:		
	Current income tax charge	1 019 100	9 730 740
	Deferred tax:		
	Relating to origination and reversal of temporary differences	(44 683 561)	14 062 371
	Income tax expense reported in the statement of profit or loss	(43 664 461)	23 793 111
	Consolidated other comprehensive income		
	Deferred tax related to items recognised in OCI during the year:		
	Revaluation of properties	626 806	-
	Deferred tax charged to OCI	626 806	-

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	2020	2019
	N$	N$

29. TAXATION (continued)

Group (continued)

Reconciliation between accounting profit and tax expenses:

	2020 N$	2019 N$
(Loss)/profit before income tax	(137 058 999)	76 152 365
Tax at the applicable tax rate of 32% (2019: 32%)	(43 858 880)	24 368 757
Dividends received	(66 635)	(798 523)
Expenses incurred in the production of exempt income	27 958	62 430
Donations received	(336 394)	(271 630)
Donations paid	516 650	522 855
Legal fees	132 786	-
Land tax	1 752	16 191
Penalties	25 556	-
Prior year error	-	(106 969)
Share of profit from joint venture	(73 376)	-
Capital profit	(33 878)	-
Income tax expense reported in the statement of profit or loss	(43 664 461)	23 793 111

Company

No taxation has been provided for as the company's expenses and income are exempt from tax.

30. EARNINGS PER SHARE

Group

	2020	2019
Basic and diluted earnings (cents per share)	(140.75)	78.91

Basic earnings per share is based on net (loss)/profit attributable to equity shareholders of the company as per the Statement of Profit or Loss and Other Comprehensive Income of (N$ 93 394 538) (2019: N$ 52 359 254) and a weighted average number of ordinary shares outstanding during the year of 66 356 809 shares (2019: 66 356 809 shares). It is calculated by dividing the net profit/(loss) 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.

CONSOLIDATED BASIC AND DILUTED HEADLINE EARNINGS (CENTS PER SHARE)

Reconciliation between basic earnings and headline earnings

	2020	2019
(Loss)/earnings	(93 394 538)	52 359 254
Total (loss)/earning attributable to ordinary shareholders	(93 394 538)	52 359 254

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		2020	2019
		N$	N$
30.	EARNINGS PER SHARE (continued)		
	CONSOLIDATED BASIC AND DILUTED HEADLINE EARNINGS (CENTS PER SHARE) (continued)		
	Adjusted for:		
	Profit on disposal of property, plant and equipment	(32 695)	(46 639)
		(93 427 233)	52 312 615
	Consolidated basic and diluted headline earnings (cents per share)	(140.79)	78.82

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.

31.	RELATED COMPANIES' TRANSACTIONS		
	Group		
	Transactions with related companies:		
	Ruth Albrecht Trust		
	- interest paid	86 744	139 191
	Naukluft Electricity Investments (Pty) Ltd		
	- electricity charge	1 212 654	1 469 254
	Fisher Quarmby & Pfeifer		
	- bond registration and other	876 233	643 212
	Wine bar		
	Purchases	609 890	1 900 306
	Compensation to directors and key management		
	- salary and other short-term employee benefits	9 235 063	13 921 908
	Conserv Engineering Services CC		
	- repairs and maintenance	398 314	822 055

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

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31. RELATED COMPANIES' TRANSACTIONS (continued)

Group and company

Related parties are identified as follows:

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

	2020	2019
	N$	N$
32. CASH (UTILISED)/GENERATED BY OPERATIONS		
Group		
(Loss)/Profit before taxation	(137 058 999)	76 152 365
Adjustments for:		
- share of profit of joint venture	(229 301)	-
- investment income	(208 236)	(2 495 384)
- depreciation and amortisation	29 218 611	20 773 492
- finance income	(66 052)	(322 121)
- finance cost	25 153 847	21 130 295
- share issue	-	1 980 000
- movement in provision for credit losses	666 603	-
- net gains on disposal of assets	(32 695)	(46 639)
	(82 556 222)	117 172 008

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		2020	2019
		N$	N$
32.	CASH (UTILISED)/GENERATED BY OPERATIONS (continued)		
	Group (continued)		
	Working capital adjustments:		
	Decrease/(increase) in inventories and biological assets	1 508 296	(4 327 259)
	Decrease in trade and other receivable	25 961 890	5 907 590
	Decrease in trade and other payable	(29 699 552)	(2 352 516)
		(2 229 366)	(772 185)
	Cash (utilised)/generated from operations	(84 785 588)	116 399 823
	Company		
	Loss before taxation	(62 274)	(179 230)
	Cash utilised by operations	(62 274)	(179 230)
33.	DIVIDENDS PAID		
	Group		
	Balance at the beginning of the year	(1 725 614)	(487 850)
	Dividends	-	(15 925 632)
	Balance at the end of the year	905 712	1 725 614
		(819 902)	(14 687 868)
	Company		
	Balance at the beginning of the year	(1 725 614)	(487 850)
	Dividends	-	(15 925 632)
	Balance at the end of the year	905 712	1 725 614
		(819 902)	(14 687 868)

During the year under review no dividends were declared. Dividends of N$ 0.22 per share amounting to a total of N$ 15 925 632 were declared in 2019 by the group.

		2020	2019
34.	TAX PAID		
	Group		
	Balance at the beginning of the year	(745 501)	(1 659 615)
	Current tax for the year recognised in profit or loss	(1 019 100)	(9 730 740)
	Balance at end of the year	(1 808 591)	745 501
		(3 573 192)	(10 644 854)

35. CHANGES IN LIABILITIES ARISING FROM FINANCIAL ACTIVITIES

Group - 2020	Opening balance	Cash inflow	Cash outflow	Subsidiary acquired	Closing balance
	N$	N$	N$	N$	N$
Borrowings – secured	218 482 158	271 757 574	(154 554 639)	-	335 685 093
Borrowings – unsecured	1 148 826	-	(202 004)	-	946 822
	219 630 984	271 757 574	(154 756 643)	-	336 631 915

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

36. SUBSEQUENT EVENTS, GOING CONCERN AND COVID-19

As at financial year-end October 2020, the world remains firmly in the grip of the worldwide pandemic following the outbreak of Covid-19 at the beginning of 2020. The group's financial performance during the largest part of the financial year as well as continuing into the new financial year is characterised by a significant reduction in revenues year on year, coupled by a commensurately sizeable increase in debt. Cancellations of nearly all international and regional book- ings that were unable to be realised due to travel restrictions following local and international governmental lockdowns to curb the spread of the virus contributed to the collapse in revenue. Concomitantly, debtors delayed payments and creditors commitments needed to be met, resulting in severe cashflow and cash reserves constraints. While drastic cost cutting measure were implemented, a key strategic decision was taken to retain all staff, all be it with a 35% reduction in remuneration and benefits and a 50% reduction for key executives. All strategic decisions con- sidered the cost of additional capital employed versus the opportunity cost of sacrificing the ability to respond to opportunities that may present themselves as the situation evolved. These decisions were also informed by the role Gondwana plays as a key industry participant and a responsible corporate citizen, with the key goal of both shareholder and stakeholder value.

Prior to the Covid-19 pandemic, Gondwana had embarked on a growth strategy by both new developments and acquisitions aimed at increasing capacity and profitable market share within the broader tourism value chain in Namibia and beyond.

Uncertainty with regards of the duration of the pandemic drove the following strategic management decisions:

1. Capital projects aimed at increased capacity that were near completion were given the go-ahead to be completed. These included Etosha King Nehale Lodge, Camping2Go product expansions and IT developments aimed at new, alternative, and better yielding revenue streams. Etosha King Nehale lodge was 95% completed by the time the pandemic hit and the board decided to finalise and open the lodge. It takes at least 18 months for a new lodge to become established and this gave the group time to ensure a fully yielding property by the time tourism returned. From a brand perspective it also sent a positive message to the industry, the country and the world regarding the future of tourism in Namibia.

2. Gondwana engaged government at the highest level from the beginning of the crisis and remained close to assumptions at national and international level.

3. All furniture, fittings and equipment repairs, maintenance and replacements, capital upgrades, routine maintenance and improvements and general replacements were suspended.

4. All operational expenses were reduced and/or delayed except where such expenses supported capacity preservation or alternative revenue streams, yield improvements and or developing possible alternative source markets.

5. All efforts were made to protect capacity and retain staff that would drive market capture and drive revenue generation as restrictions were lifted. Speed and effectiveness of restart were considered a key opportunity to differentiate Gondwana from peers and grow loyalty amongst a deprived user base.

6. Brand development and preservation as well as the social and environmental values that underpin the Gondwana brand were prioritsed. Marketing and communication strategies continued to receive expense priority and support.

7. Focused stakeholder engagement strategies were employed to secure brand identity, influence policy environment, mitigated exposure risks and to secure customer, capital provider and market confidence.

8. The review of a robust risk management process and continuous scenario planning drove the application for additional capital facilities that resulted in the increase of additional long-term liabilities beyond the need to fund the envisioned expansion. Continued review of the risk management strategies and ongoing scenario planning drives management decisions with regards to capital, cash flow and expenses.

9. Employee costs as key and significant expense were re-assessed, and all options considered. An embargo was placed on all new appointments and or replacements after the outbreak of covid-19 and in the light of uncertainty of the term of exposure strategies were employed to reduce cost exposure without jeopardising capacity to generate revenue or effect business recovery. These included, benefit reductions, suspension of pension fund contributions and extensive salary and wage cuts. Despite effectively sitting with 3 additional lodges when compared to 2019 (Palmwag and Omarunga were included in 2019 numbers for only 6 months) this led to significant payroll savings. Gondwana has invested significant resources in its culture and employees over many years and this has led to a sustainable competitive advantage, an asset the group intends to protect for as long as it is possible.

36. SUBSEQUENT EVENTS, GOING CONCERN AND COVID-19 (continued)

10. *Gondwana operates several joint venture properties within conservancies and rural communities. All minimum contractual community contributions were honoured to ensure continued impact on sustainability and to avoid any contractual risks to long-term assets. The groups' responsibility towards local communities goes beyond merely the provision of employment.*
11. *Corporate governance structures remain firmly in place while all non-executive directors' fees were waived.*
12. *Management remains firm in the stance that the group has a valid and comprehensive business interruption insurance policy with an international brand insurer that is a result of a comprehensive risk management strategy that had been implemented over decades and informed by several historic events. This policy and the extend of the cover it provides is subsequently the subject of ongoing litigation in the Namibian High Court. The purpose of such business interruption insurance is to protect the group against any lost revenue following a catastrophic event and it stipulates the calculation of such protection up to an amount of N$ 638 million.*
13. *Worst case scenario considerations inform various management plans that would enable additional credit lines and sources of capital as well as possible operational measures should international travel be negatively influenced by a possible third wave or additional restrictions.*
14. *Deferred tax asset has been deemed recoverable after considering the current and forecast profitability of the entities.*

Management is of the belief, that there is a big appetite internationally for travel to Namibia. This is supported by the global roll out of vaccines and market intelligence with regards to the possible easing of travel restrictions. Due to Namibia's low population density, management believes that Namibia is an ideal travel destination in these trying times. From May 2021 international travel opportunities are also increasing again with more flights being scheduled. As such, managements' best estimates, driven by bookings, indicate an uptake in turnover from July 2021 as compared to last year and profits for 2021 financial year appear to be a realistic expectation. Management have also placed the group in such a position that it can take up any tourism capacity immediately, should the opportunity present or international tourism recover.

Management has considered the consequences of Covid-19 and other events and conditions, and it has determined that they do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern. The impact of Covid-19 on future performance might be significant but management has determined that it does not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

The following significant events occurred since October 2020 year-end:

Legal proceedings were commenced with an action launched in the Namibian High court against Hollard Namibia in relation to a business interruption insurance claim.

Closure and liquidation of Air Namibia as well as withdrawal of Qatar Airways from Namibia could have a short-term effect on availability of flights to Namibia, tourist have to reroute through other airlines which may cause delays in travel dates or cancellation due to struggles with airline refund processes.

A Gondwana Bond programme was approved and registered with the Namibian Stock Exchange.

An estimate of the financial effect of the above events cannot be made.

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 2020 the group's strategy, which was unchanged for 2019 was applied.

The gearing ratios at 31 October 2020 and 2019 was as follows:

	2020	2019
	N$	N$
Total borrowings	405 301 971	219 630 984
Less: cash and bank balances	(6 562 569)	(16 597 453)
Net debt	398 739 402	203 033 531
Total equity	467 939 303	531 702 277
Total capital	866 678 705	734 735 808
Gearing ratio	46%	27%

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.

The board has overall responsibility for the establishment and oversight of the group's risk management framework.

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 generally in local currency. The group has one foreign exchange account with Standard Bank Namibia Limited. The effect of this is not considered significant.

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

38.1 *Overview (continued)*

a) *Market risk (continued)*

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 sets prices a 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 2020		Effect on profit after tax and equity 2019	
	10% increase	10% decrease	10% increase	10% decrease
	N$	N$	N$	N$
Profit after tax and equity	7 151 497	(7 151 497)	21 775 603	(21 775 603)

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	2020	2019
	N$	N$
First National Bank Namibia Limited / Standard Bank Namibia		
- current accounts	(56 755 636)	(353 243)
Lease liabilities	(11 914 420)	-
Interest bearing liabilities - secured	(355 685 093)	(218 482 158)
Interest bearing liabilities - unsecured	(946 822)	(1 148 826)

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.

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

38.1 Overview (continued)

b) Operational risk (continued)

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

	2020	2019
	%	%
Current bank account	prime related	prime related
Instalment sales	prime related	prime related
Lease liabilities	9.25%	-
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$ 2 756 053 (2019: N$ 2 030 335).

The decrease in 100 basis point in the interest rate would affect the group's income after tax and equity by (N$ 2 756 053) (2019: (N$ 2 030 335)).

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-term 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.

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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 31/10/2020							
Non-current liabilities							
Long-term liabilities – secured and unsecured	19	-	58 690 142	333 589 631	4 466 989	396 746 762	313 196 242
Lease liabilities		-	1 611 979	6 365 395	13 293 080	21 270 454	11 369 109
Current liabilities							
Bank overdraft	15	56 755 636	-	-	-	56 755 636	56 755 636
Trade and other payables	21	20 585 653	-	-	-	20 585 653	20 585 653
Dividends payable	33	905 712	-	-	-	905 712	905 712
Long-term liabilities - secured and unsecured	19	48 199 943	-	-	-	48 199 943	23 435 673
Lease liabilities	20	1 611 979	-	-	-	1 611 979	545 311
		128 058 923	60 302 121	339 955 026	17 760 069	546 076 139	426 793 336

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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	19	-	53 386 101	126 827 232	47 535 704	227 749 037	177 097 649
Current liabilities							
Bank overdraft	15	353 243	-	-	-	353 243	353 243
Trade and other payables	21	46 545 097	-	-	-	46 545 097	46 545 097
Dividends payable	33	1 725 614	-	-	-	1 725 614	1 725 614
Long-term liabilities - secured and unsecured	19	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

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

38.1 Overview (continued)

d) Categories of financial instruments

Group 2020	Notes	Financial assets at amortised cost	Financial liabilities at amortised cost	Equity and non-financial assets and non-financial and liabilities	Total
		N$	N$	N$	N$
Assets					
Non-current assets					
Property, plant and equipment	3	-	-	811 686 586	811 686 586
Right-of-use asset	4	-	-	11 464 591	11 464 591
Goodwill	6	-	-	24 049 082	24 049 082
Intangible assets	5	-	-	27 153 403	27 153 403
Deferred tax asset	11	-	-	33 410 604	33 410 604
Other financial assets (*)	7	-	-	474	474
Investment in joint venture	9	-	-	6 979 301	6 979 301
Loan to related party	10	762 497	-	-	762 497
		762 497	-	914 744 041	915 506 538
Current assets					
Current tax receivable		-	-	2 504 258	2 504 258
Biological assets	13	-	-	226 000	226 000
Inventories	12	-	-	15 603 031	15 603 031
Trade and other receivables	14	6 930 282	-	11 893 454	18 823 736
Cash and cash equivalents	15	6 562 569	-	-	6 562 569
		13 492 851	-	30 226 743	43 719 594
Total assets		14 255 348	-	944 970 784	959 226 132
Equity and liabilities					
Equity					
Share capital	16	-	-	66 357	66 357
Share premium	16	-	-	132 301 614	132 301 614
Revaluation reserve	17	-	-	200 934 275	200 934 275
Shareholders' reserve	18	-	-	17 364 558	17 364 558
Retained earnings		-	-	117 272 499	117 272 499
Total equity		-	-	467 939 303	467 939 303

(*) Other financial assets are categorised as FVTPL

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

38.1 Overview (continued)

d) Categories of financial instruments (continued)

Group 2020	Notes	Financial assets at amortised cost	Financial liabilities at amortised cost	Equity and non-financial assets and non-financial and liabilities	Total
		N$	N$	N$	N$
Liabilities					
Non-current liabilities					
Interest-bearing liabilities - secured	19.1	-	312 681 809	-	312 681 809
Interest-bearing liabilities - unsecured	19.2	-	514 433	-	514 433
Lease liabilities	20	-	11 369 109	-	11 369 109
Deferred tax liability	11	-	-	40 736 216	40 736 216
		-	324 565 351	40 736 216	365 301 567
Current liabilities					
Short-term portion of interest-bearing liabilities - secured	19.1	-	23 003 284	-	23 003 284
Short-term portion of interest-bearing liabilities - unsecured	19.2	-	432 389	-	432 389
Short-term portion of lease liabilities	20	-	545 311	-	545 311
Dividend payable	33	-	905 712	-	905 712
Current taxation payable		-	-	695 667	695 667
Trade and other payables	21	-	20 585 653	23 061 610	43 647 263
Bank overdrafts	15	-	56 755 636	-	56 755 636
		-	102 227 985	23 757 277	125 985 262
Total liabilities		-	426 793 336	64 493 493	491 286 829
Total equity and liabilities		-	426 793 336	532 432 796	959 226 132

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

38.1 Overview (continued)

d) Categories of financial instruments (continued)

Group 2019	Notes	Financial assets at amortised cost	Financial liabilities at amortised cost	Equity and non-financial assets and non-financial and liabilities	Total
		N$	N$	N$	N$
Assets					
Non-current assets					
Property, plant and equipment	3	-	-	746 455 274	746 455 274
Right-of-use asset	4	-	-	-	-
Goodwill	6	-	-	24 049 082	24 049 082
Intangible assets	5	-	-	27 879 222	27 879 222
Deferred tax asset	11	-	-	700 844	700 844
Other financial assets (*)	7	-	-	474	474
		-	-	799 084 896	799 084 896
Current assets					
Loan to related party	10	762 497	-	-	762 497
Current tax receivable		-	-	6 196 467	6 196 467
Biological assets	13	-	-	311 750	311 750
Inventories	12	-	-	17 025 577	17 025 577
Trade and other receivables	14	40 589 394	-	4 862 835	45 452 229
Cash and cash equivalents	15	16 950 696	-	-	16 950 696
		58 302 587	-	28 396 629	86 699 216
Total assets		58 302 587	-	827 481 525	885 784 112
Equity and liabilities					
Equity					
Share capital	16	-	-	66 357	66 357
Share premium	16	-	-	132 301 614	132 301 614
Revaluation reserve	17	-	-	171 353 956	171 353 956
Shareholders' reserve	18	-	-	17 364 558	17 364 558
Retained earnings		-	-	210 615 792	210 615 792
Total equity		-	-	531 702 277	531 702 277

(*) Other financial assets are categorised as FVTPL

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

38.1 Overview (continued)

d) Categories of financial instruments (continued)

Group 2019	Notes	Financial assets at amortised cost	Financial liabilities at amortised cost	Equity and non-financial assets and non-financial and liabilities	Total
		N$	N$	N$	N$
Liabilities					
Non-current liabilities					
Interest-bearing liabilities - secured	19.1	-	176 743 828	-	176 743 828
Interest-bearing liabilities - unsecured	19.2	-	353 821	-	353 821
Deferred tax liability	11	-	-	52 083 211	52 083 211
		-	177 097 649	52 083 211	229 180 860
Current liabilities					
Short-term portion of interest-bearing liabilities - secured	19.1	-	41 738 330	-	41 738 330
Short-term portion of interest-bearing liabilities - unsecured	19.2	-	795 005	-	795 005
Dividend payable	33	-	1 725 614	-	1 725 614
Current taxation payable		-	-	6 941 968	6 941 968
Trade and other payables	21	-	46 545 097	26 801 718	73 346 815
Bank overdrafts	15	-	353 243	-	353 243
		-	91 157 289	33 743 686	124 900 975
Total liabilities		-	268 254 938	85 826 897	354 081 835
Total equity and liabilities		-	268 254 938	617 529 174	885 784 112

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

38.1 Overview (continued)

d) Categories of financial instruments (continued)

Company 2020	Notes	Financial assets at amortised cost	Financial liabilities at amortised cost	Equity and non-financial assets and non-financial and liabilities	Total
		N$	N$	N$	N$
Assets					
Non-current assets					
Investment in subsidiary (*)	8	-	-	56 666	56 666
Loan to related party	10	157 259 255	-	-	157 259 255
		-	-	56 666	157 315 921
Current assets					
Trade and other receivables	14	6 566	-	-	6 566
Cash and cash equivalents	15	1 142 951	-	-	1 142 951
		1 149 517	-	-	1 149 517
Total assets		158 408 772	-	56 666	158 465 438
Equity and liabilities					
Equity					
Share capital	16	-	-	66 357	66 357
Share premium	16	-	-	83 665 179	83 665 179
Retained earnings		-	-	73 828 190	73 828 190
Total equity		-	-	157 559 726	157 559 726
Current liabilities					
Dividend payable	33	-	905 712	-	905 712
		-	905 712	-	905 712
Total liabilities		-	905 712	-	905 712
Total equity and liabilities		-	905 712	157 559 726	158 465 438

(*) Investment in subsidiary is categorised as at cost.

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

38.1 Overview (continued)

d) Categories of financial instruments (continued)

Company 2019	Notes	Financial assets at amortised cost	Financial liabilities at amortised cost	Equity and non-financial assets and non-financial and liabilities	Total
		N$	N$	N$	N$
Assets					
Non-current assets					
Investment in subsidiary (*)	8	-	-	56 666	56 666
		-	-	56 666	56 666
Current assets					
Loan to related party	10	157 320 062	-	-	157 320 062
Trade and other receivables	14	6 566	-	-	6 566
Cash and cash equivalents	15	1 964 320	-	-	1 964 320
		159 290 948	-	-	159 290 948
Total assets		159 290 948	-	56 666	159 347 614
Equity and liabilities					
Equity					
Share capital	16	-	-	66 357	66 357
Share premium	16	-	-	83 665 179	83 665 179
Retained earnings		-	-	73 890 464	73 890 464
Total equity		-	-	157 622 000	157 622 000
Current liabilities					
Dividend payable	33	-	1 725 614	-	1 725 614
		-	1 725 614	-	1 725 614
Total liabilities		-	1 725 614	157 622 000	1 725 614
Total equity and liabilities		-	1 725 614	157 622 000	159 347 614

(*) Investment in subsidiary is categorised as at cost.

*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, 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 applies 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).

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.

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

38.1 Overview (continued)

e) Credit risk (continued)

Where necessary, the assessment for a significant increase in credit risk is made on a collective basis. Management typically adopts 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, 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.

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

	Carrying amount	
	2020	2019
	N$	N$
Loans to related parties	762 497	762 497
Trade and other receivables	6 930 282	45 452 229
Cash and cash equivalents	6 562 569	16 950 696
	14 255 348	63 165 422

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

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

38.1 Overview (continued)

e) Credit risk (continued)

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

	Gross 2020 N$	Impairment 2020 N$	Gross 2019 N$	Impairment 2019 N$
Trade debtors				
Not past due	11 908	(262)	14 056 715	-
Past due 0-30 days	259 268	(5 675)	15 145 226	-
Past due 30-60 days	635 984	(37 419)	4 655 840	-
Past due 60-90 days	229 360	(66 308)	668 012	-
Past due 90-120 days	576 406	(166 639)	552 841	-
More than 120 days	1 350 055	(390 300)	1 525 158	-
Total	3 062 981	(666 603)	36 603 792	-

Detail of provision matrix is presented in note 14.

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

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 38.3.

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.*

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38. FINANCIAL RISK MANAGEMENT - GROUP (continued)

38.3 Fair value information

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	2020	2019
		N$	N$
Land and buildings	3	683 716 159	574 452 529
Other financial assets	7	474	474
		683 716 633	574 453 003

The following table shows the impact on the fair value due to change in a significant unobservable input:

		Fair value measurement Sensitivity to significant	
Unobservable inputs within the income capitalisation approach		Increase in input	Decrease in input
Market rent	The valuer's assessment of the net market income attributable to the property.	Increase	Decrease
Market capitalisation rate	The rate of return, determined through analysis of comparable market-related sales transactions, that is applied to the market rent to assess the property's value.	Decrease	Increase
Unobservable inputs within depreciated replacement cost:			
Construction cost per square meter	The cost of constructing various asset types based on variety of sources including published cost information, the valuer's database of costing information and experience of typical industry rates and indexed historical cost information.	Increase	Decrease
Unobservable inputs within the comparable sales method			
Rate per square meter	The rate per square meter of recently sold properties of similar nature.	Increase	Decrease

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 31/10/2020						
Dividends payable	33	905 712	-	-	-	905 712
		905 712	-	-	-	905 712
At 31/10/2019						
Dividends payable	33	1 725 614	-	-	-	1 725 614
		1 725 614	-	-	-	1 725 614

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	
	2020	2019
	N$	N$
Trade and other receivables	6 566	6 566
Cash and cash equivalents	1 142 951	1 964 320
	1 149 517	1 970 886

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.

38.2 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 38.3.

38. FINANCIAL RISK FACTORS - COMPANY (continued)

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 limited sureties for other companies in favour of Bank Windhoek Namibia Limited, relating to loan facilities provided by the bank:

Namib Desert Investments (Pty) Ltd
Eden East Farming and Tourism (Pty) Ltd
Violet Investments (Pty) Ltd
R. A. L. Boerdery (Pty) Ltd
Canyon Investments (Pty) Ltd
Combretum Investments (Pty) Ltd
Acacia Investments (Pty) Ltd
Gondwana Travel Centre (Pty) Ltd

Unlimited suretyship by:
Nature Investments (Pty) Ltd, Reg No 96/307, supported by security in own name.

The group guarantees by Gondwana Collection Namibia (Pty) Ltd were as follows held with Bank Windhoek Namibia Limited:

Amount (N$)	Beneficiary
400 000	Total Namibia (Pty) Ltd
271 596	Nampower
604 051	Nampower
308 581	Nampower
452 822	Ministry of Environment and Tourism

40. CAPITAL COMMITMENTS

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$ 3 200 000
- *Upgrading of the Etosha Lodge* N$ 2 400 000

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COMPANY DETAILED STATEMENT OF COMPREHENSIVE INCOME

	2020	2019
	N$	N$
INCOME		
Dividends received	-	-
EXPENDITURE		
Auditor's remuneration		
- audit services	-	63 220
Bank charges	2 469	3 589
Professional fees	59 805	112 421
	62 274	179 230
NET LOSS FOR THE YEAR BEFORE TAXATION	(62 274)	(179 230)

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TAXATION COMPUTATION

		N$
NET LOSS AS PER INCOME STATEMENT		(62 274)
Add:	Expenses incurred in the production of exempt income	62 274
TAXABLE INCOME FOR THE YEAR		-