GONDWANA HOLDINGS LIMITED

COMPANY REGISTRATION NUMBER: 2017/1055

GROUP ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 OCTOBER 2023

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FOR THE YEAR ENDED 31 OCTOBER 2023

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GENERAL INFORMATION

Country of incorporation and domicile:	*Namibia*
Directors:	*F Amuenje* *S S 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* *E Emvula*
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*
Auditor:	*Ernst & Young Namibia* *Registered Accountants and Auditors* *Chartered Accountants (Namibia)*

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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's annual financial statements and related financial information included in this report. It is their responsibility to ensure that the group's annual financial statements fairly present the state of affairs of the group 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 auditor is engaged to express an independent opinion on the group annual financial statements.

The group'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 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 all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group 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'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's cash flow forecast for the year to 31 October 2024 and, in the light of this review and the current financial position they are satisfied that the group has or will have access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently reviewing and reporting on the group's annual financial statements. The group's annual financial statements have been examined by the group's external auditor and its report is presented on pages 5 and 6.

The group's annual financial statements set out on pages 7 to 89, 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**
15 March 2024	15 March 2024
Date	**Date**
Windhoek	*Windhoek*

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CORPORATE GOVERNANCE

ETHICAL STANDARDS

Gondwana Holdings Limited has adopted a code of ethics that incorporates the group's operating, financial and behavioural policies in a set of integrated values, including the ethical standards required of employees of the group in their interaction with one another and with all stakeholders. Detailed policies and procedures are in place for the group covering the regulation and reporting of transactions in securities of the group 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 in place which the board and management regard as entirely appropriate.

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

PEOPLE COMMITTEE

The People Committee comprises non-executive directors and external independent members. The committee reviews and endorses the people strategy to ensure it aligns with the broader Gondwana strategy and accomplishes its objectives. The committee oversees the functions managed by the People Team at an operational level. These include human resources functions, remuneration and benefits, Board nominations, employee share schemes, talent management and succession planning. The committee also provides the People Team with guidance and access to a broader range of skills and ensures compliance with legislation governing labour relations and health and occupational safety, and Gondwana's recruitment processes.

AUDIT, RISK AND OPPORTUNITY COMMITTEE

The Audit, Risk and Opportunity Committee comprises non-executive and executive directors. The committee reviews Gondwana's external environment to ensure that management adequately manages risks and implements strategies that take advantage of opportunities. Considering Gondwana's risk environment is a standing agenda item at committee meetings. The identified risks are prioritised and managed in proportion to their potential to prevent the group from realising its strategic objectives.

SUSTAINABILITY COMMITTEE

The Sustainability Committee comprises non-executive and executive directors. The committee oversees social and environmental matters and discusses matters material to Gondwana's sustainability. The committee's strategy concerning Gondwana's sustainability is based on business innovation to anticipate and pre-empt emerging threats, while identifying and exploiting the opportunities they hold. Prudent innovation also contributes to our aspirational brand.

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Namibia

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

Opinion

We have audited the consolidated annual financial statements of Gondwana Holdings Limited ('the Group') set out on pages 7 to 89, which comprise the directors' report, the group statement of financial position as at 31 October 2023, the group statement of profit or loss and other comprehensive income, the group statement of changes in equity and the group statement of cash flows for the year then ended, and the notes to the consolidated annual financial statements, including a summary of significant accounting policy information.

In our opinion, the consolidated annual financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 October 2023, and its consolidated financial performance and consolidated 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 Annual Financial Statements"* section of our report. We are independent of the Group in accordance with 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 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 contents page, the general information and the directors' responsibilities and approval statement and corporate governance statements, which we obtained prior to the date of this auditor's report. The other information does not include the consolidate annual financial statements and our auditor's report thereon. Our opinion on the consolidated 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 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 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Annual Financial Statements

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

In preparing the consolidated annual financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Group and/or 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 Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether consolidated 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 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 annual financial statements, including the disclosures, and whether the consolidated annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

Ernst & Young

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

Windhoek, Namibia

15 March 2024

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DIRECTORS' REPORT

The directors herewith submit their report on the consolidated annual financial statements of Gondwana Holdings Limited for the year ended 31 October 2023.

DIRECTORS

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

Directors	*Role*	*Nationality*	*Appointed*	*Resigned*
F Amuenje	*Non-executive*	*Namibian*	*17-10-2017*	*-*
S S Galloway	*Non-executive – Chairperson*	*Namibian*	*17-10-2017*	*-*
M Goldbeck	*Executive*	*Namibian*	*17-10-2017*	*-*
C J Gouws	*Non-executive*	*Namibian*	*17-10-2017*	*-*
L J Gouws	*Non-executive*	*South African*	*17-10-2017*	*-*
T T Hiwilepo	*Non-executive*	*Namibian*	*17-10-2017*	*-*
A G I Noirfalise	*Executive*	*Belgian*	*17-10-2017*	*-*
J Visser	*Executive*	*Namibian*	*17-10-2017*	*-*
G J Joubert	*Executive*	*Namibian*	*17-10-2017*	*-*
D Namalenga	*Non-executive*	*Namibian*	*11-04-2019*	*-*
J Y Mnyupe	*Non-executive*	*Namibian*	*12-11-2019*	*-*
E Emvula	*Non-executive*	*Namibian*	*27-04-2023*	*-*

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 the Gondwana Care Trust.

OPERATING RESULTS

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

The Group recorded a net profit before taxation of N$ 183 772 775 (2022: N$ 41 854 322).

DIVIDENDS

No dividends were declared during the year under review (2022: Nil).

A dividend of N$ 17 244 998 was declared and paid subsequent to year end.

SHARE CAPITAL

Issued share capital has increased due to share-based payments during the year under review. There have been no changes to the authorised share capital during the year under review. Full details of the group's authorised and issued share capital at 31 October 2023 are set out in note 16 to the consolidated annual financial statements.

DIRECTORS' REPORT *(continued)*

SUBSEQUENT EVENTS

The board of directors declared and approved a dividend of N$ 17 244 998 on 28 November 2023.

The board of directors is not aware of any further matters or circumstances arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the group.

GOING CONCERN

The consolidated 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.

AUDITOR

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

INTERESTS IN ASSOCIATE AND JOINT VENTURE

Gondwana Holdings Limited holds interest in an associate and a joint venture, whose results have been included in the group financial statements. Details of the associate and joint venture are presented in the annual consolidated financial statements in note 8 and 9 respectively.

GONDWANA HOLDINGS LIMITED

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AS AT 31 OCTOBER 2023

GROUP STATEMENT OF FINANCIAL POSITION

	Notes	2023	2022
		N$	N$
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	923 935 509	868 293 955
Right-of-use asset	4	17 931 118	17 868 730
Intangible assets	5	25 686 365	25 764 135
Goodwill	6	11 745 082	11 745 082
Other financial assets	7	474	474
Investment in associate	8	4 112 932	-
Investment in joint venture	9	7 014 681	7 011 194
Loans to related parties	10	804 459	814 524
Deferred tax asset	11	5 770 978	55 778 982
		997 001 598	987 277 076
CURRENT ASSETS			
Current tax receivable		1 883 017	1 883 017
Inventories	12	33 162 014	22 899 572
Biological assets	13	196 987	224 650
Trade and other receivables	14	96 415 567	77 501 537
Cash and cash equivalents	15	164 611 500	28 906 905
		296 269 085	131 415 681
TOTAL ASSETS		1 293 270 683	1 118 692 757
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	16	68 980	66 357
Share premium	16	149 161 219	132 301 614
Revaluation reserve	17	200 765 050	200 822 461
Shareholders' reserve	18	17 319 224	17 364 558
Retained earnings		185 864 027	61 880 256
Equity attributable to equity holders of the parent		553 178 500	412 435 246
Non-controlling interest		1 363 140	305 204
TOTAL EQUITY		554 541 640	412 740 450
NON-CURRENT LIABILTIES			
Deferred tax liability	11	50 639 051	44 531 245
Interest-bearing liabilities: secured	19.1	171 611 856	395 311 213
Interest-bearing liabilities: unsecured	19.2	250 000 000	-
Lease liabilities	20	19 956 681	19 210 331
Loans from related party	21	17 320 874	14 851 167
Deferred interest liability	22	-	2 089 000
		509 528 462	475 992 956
CURRENT LIABILITIES			
Bank overdrafts	15	-	38 479 278
Short-term portion of interest-bearing liabilities: secured	19.3	74 318 232	81 356 010
Short-term portion of interest-bearing liabilities: unsecured	19.4	4 241 945	603 113
Short-term portion of lease liabilities	20	447 972	370 187
Deferred interest liability	22	2 089 000	-
Current tax payable		274 765	15 690
Trade and other payables	23	147 649 587	108 954 703
Dividend payable	35	179 080	180 370
		229 200 581	229 959 351
TOTAL EQUITY AND LIABILITIES		1 293 270 683	1 118 692 757

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GROUP STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2023 N$	2022 N$
Revenue	24	707 326 488	472 993 880
Cost of sales	25	(175 115 780)	(115 852 125)
Gross profit		532 210 708	357 141 755
Other operating income	26	127 285 735	12 280 211
Movement in credit loss allowance	14	6 316	(5 345)
Operating expenses		(427 807 366)	(283 178 712)
Operating income	27	231 695 393	86 237 909
Investment income	28	2 762 379	21 713
Finance income	29	1 009 668	37 591
Finance cost	30	(51 821 085)	(44 456 696)
Earnings from associate	8	112 933	-
Share of profit from joint venture	9	13 487	13 805
Profit before taxation		183 772 775	41 854 322
Taxation	31	(58 788 579)	(13 564 450)
Profit for the year		124 984 196	28 289 872
Other comprehensive income		-	-
Total comprehensive income for the year		124 984 196	28 289 872
Total comprehensive income attributable to:			
Owners of parent		123 926 360	27 984 668
Non-controlling interest		1 057 836	305 204
Total comprehensive income		124 984 196	28 289 872
Consolidated earnings per share			
Basic and diluted earnings per share (cents) for the year attributable to ordinary equity holders of the parent	32	186.43	42.17

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GROUP STATEMENT OF CHANGES IN EQUITY

	Share capital N$	Share premium N$	Revaluation reserve N$	Shareholders' reserve N$	Retained earnings N$	Total N$	Non-controlling interest N$	Total Equity N$
Balance at 01/11/2021	66 357	132 301 614	200 879 872	17 364 558	33 838 177	384 450 578	-	384 450 578
Total comprehensive income	-	-	-	-	27 984 668	27 984 668	305 204	28 289 872
Profit for the year	-	-	-	-	27 984 668	27 984 668	305 204	28 289 872
Other comprehensive income	-	-	-	-	-	-	-	-
Revaluation reserve release	-	-	(57 411)	-	57 411	-	-	-
Balance at 31/10/2022	66 357	132 301 614	200 822 461	17 364 558	61 880 256	412 435 246	305 204	412 740 450
Total comprehensive income	-	-	-	-	123 926 360	123 926 360	1 057 836	124 984 196
Profit for the year	-	-	-	-	123 926 360	123 926 360	1 057 836	124 984 196
Other comprehensive income	-	-	-	-	-	-	-	-
Acquisition of associate	235	1 999 764	-	-	-	1 999 999	-	1 999 999
Share-based payments - employee shares	2 388	14 850 350	-	-	-	14 852 738	-	14 852 738
Adjustment of non-financial liability	-	-	-	(45 334)	-	(45 334)	-	(45 334)
Revaluation reserve release	-	-	(57 411)	-	57 411	-	-	-
Settlement of share capital by NCI	-	-	-	-	-	-	100	100
Other	-	9 491	-	-	-	9 491	-	9 491
Balance at 31/10/2023	68 980	149 161 219	200 765 050	17 319 224	185 864 027	553 178 500	1 363 140	554 541 640
Notes	16	16	17	18				

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GROUP STATEMENT OF CASH FLOWS

	Notes	2023 N$	2022 N$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		833 257 562	490 123 729
Payments to suppliers		(329 515 051)	(261 315 772)
Payments to employees		(184 835 305)	(127 514 280)
Cash generated from operations	34	318 907 206	101 293 677
Dividend income received	28	2 762 379	21 713
Finance income received	29	1 009 668	37 591
Finance cost paid	30/37	(47 180 354)	(19 134 992)
Taxation paid	36	(2 413 695)	(140 933)
Net cash inflow from operating activities		273 085 204	82 077 056
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	3/21	(118 656 283)	(110 150 404)
Proceeds on disposal of property, plant and equipment		24 325 235	10 168 634
Investment in associate	8	(2 000 000)	-
Inter-group rent joint venture	9	10 000	7 508
Loan repaid by related party	10	10 065	7 442
Deposits paid for acquisition of subsidiaries and property	14	(20 528 827)	-
Net cash outflow from investing activities		(116 839 810)	(99 966 820)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities	20	(322 537)	(229 584)
Loan (repaid to)/advanced from related party	21	(50)	14 851 167
Dividends paid	35	-	(3 311)
Proceeds from borrowings	37	350 960 685	151 749 538
Repayment of borrowings	37	(332 699 719)	(42 106 501)
Settlement of share capital by NCI		100	-
Net cash inflow from financing activities		17 938 479	124 261 309
Net increase in cash and cash equivalents		174 183 873	106 371 545
Cash and cash equivalents at the beginning of the year	15	(9 572 373)	(115 943 918)
Cash and cash equivalents at the end of the year	15	164 611 500	(9 572 373)

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation

The consolidated 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 functional and presentation currency.

These accounting policies are consistent with the previous period.

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 assesses 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 profit or loss and other comprehensive income, the group makes judgements as to whether there is observable data indicating impairment and to predict estimated future cash flows from a financial assets.

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 period.

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The group uses 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. 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.

The group reviews 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 of goodwill and tangible assets are inherently uncertain and could materially change over time. Refer to note 5 and 6 for further details on intangible assets and goodwill.

1. ACCOUNTING POLICIES (continued)

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

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.

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. Refer to note 20 for further details on leases.

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 recoverability of this deferred tax asset is dependent on the generation of sufficient future taxable income to utilise those tax losses. Refer to note 11 for further details on deferred taxation.

Consolidation of entities in which the Group holds 50% of the voting rights

The group considers that it ultimately controls Gondwana Hospitality Management (Pty) Ltd and Okapuka Hospitality Management (Pty) Ltd even though the voting rights are split equally with third parties. This is because the group is the operator of the entities through a management agreement which provides it with the current ability to direct the relevant activities which most significantly affect the variable returns of the above entities. The group operates the entities under its name and reputation through the management agreement and makes the day-to-day operating decisions as well as employs all of the staff that is required in Gondwana Collection Namibia (Pty) Ltd which is a 100% owned subsidiary. Therefore, Gondwana Hospitality Management (Pty) Ltd and Okapuka Hospitality Management (Pty) Ltd are consolidated into the group annual financial statements with 50% of returns being recognised as non-controlling interest.

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1. ACCOUNTING POLICIES (continued)

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

Developing an accounting policy

Through the shareholders agreement of Gondwana Hospitality Management (Pty) Ltd (GHM), the entity took control of Property, Plant and Equipment (PPE) from the 50% shareholder Mont Vinum Properties (Pty) Ltd (MVP) via a related party loan. The agreement states that the loan is only repayable should the agreement come to an end and that the repayment will take the form of returning all initially and subsequently acquired PPE. There is no obligation to settle any part of the loan via cash.

In determining the appropriate accounting treatment of the related party loan held by GHM, which is not repayable in cash but in non-financial assets, the group must apply judgement in terms of IAS 8 to develop an accounting policy as there is no IFRS standard that specifically applies to the transaction.

The development and application of the accounting policy needs to result in information that is relevant to the economic decision-making needs of users as well as reliable. In developing this accounting policy, the group considers the following sources in descending order:

- *the requirements in IFRSs dealing with similar and related issues;*
- *the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the Conceptual Framework for Financial Reporting;*
- *most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards;*
- *other accounting literature and accepted industry practices, to the extent that these do not conflict with the sources above.*

The group has identified a similar standard that deals with this type of transaction, which is IAS 32, and as such has developed an accounting policy applying the requirements of IAS 32.

Since the counter party is a shareholder (non-controlling interest (NCI)), the residual credit could be considered equity. However, it does not meet the definition of equity in IAS 32 because the entity does not have the unconditional ability to avoid repayment, albeit of a non-financial asset.

In terms of IAS 32.17, a critical feature in differentiating a financial liability from an equity instrument is the existence of a contractual obligation of one party to the financial instrument (the issuer) either to deliver cash or another financial asset to the other party (the holder) or to exchange financial assets or financial liabilities with the holder under conditions that are potentially unfavourable to the issuer.

Since the residual amount does not meet the definition of equity, it represents a liability. While the obligation is not a financial one, it is nevertheless appropriate to analogize to NCI put guidance as per IAS 32.23 and the recent IASB guidance on separation of compound instruments (IFRS - IASB Update February 2023).

Since there is no equity element, the entire residual amount at day one is recognised as a liability.

Refer to 1.5 Non-financial loan from related party for the accounting policy.

1. ACCOUNTING POLICIES (continued)

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.

Costs 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 (weighted average)*
Plant, machinery and equipment	*10 – 15% per annum (weighted average)*
Motor vehicles	*14 – 25% per annum (weighted average)*
Furniture and fittings	*10 – 15% per annum (weighted average)*
Computer equipment	*30% per annum*
Linen and crockery	*20% per annum*
Powerlines	*10% per annum*
Office and communication equipment	*15% per annum*

The residual value of the useful life of each asset is 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.

1. ACCOUNTING POLICIES (continued)

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

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 profit or loss and other 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 are classified in accordance with the provisions of IFRS 9 Financial Instruments.

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

Financial assets which are debt instruments:

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

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

- *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).*

1. ACCOUNTING POLICIES (continued)

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

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 becomes 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.

Impairment

The group recognises 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.

1. ACCOUNTING POLICIES (continued)

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

Trade receivables *(continued)*

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 writes 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 40.1 (e)).

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.

1. ACCOUNTING POLICIES (continued)

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

Loans to related parties and other receivables *(continued)*

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 recognised 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 recognises 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.

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.

1. ACCOUNTING POLICIES (continued)

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

Loans to related parties and other receivables *(continued)*

Significant increase in credit risk (continued)

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.

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.

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)

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 (note 40.1 (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 30). Borrowings expose the group to liquidity risk and interest rate risk. Refer to note 40.1(c) for details of risk exposure and management thereof.

Trade and other payables

Classification

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

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1. ACCOUNTING POLICIES (continued)

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

Trade and other payables *(continued)*

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 40.1 (c) for details of risk exposure and management thereof.

Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise of cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to insignificant risk of change in value.

For the purpose of the group statement of cashflows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the group's cash management.

Bank overdrafts

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

Derecognition

Financial assets

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

Financial liabilities

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

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1. *ACCOUNTING POLICIES (continued)*

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Fair value methods and assumptions

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

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 ***Non-financial loan from related party***

Classification

Non-financial loans from related parties are classified as non-current liabilities on day one.

Recognition and measurement

Non-financial loans from related parties are recognised when the group takes over control of the property, plant and equipment (PPE) to which the loans relate as per the agreement. They are measured, at initial recognition, at the fair value of the PPE taken over. Subsequently, the loans are matched to the PPE balance by amortising any difference directly to equity.

The balance of the loan is the amount recognised initially, adjusted for any movements in the PPE. The movements in the PPE are depreciation and any additions or disposals. The amortisation charge is recognised in equity as a shareholder's reserve, refer to note 21.

This ensures that the liability matches the PPE as the obligation relates to the return of the PPE. As such, the liability is adjusted downwards and upwards depending on how the PPE balance changes over time and the difference is recorded in equity as it relates to a counter party that is a shareholder (NCI).

1.6 ***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.

1. ACCOUNTING POLICIES (continued)

*1.6 **Tax** (continued)*

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the statement of financial position 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.*

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.

1. ACCOUNTING POLICIES (continued)

1.6 ***Tax*** *(continued)*

Tax expenses

Current and deferred taxes are recognised as income or an expense and included 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.

1.7 ***Leases: IFRS 16***

The group assesses 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. The IFRS 16 recognition exemption is applied to short-term leases and leases of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

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 payments included in the measurement of the lease liability comprise:

- *fixed lease payments (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 group 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.

1. ACCOUNTING POLICIES (continued)

1.7 ***Leases: IFRS 16*** *(continued)*

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 payments 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 remeasured some lease liabilities due to changes in rates used to determine future lease payments. The initial discount rate was applied.

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.

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 group statement of financial position. The group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts 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 the 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 payments occurs and are included in the line "Other expenses" in the statement of profit or loss. As a 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.

1.8 ***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 take 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 amortisation 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 assets 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 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. Amortisation is provided to write down the intangible assets on a straight-line basis, to their residual values. The foreseeable lives of the intangible assets range between 5 and 10 years.

1. ACCOUNTING POLICIES (continued)

1.9 ***Intangible assets*** *(continued)*

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.*
- *Transfers from biological asset to inventory are valued at cost which is equal to fair value less cost to sell of the biological asset.*

1.11 ***Biological assets***

Biological assets comprise of livestock and game. They are recognised when the group takes over control of the biological assets. They are measured, at initial recognition, at the fair value of the biological assets taken over. Subsequently they are measured at fair value and 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.

1.13 ***Dividend distribution***

The group'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. ACCOUNTING POLICIES (continued)

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 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 comprise the financial statements of the company and its subsidiaries as at the reporting date. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the group controls an investee if, and only if, the group has:

- *Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);*
- *Exposure, or rights, to variable returns from its involvement with the investee;*
- *The ability to use its power over the investee to affect its returns.*

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the group has less than a majority of the voting or similar rights of an investee, the group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- *The contractual arrangement(s) with the other vote holders of the investee;*
- *Rights arising from other contractual arrangements;*
- *Group's voting rights and potential voting rights.*

The group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated annual financial statements from the date the group gains control until the date the group ceases to control the subsidiary.

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GROUP ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023
SUMMARY OF ACCOUNTING POLICIES

1. ACCOUNTING POLICIES (continued)

1.15 ***Consolidation of subsidiaries*** *(continued)*

Basis of consolidation *(continued)*

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

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 annual 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.

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 ***Investment in associates and joint ventures***

An associate is an entity over which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The group's investment in its associate and joint venture are accounted for using the equity method.

1. ACCOUNTING POLICIES (continued)

1.16 ***Investment in associates and joint ventures*** *(continued)*

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the group. When necessary, adjustments are made to bring the accounting policies in line with those of the group.

After application of the equity method, the group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the group determines whether there is objective evidence that the investment in the associate or 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 associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

1.17 ***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.*

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.

1. ACCOUNTING POLICIES (continued)

*1.17 **Impairment of non-financial assets** (continued)*

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.

*1.18 **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.

*1.19 **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 group 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 23 as deposits on accommodation and tour packages. The contract liability is expected to be realised within 12 months.

Sale of food and beverages

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

Sale of tour packages

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

Revenue is recognised when services are provided to the customer thus, from the date of commencement of the travel experience since it's understood that in this moment the performance obligation is fulfilled. Revenue is recognised as the amount of service fees receivable as determined based on the agreement entered with the principal party.

Customers pay in advance for the bookings. In this case the group 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 23 trade and other payables as deposits on accommodation and tour packages. The contract liability is expected to be realised within 12 months.

1. ACCOUNTING POLICIES (continued)

*1.19 **Revenue recognition** (continued)*

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.

*1.20 **Interest income***

Interest income is recognised on a time-proportion basis using the effective interest method. When a loan and receivable is impaired, the group 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. STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2023 or later periods:

New/Revised International Financial Reporting Standards	***Effective date: Year beginning on or after***	***Expected impact***
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) *The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added.* *To support the amendment, International Accounting Standards Board (IASB) has also developed guidance and examples to explain and demonstrate the application of the "four-step materiality process" described in IFRS Practice Statement 2.*	*1 January 2023*	*Unlikely there will be a material impact*

2. STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE (continued)

New/Revised International Financial Reporting Standards	***Effective date: Year beginning on or after***	***Expected impact***
Definition of Accounting Estimates (Amendments to IAS 8) *The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimates that results from new information or new developments is not the correction of an error.*	*1 January 2023*	*Unlikely there will be a material impact*
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) *The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.*	*1 January 2023*	*Unlikely there will be a material impact*
International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12) *The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes.*	*1 January 2023*	*Unlikely there will be a material impact*
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) *The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.*	*1 January 2024*	*Unlikely there will be a material impact*
Leases on sale and leaseback (Amendment to IFRS 16) *These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.*	*1 January 2024*	*Unlikely there will be a material impact*

2. STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE (continued)

New/Revised International Financial Reporting Standards	***Effective date: Year beginning on or after***	***Expected impact***
Non-current liabilities with covenants (Amendment to IAS 1) *These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.*	*1 January 2024*	*Unlikely there will be a material impact*
Supplier finance arrangements (Amendment to IAS 7 and IFRS 7) *These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.*	*1 January 2024*	*Unlikely there will be a material impact*
Lack of exchangeability (Amendments to IAS 21) *An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.*	*1 January 2025*	*Unlikely there will be a material impact*

GONDWANA HOLDINGS LIMITED AND ITS SUBSIDIARIES

COMPANY REGISTRATION NUMBER 2017/1055

GROUP ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2023

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT

	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 31/10/2023									
Opening net carrying amount	3 246 496	688 953 681	11 769 553	125 581 959	30 602 600	1 224 920	6 280 956	633 790	868 293 955
Additions	204 369	4 986 652	3 521 817	101 216 329	8 592 694	1 481 598	1 077 247	-	121 080 706
Transfer work in progress	(206 644)	206 644	-	-	-	-	-	-	-
Disposals	-	-	(15 526)	(17 886 322)	(93 522)	(3 874)	(4 773)	-	(18 004 017)
Depreciation	-	(472 401)	(3 983 539)	(29 739 632)	(9 351 113)	(728 958)	(3 076 995)	(82 497)	(47 435 135)
Closing net carrying amount	3 244 221	693 674 576	11 292 305	179 172 334	29 750 659	1 973 686	4 276 435	551 293	923 935 509
At 31/10/2023									
At cost / valuation	3 244 221	702 607 150	35 068 141	251 381 361	69 400 697	7 960 320	20 756 773	2 552 694	1 092 971 357
Accumulated depreciation	-	(8 932 574)	(23 775 836)	(72 209 027)	(39 650 038)	(5 986 634)	(16 480 338)	(2 001 401)	(169 035 848)
Net carrying amount	3 244 221	693 674 576	11 292 305	179 172 334	29 750 659	1 973 686	4 276 435	551 293	923 935 509

GONDWANA HOLDINGS LIMITED
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (continued)

	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 31/10/2022									
Opening net carrying amount	8 428 230	684 854 750	11 674 011	58 926 446	27 849 378	548 972	8 185 117	800 533	801 267 437
Additions	772 847	-	3 396 559	91 600 131	11 187 236	1 290 742	1 902 889	-	110 150 404
Derecognition	(1 071 919)	-	-	-	-	-	-	-	(1 071 919)
Transfer work in progress	(4 882 662)	4 571 332	311 330	-	-	-	-	-	-
Disposals	-	-	(13 873)	(5 834 287)	-	-	-	-	(5 848 160)
Depreciation	-	(472 401)	(3 598 474)	(19 110 331)	(8 434 014)	(614 794)	(3 807 050)	(166 743)	(36 203 807)
Closing net carrying amount	3 246 496	688 953 681	11 769 553	125 581 959	30 602 600	1 224 920	6 280 956	633 790	868 293 955
At 31/10/2022									
At cost / valuation	3 246 496	697 413 854	31 675 303	180 467 458	60 920 316	6 497 851	19 686 035	2 552 694	1 002 460 007
Accumulated depreciation	-	(8 460 173)	(19 905 750)	(54 885 499)	(30 317 716)	(5 272 931)	(13 405 079)	(1 918 904)	(134 166 052)
Net carrying amount	3 246 496	688 953 681	11 769 553	125 581 959	30 602 600	1 224 920	6 280 956	633 790	868 293 955

3. PROPERTY, PLANT AND EQUIPMENT (continued)

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 12 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 20 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 10 years with an expectation to extend.*

- *Zambezi Mubala Camp is built on a right of leasehold with the Government of Namibia applicable for another 13 years with an expected extension period.*

- *Farm Dieprivier No 972, held by title deed 6007/2011, situated in the Hardap 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 and second covering mortgage bond of N$ 72 000 000 and N$ 93 450 000, respectively.*

- *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 and second covering mortgage bond of N$ 72 000 000 and N$ 93 450 000, respectively, 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 and second covering mortgage bond of N$ 72 000 000 and N$ 93 450 000, respectively, was registered in favour of Bank Windhoek. Cession of adequate fire cover held.*

3. PROPERTY, PLANT AND EQUIPMENT (continued)

- *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 and second covering mortgage bond of N$ 72 000 000 and N$ 93 450 000, respectively, 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 and second covering mortgage bond of N$ 72 000 000 and N$ 93 450 000, respectively, 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 and second covering mortgage bond of N$ 72 000 000 and N$ 93 450 000, respectively, was registered in favour of Bank Windhoek.*

- *Farm Holoogberg 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 and second covering mortgage bond of N$ 72 000 000 and N$ 93 450 000, respectively, 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 and second covering mortgage bond of N$ 72 000 000 and N$ 93 450 000, respectively, 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)

- *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 and second covering mortgage bonds of N$ 72 000 000 and N$ 93 450 000, respectively 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 a remaining period of 10 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 remaining period of 21 years expiring in 2044.*

- *King Nehale Lodge consist of a lodge built on a right of leasehold with the conservancy applicable for a remaining period of 20 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)

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

	2023	2022
	N$	N$
Cost		
Cost	500 376 503	495 183 206
Accumulated depreciation	(8 699 398)	(8 226 997)
	491 677 105	486 956 209

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. The valuations were last performed 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 last valued in 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 2020 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.

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.

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3. PROPERTY, PLANT AND EQUIPMENT (continued)

Valuation technique and significant unobservable inputs (continued)

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

Right-of-use assets comprise the following:	N$
Land	
Year ended 31 October 2023	
Opening net carrying amount	17 868 730
Additions	1 146 672
Depreciation	(1 084 284)
Closing net carrying amount	17 931 118
At 31 October 2023	
Cost	21 947 956
Accumulated depreciation	(4 016 838)
Net carrying amount	17 931 118
Land	
Year ended 31 October 2022	
Opening net carrying amount	13 591 753
Additions	5 015 107
Depreciation	(1 061 350)
Remeasurement	323 220
Closing net carrying amount	17 868 730
At 31 October 2022	
Cost	20 801 284
Accumulated depreciation	(2 932 554)
Net carrying amount	17 868 730

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5. INTANGIBLE ASSETS

Group

Reconciliation of intangible assets

	Leasehold right N$	(*) Computer software N$	Total N$
Cost			
Balance at 1 November 2021	25 686 365	3 497 143	29 183 508
Additions	-	-	-
Balance at 31 October 2022	25 686 365	3 497 143	29 183 508
Additions	-	-	-
Balance at 31 October 2023	25 686 365	3 497 143	29 183 508
Amortisation and Impairment			
Balance at 1 November 2021	-	2 747 227	2 747 227
Amortisation	-	672 146	672 146
Impairment	-	-	-
Balance at 31 October 2022	-	3 419 373	3 419 373
Amortisation	-	77 770	77 770
Impairment	-	-	-
Balance at 31 October 2023	-	3 497 143	3 497 143
Net book value			
At 31 October 2023	25 686 365	-	25 686 365
At 31 October 2022	25 686 365	77 770	25 764 135

Additional information:

For more detail related to the above, refer to notes below.
(*) Internally generated.

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 and therefore assessing that no impairment is applicable.

	2023 *N$*	*2022* *N$*
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 10 years with an expectation to renew. Area measuring approximately 5 hectares.

Leasehold right		
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 20 years with an expectation to renew. Area measuring approximately 18.3 hectares.

	2023 N$	2022 N$

5. INTANGIBLE ASSETS (continued)

Leasehold right

Opening net carrying amount	5 000 000	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 10 years.

Leasehold right

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 20 years with an expectation to renew.

Right of leasehold and computer software	25 686 365	25 764 135

6. GOODWILL

Opening net carrying amount	11 745 082	11 745 082
Impairment	-	-
Closing net carrying amount	11 745 082	11 745 082

	2023	2022
	N$	N$
6. GOODWILL (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
	11 745 082	11 745 082
Opening balance	11 745 082	11 745 082
Impairment of goodwill	-	-
Closing balance	11 745 082	11 745 082

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$ 39 875 180 as at 31 October 2023 (2022: N$ 44 181 476) including capital work in progress. This is a separately identifiable cash generating unit. The prior year goodwill assessment was compared to active results for the year, and the cash generating unit were better than as per assessments. In assessing the recoverable amount, being the value in use of the cash generating unit, budgeted profits for 2024 to 2033 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:

- *Average growth rate of 7% (2022: 7%) 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 10-year period, which is the remainder of the original lease term.*
- *A pre-tax weighted average cost of capital of 13.08% (2022: 12.82%) was used as the discount factor, which was based on the current debt equity ratio weighting, taking a pre-tax 12% debt rate (in line with prime lending rate) and 18% 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.*
- *All key assumptions are based on past experience.*

Based on the above assumptions, the net present value of the investment amounts to N$ 43 387 229 (2022: N$ 46 801 061) which exceeds the current carrying value of the cash generating unit of N$ 39 875 180 (2022: N$ 44 181 476). 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.

Woestynplaas (Pty) Ltd

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 to Woestynplaas (Pty) Ltd.

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7. OTHER FINANCIAL ASSETS

	Percentage holding %	2023 N$	2022 N$
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 ASSOCIATE

Investment in associate	Nature of business	Ownership interest 2023 %	Carrying amount 2023 N$
Retutpro Photography and Retouching (Pty) Ltd	*Content creation*	*50%*	*4 112 932*

The group has a 50% interest in Retutpro Photography and Retouching (Pty) Ltd from 1 May 2023. Retutpro is involved in content creation, digital services, marketing strategies and consultation, studio and equipment rental services as well as running an in-house coffee shop. Retutpro's place of incorporation is Namibia. The group's interest in Retutpro is accounted for using the equity method in the consolidated group financial statements.

Retutpro's financial year previously ran from 1 March to 28 February. Their year-end has been aligned to the group's and is now 31 October. Therefore, only 8 months presented for the current financial year.

The cost of investment is N$ 2 000 000 in cash and N$ 1 999 999 worth of shares in Gondwana Holdings (Pty) Ltd.

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8. INVESTMENT IN ASSOCIATE (continued)

The following table illustrates the summarised financial position of the group's investment in Retutpro:

	2023 N$
Current assets	973 464
Non-current assets	1 877 828
Current liabilities	(1 321 141)
Non-current liabilities	(1 248 222)
Equity	281 929
Equity of associate before 1 May 2023	(56 063)
Equity relevant to the group	225 866
Group's share in equity – 50% of earnings from 1 May 2023 to 31 October 2023	112 933
Cost of investment	3 999 999
Group's carrying amount of the investment	4 112 932
Revenue from contracts with customers	3 858 767
Cost of sales	(727 673)
Administrative expenses	(2 761 311)
Finance costs	(79 514)
Profit before tax	290 269
Taxation expense	(77 619)
Profit for the 8 months ended 31 October 2023	212 650
Group's share of profit for 6 months from 1 May to 31 October 2023	112 933

The associate will not distribute any profits from the year ended 31 October 2023.

The associate has no contingent liabilities or capital commitments as at 31 October 2023.

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9. INVESTMENT IN JOINT VENTURE

Investment in joint venture	Nature of business	Ownership interest 2023	Ownership interest 2022	Carrying amount 2023	Carrying Amount 2022
		%	%	N$	N$
Island Marble Investments (Pty) Ltd	Property owning	50.00%	50.00%	7 014 681	7 011 194

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 group annual financial statements are set out below.

Summarised financial information:

Summarised statement of financial position

	2023	2022
	N$	N$
Assets:		
Non-current assets	14 000 000	14 000 000
Shareholder's loan	20 919	21 919
Cash and cash equivalents	(304)	467
Total assets	14 020 615	14 022 386
Liabilities:		
Deferred tax liabilities	11 255	-
Other current liabilities	83 923	103 923
Total liabilities	95 178	103 923
Net assets	13 925 437	13 918 463
Group's share in equity – 50%	6 962 719	6 959 232
Loan to Joint Venture	41 962	51 962
Inter-group rent	10 000	-
Group's carrying amount of the investment	7 014 681	7 011 194

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9. INVESTMENT IN JOINT VENTURE (continued)

	2023 N$	2022 N$
Revenue	20 000	20 000
Operating expenses	(1 771)	(2 081)
Tax charge	(5 833)	(5 734)
Profit for the year and total comprehensive income	12 396	12 185
Group's share of income	6 198	6 093
Inter-group rent	10 000	-
Other	(2 711)	7 712
Total share of income from joint venture	13 487	13 805
Carrying value		
Cost of investment	6 750 000	6 750 000
Equity accounted earnings to date	(40 241)	(53 728)
Loan to Joint Venture	41 962	51 962
Recognising excess with acquisition	262 960	262 960
Carrying value of investment in joint venture	7 014 681	7 011 194

The joint venture had no contingent liabilities or capital commitments.

10. LOANS TO RELATED PARTIES

Loans to related parties comprises:

Island Marble Investments (Pty) Ltd	41 962	51 962
Naukluft Electricity Investments (Pty) Ltd	762 497	762 497
Klein Okapuka Close Corporation	-	65
	804 459	814 524

The related party loans are unsecured and bear no interest.

The carrying values of the amounts owed by related parties approximates their fair values. These loans are repayable on demand, however, they are not expected to be settled within the next 12 months. Therefore, they are disclosed as non-current assets.

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.

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11. DEFERRED TAXATION

	2023 N$	2022 N$
Opening balance	(11 247 737)	(24 663 998)
Temporary differences on property, plant and equipment	12 292 657	10 209 605
Temporary differences on prepayments	165 302	(423 933)
Temporary differences on non-refundable deposits (#)	(2 078 224)	(1 285 999)
Temporary differences on livestock	(8 852)	2 556
Temporary differences on right-of-use assets	19 960	1 313 655
Temporary differences of lease liabilities	(263 723)	(1 563 387)
Temporary differences on provision for credit losses	1 516	(1 283)
Temporary differences on consumables	556 811	927 090
Assessable losses utilised	45 430 363	4 237 957
Deferred tax closing balance	44 868 073	(11 247 737)

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

Deferred tax comprises of:

	2023 N$	2022 N$
Accelerated wear, tear and building allowances and Leasehold improvement allowances	104 208 224	91 915 567
Prepayments	249 729	84 427
Non-refundable deposits	(6 414 467)	(4 336 243)
Livestock	63 036	71 888
Right-of-use asset	5 737 956	5 717 996
Lease liabilities	(6 529 488)	(6 265 765)
Provision for expected credit losses	(28 052)	(29 568)
Consumables	1 483 901	927 090
Assessed loss recognised	(53 902 766)	(99 333 129)
	44 868 073	(11 247 737)

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

	2023 N$	2022 N$
Deferred tax asset	(5 770 978)	(55 778 982)
Deferred tax liability	50 639 051	44 531 245
	44 868 073	(11 247 737)

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11. DEFERRED TAXATION (continued)

The entities within the group have assessable losses of N$ 168 446 144 (2022: N$ 310 416 028) that are available for offsetting against future taxable income of the companies in which the losses arose.

Management have assessed the approved financial forecasts of the group and have determined that the group will earn sufficient taxable income in the future to utilise all tax losses.

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

	2023 N$	2022 N$
Within 12 months	(4 505 268)	(3 133 121)
After 12 months	49 373 341	(8 114 616)
Deferred tax liability/(asset) closing balance	44 868 073	(11 247 737)

12. INVENTORIES

	2023 N$	2022 N$
Merchandise for resale	7 107 636	4 814 214
Food and beverages	7 983 029	5 731 003
Camping equipment	13 434 158	9 457 198
Consumables	4 637 191	2 897 157
	33 162 014	22 899 572
Total inventory expensed during the year	141 781 411	94 884 947

There was no provision for obsolete inventory in the current year (2022: Nil).

13. BIOLOGICAL ASSETS

	2023 N$	2022 N$
Livestock and game	196 987	224 650

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

	2023 N$	2022 N$
14. TRADE AND OTHER RECEIVABLES		
Financial instruments		
Trade debtors	64 957 367	67 615 964
Credit loss allowance	(116 884)	(123 200)
Staff loans (!)	9 141	14 359
Deposits	609 364	628 364
Insurance refundable (*)	91 312	59 791
Other (#)	806 831	953 492
Total financial instruments	66 357 131	69 148 770

(!) Expected credit losses for staff loans are considered to be immaterial.

(*) Relates to insurance receivable for staff or tourists that have been injured or suffered a loss.

(#) Relates to debit balances reclassified from trade payables.

	2023 N$	2022 N$
Non-financial instruments		
Prepaid suppliers	793 778	879 593
Capital deposits (@)	20 528 827	-
Value added tax receivable	8 735 831	7 473 174
Total non-financial instruments	30 058 436	8 352 767
	96 415 567	77 501 537

(@) Relates to refundable deposits paid for the acquisition of subsidiaries and property.

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.

14. TRADE AND OTHER RECEIVABLES (continued)

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 at the reporting date.

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

		Estimated gross carrying amount at default 2023 N$	Loss allowance (lifetime expected credit loss) 2023 N$	Estimated gross carrying amount at default 2022 N$	Loss allowance (lifetime expected credit loss) 2022 N$
Not past due	0.07% (2022: 0.06%)	42 801 109	(31 235)	43 385 867	(24 650)
Above 30 days	0.25% (2022: 0.21%)	11 275 262	(28 075)	13 286 193	(27 899)
Above 60 days	0,53% (2022: 0,65%)	10 880 996	(57 574)	10 943 904	(70 651)
		64 957 367	(116 884)	67 615 964	(123 200)

	2023 N$	2022 N$
Reconciliation of loss allowance:		
The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade and other receivables:		
Opening balance	123 200	117 855
Movement in provision	(6 316)	5 345
Closing balance	116 884	123 200

	2023 N$	2022 N$

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:

	2023 N$	2022 N$
Bank	164 611 500	28 906 905
Bank overdraft	-	(38 479 278)
	164 611 500	(9 572 373)

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

Overdraft security

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

- Unlimited Suretyship by Gondwana Holdings Ltd, Reg. No. 2017/1055 and Nature Investments (Pty) Ltd, Reg. No.1996/0307, supported by security in own names;

- Limited Suretyship for N$ 165 450 000 by each of the following companies, supported by security in own name;
  - Gondwana Travel Centre (Pty) Ltd, Reg. No. 2007/0203
  - Namib Desert Investments (Pty) Ltd, Reg. No. 2004/0264
  - Eden East Farming and Tourism (Pty) Ltd, Reg. No. 1999/0255
  - Canyon Investments (Pty) Ltd, Reg. No. 1997/0105
  - Violet Investments (Pty) Ltd, Reg. No. 1997/0201
  - Combretum Investments (Pty) Ltd, Reg. No.1996/0417
  - R.A.L Boerdery (Pty) Ltd, Reg. No. 1997/0195
  - Acacia Investments (Pty) Ltd, Reg. No.1996/0416

- A combined first and second covering mortgage bond of N$ 72 000 000 and N$ 93 450 000, respectively, was registered over the following properties:
  - Remaining Extent of Erf 805 (a portion of Erf 78), Klein Windhoek, Windhoek, Namibia held by Gondwana Travel Centre (Pty) Ltd, Reg. No. 2007/0203
  - Remaining Extent of Portion 1 of Erf 78, Klein Windhoek, Windhoek, Namibia held by Gondwana Travel Centre (Pty) Ltd, Reg. No. 2007/0203
  - Farm Dieprivier No. 972, Hardap region, Namibia held by Namib Desert Investments (Pty) Ltd, Reg. No. 2004/0264
  - Remainder of Portion A of Farm Holoog No. 106, Karas Region, Namibia held by East Eden Farming and Tourism (Pty) Ltd, Reg. No. 1999/255
  - Portion 1 of the Farm Holoogberg No. 107, Karas Region, Namibia held by Canyon Investments (Pty) Ltd, Reg. No. 1997/105
  - Farm Augurabis No. 109, Karas Region, Namibia held by Violet Investments (Pty) Ltd, Reg. No. 1997/201
  - Remaining Extent of Farm Karios No. 8, Karas Region, Namibia held by Combretum Investments (Pty) Ltd, Reg. No. 1996/417
  - Portion 1 of Farm Karios No. 8, Karas Region, Namibia held by Combretum Investments (Pty) Ltd, Reg. No. 1996/417
  - Remaining Extent of Farm Holoogber No. 107, Karas Region, Namibia held by R.A.L. Boerdery (Pty) Ltd, Reg. No. 1997/195
  - Farm Stamprivier No. 108, Karas Region, Namibia held by Acacia Investments (Pty) Ltd, Reg. No. 1996/416

		2023 N$	2022 N$
16.	SHARE CAPITAL		
	Authorised:		
	500 000 000 ordinary shares of N$ 0.001 each	500 000	500 000
	Issued:		
	68 980 003 ordinary shares of N$ 0.001 each (2022: 66 356 809 ordinary shares of N$ 0.001 each)	68 980	66 357

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

Total issued shares are fully paid.

Reconciliation of share capital

	No. of shares	N$
At 1 November 2022	66 356 809	66 357
Issued on 1 May 2023 for acquisition of Retutpro Photography and Retouching (Pty) Ltd (*)	235 294	235
Issued on 31 October 2023 for employee share-based payment (#)	2 387 900	2 388
	68 980 003	68 980

Reconciliation of share premium

	2023 N$	2022 N$
At 1 November 2022	132 301 614	132 301 614
Issued on 1 May 2023 for acquisition of Retutpro Photography and Retouching (Pty) Ltd (*)	1 999 764	-
Issued on 31 October 2023 for employee share-based payment (#)	14 850 350	-
Other	9 491	-
	149 161 219	132 301 614

(*) A share issue, together with N$ 2 000 000 in cash, was made to acquire 50% ownership in Retutpro Photography and Retouching (Pty) Ltd. There were no vesting conditions attached and the shares have been issued at their fair value on 1 May 2023 which was N$ 8.50. The shares of Gondwana Holdings Limited are traded over-the-counter (OTC) and records of share trades are kept from which the fair value was determined. No expected dividends or any other features were incorporated into the measurement of the fair value. The transaction is fully exercised and was recognised as part of the investment in associate (refer to note 8).

(#) The share-based payment to employees had no vesting conditions, no attached options and is equity-settled. The fair value of the shares was determined to be N$ 6.22 on measurement date which is also the grant date, based on the weighted average price of shares traded over a twelve-month period based on an observable over-the-counter market price. No expected dividends or any other features were incorporated into the measurement of the fair value. There are no share options or liabilities outstanding at year end in relation to any share-based payments. All share-based payments are fully exercised and the transaction was immediately recognised as an expense (refer to note 27).

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	2023 N$	2022 N$
17. REVALUATION RESERVES		
Opening balance	200 822 461	200 879 872
Revaluation reserve release	(57 411)	(57 411)
Closing balance	200 765 050	200 822 461

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.

	2023 N$	2022 N$
18. SHAREHOLDERS' RESERVE		
Attributable to equity holders of parent (#)	17 364 558	17 364 558
Reserve for movement on non-financial liability from NCI (note 21)	(45 334)	-
Closing balance	17 319 224	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.

			2023 N$	2022 N$
19. LONG-TERM LIABILITIES	Interest rate	Maturity		
19.1 NON-CURRENT INTEREST-BEARING LOANS - SECURED				
Unlisted Senior Secured Floating rate notes – N$ 70 000 000 (2022: N$ 70 000 000)	3 month JIBAR + 245 basis points	2025	69 803 967	70 000 000
Bank Windhoek Limited - Nil (2022: N$ 277 785 132)	Prime + 0.8	2025	-	242 791 645
Bank Windhoek Limited N$ 12 000 000 (2022: N$ 12 000 000)	Prime	2032	10 796 194	-
Development Bank of Namibia Covid Relief Term Loan - N$ 50 000 000 (2022: N$ 50 000 000)	Fixed 5.925	2027	31 273 310	43 921 825
Development Bank of Namibia - Bank loan - N$ 50 000 000 (2022: N$ 50 000 000)	Prime - 1	2024	-	9 839 872
Development Bank of Namibia – Instalment sale	Fixed 5.925	2026	14 594 622	-
Bank Windhoek Limited - Instalment sale	Prime related	2028	39 832 974	18 350 371
First National Bank of Namibia Limited - Instalment sale	Prime + 1	2026	865 270	4 886 873
Salambala Conservancy - Loan	Prime - 1	2027	257 332	331 196
Millennium Challenge Account	Fixed rate	2032	4 188 187	5 189 431
			171 611 856	395 311 213
19.2 NON-CURRENT INTEREST-BEARING LOANS - UNSECURED				
Listed Senior Unsecured floating rate notes N$ 150 000 000 (2022: Nil)	3 month JIBAR + 220 basis points	2026	150 000 000	-
Listed Senior Unsecured floating rate notes N$ 100 000 000 (2022: Nil)	3 month JIBAR + 250 basis points	2028	100 000 000	-
			250 000 000	-
Total non-current interest-bearing loans and borrowings			421 611 856	395 311 213

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				2023	2022
				N$	N$
19.	LONG-TERM LIABILITIES (continued)				
		Interest rate	Maturity		
19.3	CURRENT INTEREST-BEARING LOANS - SECURED				
	Unlisted Senior Secured Floating rate notes – N$ 70 000 000 (2022: N$ 70 000 000)	3 month JIBAR + 245 basis points	2025	1 202 205	607 386
	Bank Windhoek Limited - Nil (2022: N$ 277 785 132)	Prime + 0.8	2025	-	34 993 487
	Bank Windhoek Limited - N$12 000 000 (2022: N$ 12 000 000)	Prime	2032	779 246	300 177
	Development Bank of Namibia Covid Relief Term Loan - N$ 50 000 000 (2022: N$ 50 000 000)	Fixed 5.925	2027	12 648 316	8 227 812
	Development Bank of Namibia - Bank loan - N$ 50 000 000 (2022: N$ 50 000 000)	Prime - 1	2024	9 690 641	11 806 479
	Development Bank of Namibia - Instalment sale	Fixed 5.925	2026	9 032 670	-
	Bank Windhoek Limited - Instalment sale	Prime related	2028	35 475 883	11 788 198
	First National Bank of Namibia Limited - Instalment sale	Prime + 1	2026	3 293 320	6 330 103
	Standard Bank Namibia Limited - Instalment sale	Prime - 0.5	2024	1 732 561	6 845 417
	Salambala Conservancy - Loan	Prime - 1	2027	79 957	73 518
	Millennium Challenge Account	Fixed rate	2032	383 433	383 433
				74 318 232	81 356 010
19.4	CURRENT INTEREST-BEARING LOANS - UNSECURED				
	Ruth Albrecht Trust – Anib Lodge (Pty) Ltd	Fixed 9		-	603 113
	Listed Senior Unsecured floating rate notes N$ 150 000 000 (2022: Nil)	3 month JIBAR + 220 basis points	2026	2 516 564	-
	Listed Senior Unsecured floating rate notes N$ 100 000 000 (2022: Nil)	3 month JIBAR + 250 basis points	2028	1 725 381	-
				4 241 945	603 113
	Total current interest-bearing loans and borrowings			78 560 177	81 959 123
	Total interest-bearing loans and borrowings			500 172 033	477 270 336

19. LONG-TERM LIABILITIES (continued)

Unlisted Senior Secured Floating rate notes - N$ 70 000 000 (2022: N$70 000 000)

Through Pledges and Cession through the group, the vehicles acquired with the funds act as security for the notes. Interest is charged at the 3 month JIBAR related rate. The maturity profile for the notes is 3 years.

Bank Windhoek Limited - Nil (2022: N$ 277 785 132)

This loan has been fully settled during the current financial year.

Bank Windhoek Limited - N$ 12 000 000 (2022: N$ 12 000 000)

As at year end the group borrowed N$12 000 000 from Bank Windhoek Limited. The loan is repayable over 5 years with 47 (2022:59) monthly instalments, with a balloon payment of the outstanding amount in month 60 and failing repayment of same, 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 credit criteria being met. Interest is calculated at prime lending rate at present 11.50%.

The loan is secured as follows:

- *Unlimited suretyship by Gondwana Collection Namibia (Pty) Ltd, Reg. No.2017/0459, unsecured;*
- *Unlimited suretyship by Klein Okapuka CC, Reg. No. CC/96/947, supported by:*
  - *A first covering mortgage bond of N$17 420 000 over portion A of the Farm Klein Okapuka No.51,Khomas Region, Namibia;*
  - *Unlimited suretyship by A Flachberger, supported by security in own names; and*
  - *Cession of Leasehold over Farm Klein Okapuka No.51.*

Development Bank of Namibia - Covid Relief Term Loan - N$ 50 000 000 (2022: N$ 50 000 000)

This loan is secured by Swakopmund property Erf 5378 as disclosed in Note 3. The loan carries interest at a fixed rate of 5,925%.The loan is repayable in 45 (2022: 57) monthly instalments. Repayments amount to N$ 1 241 985 (2022: N$ 1 248 952) per month.

Development Bank of Namibia - Bank loan - N$ 50 000 000 (2022: N$ 50 000 000)

This loan is secured by Swakopmund property Erf 5378 as disclosed in Note 3. The loan carries interest at prime less 1%. The loan is repayable in 8 (2022: 20) monthly instalments. Repayments amount to N$ 1 121 425 (2022: N$ 1 090 137) per month.

Development Bank of Namibia – Instalment Sale

The balance consists of various Instalment sales in the name of Gondwana Collection Namibia (Pty) Ltd, secured by movable assets purchased therewith, attracting interest at a fixed rate of 5.925%, with monthly instalments totalling N$ 849 244 (2022: Nil).

Bank Windhoek Limited - Instalment Sale

The balance consists of various instalment sales in the name of Gondwana Collection Namibia (Pty) Ltd, secured by movable assets purchased therewith, attracting interest at prime related rates, with monthly instalments totalling N$ 3 227 315 (2022: N$ 1 113 540).

First National Bank of Namibia Limited - Instalment Sale

The balance consists of various Instalment sales in the name of Gondwana Collection Namibia (Pty) Ltd, secured by movable assets purchased therewith, attracting interest at prime related rates, with monthly instalments totalling N$ 470 967 (2022: N$ 700 755).

19. LONG-TERM LIABILITIES (continued)

Standard Bank Namibia Limited - Instalment Sale

The balance consists of various instalment sales in the name of Gondwana Collection Namibia (Pty) Ltd, secured by movable assets purchased therewith, attracting interest at prime related rates, with monthly instalments totalling N$ 261 853 (2022: N$ 873 778).

Salambala Conservancy - Loan

The loan is repayable in 49 (2022: 61) monthly instalments 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.

Millennium Challenge Account

The loan does not attract interest, is repayable over a period of 9 years with instalments based on revenue generated and is secured by the concession assets purchased with the loan.

Listed Senior Unsecured Floating rate notes - N$ 250 000 000 (2022: Nil)

These notes have no security. Interest is charged at the 3 month JIBAR related rate. The maturity profile for the N$ 150 000 000 and N$ 100 000 000 notes is 3 years and 5 years respectively.

Ruth Albrecht Trust - Anib Lodge (Pty) Ltd

This loan has been fully settled during the current financial year.

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 27.

	2023 N$	2022 N$
Year ended 31 October		
Land		
Opening balance	19 580 518	14 471 775
Lease liability incurred	1 146 672	5 015 107
Remeasurement	-	323 220
Finance cost	1 773 977	1 681 219
Lease payments	(2 096 514)	(1 910 803)
Closing net carrying amount	20 404 653	19 580 518

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20. LEASE LIABILITIES (continued)

During the current year there have been no lease modifications or remeasurements.

	2023 N$	2022 N$
Lease liabilities		
Lease liabilities recognised in the statement of financial position are analysed as:		
Land		
Non-current portion	19 956 681	19 210 331
Current portion	447 972	370 187
	20 404 653	19 580 518
Total cash flow payments in respect of leases		
Principal portion of the lease liabilities (included in cash flows from financing activities)	322 537	229 584
Interest portion of the lease liabilities (included in finance cost cash flows)	1 773 977	1 681 219
Short-term lease payments	997 911	3 257 781
Variable lease payments that are not included in the measurement of the lease liabilities	12 377 578	5 096 331
Total cash outflow payments for leases	15 472 003	10 264 915

Lease creditors	Interest rate (%)	2023 N$	2022 N$
Caprivi Communal Land Board - N$ 8 100 per month	9.25	122 488	204 933
Mashi Conservancy - N$ 22 250 per month	7.50	3 659 446	3 642 379
Zambezi Communal Land Board (Ngoma Communal Area) N$ 6 044 – per month	7.50	1 176 664	1 161 271
Ngoma Family Trust and Salambala Conservancy - N$ 14 884 per month	7.50	2 838 763	2 805 818
Mbunza Traditional Authority – N$ 3 699 per month	9.25	412 025	417 651
A F van Niekerk - N$ 1 200 per month	9.25	133 552	135 252
Balance carried forward		8 342 938	8 367 304

20. LEASE LIABILITIES (continued)

Lease creditors	***Interest rate (%)***	*2023 N$*	*2022 N$*
Balance brought forward		*8 342 938*	*8 367 304*
The Brehmen Trust - N$ 1 200 per month	*9.25*	*134 259*	*136 608*
Sesfontein, Anabeb and Tora Conservancy – N$ 37 735 per month	*9.25*	*2 878 341*	*3 059 285*
King Nehale Conservancy – N$ 39 542 per month	*9.25*	*4 339 265*	*4 412 400*
Zambezi Communal Land Board (Kalundu Communal area) - N$ 6 041 per month	*9.25*	*587 796*	*604 473*
Zambezi Communal Land Board (Kalimbeza Communal area) – N$ 6 662 per month	*9.25*	*815 935*	*819 568*
Omarunga – N$19 618 per month	*9.25*	*2 160 134*	*2 180 880*
Okapuka – N$10 000 per month	*10.50*	*1 145 985*	*-*
		20 404 653	*19 580 518*

21. LOANS FROM RELATED PARTY

	2023 N$	*2022 N$*
Mont Vinum Properties (Pty) Ltd	*17 320 874*	*14 851 167*
The loan is classified as follows:		
Financial liabilities (#)	*299 950*	*300 000*
Non-financial liabilities (!)	*17 020 924*	*14 551 167*
	17 320 874	*14 851 167*

(#) The loan relates to working capital injections received. The loan does not bear interest, has no fixed terms of repayment and has no security. The loan is not expected to be repaid within the next 12 months and is therefore disclosed as a non-current liability.

(!) The loan relates to take on of property, plant and equipment purchased by Mont Vinum Properties (Pty) Ltd (MVP) and handed over to Gondwana Hospitality Management (Pty) Ltd as per the shareholders agreement. The loan does not bear interest and has no fixed terms of repayment. There is no obligation to settle the loan in cash. If the agreement comes to an end, the loan will be settled by handing over all property, plant and equipment to MVP. Therefore, the loan is classified as a non-financial instrument. The agreement has no term and is not expected to terminate and therefore the loan is disclosed as a non-current liability.

	2023 N$	2022 N$

21. LOANS FROM RELATED PARTY (continued)

Reconciliation of non-financial loan:

	2023 N$	2022 N$
Opening balance	14 551 167	-
Additions – take on of property, plant and equipment	2 424 423	14 551 167
Adjustment to shareholders' reserve (note 18)	45 334	-
	17 020 924	14 551 167

22. DEFERRED INTEREST LIABILITY

	2023 N$	2022 N$
Development Bank of Namibia	2 089 000	2 089 000

The amount relates to the Development Bank of Namibia loan as disclosed in note 19.1. A special Covid-19 relief was provided by the bank, whereby the above amount is deferred for payment until December 2023. However, the amount only becomes payable should the group return to pre-Covid-19 profitability in the 2023 financial year. The group has returned to pre-covid profitability in 2023 and therefore the amount is disclosed as a current liability.

23. TRADE AND OTHER PAYABLES

Group

	2023 N$	2022 N$
Financial instruments		
Trade creditors	47 538 279	48 464 521
Bed levy accrual	1 385 145	1 063 621
Conservancy levies	1 653 480	1 803 976
CFFR recovery loan repayable 50%	3 984 596	3 786 114
Accruals	3 070 197	3 583 800
Permit entrance fees	654 684	1 246 429
Other	2 825 044	1 227 096
Total financial instruments	61 111 425	61 175 557
Non-financial instruments		
Salary related accruals	20 637 414	6 451 109
Refundable deposits on accommodation and tour packages	32 481 590	14 125 121
Non-refundable deposits on accommodation and tour packages	20 045 213	18 258 266
Value added taxation accrual	12 997 512	7 802 650
Income received in advance	376 433	1 142 000
Total non-financial instruments	86 538 162	47 779 146
	147 649 587	108 954 703

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

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	Note	2023 N$	2022 N$
23. TRADE AND OTHER PAYABLES (continued)			
Reconciliation of deposits on accommodation and tour packages:			
Balance at the beginning of the year		32 383 387	27 970 023
Revenue recognised in respect of opening balances		(31 105 576)	(20 944 309)
Revenue recognised in respect of deposits received during the year		(336 182 700)	(197 268 153)
Deposits received during the year		387 431 692	222 625 826
Balance at the end of the year		52 526 803	32 383 387
24. REVENUE			
Revenue from contracts with customers		707 326 488	472 993 880

Set out below is the disaggregation of the group's revenue from contracts with customers:

	Note	2023 N$	2022 N$
Accommodation		313 839 582	202 516 978
Activities		50 804 819	30 864 550
Bar		37 081 917	25 456 388
Car rental		76 555 072	48 015 384
Commission		286	-
Conference		6 908 162	4 307 048
Fuel		19 799 417	16 750 043
Laundry and other		4 046 019	2 838 644
Package tour sales		33 126 113	36 385 279
Restaurant		142 184 545	95 364 214
Souvenirs / telephone cards		18 573 987	9 812 981
Transfers		4 406 569	682 371
Total revenue from contracts with customers		707 326 488	472 993 880
Primary geographical markets			
Namibia		707 326 488	472 993 880
Total revenue from contracts with customers		707 326 488	472 993 880
Timing of revenue recognition			
Good transferred at a point in time		360 360 793	234 091 623
Services transferred overtime		346 965 695	238 902 257
Total revenue from contracts with customers		707 326 488	472 993 880
Liabilities related to contracts with customers			
Deposits on accommodation and tour packages	23	52 526 803	32 383 387

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		2023 N$	2022 N$
25.	COST OF SALES		
	Accommodation	17 986 221	7 098 094
	Activities	10 627 125	6 021 270
	Bar	18 032 526	12 136 095
	Car rental	4 285 055	2 078 625
	Commission on credit card	7 445 203	-
	Conference	2 063 335	1 117 210
	Fuel	18 083 821	15 627 109
	Laundry and other	1 362 507	1 552 116
	Package tour sales	20 955 349	24 261 796
	Restaurant	61 047 674	39 648 735
	Souvenirs / telephone cards	9 932 751	5 357 950
	Transfers	3 294 213	953 125
	Total cost of sales	175 115 780	115 852 125
26.	OTHER OPERATING INCOME		
	Donations income	3 792 107	2 751 326
	Profit on sale of property, plant and equipment	6 321 218	4 320 474
	Gondwana card income	2 944 735	2 671 060
	HR training	1 349 816	38 343
	Insurance proceeds	110 101 688	221 225
	HQ contributions received	778 771	621 498
	CRRRF Recovery Relief Funding	198 482	1 321 214
	Namibia Training Authority refunds received	391 653	-
	Other	1 407 265	335 071
		127 285 735	12 280 211

27. OPERATING INCOME

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

	2023 N$	2022 N$
Auditor's remuneration		
- audit fees	2 247 420	1 601 760
Employee costs		
Salaries, wages and other benefits	157 827 845	102 974 370
Staff share-based payment	1 729 782	-
Directors' fees	13 551 032	8 027 749
Directors' costs for other services	326 290	189 985
Directors' costs share-based payment	13 122 956	-
Retirement benefit plans: defined contribution expense	13 130 138	9 834 160
	199 688 043	121 026 264

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27. OPERATING INCOME (continued)

	2023 N$	2022 N$
Variable lease payments	12 377 578	5 096 331
Short-term leases	997 911	3 257 781
	13 375 489	8 354 112
Depreciation and amortisation		
Depreciation on property, plant and equipment	47 435 135	36 203 807
Amortisation of intangible assets	77 770	672 146
Depreciation of right-of-use assets	1 084 284	1 061 350
	48 597 189	37 937 303

Breakdown of expenses by nature

	2023 N$	2022 N$
Administration fees	155 807	98 576
Advertising	13 247 294	7 160 020
Bank charges	4 499 250	7 781 671
Bad debts	245 027	57 669
Commission paid	-	3 373 508
Computer expenses	2 785 643	2 256 756
Depreciation, amortisation and impairment	48 597 189	37 937 303
Donations	4 626 048	2 551 248
Repairs and maintenance	33 778 777	16 508 986
Short-term leases	997 911	3 257 781
Employee costs	199 688 043	121 026 264
Security	1 261 947	854 369
Consulting, professional and legal fees	10 251 437	5 848 627
Variable lease payments	12 377 578	5 096 331
Other expenses	95 295 415	69 369 603
	427 807 366	283 178 712

Major components of other expenses:

	2023 N$	2022 N$
Insurance	6 484 979	4 805 474
Licences, subscription, membership fees	7 246 859	4 429 637
Electricity and water	20 346 415	15 673 255
Fuel and oil	14 774 962	11 790 768
Motor vehicle expenses	24 209 754	13 439 997
	73 062 969	50 139 131

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		2023 N$	2022 N$
28.	INVESTMENT INCOME		
	Dividend income from investments (*)	2 762 379	21 713

(*) These are non-taxable distributions received on the investment account.

		2023 N$	2022 N$
29.	FINANCE INCOME		
	Bank	1 009 668	37 591

All finance income is calculated using the effective interest rate method.

		2023 N$	2022 N$
30.	FINANCE COST		
	Bank loans and overdraft	3 566 868	35 895 889
	Interest-bearing borrowings	46 480 240	6 848 562
	Lease liabilities	1 773 977	1 681 219
	Other	-	31 026
		51 821 085	44 456 696

All finance costs are calculated using the effective interest rate method.

		2023 N$	2022 N$
31.	TAXATION		
	Major components of income tax expense for the year		
	Current income tax charge	2 672 770	148 190
	Deferred tax:		
	Relating to origination and reversal of temporary differences	56 115 809	13 416 260
	Income tax expense reported in the statement of profit or loss	58 788 579	13 564 450
	Reconciliation between accounting profit and tax expenses:		
	Profit before income tax	183 772 775	41 854 322
	Tax at the applicable tax rate of 32%	58 807 288	13 393 383
	Assessable losses previously not recognised, recognised now	-	(1 495)
	Dividends received	(884 373)	(6 949)
	Donations paid	731 806	238 830
	Donations received	(470 877)	(294 089)
	Earnings from associate	(36 139)	-
	Expenses incurred in the production of exempt income	488 809	35 192
	Land tax	5 055	1 324
	Legal fees	68 930	202 642
	Penalties	1 666	30
	Prior year adjustment	80 730	-
	Share of profit from joint venture	(4 316)	(4 418)
	Income tax charge reported in the statement of profit or loss	58 788 579	13 564 450

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	2023 N$	2022 N$

32. EARNINGS PER SHARE

	2023 N$	2022 N$
Basic and diluted earnings (cents per share)	186.43	42.17

Basic earnings per share is based on net income attributable to equity shareholders of the company as per the Group Statement of Profit or Loss and Other Comprehensive Income of N$ 123 926 360 (2022: N$ 27 984 668) and a weighted average number of ordinary shares outstanding during the year of 66 474 456 shares (2022: 66 356 809 shares). It is calculated by dividing the net income 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 basic earnings per share because there are no potentially dilutive ordinary shares in issue.

33. RELATED COMPANIES' TRANSACTIONS

Transactions with related companies:

	2023 N$	2022 N$
Ruth Albrecht Trust		
- interest expense	20 293	78 091
Naukluft Electricity Investments (Pty) Ltd		
- electricity charge	1 745 685	1 179 089
Fisher Quarmby & Pfeifer		
- bond registration and other	516 840	551 875
Wine bar		
- purchases	2 562 912	1 884 255
Compensation to directors and key management		
- salary and other short-term employee benefits	13 877 322	8 217 734
- share-based payment	13 122 956	-
- retirement benefit plans: defined contribution expense	514 020	397 111
Conserv Engineering Services CC		
- repairs and maintenance	326 929	248 377
Hannes Gouws & Partners Incorporated		
- legal fees – insurance claim	82 455	894 240
Mont Vinum Properties (Pty) Ltd		
- rent expense	5 323 212	2 716 602
Klein Okapuka CC		
- rent expense	262 412	-
Retutpro Photography and Retouching (Pty) Ltd		
- videography services received	1 948 611	-
- accounting services and equipment provided	(103 327)	-

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

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33. RELATED COMPANIES' TRANSACTIONS (continued)

Related parties are identified as follows:

- *Conserv Engineering Services CC – common shareholding, membership*
- *Fisher Quarmby & Pfeifer – common shareholders, directors, partners*
- *Gondwana Care Trust – common directorship / trusteeship*
- *Hannes Gouws & Partners Incorporated – common shareholder / director LJ Gouws*
- *Island Marble Investments (Pty) Ltd – joint venture*
- *Klein Okapuka CC – non-controlling interest shareholder*
- *Mont Vinum Properties (Pty) Ltd – non-controlling interest shareholder*
- *Naukluft Electricity Investments – associated company*
- *Retutpro Photography & Retouching (Pty) Ltd – associate*
- *Ruth Albrecht Trust – Common shareholder / director/trustee – CJ Gouws*
- *Springwater Investments (Pty) Ltd – common ultimate shareholding, directorship*
- *Wine Bar – common shareholders of a subsidiary*

34. CASH GENERATED FROM OPERATIONS

	Notes	2023 N$	2022 N$
Profit before taxation		183 772 775	41 854 322
Adjustments for:			
- earnings from associate	8	(112 933)	-
- share of (profit)/loss of joint venture	9	(13 487)	(13 805)
- movement in provision for credit losses	14	(6 316)	5 345
- net gains on disposal of assets	26	(6 321 218)	(4 320 474)
- depreciation and amortisation	27	48 597 189	37 937 303
- investment income	28	(2 762 379)	(21 713)
- finance income	29	(1 009 668)	(37 591)
- finance cost	30	51 821 085	44 456 696
- derecognition of capital work in progress	3	-	1 071 919
- share based payment	27	14 852 738	-
- other		8 202	-
		288 825 988	120 932 002
Working capital adjustments:			
Increase in inventories and biological assets		(10 234 779)	(7 867 766)
Decrease/(increase) in trade and other receivables		1 621 113	(59 268 513)
Increase in trade and other payables		38 694 884	47 497 954
		30 081 218	(19 638 325)
Cash generated from operations		318 907 206	101 293 677

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	2023 N$	2022 N$
35. DIVIDENDS PAID		
Balance at the beginning of the year	(180 370)	(183 681)
Other	1 290	-
Balance at the end of the year	179 080	180 370
	-	(3 311)

During the year under review no dividends were declared. No dividends were declared in 2022 by the group.

	2023 N$	2022 N$
36. TAX PAID		
Group		
Balance at the beginning of the year	1 867 327	1 874 584
Current tax for the year recognised in profit or loss	(2 672 770)	(148 190)
Balance at end of the year	(1 608 252)	(1 867 327)
	2 413 695	(140 933)

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37. CHANGES IN LIABILITIES ARISING FROM FINANCIAL INSTRUMENTS

	Opening Balance 01 November 2022	Cashflow changes		Non-cashflow changes	Closing Balance 31 October 2023
		Loans received	Repayment of principal	Finance charges accrued	
Secured - interest-bearing liabilities					
Unlisted Senior Secured Floating rate notes - N$ 70 000 000	70 607 386	-	-	398 786	71 006 172
Bank Windhoek Limited - N$ 12 000 000	300 177	11 864 135	(588 872)	-	11 575 440
Bank Windhoek Limited - Nil	277 785 132	-	(277 785 132)	-	-
Development Bank of Namibia - bank loan N$ 50 000 000	21 646 351	-	(11 955 710)	-	9 690 641
Development Bank of Namibia Covid Relief Term Loan - N$ 50 000 000	52 149 637	776 286	(9 004 297)	-	43 921 626
Development Bank of Namibia - Instalment Sale	-	25 000 000	(1 372 708)	-	23 627 292
Bank Windhoek Limited - Instalment Sale	30 138 569	63 320 264	(18 149 976)	-	75 308 857
First National Bank of Namibia Limited - Instalment Sale	11 216 976	-	(7 058 386)	-	4 158 590
Standard Bank Namibia Limited - Instalment Sale	6 845 417	-	(5 112 856)	-	1 732 561
Salambala Conservancy - Loan	404 714	-	(67 425)	-	337 289
Millinnium challenge account	5 572 864	-	(1 001 244)	-	4 571 620
Total secured liabilities	476 667 223	100 960 685	(332 096 606)	398 786	245 930 088
Unsecured - interest-bearing liabilities					
Listed Senior Unsecured Floating rate notes - N$ 150 000 000	-	150 000 000	-	2 516 564	152 516 564
Listed Senior Unsecured Floating rate notes - N$ 100 000 000	-	100 000 000	-	1 725 381	101 725 381
Ruth Albrecht Trust - Anib Lodge (Pty) Ltd	603 113	-	(603 113)	-	-
Total unsecured liabilities	603 113	250 000 000	(603 113)	4 241 945	254 241 945
Total secured and unsecured liabilities	477 270 336	350 960 685	(332 699 719)	4 640 731	500 172 033

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37. CHANGES IN LIABILITIES ARISING FROM FINANCIAL INSTRUMENTS (continued)

	Opening Balance 01 November 2021	Cashflow changes		Non-cashflow changes	Closing Balance 31 October 2022
		Loans received	Repayment of principal	Finance charges accrued	
Secured interest-bearing liabilities					
Unlisted Senior Secured Floating rate notes - N$ 70 000 000	-	70 000 000	-	607 386	70 607 386
Bank Windhoek Limited - N$ 12 000 000	-	300 177	-	-	300 177
Bank Windhoek Limited - Nil	255 000 006	-	-	22 785 126	277 785 132
Development Bank of Namibia - bank loan N$ 50 000 000	31 616 624	-	(9 970 273)	-	21 646 351
Development Bank of Namibia Covid Relief Term Loan - N$ 50 000 000	-	50 298 537	-	1 851 100	52 149 637
Bank Windhoek Limited - Instalment Sale	8 678 187	31 150 824	(9 690 442)	-	30 138 569
First National Bank of Namibia Limited - Instalment Sale	19 798 593	-	(8 581 617)	-	11 216 976
Standard Bank Namibia Limited - Instalment Sale	19 343 112	-	(12 497 695)	-	6 845 417
Salambala Conservancy - Loan	469 687	-	(64 973)	-	404 714
Millinnium challenge account	6 369 056	-	(796 192)	-	5 572 864
Total secured liabilities	341 275 265	151 749 538	(41 601 192)	25 243 612	476 667 223
Unsecured interest-bearing liabilities					
Ruth Albrecht Trust - Anib Lodge (Pty) Ltd	1 030 330	-	(505 309)	78 092	603 113
Total unsecured liabilities	1 030 330	-	(505 309)	78 092	603 113
Total secured and unsecured liabilities	342 305 595	151 749 538	(42 106 501)	25 321 704	477 270 336

38. GOING CONCERN AND SUBSEQUENT EVENTS

The group returned to pre-covid-19 profitability and continues to unlock internal synergies and grow strategically by expanding its offerings and diversifying beyond tourism. Management is of the belief that the entity is a going concern for the foreseeable future.

Other than the dividend of 25 cents per share that was approved by the board of directors on 28 November 2023 to the value of N$ 17 244 998, the directors are not aware of any other material events which occurred after the reporting date and up to the date of this report.

39. CAPITAL RISK MANAGEMENT

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 2023 the group's strategy, which was unchanged from 2022 was applied.

The gearing ratios at 31 October 2023 and 2022 are as follows:

	2023 N$	2022 N$
Total borrowings	539 986 560	552 270 299
Less: cash and bank balances	(164 611 500)	(28 906 905)
Net debt	375 375 060	523 363 394
Total equity (excluding non-controlling interest)	553 178 500	412 435 246
Total equity and debt	928 553 560	935 798 640
Gearing ratio	40%	56%

40. FINANCIAL RISK MANAGEMENT

40.1 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, operational risk and interest rate 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.

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40. FINANCIAL RISK MANAGEMENT (continued)

***40.1 Overview** (continued)*

a) Market risk

i) Foreign exchange risk

The group is exposed to minimal foreign exchange risk, as none of the purchases are 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.

ii) Operational 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.

	2023		**2022**	
	10% increase N$	10% decrease N$	10% increase N$	10% decrease N$
Effect on profit and loss after tax and impact on equity	36 190 328	(36 190 328)	24 285 639	(24 285 639)

b) 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. Overdraft accounts at Banks attract interest at prime related rates.

Unsecured liabilities attract interest at the JIBAR rate plus basis points, while secured liabilities attract interest at prime related rates, JIBAR plus basis points as well as at a fixed rate of 5.925%. Other loans to related parties carry no interest.

40. FINANCIAL RISK MANAGEMENT (continued)

***40.1 Overview** (continued)*

***b) Interest rate risk** (continued)*

	2023 N$	2022 N$
Bank overdraft	-	(38 479 278)
Lease liabilities	(20 404 653)	(19 580 518)
Interest bearing liabilities – secured	(245 930 088)	(476 667 223)
Interest bearing liabilities – unsecured	(254 241 945)	(603 113)

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

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

	2023 %	2022 %
Current bank accounts	prime related	prime related
Instalment sales	prime related	prime related
Lease liabilities	7.5 – 10.50%	7.5 - 9.25%
Long-term liabilities – secured	prime related	prime related
Long-term liabilities – secured	JIBAR related	Nil
Long-term liabilities – secured	5.925% fixed	5.925% fixed
Long-term liabilities – unsecured	JIBAR related	9% fixed

The increase in 100 basis points in the interest rate would affect the group's income after tax and equity by N$ 3 539 921 (2022: N$ 3 640 245).

The decrease in 100 basis points in the interest rate would affect the group's income after tax and equity by N$ 3 539 921 (2022: N$ 3 640 245).

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.

40. FINANCIAL RISK MANAGEMENT (continued)

***40.1 Overview** (continued)*

***c) Liquidity risk** (continued)*

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 into relevant maturity groupings based on the remaining period until contractual maturity date as at 31 October. 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.

40. FINANCIAL RISK MANAGEMENT (continued)

40.1 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 31/10/2023							
Non-current liabilities							
Long-term liabilities – secured and unsecured	19	-	125 300 204	298 980 684	10 911 827	435 192 715	421 611 856
Lease liabilities	20	-	2 121 167	6 501 047	34 375 019	42 997 233	19 956 681
Loan from related party	21	-	-	-	299 950	299 950	299 950
Current liabilities							
Long-term liabilities - secured and unsecured	19	90 983 770	-	-	-	90 983 770	78 560 177
Lease liabilities	20	2 148 633	-	-	-	2 148 633	447 972
Deferred interest liability	22	2 089 000	-	-	-	2 089 000	2 089 000
Trade and other payables	23	61 111 425	-	-	-	61 111 425	61 111 425
Dividends payable	35	179 080	-	-	-	179 080	179 080
		156 511 908	127 421 371	305 481 731	45 586 796	635 001 806	584 256 141

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40. FINANCIAL RISK MANAGEMENT (continued)

40.1 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 31/10/2022							
Non-current liabilities							
Long-term liabilities – secured and unsecured	19	-	485 014 634	29 689 435	3 745 662	518 449 731	395 311 312
Lease liabilities	20	-	3 952 825	4 488 507	30 171 810	38 613 142	19 210 331
Loan from related party	21	-	-	-	14 851 167	14 851 167	14 851 467
Deferred interest liability	22	-	2 089 000	-	-	2 089 000	2 089 000
Current liabilities							
Bank overdraft	15	38 479 278	-	-	-	38 479 278	38 479 278
Long-term liabilities - secured and unsecured	19	96 782 735	-	-	-	96 782 735	81 959 123
Lease liabilities	20	1 913 344	-	-	-	1 913 344	370 187
Trade and other payables	23	61 175 557	-	-	-	61 175 557	61 175 557
Dividends payable	35	180 370	-	-	-	180 370	180 370
		198 531 284	491 056 459	34 177 942	48 768 639	772 534 324	613 626 625

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40. FINANCIAL RISK MANAGEMENT (continued)

***40.1 Overview** (continued)*

d) Categories of financial instruments

2023	Notes	Financial assets at amortised cost N$	Financial liabilities at amortised cost N$	Equity and non-financial assets and non-financial liabilities N$	Total N$
Assets					
Non-current assets					
Property, plant and Equipment	3	-	-	923 935 509	923 935 509
Right-of-use asset	4	-	-	17 931 118	17 931 118
Intangible assets	5	-	-	25 686 365	25 686 365
Goodwill	6	-	-	11 745 082	11 745 082
Other financial assets (*)	7	-	-	474	474
Investment in associate	8	-	-	4 112 932	4 112 932
Investment in joint venture	9	-	-	7 014 681	7 014 681
Loans to related parties	10	804 459	-	-	804 459
Deferred tax asset	11	-	-	5 770 978	5 770 978
		804 459	-	996 197 139	997 001 598
Current assets					
Current tax receivable		-	-	1 883 017	1 883 017
Inventories	12	-	-	33 162 014	33 162 014
Biological assets	13	-	-	196 987	196 987
Trade and other Receivables	14	66 357 131	-	30 058 436	96 415 567
Cash and cash equivalents	15	164 611 500	-	-	164 611 500
		230 968 631	-	65 300 454	296 269 085
Total assets		231 773 090	-	1 061 497 593	1 293 270 683
Equity and liabilities					
Equity					
Share capital	16	-	-	68 980	68 980
Share premium	16	-	-	149 161 219	149 161 219
Revaluation reserve	17	-	-	200 765 050	200 765 050
Shareholders' reserve	18	-	-	17 319 224	17 319 224
Retained earnings		-	-	185 864 027	185 864 027
		-	-	553 178 500	553 178 500
Non-controlling interest		-	-	1 363 140	1 363 140
Total equity		-	-	554 541 640	554 541 640

(*) Other financial assets are categorised as FVTPL

40. FINANCIAL RISK MANAGEMENT *(continued)*

40.1 Overview *(continued)*

d) Categories of financial instruments *(continued)*

2023	Notes	Financial assets at amortised cost N$	Financial liabilities at amortised cost N$	Equity and non-financial assets and non-financial liabilities N$	Total N$
Liabilities					
Non-current liabilities					
Deferred tax liability	11	-	-	50 639 051	50 639 051
Interest-bearing liabilities – secured	19.1	-	171 611 856	-	171 611 856
Interest-bearing liabilities – unsecured	19.2	-	250 000 000	-	250 000 000
Lease liabilities	20	-	19 956 681	-	19 956 681
Loans from related party	21	-	299 950	17 020 924	17 320 874
		-	441 868 487	67 659 975	509 528 462
Current liabilities					
Short-term portion of interest-bearing liabilities - secured	19.3	-	74 318 232	-	74 318 232
Short-term portion of interest-bearing liabilities - unsecured	19.4	-	4 241 945	-	4 241 945
Short-term portion of lease liabilities	20	-	447 972	-	447 972
Deferred interest liability	22	-	2 089 000	-	2 089 000
Trade and other payables	23	-	61 111 425	86 538 162	147 649 587
Dividend payable	35	-	179 080	-	179 080
Current taxation payable		-	-	274 765	274 765
		-	142 387 654	86 812 927	229 200 581
Total liabilities		-	584 256 141	154 472 902	738 729 043
Total equity and liabilities		-	584 256 141	709 014 542	1 293 270 683

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40. FINANCIAL RISK MANAGEMENT (continued)

40.1 Overview (continued)

d) Categories of financial instruments (continued)

2022	Notes	Financial assets at amortised cost	Financial liabilities at amortised cost	Equity and non-financial assets and non-financial liabilities	Total
		N$	N$	N$	N$
Assets					
Non-current assets					
Property, plant and Equipment	3	-	-	868 293 955	868 293 955
Right-of-use asset	4	-	-	17 868 730	17 868 730
Intangible assets	5	-	-	25 764 135	25 764 135
Goodwill	6	-	-	11 745 082	11 745 082
Other financial assets (*)	7	-	-	474	474
Investment in joint venture	9	-	-	7 011 194	7 011 194
Loans to related parties	10	814 524	-	-	814 524
Deferred tax asset	11	-	-	55 778 982	55 778 982
		814 524	-	986 462 552	987 277 076
Current assets					
Current tax receivable		-	-	1 883 017	1 883 017
Inventories	12	-	-	22 899 572	22 899 572
Biological assets	13	-	-	224 650	224 650
Trade and other Receivables	14	69 148 770	-	8 352 767	77 501 537
Cash and cash equivalents	15	28 906 905	-	-	28 906 905
		98 055 675	-	33 360 006	131 415 681
Total assets		98 870 199	-	1 019 822 558	1 118 692 757
Equity and liabilities					
Equity					
Share capital	16	-	-	66 357	66 357
Share premium	16	-	-	132 301 614	132 301 614
Revaluation reserve	17	-	-	200 822 461	200 822 461
Shareholders' reserve	18	-	-	17 364 558	17 364 558
Retained earnings		-	-	61 880 256	61 880 256
		-	-	412 435 246	412 435 246
Non-controlling interest		-	-	305 204	305 204
Total equity		-	-	412 740 450	412 740 450

(*) Other financial assets are categorised as FVTPL

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40. FINANCIAL RISK MANAGEMENT (continued)

40.1 Overview (continued)

d) Categories of financial instruments (continued)

2022	Notes	Financial assets at amortised cost N$	Financial liabilities at amortised cost N$	Equity and non-financial assets and non-financial liabilities N$	Total N$
Liabilities					
Non-current liabilities					
Deferred tax liability	11	-	-	44 531 245	44 531 245
Interest-bearing liabilities – secured	19.1	-	395 311 213	-	395 311 213
Lease liabilities	20	-	19 210 331	-	19 210 331
Loans from related party	21	-	14 851 167	-	14 851 167
Deferred interest liability	22	-	2 089 000	-	2 089 000
		-	431 461 711	44 531 245	475 992 956
Current liabilities					
Bank overdrafts	15	-	38 479 278	-	38 479 278
Short-term portion of interest-bearing liabilities - secured	19.3	-	81 356 010	-	81 356 010
Short-term portion of interest-bearing liabilities - unsecured	19.4	-	603 113	-	603 113
Short-term portion of lease liabilities	20	-	370 187	-	370 187
Trade and other payables	23	-	61 175 557	47 779 146	108 954 703
Dividend payable	35	-	-	180 370	180 370
Current taxation payable		-	-	15 690	15 690
		-	181 984 145	47 975 206	229 959 351
Total liabilities		-	613 445 856	92 506 451	705 952 307
Total equity and liabilities		-	613 445 856	505 246 901	1 118 692 757

40. FINANCIAL RISK MANAGEMENT (continued)

***40.1 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 30 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.

40. FINANCIAL RISK MANAGEMENT (continued)

***40.1 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:

	2023 N$	2022 N$
At carrying amount:		
Loans to related parties	804 459	814 524
Trade and other receivables	66 357 131	69 148 770
Cash and cash equivalents	164 611 500	28 906 905
	231 773 090	98 870 199

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

40. FINANCIAL RISK MANAGEMENT (continued)

***40.1 Overview** (continued)*

***e) Credit risk** (continued)*

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

	Gross 2023 N$	Impairment 2023 N$	Gross 2022 N$	Impairment 2022 N$
Trade debtors				
Not past due	42 801 109	(31 235)	43 385 867	(24 650)
Past due 0-30 days	11 275 262	(28 075)	13 286 193	(27 899)
Past due 30-60 days	3 444 724	(19 736)	5 657 672	(38 669)
Past due 60-90 days	2 484 890	(13 905)	1 261 871	(7 156)
Past due 90-120 days	1 546 811	(9 188)	1 623 964	(9 964)
More than 120 days	3 404 571	(14 745)	2 400 397	(14 862)
Total	64 957 367	(116 884)	67 615 964	(123 200)

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.

40.2 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 40.3.

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.*

40. FINANCIAL RISK MANAGEMENT (continued)

40.3 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	Notes	2023 N$	2022 N$
Land and buildings	3	693 674 576	688 953 681
Other financial assets	7	474	474
		693 675 050	688 954 155

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

41. CONTINGENT LIABILITIES

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 1996/307, supported by security in own name.
Gondwana Holdings Limited, Reg No 2017/1055, 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*
107 461	*Nampower*
452 822	*Ministry of Environment and Tourism*
200 000	*Vivo Energy Namibia Limited*
250 000	*Northern Fuel Distributors CC*

42. 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:

• *Final Payment for acquisition of Heja Game Lodge (Pty) Ltd*	*N$ 30 000 000*
• *Revamp of Namushasha Country Lodge*	*N$ 7 500 000*
• *Revamp of Chobe River Camp*	*N$ 5 100 000*
• *Walvisbay property on lagoon (3 adjacent properties Erf 61,62 and 63)*	*N$ 20 000 000*
• *Sungate development (Car Rental)*	*N$ 10 000 000*
• *Existing Camping 2 Go product expansion*	*N$ 3 200 000*
• *Secret collection product expansion*	*N$ 7 000 000*
• *New Camping 2 Go sites with infrastructure*	*N$ 16 000 000*
• *Oranjemund site purchase/establishment*	*N$ 10 000 000*