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cutting through complexity

# African Parks Network

(Non-profit company)

Annual Financial Statements

for the year ended 31 December 2012

Audited

Prepared by: Ayesha Jackaria
Group Financial Officer CA (SA)

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# African Parks Network

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

## Annual Financial Statements

*for the year ended 31 December 2012*

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# African Parks Network

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

## Directors' responsibility statement

The directors are responsible for the preparation and fair presentation of the group annual financial statements and annual financial statements of African Parks Network, comprising the statements of financial position at 31 December 2012, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa. In addition, the directors are responsible for preparing the directors' report.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the group annual financial statements and annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

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

The group annual financial statements and annual financial statements of African Parks Network, as identified in the first paragraph, were approved by the board of directors on 25 March 2013 and are signed by:

| | |
|---|---|
| P Fearnhead<br>Authorised Director | RJ van Ogtrop<br>Authorised Director |

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# African Parks Network

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

## Directors' report

*for the year ended 31 December 2012*

The directors have pleasure in presenting their report on the activities of the company and the group for the year ended 31 December 2012.

### General

The nature of the business of the entities within the group is to ensure the long term sustainability of parks within Africa. African Parks Network has a direct investment in the management company for Majete Wildlife Reserve (99,98%), African Parks Zambia Limited (70%) and Akagera Management Company Limited (51%).

The following parks are managed by African Parks Network:

Majete Wildlife Reserve (Malawi)
Liuwa Plain National Park (Zambia)
Garamba National Park (Democratic Republic of Congo)
Bangweulu Wetlands (Zambia)
Akagera National Park (Rwanda)
Zakouma National Park (Chad)
Foundation Odzala Kokoua Park National (Congo)

### Financial results

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

The year 2012 was a satisfactory year for African Parks Network.

The group showed a loss for the year of USD119 860 (2011 – USD64 369) with donor income of USD12 322 091 (2011 – USD10 908 945) and operating income of USD1 279 913 (2011 – USD816 930).

### Directors

The directors of the company throughout the year and at the date of this report are:

| | |
|---|---|
| P Fearnhead | Chief Executive Officer |
| RJ van Ogtrop | Chairman |
| M Msimang | |
| C Ramaphosa | |
| Hon. J Lembeli | |
| V Chitalu | |

The current local representative addresses are as follows:

**Business address**

5 Lone Close
Lonehill Office Park
Block B
Lonehill
2032

**Postal address**

PO Box 2336
Lonehill
2062

### Subsequent events

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

**KPMG Inc**
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Fax +27 (0)11 647 8000
Docex 472 Johannesburg

# Independent auditor's report

**To the members of African Parks Network**

We have audited the group annual financial statements and the annual financial statements of African Parks Network, which comprise the statements of financial position at 31 December 2012, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 35.

*Directors' responsibility for the financial statements*

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of African Parks Network at 31 December 2012, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

*Other reports required by the Companies Act*

As part of our audit of the financial statements for the year ended 31 December 2012, we have read the directors' report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. This report is the responsibility of the respective preparers. Based on reading this report we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited this report and accordingly do not express an opinion on this report.

**KPMG Inc.**

Per D Read
Chartered Accountant (SA)
Registered Auditor
Director
25 March 2013

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# African Parks Network
(Non-profit company)

## Statements of financial position
*at 31 December 2012*

| | Note | Group 2012 $ | Group 2011 $ | Company 2012 $ | Company 2011 $ |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Non-current assets** | | **4 612 260** | 4 110 419 | **213 570** | 243 716 |
| Property, plant and equipment | 2 | **4 612 260** | 4 110 419 | **212 700** | 242 846 |
| Investment in subsidiary parks | 3 | **–** | – | **870** | 870 |
| **Current assets** | | **4 636 659** | 4 594 862 | **2 827 840** | 2 112 374 |
| Inventories | 4 | **81 172** | 68 845 | **–** | – |
| Trade and other receivables | 5 | **866 819** | 1 359 349 | **680 035** | 969 031 |
| Cash and cash equivalents | 6 | **3 688 668** | 3 166 668 | **2 147 805** | 1 143 343 |
| **Total assets** | | **9 248 919** | 8 705 281 | **3 041 410** | 2 356 090 |
| **Equity and liabilities** | | | | | |
| **Capital and reserves** | | | | | |
| Foreign currency translation reserve | 7 | **(926 179)** | (266 929) | **59 537** | 59 537 |
| Retained earnings | | **2 206 682** | 2 279 433 | **503 187** | 558 651 |
| Total equity attributable to equity holders of the company | | **1 280 503** | 2 012 504 | **562 724** | 618 188 |
| Non-controlling interest | | **(15 525)** | 31 716 | **–** | – |
| Total equity | | **1 264 978** | 2 044 220 | **562 724** | 618 188 |
| **Current liabilities** | | **7 983 941** | 6 661 061 | **2 478 686** | 1 737 902 |
| Provisions | 8 | **202 934** | 158 125 | **–** | – |
| Trade and other payables | 9 | **1 341 379** | 824 780 | **1 038 479** | 827 245 |
| Undrawn funds | 10 | **2 808 637** | 3 205 986 | **1 440 207** | 910 657 |
| Deferred income | 11 | **3 576 440** | 2 417 619 | **–** | – |
| Taxation payable | | **54 551** | 54 551 | **–** | – |
| **Total equity and liabilities** | | **9 248 919** | 8 705 281 | **3 041 410** | 2 356 090 |

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# African Parks Network

(Non-profit company)

## Statements of comprehensive income

*for the year ended 31 December 2012*

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | **2012** | 2011 | **2012** | 2011 |
| | | **$** | $ | **$** | $ |
| **Revenue** | *12* | **12 322 091** | 10 908 945 | **1 767 308** | 1 420 992 |
| Other operating income | *13* | **1 279 913** | 816 930 | **427 200** | 233 728 |
| Employee benefit expenses | | **(5 320 951)** | (5 010 454) | **(935 797)** | (913 100) |
| Depreciation | | **(1 004 039)** | (968 641) | **(41 178)** | (42 500) |
| Administrative expenses | | **(1 987 727)** | (1 493 308) | **(171 311)** | (205 232) |
| Other operating expenses | | **(5 266 776)** | (4 303 130) | **(1 031 374)** | (563 027) |
| **Results from operating activities** | *14* | **22 511** | (49 658) | **14 848** | (69 139) |
| Finance expense | *15* | **(159 275)** | (18 006) | **(78 460)** | – |
| Finance income | *15* | **16 904** | 3 295 | **8 148** | 1 615 |
| **Loss before income tax** | | **(119 860)** | (64 369) | **(55 464)** | (67 524) |
| Income tax expense | *16* | **–** | – | **–** | – |
| **Loss for the year** | | **(119 860)** | (64 369) | **(55 464)** | (67 524) |
| **Other comprehensive income** | | | | | |
| Foreign currency translation differences | | **(659 382)** | (172 197) | **–** | – |
| **Total comprehensive loss for the year** | | **(779 242)** | (236 566) | **–** | – |
| **Loss attributable to:** | | | | | |
| Equity holder of parent | | **(72 751)** | (56 275) | **–** | – |
| Non-controlling interest | | **(47 109)** | (8 094) | **–** | – |
| **Loss for the year** | | **(119 860)** | (64 369) | **(55 464)** | (67 524) |
| **Total comprehensive income attributable to:** | | | | | |
| Equity holder of parent | | **(659 250)** | (169 224) | **–** | – |
| Non-controlling interest | | **(132)** | (2 973) | **–** | – |
| **Total comprehensive loss for the year** | | **(659 382)** | (172 197) | **–** | – |

# African Parks Network
(Non-profit company)

## Statements of changes in equity
*for the year ended 31 December 2012*

| | *Note* | Foreign currency translation reserve $ | Retained earnings $ | Total $ | Non-controlling interest $ | Total equity $ |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| **Balance at 31 December 2010** | | (97 705) | 2 335 708 | 2 238 003 | 42 783 | 2 280 786 |
| Loss for the year | | – | (56 275) | (56 275) | (8 094) | (64 369) |
| **Other comprehensive income** | | | | | | |
| Foreign currency translation differences | | (169 224) | – | (169 224) | (2 973) | (172 197) |
| **Balance at 31 December 2011** | | (266 929) | 2 279 433 | 2 012 504 | 31 716 | 2 044 220 |
| Loss for the year | | – | **(72 751)** | **(72 751)** | **(47 109)** | **(119 860)** |
| **Other comprehensive income** | | | | | | |
| Foreign currency translation differences | | **(659 250)** | – | **(659 250)** | **(132)** | **(659 382)** |
| **Balance at 31 December 2012** | | **(926 179)** | **2 206 682** | **1 280 503** | **(15 525)** | **1 264 978** |

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# African Parks Network

(Non-profit company)

## Statements of changes in equity

*for the year ended 31 December 2012 (continued)*

| **Company** | **Equity capital contribution $** | **Foreign currency translation reserve $** | **Retained earnings $** | **Total $** |
|---|---|---|---|---|
| **Balance at 31 December 2010** | – | 59 537 | 626 175 | 685 712 |
| Loss for the year | – | – | (67 524) | (67 524) |
| **Balance at 31 December 2011** | – | 59 537 | 558 651 | 618 188 |
| Loss for the year | – | – | **(55 464)** | **(55 464)** |
| **Balance at 31 December 2012** | – | **59 537** | **503 187** | **562 724** |

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# African Parks Network
(Non-profit company)

## Statements of cash flows
*for the year ended 31 December 2012*

| | Note | Group 2012 $ | Group 2011 $ | Company 2012 $ | Company 2011 $ |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Cash generated/(utilised) by operations | *17.1* | **2 033 516** | 344 675 | **556 378** | (799 482) |
| Finance income | *15* | **16 904** | 3 295 | **8 148** | 1 615 |
| Finance expense | *15* | **(159 275)** | (18 006) | **(78 460)** | – |
| **Net cash inflow/(outflow) from operating activities** | | **1 891 145** | 329 964 | **486 066** | (797 867) |
| **Net cash outflow from investing activities** | | **(2 130 617)** | (1 959 022) | **(11 154)** | (8 933) |
| Acquisition of property, plant and equipment | | **(2 162 860)** | (1 959 022) | **(12 943)** | (8 933) |
| Proceeds from disposal of property, plant and equipment | *17.2* | **32 243** | – | **1 789** | – |
| **Net cash inflow from financing activities** | | **761 472** | 3 035 431 | **529 550** | 910 657 |
| (Decrease)/increase in undrawn funds | | **(397 349)** | 2 045 050 | **529 550** | 910 657 |
| Increase in deferred income | | **1 158 821** | 990 381 | **–** | – |
| **Net increase in cash and cash equivalents** | | **522 000** | 1 406 373 | **1 004 462** | 103 857 |
| **Cash and cash equivalents at beginning of year** | | **3 166 668** | 1 760 295 | **1 143 343** | 1 039 486 |
| **Cash and cash equivalents at end of year** | *6* | **3 688 668** | 3 166 668 | **2 147 805** | 1 143 343 |

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# African Parks Network
(Non-profit company)

## Notes to the financial statements
*for the year ended 31 December 2012*

### 1. Significant accounting policies

African Parks Network is a company domiciled in South Africa. The consolidated financial statements for the year ended 31 December 2012 comprise the company and its subsidiaries (collectively referred to as "the group").

### 1.1 Statement of compliance

The consolidated financial statements for the group are prepared in accordance with International Financial Reporting Standards ("IFRS"), its interpretations adopted by the International Accounting Standards Board ("IASB") and the South African Companies Act, 2008 (as amended) and Companies Regulations, 2011.

### 1.2 Basis of preparation

The group's financial statements are presented in US Dollars, which is the presentation currency of the group. The company's financial statements are presented in US Dollars, which is the functional currency of the company. They are prepared on the basis that the group is a going concern, using the historical cost basis of measurement unless otherwise stated.

The accounting policies set out below have been applied consistently in all material respects to all periods presented in these consolidated financial statements, except where the group has adopted the IFRS statements, IFRIC interpretations and amendments that became effective during the year. IAS 20 Government Grants was adopted at a group level in the prior year.

### 1.3 Significant accounting estimates and assumptions

The preparation of the financial statements in conformity with IFRS's requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

### 1.4 Basis of consolidation

The group financial statements include the financial statements of the company and its subsidiaries.

Subsidiaries are those entities over whose financial and operating policies the group has the power, directly or indirectly, to exercise control, so as to obtain benefits from their activities. In assessing control, potential voting rights that are currently exercisable are taken into account. The financial results of subsidiaries are included in the consolidated financial statements from the date that control was acquired and, where applicable, up to the date that control ceases.

The company carries its investments in subsidiaries at cost less accumulated impairment.

## 1. Significant accounting policies

### 1.4 Basis of consolidation *(continued)*

*Special purpose entities*

Garamba National Park, Foundation Odzala Kokoua Park National and Zakouma National Park were established for trading and investment purposes. The group does not have any direct or indirect shareholdings in these entities. They are consolidated into the group as the substance of their relationship with the group is that the group controls the Special Purpose Entities. The terms under which the entities were established resulted in the group receiving the majority of the benefits related to the entities' operations and net assets, exposure to the majority of the risks incidental to the entities' activities and it retains the majority of the residual or ownership risks related to the entities' activities and assets.

*Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

### 1.5 Foreign currency

*Functional and presentation currency*

All items in the financial statements of the group's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates ("the functional currency"). The group's consolidated financial statements are presented in US Dollars, which is African Parks Network functional and presentation currency.

*Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of group entities at rates of exchange ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the rates of exchange ruling at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for the effective interest and payments during the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign exchange differences arising on translation are recognised in profit or loss.

*Foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to US Dollar at exchange rates at the reporting date. The income and expenses of foreign operations are translated to US Dollar at exchange rates at the average exchange rates over the reporting period.

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

## 1. Significant accounting policies

### 1.6 Financial instruments

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

*Offset*

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the group has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

*Trade and other receivables and loans receivable*

Trade and other receivables are categorised as loans and receivables. These financial assets originated by the group providing goods, services or money directly to a debtor and are initially recognised at fair value plus any directly attributable transaction costs. Subsequently these financial assets are measured at amortised cost using the effective interest rate method less any accumulated impairment losses.

*Cash and cash equivalents*

Cash and cash equivalents are stated at fair value. Cash comprised cash on hand and demand deposits. Cash equivalents are short-term liquid investments that are readily converted to known amounts of cash, which are not subject to significant risk of changes in fair value. For cash flow purposes this included bank overdrafts.

Outstanding cheques are included in trade and other payables.

*Trade and other payables*

Initially such financial liabilities are recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement these financial liabilities are measured at amortised cost using the effective interest method.

*De-recognition*

*Financial assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

*Financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

## 1. Significant accounting policies *(continued)*

### 1.7 Property, plant and equipment

*Recognition and measurement*

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Installation and other costs, which comprise materials and direct labour costs necessarily incurred in order to acquire or bring the property, plant and equipment to a working condition for their intended use, are also included in cost.

When parts of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Borrowing costs are expensed as incurred.

Gains or losses on the disposal of property, plant and equipment, comprising the difference between the net disposal proceeds and the carrying amount of the asset, are recognised net within other income in profit or loss.

*Subsequent costs*

Subsequent expenditure relating to an item of property, plant and equipment is capitalised when it is probable that future economic benefits embodied within the item will flow to the group and its cost can be measured reliably. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

*Depreciation*

Depreciation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of the assets in order to reduce the cost of the asset to its residual value. Residual value is the net amount expected to be recovered from disposal of the asset at the end of its estimated useful life. Residual values and useful lives are reassessed annually.

The estimated useful lives for the current and comparative periods are as follows:

| | |
|---|---|
| Computer equipment | 3 years |
| Furniture and fittings | 5 years |
| Office equipment | 5 years |
| Aircraft | 10 years |
| Motor vehicles | 4 years |
| Plant and machinery | 5 years |
| Infrastructural improvements | 10 years |
| Other | 4 years |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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

### 1. Significant accounting policies *(continued)*

### 1.8 Leases

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

### 1.9 Inventories

Consumables have been valued on the first-in first-out basis and are stated at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition and is stated net of purchase incentives. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs to complete and sell the product. The cost of consumables sold includes normal shrinkage, wastage and inventory losses. Obsolete, redundant and slow moving inventories are identified on a regular basis and are written down to their net realisable value.

### 1.10 Impairment of assets

*Non-financial assets*

The carrying amounts of the group's non-financial assets other than inventories (see accounting policy note for inventories) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

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

Whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount, an impairment loss is recognised in the statement of comprehensive income.

*Recoverable amount*

The recoverable amount of an asset is the greater of its fair value less cost to sell and its value in use. Recoverable amounts are estimated for individual assets or, if an asset does not generate largely independent cash flows, for a cash-generating unit. A cash-generating unit is the smallest collection of assets capable of generating cash flows independent of other assets or cash-generating units.

## 1. Significant accounting policies *(continued)*

### 1.10 Impairment of assets *(continued)*

*Non-financial assets (continued)*

*Recoverable amount (continued)*

The fair value less cost to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash-generating unit and from its disposal at the end of its useful life. The estimated future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

*Reversal of impairment losses*

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or has decreased; either as a result of an event occurring after the impairment loss was recognised or if there has been a change in the estimates used to calculate the recoverable amount.

An impairment loss is reversed only to the extent that the carrying amount of the affected asset is not increased to an amount higher than the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised in prior years. The reversal is recorded as income in the statement of comprehensive income.

An impairment loss in respect of goodwill is never reversed.

*Financial assets*

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

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

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

All impairment losses are recognised in profit or loss.

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

**1. Significant accounting policies** *(continued)*

**1.11 Taxation**

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

**1.12 Employee benefits**

*Short-term employee benefits*

The cost of all short-term employee benefits is recognised as an expense during the period in which the employee renders the related service.

Accruals for employee entitlements to wages, salaries, bonuses, annual and sick leave represent the amount which the group has a present obligation to pay as a result of employees' services provided to the reporting date. The accruals have been calculated at undiscounted amounts based on current wage and salary rates.

**1.13 Revenue**

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

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

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

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

## 1. Significant accounting policies *(continued)*

### 1.14 Lease payments

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

### 1.15 Undrawn funds

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

### 1.16 Deferred income

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

### 1.17 Government grants

An unconditional government grant related to a biological asset is recognised in profit or loss as other income when the grant becomes receivable. Other government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the group will comply with the conditions associated with the grant, and are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the periods in which the expenses are recognised.

## 2. Property, plant and equipment

**Group**

| **2012** | **Cost $** | **Accumulated depreciation $** | **Carrying amount $** |
|---|---|---|---|
| Plant and machinery | 1 493 901 | (262 371) | 1 231 530 |
| Furniture and fittings | 218 637 | (102 018) | 116 619 |
| Office equipment | 124 076 | (79 335) | 44 741 |
| Infrastructural improvements | 2 488 729 | (766 297) | 1 722 432 |
| Computer equipment | 108 614 | (65 330) | 43 284 |
| Capital work-in-progress | 283 834 | – | 283 834 |
| Other | 615 096 | (307 786) | 307 310 |
| Aircraft | 547 723 | (321 594) | 226 129 |
| Motor vehicles | 1 934 002 | (1 297 621) | 636 381 |
| | 7 814 612 | (3 202 352) | 4 612 260 |

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

**Group** *(continued)*

| 2011 | Cost $ | Accumulated depreciation $ | Carrying amount $ |
|---|---|---|---|
| Plant and machinery | 484 141 | (320 756) | 163 385 |
| Furniture and fittings | 155 339 | (63 879) | 91 460 |
| Office equipment | 135 982 | (80 285) | 55 697 |
| Infrastructural improvements | 3 034 918 | (980 561) | 2 054 357 |
| Computer equipment | 98 352 | (51 321) | 47 031 |
| Capital work-in-progress | 546 544 | – | 546 544 |
| Other | 422 537 | (201 455) | 221 082 |
| Aircraft | 456 584 | (192 999) | 263 585 |
| Motor vehicles | 1 755 611 | (1 088 333) | 667 278 |
| | 7 090 008 | (2 979 589) | 4 110 419 |

**Company**

| **2012** | | | |
|---|---|---|---|
| Furniture and fittings | **21 510** | **(17 226)** | **4 284** |
| Office equipment | **8 574** | **(2 358)** | **6 216** |
| Computer equipment | **29 663** | **(21 191)** | **8 472** |
| Other | **555** | **(555)** | **–** |
| Aircraft | **312 086** | **(118 358)** | **193 728** |
| | **372 388** | **(159 688)** | **212 700** |

| 2011 | | | |
|---|---|---|---|
| Furniture and fittings | 20 322 | (13 174) | 7 148 |
| Office equipment | 7 200 | (3 261) | 3 939 |
| Computer equipment | 26 883 | (20 061) | 6 822 |
| Other | 555 | (555) | – |
| Aircraft | 312 086 | (87 149) | 224 937 |
| | 367 046 | (124 200) | 242 846 |

# African Parks Network

(Non-profit company)

## Notes to the financial statements

*for the year ended 31 December 2012 (continued)*

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

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

**Group**

| 2012 | Plant and machinery $ | Furniture and fittings $ | Office equipment $ | Infra-structural improve-ments $ | Computer equipment $ | Capital work in progress $ | Other * $ | Aircraft $ | Motor vehicles $ | Total $ |
|---|---|---|---|---|---|---|---|---|---|---|
| Carrying value at beginning of year | 163 385 | 91 460 | 55 697 | 2 054 357 | 47 031 | 546 544 | 221 082 | 263 585 | 667 278 | 4 110 419 |
| Additions | 679 513 | 48 906 | 28 390 | 388 915 | 29 901 | 220 124 | 210 504 | 92 816 | 463 791 | 2 162 860 |
| Disposals | (1 345) | (123) | (509) | – | (1 954) | – | – | (1 676) | – | (5 607) |
| Transfer from work in progress | 482 834 | – | – | – | – | (482 834) | – | – | – | – |
| Foreign exchange differences | (60 422) | 8 468 | (17 171) | (545 492) | (4 072) | – | (246) | – | (32 438) | (651 373) |
| Depreciation charge | (32 435) | (32 092) | (21 666) | (175 348) | (27 622) | – | (124 030) | (128 596) | (462 250) | (1 004 039) |
| Carrying value at end of year | 1 231 530 | 116 619 | 44 741 | 1 722 432 | 43 284 | 283 834 | 307 310 | 226 129 | 636 381 | 4 612 260 |
| **2011** | | | | | | | | | | |
| Carrying value at beginning of year | 58 258 | 35 616 | 73 003 | 1 828 741 | 20 617 | 17 254 | 113 515 | 302 091 | 810 845 | 3 259 940 |
| Additions | 64 758 | 81 909 | 24 439 | 692 244 | 48 263 | 530 742 | 270 627 | – | 246 040 | 1 959 022 |
| Disposals | (2 063) | – | – | (9 467) | – | – | – | – | (4 361) | (15 891) |
| Foreign exchange differences | 74 903 | 4 841 | (6 900) | (140 570) | (527) | (1 452) | (25 382) | (719) | (28 205) | (124 011) |
| Depreciation charge | (32 471) | (30 906) | (34 845) | (316 591) | (21 322) | – | (137 678) | (37 787) | (357 041) | (968 641) |
| Carrying value at end of year | 163 385 | 91 460 | 55 697 | 2 054 357 | 47 031 | 546 544 | 221 082 | 263 585 | 667 278 | 4 110 419 |

* includes radio and communication equipment.

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

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

| Company | Furniture and fittings $ | Office equipment $ | Computer equipment $ | Other $ | Aircraft $ | Total $ |
|---|---|---|---|---|---|---|
| **2012** | | | | | | |
| Carrying value at beginning of year | **7 148** | **3 939** | **6 822** | **–** | **224 937** | **242 846** |
| Additions | **1 538** | **4 687** | **6 718** | **–** | **–** | **12 943** |
| Disposals | **(123)** | **(509)** | **(1 279)** | **–** | **–** | **(1 911)** |
| Depreciation charge | **(4 279)** | **(1 901)** | **(3 789)** | **–** | **(31 209)** | **(41 178)** |
| Carrying value at end of year | **4 284** | **6 216** | **8 472** | **–** | **193 728** | **212 700** |
| 2011 | | | | | | |
| Carrying value at beginning of year | 9 766 | 3 972 | 6 390 | 139 | 256 146 | 276 413 |
| Additions | 1 375 | 1 236 | 6 322 | – | – | 8 933 |
| Depreciation charge | (3 993) | (1 269) | (5 890) | (139) | (31 209) | (42 500) |
| Carrying value at end of year | 7 148 | 3 939 | 6 822 | – | 224 937 | 242 846 |

# African Parks Network
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## Notes to the financial statements
*for the year ended 31 December 2012 (continued)*

### 3. Investment in subsidiary parks

| | Group | | Company | |
|---|---|---|---|---|
| | **2012** | 2011 | **2012** | 2011 |
| | **$** | $ | **$** | $ |
| Akagera Management Company Limited | – | – | **867** | 867 |
| African Parks Majete Limited | – | – | **1** | 1 |
| Bangweulu Wetlands Management Board | – | – | **2** | 2 |
| | – | – | **870** | 870 |

### 4. Inventories

| | Group | | Company | |
|---|---|---|---|---|
| | **2012** | 2011 | **2012** | 2011 |
| Consumables | **81 172** | 68 845 | – | – |

### 5. Trade and other receivables

| | Group | | Company | |
|---|---|---|---|---|
| | **2012** | 2011 | **2012** | 2011 |
| Receivables due from related parties | **454 051** | 577 408 | **635 284** | 908 484 |
| Other receivables | **412 768** | 781 941 | **44 751** | 60 547 |
| | **866 819** | 1 359 349 | **680 035** | 969 031 |

### 6. Cash and cash equivalents

| | Group | | Company | |
|---|---|---|---|---|
| | **2012** | 2011 | **2012** | 2011 |
| Bank balances | **3 596 740** | 3 082 519 | **2 146 778** | 1 141 179 |
| Cash on hand | **91 928** | 84 149 | **1 027** | 2 164 |
| | **3 688 668** | 3 166 668 | **2 147 805** | 1 143 343 |

### 7. Foreign currency translation reserve

| | Group | | Company | |
|---|---|---|---|---|
| | **2012** | 2011 | **2012** | 2011 |
| The foreign currency translation reserve comprises all foreign currency differences arising from the translation of transactions denominated in foreign currencies. | **(926 179)** | (266 929) | **59 537** | 59 537 |

### 8. Provisions

| | Group | | Company | |
|---|---|---|---|---|
| | **2012** | 2011 | **2012** | 2011 |
| **Bonus provision** | | | | |
| Opening provision balance | **158 125** | – | – | – |
| Raised during the year | **133 708** | 158 125 | – | – |
| Utilised during the year | **(88 899)** | – | – | – |
| | **202 934** | 158 125 | – | – |

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# African Parks Network

(Non-profit company)

## Notes to the financial statements

*for the year ended 31 December 2012 (continued)*

| | Group 2012 $ | Group 2011 $ | Company 2012 $ | Company 2011 $ |
|---|---|---|---|---|
| **9. Trade and other payables** | | | | |
| Amount owing to related parties | **959 345** | 576 830 | **961 303** | 733 391 |
| Trade payables | **54 788** | 9 413 | **3 942** | – |
| Other payables and accrued expenses | **327 246** | 238 537 | **73 234** | 93 854 |
| | **1 341 379** | 824 780 | **1 038 479** | 827 245 |
| **10. Undrawn funds** | | | | |
| African Parks Foundation UK | **64 271** | – | **64 271** | – |
| African Parks Foundation America | **355 488** | – | **355 488** | – |
| Adessium Foundation | **110 535** | 290 507 | **96 361** | 290 507 |
| Stichting Doen | **219 150** | 347 650 | **219 150** | 347 650 |
| WWF Netherlands | **90 048** | 210 521 | **90 048** | 90 000 |
| African Parks Foundation Board of Directors | **325 861** | 162 500 | **325 861** | 162 500 |
| Walton Family Foundation | **11 985** | 112 522 | – | – |
| Stichting African Parks Foundation | **252 652** | 55 000 | – | – |
| Réseau des Aires Protégées d'Afrique Centrale | **336 119** | 1 042 895 | – | – |
| Spanish Government | **66 132** | 266 880 | – | – |
| Ms Sabine Plattner | – | 31 377 | – | – |
| European Union | **447 994** | 406 120 | – | – |
| Other | **528 402** | 280 014 | **289 028** | 20 000 |
| | **2 808 637** | 3 205 986 | **1 440 207** | 910 657 |

Undrawn funds represent cash received from donors. Expenses related to this revenue have not yet been incurred and therefore the revenue has not yet been recognised.

| | Group 2012 $ | Group 2011 $ | Company 2012 $ | Company 2011 $ |
|---|---|---|---|---|
| **11. Deferred income** | | | | |
| Opening balance | **2 417 619** | 1 427 238 | – | – |
| Additions to property, plant and equipment | **2 162 860** | 1 959 022 | – | – |
| Depreciation | **(1 004 039)** | (968 641) | – | – |
| | **3 576 440** | 2 417 619 | – | – |

# African Parks Network
(Non-profit company)

## Notes to the financial statements
*for the year ended 31 December 2012 (continued)*

| | Group | | Company | |
|---|---|---|---|---|
| | **2012** | 2011 | **2012** | 2011 |
| | **$** | $ | **$** | $ |
| **12. Revenue** | | | | |
| Donation income | **13 480 912** | 11 731 337 | **1 767 308** | 1 420 992 |
| Transfer to deferred income | **(1 158 821)** | (990 381) | **–** | – |
| Underprovision of prior year revenue | **–** | 167 989 | **–** | – |
| | **12 322 091** | 10 908 945 | **1 767 308** | 1 420 992 |
| Donation income per specific donor | | | | |
| Adessium Foundation | **920 083** | 838 999 | **549 238** | 294 500 |
| Africom | **–** | 36 017 | **–** | – |
| Dutch Postcode Lottery | **1 296 600** | 691 281 | **420 000** | – |
| African Parks Endowment Fund | **718 275** | 768 561 | **718 275** | 768 561 |
| European Union | **3 927 482** | 3 646 462 | **–** | – |
| Liberty Wildlife Fund | **–** | 90 593 | **–** | – |
| Mr Paul Tudor Jones | **25 000** | 71 895 | **–** | – |
| Ms Sabine Plattner | **–** | 486 982 | **–** | – |
| Réseau des Aires Protégées d'Afrique Centrale | **1 658 315** | 689 291 | **–** | – |
| Rwandan Development Board | **405 828** | 469 810 | **–** | – |
| Spanish Government | **397 088** | 199 797 | **–** | – |
| Stichting African Parks Foundation | **1 552 217** | 1 489 604 | **–** | 344 931 |
| World Bank | **418 137** | – | **–** | – |
| Walton Family Foundation | **500 000** | 681 790 | **–** | – |
| Wildlife Conservation Society | **108 874** | 18 373 | **–** | – |
| WWF Netherlands | **988 361** | 1 318 782 | **–** | – |
| Other | **564 652** | 233 100 | **79 795** | 13 000 |
| | **13 480 912** | 11 731 337 | **1 767 308** | 1 420 992 |
| **13. Other operating income** | | | | |
| Management fee income | **21 000** | – | **334 948** | 233 728 |
| Other operating income | **1 258 913** | 816 930 | **92 252** | – |
| | **1 279 913** | 816 930 | **427 200** | 233 728 |

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# African Parks Network
(Non-profit company)

## Notes to the financial statements
*for the year ended 31 December 2012 (continued)*

| | Group 2012 $ | Group 2011 $ | Company 2012 $ | Company 2011 $ |
|---|---|---|---|---|
| **14. Results from operating activities** | | | | |
| Operating profit before dividend and financing costs is arrived at after taking into account: | | | | |
| Operating income | **1 279 913** | 816 930 | **427 200** | 233 728 |
| Auditors' remuneration – audit fees | **198 123** | 172 317 | **48 750** | 35 417 |
| Depreciation of property, plant and equipment | **1 004 039** | 968 641 | **41 178** | 42 500 |
| Consulting fees | **73 982** | 158 007 | **56 444** | 9 967 |
| (Profit)/loss on sale of property, plant and equipment | **(26 636)** | 15 891 | **122** | – |
| Salary costs and pension contributions | **5 320 951** | 5 010 454 | **935 797** | 913 100 |
| **15. Finance income/(expenses)** | | | | |
| 15.1 Finance income | | | | |
| Interest received on bank balances | **9 148** | 3 295 | **8 148** | 1 615 |
| Foreign exchange gain | **7 756** | –* | **–** | –* |
| | **16 904** | 3 295 | **8 148** | 1 615 |
| 15.2 Finance expenses | | | | |
| Bank interest paid | **(15)** | (18 006) | **(15)** | – |
| Foreign exchange losses | **(159 260)** | –* | **(78 445)** | –* |
| | **(159 275)** | (18 006) | **(78 460)** | – |

* Foreign exchange gains/(losses) have been included in administrative expenses in the prior year as the amounts are not considered material.

| | Group 2012 $ | Group 2011 $ | Company 2012 $ | Company 2011 $ |
|---|---|---|---|---|
| **16. Taxation** | | | | |
| Rwandan normal tax – current year | **–** | – | **–** | – |

All the entities within the group are exempt from paying income taxation with the possible exception of Akagera Management Company. As at 31 December 2012, however, there was adequate provision for income tax payable, resulting in a nil tax expense. As at 31 December 2012 taxation exemption for Akagera Management Company was pending clarification from the Rwandan Revenue Authority and based on this a provision for normal taxation was made. No tax rate reconciliation is presented due to the tax exempt nature of the entity.

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# African Parks Network
(Non-profit company)

## Notes to the financial statements
*for the year ended 31 December 2012 (continued)*

| | Group 2012 $ | Group 2011 $ | Company 2012 $ | Company 2011 $ |
|---|---|---|---|---|
| **17. Notes to the statements of cash flows** | | | | |
| **17.1 Cash generated/(utilised) by operations** | | | | |
| Loss before income tax | **(119 860)** | (64 369) | **(55 464)** | (67 524) |
| Adjustments for – | | | | |
| – finance expense | **159 275** | 18 006 | **78 460** | – |
| – finance income | **(16 904)** | (3 295) | **(8 148)** | (1 615) |
| – depreciation | **1 004 039** | 968 641 | **41 178** | 42 500 |
| – foreign exchange differences on operating activities | **651 373** | 124 011 | – | – |
| – (profit)/loss on sale of property, plant and equipment | **(26 636)** | 15 891 | **122** | – |
| Operating profit before working capital changes | **1 651 287** | 1 058 885 | **56 148** | (26 639) |
| Increase in inventories | **(12 327)** | (39 393) | – | – |
| Decrease in trade and other receivables | **492 530** | 21 302 | **288 996** | 29 362 |
| Increase/(decrease) in trade and other payables and provisions | **561 408** | (523 922) | **211 234** | (802 205) |
| Foreign currency translation reserve | **(659 382)** | (172 197) | – | – |
| | **2 033 516** | 344 675 | **556 378** | (799 482) |
| **17.2 Proceeds from disposal of property, plant and equipment** | | | | |
| Carrying value of property, plant and equipment disposed | **5 607** | 15 891 | **1 911** | – |
| Profit/(loss) on disposal of property, plant and equipment | **26 636** | (15 891) | **(122)** | – |
| | **32 243** | – | **1 789** | – |
| **17.3 Taxation paid** | | | | |
| Balance owing at 1 January 2012 | **54 551** | 54 551 | – | – |
| Charge to the statement of comprehensive income | – | – | – | – |
| Balance owing at 31 December 2012 | **(54 551)** | (54 551) | – | – |
| Taxation paid | – | – | – | – |

## 18. Lease commitments

**Operating lease commitments**

The group leases premises under an operating lease.

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2012** | 2011 | **2012** | 2011 |
| | **$** | $ | **$** | $ |
| Less than one year | **39 282** | – | **39 282** | – |
| Between one and five years | **154 639** | – | **154 639** | – |
| | **193 921** | – | **193 921** | – |

## 19. Financial instruments

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

- Market risk
- Liquidity risk
- Credit risk

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

19.1 Market risk

19.1.1 Foreign currency exposure

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

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

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# African Parks Network
(Non-profit company)

## Notes to the financial statements
*for the year ended 31 December 2012 (continued)*

### 20. Financial instruments *(continued)*

20.2 Interest rate risk

As the group has no significant interest bearing assets, the group's income and operating cash flows are substantially independent of changes in market interest rates.

The group is exposed to interest rate risk arising from cash and cash equivalents. The group is not exposed to fair value interest rate risk as they do not have any fixed interest bearing financial instruments carried at fair value.

The interest rate risk profile of the interest bearing financial instruments was:

| | Group | | Company | |
|---|---|---|---|---|
| | **2012** | 2011 | **2012** | 2011 |
| | **$** | $ | **$** | $ |
| Variable rate instruments<br>– cash and cash equivalents | **3 688 668** | 3 166 668 | **2 147 805** | 1 143 343 |

Sensitivity analysis for variable-rate instruments

A change in 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below for a period of one year compounded monthly. This analysis assumes that all other variables, in particular foreign exchange rates, remain constant. This analysis is performed on the same basis for 2011.

| Effect: | **Increase in equity from 100 bp increase** | **Decrease in equity from 100 bp decrease** | **Increase in profit from 100 bp increase** | **Decrease in profit from 100 bp decrease** |
|---|---|---|---|---|
| **Group** | | | | |
| **2012** | **$** | **$** | **$** | **$** |
| US Dollar | **35 967** | **(35 967)** | **35 967** | **(35 967)** |
| 2011 | | | | |
| US Dollar | 30 825 | (30 825) | 30 825 | (30 825) |
| **Company** | | | | |
| **2012** | | | | |
| US Dollar | **21 468** | **(21 468)** | **21 468** | **(21 468)** |
| 2011 | | | | |
| US Dollar | 11 412 | (11 412) | 11 412 | (11 412) |

## 20. Financial instruments *(continued)*

### 20.3 Fair values of financial instruments

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

| | | **2012** | | 2011 | |
|---|---|---|---|---|---|
| **Group** | | **Carrying value $** | **Fair value $** | Carrying value $ | Fair value $ |
| **Financial assets** | | | | | |
| Trade and other receivables | Loans and receivables | **866 819** | **866 819** | 1 359 349 | 1 359 349 |
| Cash and cash equivalents | Loans and receivables | **3 688 668** | **3 688 668** | 3 166 668 | 3 166 668 |
| **Financial liabilities** | | | | | |
| Trade and other payables | Other liabilities | **(1 341 379)** | **(1 341 379)** | (824 780) | (824 780) |
| Undrawn funds | Other liabilities | **(2 808 637)** | **(2 808 637)** | (3 205 986) | (3 205 986) |
| Deferred income | Other liabilities | **(3 576 440)** | **(3 576 440)** | (2 417 619) | (2 417 619) |
| **Company** | | | | | |
| **Financial assets** | | | | | |
| Trade and other receivables | Loans and receivables | **680 035** | **680 035** | 969 031 | 969 031 |
| Cash and cash equivalents | Loans and receivables | **2 147 805** | **2 147 805** | 1 143 343 | 1 143 343 |
| **Financial liabilities** | | | | | |
| Trade and other payables | Other liabilities | **(1 038 479)** | **(1 038 479)** | (827 245) | (827 245) |
| Undrawn funds | Other liabilities | **(1 440 207)** | **(1 440 207)** | (910 657) | (910 657) |

The carrying values of short term financial instruments are assumed to approximate their fair values.

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

*Trade and other receivables and loans and other borrowings*
For receivables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables are discounted to determine the fair value.

*Cash and cash equivalents*
The carrying amount of cash and mutual accounts approximate fair value due to relatively short-term maturity of these financial instruments.

*Trade and other payables and borrowings*
The carrying amount approximates fair value because of the short period to maturity of these instruments.

### 20. Financial instruments *(continued)*

#### 20.4 Credit risk management

Credit risk refers to the risk that a counter party will default on its contractual obligation resulting in financial loss to the group. The group is exposed to credit risk arising from cash equivalents as well as trade and other receivables. The concentrations of credit risk with respect to trade receivables are limited due to the cash nature of the business. For banks and financial institutions cash balances are only placed with highly reputable financial institutions. Trade and other receivables are limited to amounts owing from external funders with good credit ratings.

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

| | Group Carrying amount | | Company Carrying amount | |
|---|---|---|---|---|
| | **2012** | 2011 | **2012** | 2011 |
| | **$** | $ | **$** | $ |
| Trade and other and receivables | **866 819** | 1 359 349 | **680 035** | 969 031 |
| Cash and cash equivalents | **3 688 668** | 3 166 668 | **2 147 805** | 1 143 343 |
| | **4 555 487** | 4 526 017 | **2 827 840** | 2 112 374 |

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2012** | 2011 | **2012** | 2011 |
| | **$** | $ | **$** | $ |
| Foreign | **866 819** | 1 359 349 | **680 035** | 969 031 |

The ageing of receivables at the reporting date was:

| | **2012** | | | 2011 | | |
|---|---|---|---|---|---|---|
| **Group** | **Gross** **$** | **Impairment** **$** | **Net** **$** | Gross $ | Impairment $ | Net $ |
| Not past due | **858 810** | – | **858 810** | 1 334 278 | – | 1 334 278 |
| Past due 0 – 30 days | – | – | – | 7 694 | – | 7 694 |
| Past due 30 to 60 days | **7 195** | – | **7 195** | – | – | – |
| Past due > 60 days | **814** | – | **814** | 17 377 | – | 17 377 |
| | **866 819** | – | **866 819** | 1 359 349 | – | 1 359 349 |

The ageing of the company receivables at the reporting date was not past due.

The majority of cash and cash equivalents are foreign. The group utilises a reputable banking institution with a good credit rating.

There was no allowance for impairment in respect of trade receivables during the current or comparative year.

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# African Parks Network

(Non-profit company)

## Notes to the financial statements

*for the year ended 31 December 2012 (continued)*

### 20. Financial instruments *(continued)*

20.5 Liquidity risk management

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the group's reputation.

*Liquidity and interest risk tables*

The following tables detail the group's remaining contractual maturity for its financial liabilities, including interest payments and excluding the impact of netting agreements:

The group and company hold no derivative financial instruments.

| Group | Interest terms | Carrying amount $ | Contractual cash flows $ | 1 year or less $ | 1 to 5 years $ | Over 5 years $ |
|---|---|---|---|---|---|---|
| **2012** | | | | | | |
| **Non derivative-liabilities** | | | | | | |
| Trade and other payables | None | **(1 341 379)** | **(1 341 379)** | **(1 341 379)** | – | – |
| Undrawn funds | None | **(2 808 637)** | **(2 808 637)** | **(2 808 637)** | – | – |
| Deferred income | None | **(3 576 440)** | **(3 576 440)** | **(3 576 440)** | – | – |
| 2011 | | | | | | |
| **Non derivative-liabilities** | | | | | | |
| Trade and other payables | None | (824 780) | (824 780) | (824 780) | – | – |
| Undrawn funds | None | (3 205 986) | (3 205 986) | (3 205 986) | – | – |
| Deferred income | | (2 417 619) | (2 417 619) | (2 417 619) | – | – |

| Company | Interest terms | Carrying amount $ | Contractual cash flows $ | 1 year or less $ | 1 to 5 years $ | Over 5 years $ |
|---|---|---|---|---|---|---|
| **2012** | | | | | | |
| **Non derivative-liabilities** | | | | | | |
| Trade and other payables | None | **(1 038 479)** | **(1 038 479)** | **(1 038 479)** | – | – |
| Undrawn funds | None | **(1 440 207)** | **(1 440 207)** | **(1 440 207)** | – | – |
| 2011 | | | | | | |
| **Non derivative-liabilities** | | | | | | |
| Trade and other payables | None | (827 245) | (827 245) | (827 245) | – | – |
| Undrawn funds | None | (910 657) | (910 657) | (910 657) | – | – |

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# African Parks Network
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## Notes to the financial statements
*for the year ended 31 December 2012 (continued)*

### 21. Related parties

21.1 Identity of related parties

| Related party | Relationship | 2012 $ | 2011 $ |
|---|---|---|---|
| **Group** | | | |
| Spanish Government | Funding partner | **225 629** | – |
| Rwanda Development Board | Government partner | **811** | – |
| African Parks Foundation America | Funding partner | **51 075** | – |
| African Parks Endowment Fund | Employees | **–** | (34 577) |
| Stichting African Parks Foundation – for Bangweulu Wetlands Board | Funding partner | **(62 212)** | – |
| Stichting African Parks Foundation – for Majete | Funding partner | **(45 548)** | – |
| Stichting African Parks Foundation receivable | Funding partner | **176 536** | 577 408 |
| Stichting African Parks Foundation – for African Parks Network | Funding partner | **(851 585)** | (542 253) |
| | | **(505 294)** | 578 |
| Total amount owing to related parties | | **(959 345)** | (576 830) |
| Total amount due from related parties | | **454 051** | 577 408 |
| | | **(505 294)** | 578 |
| Directors' emoluments | | **172 433** | 166 308 |
| **Company** | | | |
| African Parks Foundation America | Funding partner | **51 075** | – |
| Akagera Management Company | Subsidiary | **61 450** | 2 000 |
| Akagera Management Company | Subsidiary | **–** | (147 821) |
| Zakouma National Park | Special purpose entity | **144 283** | 154 335 |
| Odzala-Kokoua National Park | Special purpose entity | **(26 736)** | (174 538) |
| Odzala-Kokoua National Park | Special purpose entity | **110 838** | 29 331 |
| Garamba National Park | Special purpose entity | **65 525** | 104 926 |
| Bangweulu Wetlands Board | Subsidiary | **1 394** | 35 710 |
| African Parks Zambia Limited | Subsidiary | **(14 572)** | (29 756) |
| African Parks Majete Limited | Subsidiary | **(68 410)** | (5 573) |
| Stichting African Parks Foundation | Funding partner | **176 536** | 577 408 |
| Stichting African Parks Foundation | Funding partner | **(851 585)** | (341 126) |
| African Parks Endowment Fund | Employees | **–** | (34 577) |
| Staff advances | Employees | **24 183** | 4 774 |
| | | **(326 019)** | 175 093 |
| Total amount owing to related parties | | **(961 303)** | (733 391) |
| Total amount due from related parties | | **635 284** | 908 484 |
| | | **(326 019)** | 175 093 |

## 22. Standards and interpretations in issue but not yet effective

In terms of International Financial Reporting Standards, the company is required to include in its annual financial statements disclosure about the future impact of Standards and Interpretations issued but not yet effective at the reporting date.

At the date of authorisation of the financial statements of African Parks Network for the year ended 31 December 2012, the following Standards and Interpretations were in issue but not yet effective:

| Standard/Interpretation | | Effective date |
|---|---|---|
| IAS 1 amendment | *Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income* | Annual periods beginning on or after 1 July 2012 |
| IAS 19 amendments | *Employee Benefits: Defined benefit plans* | Annual periods beginning on or after 1 January 2013 |
| IAS 27 | *Separate Financial Statements (2011)* | Annual periods beginning on or after 1 January 2013 |
| IAS 28 | *Investments in Associates and Joint Ventures (2011)* | Annual periods beginning on or after 1 January 2013 |
| IAS 32 | *Offsetting Financial Assets and Financial Liabilities* | Annual periods beginning on or after 1 January 2014 |
| IFRS 1 amendment | *Government Loans* | Annual periods beginning on or after 1 January 2013 |
| IFRS 7 amendment | *Disclosures – Offsetting Financial Assets and Financial Liabilities* | Annual periods beginning on or after 1 January 2013 |
| IFRS 9 (2009) | *Financial Instruments* | Annual periods beginning on or after 1 January 2015 |
| IFRS 9 (2010) | *Financial Instruments* | Annual periods beginning on or after 1 January 2015 |
| IFRS 10 | *Consolidated Financial Statements* | Annual periods beginning on or after 1 January 2013 |
| IFRS 11 | *Joint Arrangements* | Annual periods beginning on or after 1 January 2013 |
| IFRS 12 | *Disclosure of Interests in Other Entities* | Annual periods beginning on or after 1 January 2013 |
| IFRS 13 | *Fair Value Measurement* | Annual periods beginning on or after 1 January 2013 |
| IFRIC 20 | *Stripping Costs in the Production Phase of a Surface Mine* | Annual periods beginning on or after 1 January 2013 |

All Standards and interpretations will be adopted at their effective date (except for those standards and interpretations that are not applicable to the entity).

**22. Standards and interpretations in issue but not yet effective** *(continued)*

IAS 1 amendment, IAS 19 amendments, IAS 28, IAS 32, IFRS 1 amendment, IFRS 7 amendment, IFRS 10, IFRS 11, IFRS 12 and IFRIC 20 are not applicable to the business of the entity and will therefore have no impact on future financial statements. The directors are of the opinion that the impact of the application of the remaining Standards and Interpretations will be as follows

***IAS 27 (2011) Separate Financial Statements***

IAS 27 (2011) will be adopted by African Parks Network for the first time for its financial reporting period ending 31 December 2013.

IAS 27 (2011) supersedes IAS 27 (2008). IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications.

The adoption of IAS 27 (2011) will not have a significant impact on the company's separate financial statements. The standard is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

***IFRS 9 (2009) Financial Instruments***

IFRS 9 will be adopted by African Parks Network for the first time for its financial reporting period ending 31 December 2015. The standard will be applied retrospectively, subject to transitional provisions.

IFRS 9 addresses the initial measurement and classification of financial assets and will replace the relevant sections of IAS 39.

Under IFRS 9 there are two options in respect of classification of financial assets, namely, financial assets measured at amortised cost or at fair value. Financial assets are measured at amortised cost when the business model is to hold assets in order to collect contractual cash flows and when they give rise to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets are measured at fair value. Embedded derivatives are no longer separated from hybrid contracts that have a financial asset host.

The impact on the financial statements for African Parks Network cannot be reasonably estimated as at 31 December 2012.

***IFRS 9 (2010) Financial Instruments***

IFRS 9 (2010) will be adopted by African Parks Network for the first time for its financial reporting period ending 31 December 2015. The standard will be applied retrospectively, subject to transitional provisions.

IFRS 9 (2010) addresses the measurement and classification of financial liabilities and will replace the relevant sections of IAS 39.

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# African Parks Network
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## Notes to the financial statements
*for the year ended 31 December 2012 (continued)*

### 22. Standards and interpretations in issue but not yet effective *(continued)*

***IFRS 9 (2010) Financial Instruments** (continued)*

Under IFRS 9 (2010), the classification and measurement requirements of financial liabilities are the same as per IAS 39, except for the following two aspects:

- fair value changes for financial liabilities (other than financial guarantees and loan commitments) designated at fair value through profit or loss, that are attributable to the changes in the credit risk of the liability will be presented in other comprehensive income (OCI). The remaining amount of the fair value change is recognised in profit or loss. However, if this requirement creates or enlarges an accounting mismatch in profit or loss, then the whole fair value change is presented in profit or loss. The determination as to whether such presentation would create or enlarge an accounting mismatch is made on initial recognition and is not subsequently reassessed.
- Under IFRS 9 (2010) derivative liabilities that are linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, are measured at fair value.

IFRS 9 (2010) incorporates, the guidance in IAS 39 dealing with fair value measurement and accounting for derivatives embedded in a host contract that is not a financial asset, as well as the requirements of IFRIC 9 *Reassessment of Embedded Derivatives.*

The impact on the financial statements for African Parks Network cannot be reasonably estimated as at 31 December 2012.

***IFRS 13 Fair Value Measurement***

IFRS 13 will be adopted by African Parks Network for the first time for its financial reporting period ending 31 December 2013. The standard will be applied prospectively and comparatives will not be restated.

IFRS 13 introduces a single source of guidance on fair value measurement for both financial and non-financial assets and liabilities by defining fair value, establishing a framework for measuring fair value and setting out disclosures requirements for fair value measurements. The key principles in IFRS 13 are as follows:

- Fair value is an exit price
- Measurement considers characteristics of the asset or liability and not entity-specific characteristics
- Measurement assumes a transaction in the entity's principle (or most advantageous) market between market participants
- Price is not adjusted for transaction costs
- Measurement maximises the use of relevant observable inputs and minimises the use of unobservable inputs
- The three-level fair value hierarchy is extended to all fair value measurements

The impact on the financial statements for African Parks Network cannot be reasonably estimated as at 31 December 2012.