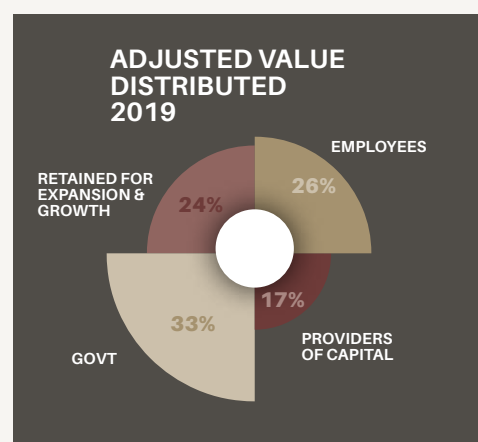
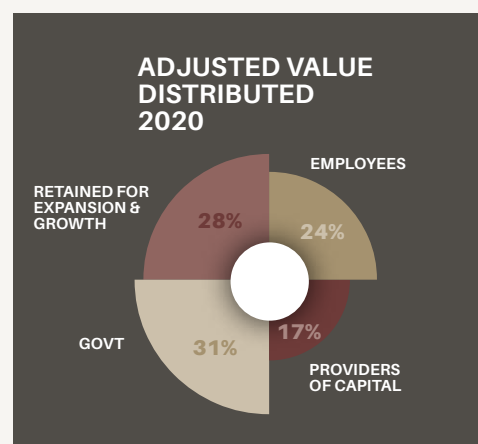


## ADJUSTED VALUE DISTRIBUTION STATEMENT

	2020 P'000's	2019 P'000's
<b>VALUE ADDED</b>		
Revenue	373,941	339,590
Other income	21,912	20,826
Finance income	360	179
Share of associate loss	(866)	(1,094)
Operating expenditure	(130,618)	(138,463)
Value created	<b>264,729</b>	<b>221,038</b>
Resource royalties, lease rentals, licences & other fees	20,551	20,167
Adjusted value added	<b>285,280</b>	<b>241,205</b>
<b>ADJUSTED VALUE DISTRIBUTED</b>		
<b>To employees</b>		
Net salaries, wages and other benefits	74,407	68,077
<b>To providers of capital</b>		
Dividends	53,664	44,720
Finance cost	103	571
	<b>53,767</b>	<b>45,291</b>
<b>To government</b>		
Taxation	34,344	32,082
VAT	31,210	23,357
PAYE	10,454	10,604
Resource royalties, lease rentals, licences & other fees	20,551	20,167
	<b>96,559</b>	<b>86,210</b>
<b>Retained for expansion and growth</b>		
Depreciation and amortisation	42,811	30,953
Deferred tax	1,527	(2,774)
Retained profit for the year	43,731	36,805
	<b>88,069</b>	<b>64,984</b>
<b>Adjusted value distributed</b>	<b>312,802</b>	<b>264,562</b>
<b>Summary</b>		
Employees	24%	26%
Providers of capital	17%	17%
Government	31%	33%
Retained for expansion and growth	28%	24%
	<b>100%</b>	<b>100%</b>



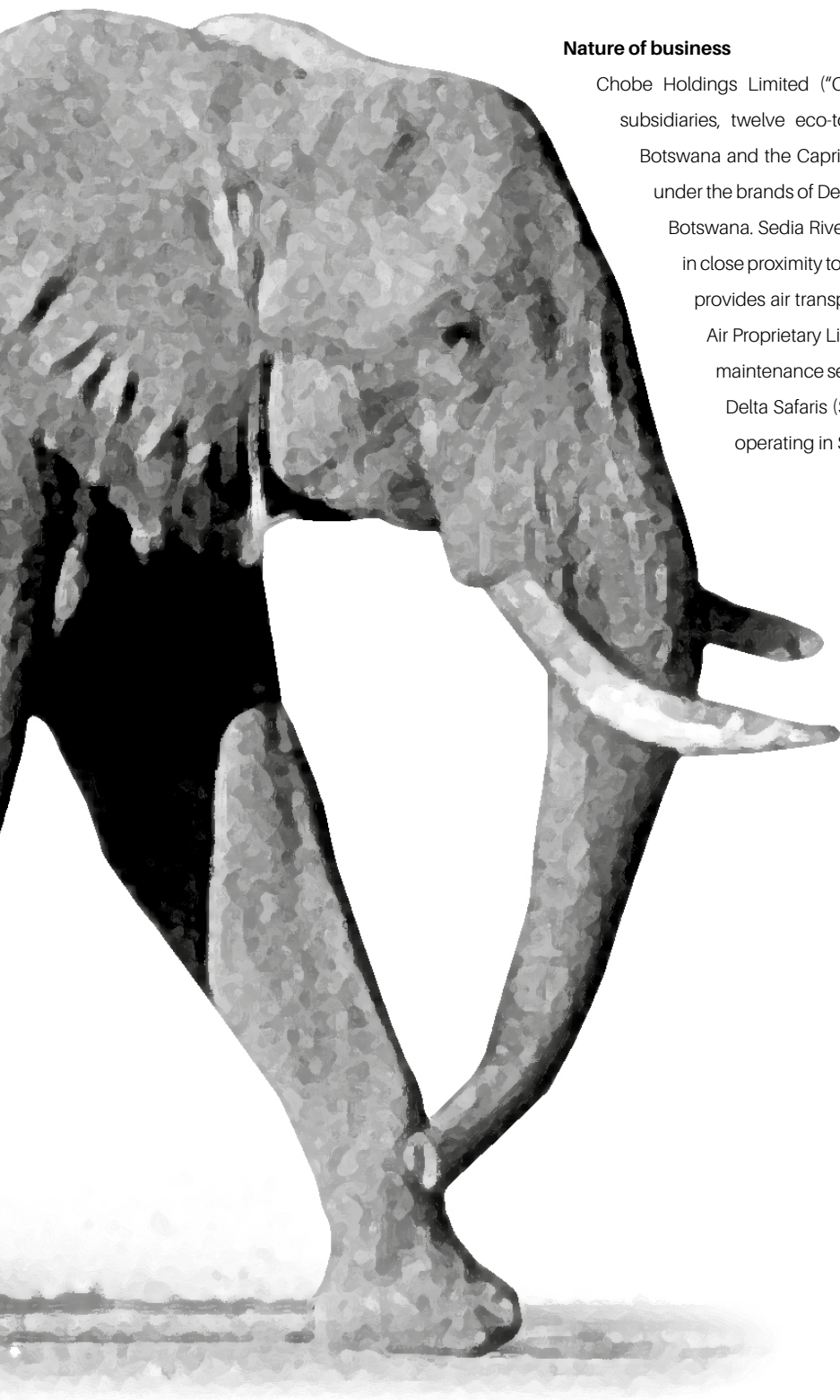


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## CORPORATE INFORMATION



### Nature of business

Chobe Holdings Limited ("Chobe") owns and operates, through its wholly owned subsidiaries, twelve eco-tourism lodges and camps on leased land in Northern Botswana and the Caprivi Strip in Namibia with a combined capacity of 317 beds under the brands of Desert & Delta Safaris, Chobe Game Lodge and Ker & Downey Botswana. Sedia Riverside Hotel, a 31-room hotel owned by the group operates in close proximity to central Maun. Safari Air, a wholly owned air charter operator provides air transport services to the group's camps and lodges. North West Air Proprietary Limited, a wholly owned air maintenance operation provides maintenance services to the group's aircraft as well as third parties. Desert & Delta Safaris (SA) (Proprietary) Limited, another wholly owned subsidiary operating in South Africa, provides reservation services to the group.

#### **Incorporated in Botswana:**

Company number: BW00001487283  
Date of incorporation: 31 May 1983

#### **Company Secretary:**

S D S Fernando  
P. Bag 310, Maun

#### **Transfer Secretaries:**

DPS Consulting Services Proprietary Limited  
Plot 50371, Fairground Office Park  
Gaborone

#### **Registered Office:**

Plot 50371, Fairground Office Park  
Gaborone

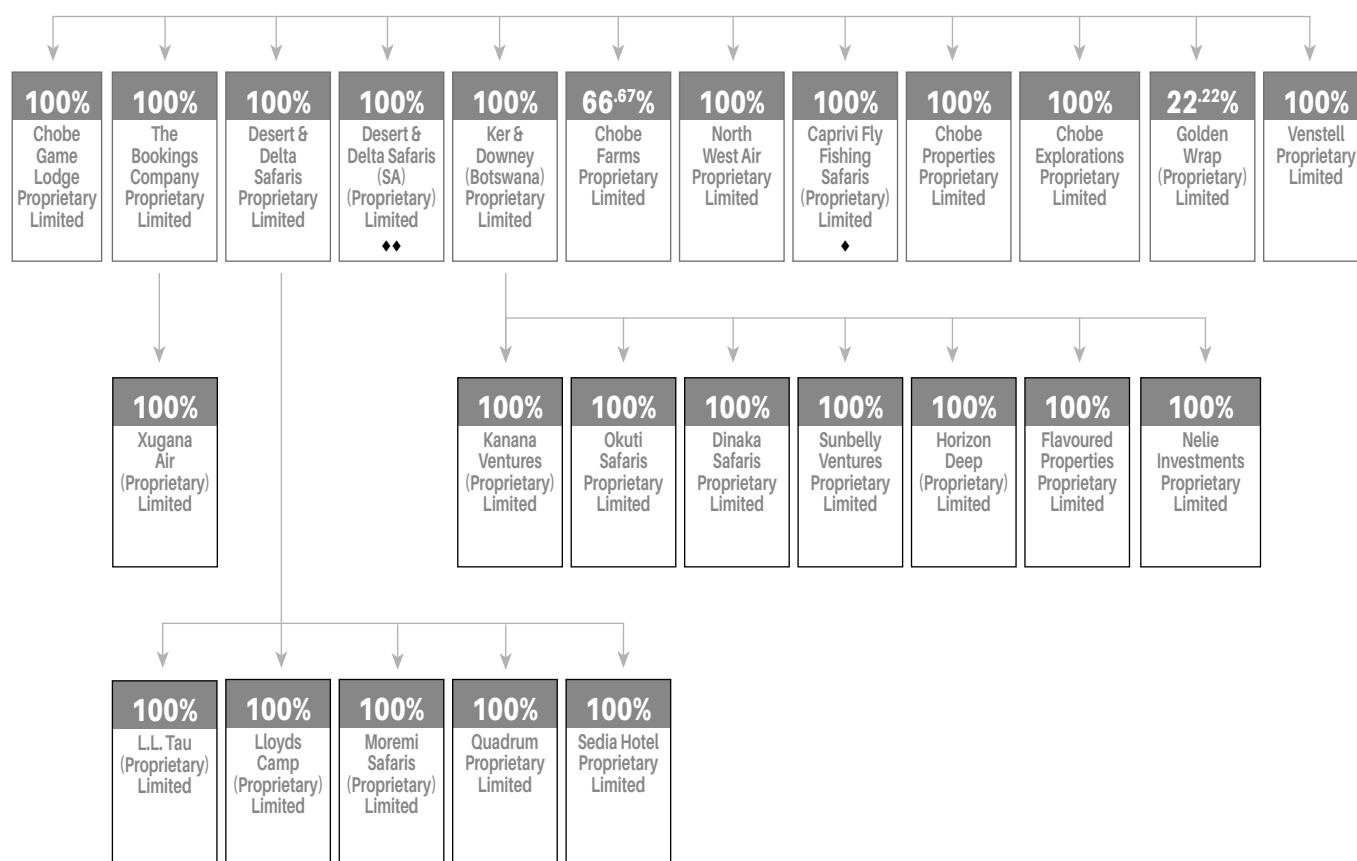
#### **Independent Auditors:**

PricewaterhouseCoopers  
Gaborone

#### **Bankers:**

Bank Gaborone Limited  
First National Bank of Botswana Limited  
Bank Windhoek Limited - Namibia  
First Rand Bank Limited - South Africa

# CHOBE HOLDINGS LIMITED GROUP STRUCTURE



- ♦ Incorporated in Namibia
- ♦♦ Incorporated in South Africa
- All other companies incorporated in Botswana

## Dormant subsidiaries and associates

- Xugana Air (Proprietary) Limited – 100% held by The Bookings Company Proprietary Limited
- Moremi Safaris (Proprietary) Limited – 100% held by Desert & Delta Safaris Proprietary Limited
- Kanana Ventures (Proprietary) Limited – 100% held by Ker & Downey (Botswana) Proprietary Limited



## CHIEF EXECUTIVE OFFICER'S REPORT

### HIGHLIGHTS

INCREASE IN REVENUE	INCREASE IN OPERATING PROFITS	INCREASE IN PROFIT AFTER TAX	CASH AND CASH EQUIVALENTS OF	ACQUISITION OF VEHICLES, AIRCRAFT AND PROPERTY IMPROVEMENTS	ACQUISITION OF GAME FARMS FOR	ACQUISITION OF A HOTEL FOR	OCCUPANCY LEVELS FLAT
10%	22%	19%	P63.7 MILLION	P45.9 MILLION	P15.4 MILLION	P30 MILLION	COSTS CONTAINED AT INFLATIONARY LEVELS

### BASIS OF PREPARATION

THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020 HAVE BEEN PREPARED BASED ON ACCOUNTING POLICIES WHICH COMPLY WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS"). THE ACCOUNTING POLICIES APPLIED ARE CONSISTENT WITH THOSE OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019, AS DESCRIBED IN THOSE ANNUAL FINANCIAL STATEMENTS, SAVE FOR NEW STANDARDS THAT BECAME EFFECTIVE DURING THIS FINANCIAL YEAR, THE MOST SIGNIFICANT BEING "IFRS16 LEASES".

### FINANCIAL RESULTS

During the period under review occupancy remained fairly flat when compared to the same period in the prior year due to increased competition and perhaps the effects of negative press around the lifting of the hunting suspension.

A 10% increase in revenue was recorded as a result of better bed night rates achieved in US Dollar terms and depreciation of the Pula against the US Dollar. Other operating income comprises mainly foreign exchange gains. An operating cost increase of 3% is testament to management's cost containment strategies.

The Group spent, from internally generated cash flows, P45.9 million on the purchase of game drive vehicles, a Cessna Caravan and significantly improving existing buildings and equipment.

As previously reported, the Company, through its wholly owned subsidiary Ker & Downey (Botswana) Proprietary Limited, acquired the entire issued stated capital of Nelie Investments Proprietary Limited, a property owning company holding leases for two game farms in the

Hainaveld area for a cash consideration of P15.4 million financed using the Group's internal cash resources. These two properties will be utilized to increase the extent of the land holdings currently held by the Dinaka Conservancy.

Desert & Delta Safaris Proprietary Limited, a wholly owned subsidiary of the Company, acquired the entire shareholding and loans in Quadrum Proprietary Limited and Sedia Hotel Proprietary Limited (the "entities") with effect from 1 August 2019 for a total consideration of P30 million. The entities own the land lease and operate Sedia Riverside Hotel, a 31-room hotel in Maun. P25 million, financed from internally generated cash resources, was paid on the effective date with the balance payable on the anniversary of the effective date for the following five years in equal instalments of P1m each or the fulfilment of certain conditions.

The Group adopted IFRS16 Leases for the first time in compliance with International Financial Reporting Standards. This has resulted in significant increases in Depreciation, Finance cost, and recognition of Right of Use Assets and Lease Liability due to all of the Group's camps and lodges being on leased land. The adoption of this standard has also resulted in Deferred Lease Obligation being reduced to zero.





## CHIEF EXECUTIVE OFFICER'S REPORT [CONTINUED]

Your directors approved a phantom share scheme during the year ended 28 February 2013 which allows the Group's employees to participate in the dividend distributions of the Group. The scheme allows all qualifying staff to share equally in a bonus which is calculated to be equal to the value of dividends attaching to three million shares in the Company. A total of P1,800,000 was distributed amongst qualifying employees during the year ended 29 February 2020.

### FUTURE OUTLOOK

According to the World Tourism Organisation, the COVID-19 pandemic has caused a 22% fall in international tourist arrivals during the first quarter of 2020 and the crisis could lead to an annual decline of between 60% and 80% when compared with 2019 figures. It is anticipated that signs of recovery will start emerging in the last quarter of 2020 but mostly in 2021 with leisure tourism expected to recover quickly. The recovery is however dependent on containment of the virus, easing of travel restrictions and reopening of borders.

The marketing push of "don't cancel, defer" has been largely successful with more than 70% of the confirmed bookings that were scheduled to travel in the period April – June 2020 deferring their travel to 2021. Your Directors are therefore confident of a fairly quick recovery when it is deemed safe for international travel to resume.

During the last couple of years the group spent considerable cash resources to upgrade its aircraft, motor vehicles, boats, other equipment, buildings and other operating assets. All the Group's assets are secure and require minimal expense to keep them ready to perform. Policies and procedures are in place to ensure there is no adverse deterioration of assets during the lockdown.

The group's projected CAPEX needs for the next 5 years are minimal except for Xugana Island Lodge which will soon require a total rebuild at an estimated cost of P 30 million.

The Group's strong cash and no debt position provides us with the ability to ride out the COVID-19 virus and the opportunity to take advantage of any expansion opportunities that may arise.

### DIVIDENDS

Your Directors recognise the importance of prioritising the Group's cash resources towards preservation of assets, employee retention and marketing to secure the future earnings potential of the Group. The Directors have therefore elected to defer the declaration of a dividend until such time as the Group's earnings potential is restored and cash flow allows.

### UNCLAIMED DIVIDENDS

The directors wish to bring to the notice of shareholders that there are certain amounts of unclaimed dividends in the Company's records. In terms of clause 27.5 of the Company's Constitution, dividends unclaimed for three years after due date for payment may become the property of the Company and used for the benefit of the Company. The shareholders concerned are therefore advised to claim their unclaimed dividends within the prescribed three-year period. Shareholders can claim their unclaimed dividends by contacting the Company's transfer secretaries:

DPS Consulting Proprietary Limited  
P O Box 294, Gaborone.  
Tel. 3952011

By order of the Board of Directors

**J M Gibson**  
**CEO & Deputy Chairman**  
**19 May 2020**





## CORPORATE SOCIAL RESPONSIBILITY STATEMENT

### INVESTING IN WILDLIFE INVESTING IN PEOPLE INVESTING IN BOTSWANA

At Chobe we believe in creating shared value through our integrated approach of investing in wildlife, investing in people and investing in Botswana. To amplify the effect of our activities we look to develop meaningful and longstanding relationships with communities, organisations and programmes in line with the values of Botswana's Vision 2036. Geographically the primary areas we support are those areas in which Chobe operates, North West, Chobe and Central Districts, although Chobe also supports national causes.

To deliver their Corporate Social Responsibility projects, Desert & Delta Safaris and Ker & Downey Botswana partner with Travel for Impact a Maun based social enterprise which works with communities at the grassroots to identify and address their needs. This partnership allows us to enhance our contributions through their provision of consistent expertise and governance support.

During the past year we have continued to deliver projects in line with our focused Corporate Social Responsibility Plan, working with our partners in all three spheres identified in our integrated approach and continuing to develop and nurture our relationships across these.



Highlights included:

## INVESTING IN WILDLIFE

---

In line with our focus on deepening relationships, Desert & Delta Safaris (Xugana Island Lodge) has continued to support the digitisation at the **University of Botswana's Peter Smith University of Botswana (PSUB) Herbarium Project**. This project prepares plant specimens for scanning and data entry to create a digital database to provide easy access to facts that will allow further investigation of the botanical history of northern Botswana. The work that PSUB does is for the long term safe keeping of valuable botanical information (and potential resources) from the incredible habitat of the Okavango Delta and surrounding areas.

Positive exposure to wildlife is critical to its protection and Desert & Delta Safaris contributed to the refencing of the **Maun Educational Park**. This park is situated in the centre of Maun and provides a space for students at the adjacent Botswana Wildlife Training Institute (BWTI) as well as the public to learn about the environment, wildlife and conservation.

During the year Chobe Game Lodge supported various projects at the **Centre for the Conservation of African Resources; Animals, Communities And Land Use (CARACAL)** in Kasane. CARACAL gives both local and international visitors the opportunity to experience some of Botswana's more intriguing animals at close range and delivers education and an environmental conservation message.

## INVESTING IN PEOPLE

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By investing in people, both staff and communities, we have developed an innovative and integrated corporate social responsibility programme which is coupled to community development initiatives, where possible in support of government programmes.

At the heart of Ker & Downey Botswana's investment is their ongoing monthly support of **Bana Ba Letsatsi (BBL)** which has been protecting and fighting for the future of Maun's children since 2002, providing the guidance, care and emotional support necessary for children who are orphaned or are at risk of being failed by adults, adult-driven systems and institutions. BBL currently supports 208 children. Over and above the financial contribution Ker & Downey Botswana provides opportunities for children to experience the otherwise inaccessible wilderness on their doorstep. In partnership with the 'pack for a purpose' programme Ker & Downey Botswana also encourages guests to contribute essential targeted supplies.

Chobe Game Lodge makes a monthly donation towards the operating expenses of **Kazungula Children's Ark**. The Ark, which works together with the District Council, is a haven for orphans, needy, destitute and vulnerable children between two and a half years to six years of age and provides a nurturing atmosphere, a variety of educational activities and a wholesome nutritional program. Staff additionally visit the centre to provide support. Chobe Game Lodge continues to make a bi-annual donation to **SOS Children's Villages**.

Chobe currently provides support to three schools through the government's 'adopt-a-school' policy.

**Tshodilo Junior Secondary School** is supported by Desert & Delta Safaris (Camp Xakanaxa) through the provision of uniforms, stationery and bags to selected students.

**Liswaani Junior Secondary School** (Chobe Game Lodge) was provided with tablet computers. Prizes to best performing students were also given.

Success was achieved at **Mathiba I Memorial School** where Primary School Leaving Examinations (PSLE) results improved significantly following Ker & Downey Botswana's donation of a high-speed printer and additional educational as well as other motivational resources. The school also benefited from Desert & Delta Safaris' donation of a prefabricated classroom for the school's pre-school programme.

Three students are sponsored on a full bursary basis by Desert & Delta Safaris to study International Hospitality Management degree courses offered by the **Botswana Accountancy College**.

In 2006 Chobe Game Lodge developed a relationship with the **Botswana National Youth Council** which resulted in the youth of the Chobe District being trained in the Food and Beverage departments at Chobe Game Lodge. Nearly 200 young men and women have been trained since inception of the program with over 50 being employed by Chobe Game Lodge on a full-time basis.

Donations were also made to the **Ikuhane Hope Centre** in Mabele village, by Chobe Game Lodge, which was established to assist the elderly and handicapped of the village. In Maun, Desert & Delta Safaris donated paint for a team of our volunteers to complete **Polokong's** new day care centre. It is hoped that the centre will become a space of increased community interaction, where contributors are welcomed to participate in upkeep and engage in daily activities such as home visits, a photo gallery is created, school visits are organized, and increased community volunteering can aid in the sharing of stories and transmission of culture.

## INVESTING IN BOTSWANA

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Chobe Game Lodge makes monthly donations to both **Chobe United and Ferry Wanderers** football clubs allowing them to compete in their respective leagues and enhancing not only health, but community cohesion.

To celebrate Botswana's history and appreciate the progress the country has made **Independence Day** celebrations were supported through monetary donations to the communities we work within.

Supporting democracy in Botswana, an equal fixed donation was made to each party contesting Botswana's 2019 General Election on application.

Within Botswana, Chobe encourages broad-based participation in both the tourism and financial markets through our listing on the Botswana Stock Exchange.



## OUR PEOPLE

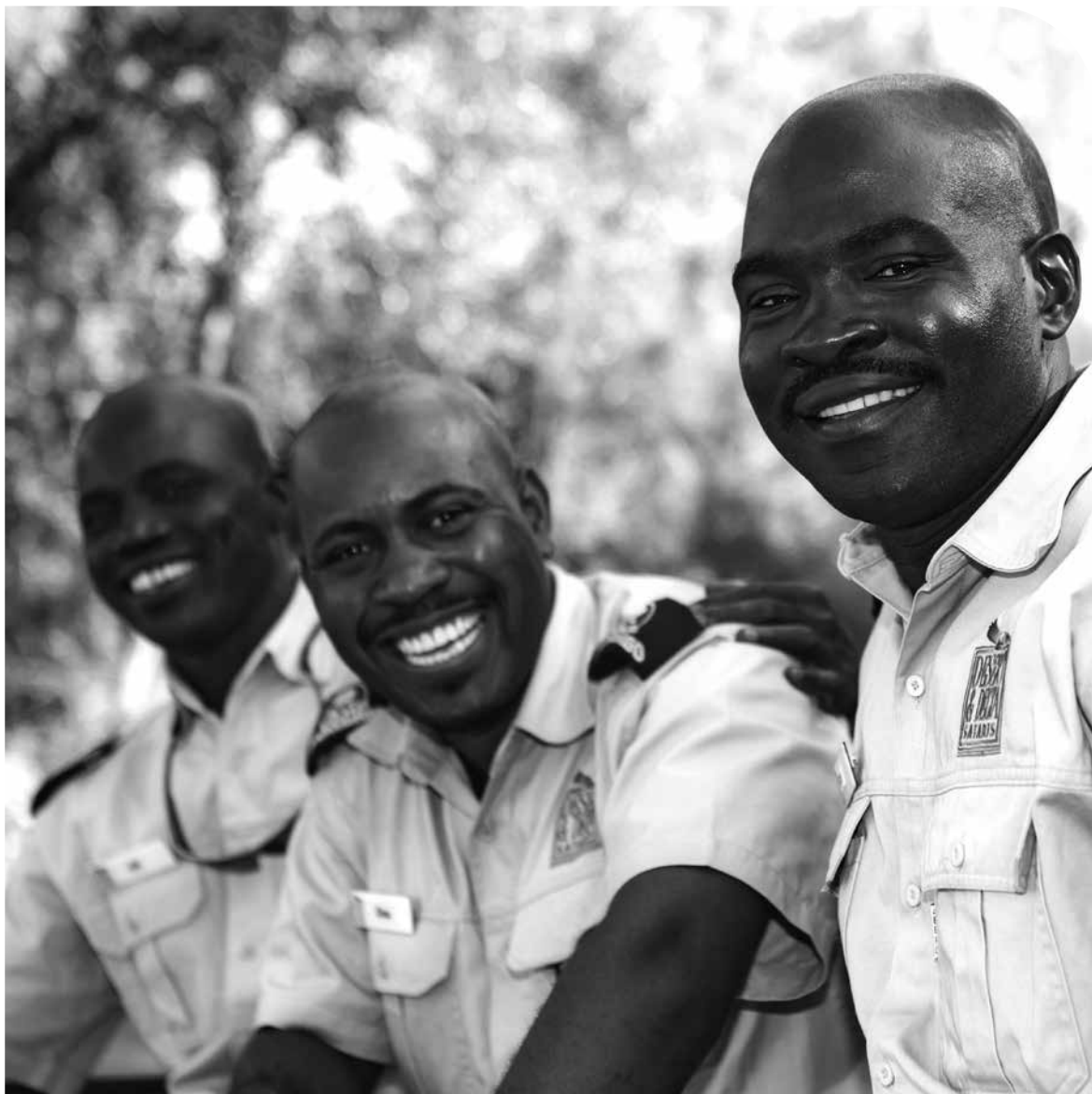
***Through our people, Chobe will exceed guest expectations as the leading safari operator in Botswana. We will motivate, develop and empower our people in order that they achieve their full potential.***

People lie at the heart of Chobe's business philosophy and the group actively develops the human potential of the citizens of Botswana. A very successful skills development and localisation programme has meant that the majority of senior and camp managers are Batswana. Many have grown with the company and are regarded as pathfinders in northern Botswana's tourism industry.

Chobe has developed ground-breaking health and wellness programmes. These programmes are overseen by a Wellness Coordinator assisted by our company doctor who makes regular visits to Chobe's camps and lodges.

Investing in People lies at Chobe's core and is underpinned by policies which are progressive, people centric and tailored both to the local environment and people. We believe that it is not only employment that should be created but also opportunities for employees to thrive and make progress to enable them to achieve their personal best through opportunities for promotion to management and executive level, access to training, further education and on-the-job experience.





## OUR PEOPLE [CONTINUED]

Training is conducted throughout the Group, both within Botswana and regionally. This training both enhances professional skills and exposes our people to new ideas and ways of doing things, developing a culture of innovation.

### **Sedia Riverside Hotel**

In 2019 Desert & Delta Safaris acquired the Sedia Riverside Hotel, one of Maun's original hotels, providing Chobe with a firm base to deliver wide scale benefits for Botswana, both in the company's immediate reach, and in the wider tourism industry in general.

### ***Developing local potential through training opportunities***

The long-term objective of the Sedia property is to use it as a hospitality training institute – the first of its kind in Botswana. Working with partners, hospitality training and education at the Sedia will build on Chobe's success of developing innate talent and provide the skills necessary for employment throughout the tourism industry.

### ***Establishing Maun as a cultural base***

At the same time, we firmly believe that Maun is on the verge of an exciting transformation and want to help establish a cultural, town-based destination in what is very much a safari-based industry. By encouraging interest in Maun and the cultural aspect of Botswana, much needed diversity to the country's tourism industry will be added to the nation's portfolio.

# DIRECTORS' REPORT

THE BOARD OF DIRECTORS HAS PLEASURE IN SUBMITTING ITS REPORT TO THE SHAREHOLDERS TOGETHER WITH THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020.

## NATURE OF BUSINESS

The Group's principal business is the ownership and operation of photographic safari operations and associated support businesses.

## DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS AND ANNUAL REPORT

In preparing the accompanying financial statements, International Financial Reporting Standards have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. The Board approves any changes in accounting policies and the effects thereof are fully explained in the annual financial statements. The financial statements incorporate full and responsible disclosure in line with the stated accounting philosophy of the Group.

The directors have reviewed the group's budget and cash flow forecast for the year to 28 February 2021. On the basis of this review, and in light of the current financial position, the directors are satisfied that Chobe Holdings Limited is a going concern and have continued to adopt the going concern basis in preparing the financial statements. The group's external auditors, PricewaterhouseCoopers, have audited the financial statements and their report appears on pages 21 to 29.

The board recognises and acknowledges its responsibility for the Group's systems of internal financial control as reflected in the Corporate Governance statement on pages 14 to 15.





## STATED CAPITAL

Stated capital consists of 89 439 642 (2019: 89 439 642) ordinary shares of no par value.

## DIRECTORS

The directorate for the year to 29 February 2020 was:

JA Bescoby\*^

AC Dambe\*

BD Flatt\*

RD Gerrard (Managing Director)

JM Gibson (Deputy Chairman and  
Chief Executive Officer)

K Ledimo\*

JM Nganunu-Macharia\* (Chairperson)

DS Ter Haar\*

AM Whitehouse\* ^^

\* - Non-Executive, ^ - British, ^^ - Australian

## DIVIDENDS

Your Directors recognise the importance of prioritising the Group's cash resources towards preservation of assets, employee retention and marketing to secure the future earnings potential of the Group. The Directors have therefore elected to defer the declaration of a dividend until such time as the Group's earnings potential is restored and cash flow allows.

## APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements of the Company and the Group, which appear on pages 30 to 81 were approved by the Board of Directors on 19 May 2020 and are signed on its behalf by:



**J M Nganunu-Macharia**  
Chairperson



**J M Gibson**  
Chief Executive Officer



# BOARD OF DIRECTORS

## **JOHANNA NGANUNU-MACHARIA**

Non-Executive Director and Board Chairperson

Mrs Nganunu-Macharia is the Managing Director of Nganunu Macharia Design Proprietary Limited whose core business is architecture, interior design, urban design and project management.

She has over twenty years' experience in the architecture and construction industry, both in the United Kingdom and Botswana. Furthermore, she is a Chartered Architect, registered with the Architects Registration Board (ARB) and the Royal Institute of British Architects (RIBA) in the United Kingdom, as well as the Architects' Registration Council (Botswana) (ARC) and the Architects Association of Botswana (AAB).

## **JOHN A BESCOBY**

Independent Non-Executive Director, Chairman of Audit and Finance Committee and member of Human Resources and Remuneration Committee

Mr. Bescoby is a certified banker by profession who gained vast experience in the tourism industry through various positions he held from 1977 such as Managing Director of Magnum Airlines (1977-1984) and of Afro Ventures (1985-2000) and as Chief Financial Officer of Adventure World Group (2001- 2008). He is currently a shareholder in Beach Lodge, a boutique hotel in Swakopmund in Namibia.

## **ADAMS CHILISA DAMBE**

Non-Executive Director and Chairman of Human Resources and Remuneration Committee

Mr. Dambe is the Chief Executive Director of Gradam Holdings, a tourism Company in Botswana and a Director of African Banking Corporation of Botswana Limited. Mr Dambe has a Bachelor of Science degree and a Master of Arts in Business Administration (MBA) from Kensington University in California, USA.

He also has a diploma in Hotel Management from Kenya Utalli College in Nairobi and an advanced Diploma in Labour Relations from UNISA Business School of Leadership. He has also completed the Industrial Relations Development Programme at Stellenbosch University, South Africa; and an Anglo-American Management Programme at UNISA School of Business.

## **KELOITSANG LEDIMO**

Independent Non-Executive Director and member of Human Resources and Remuneration Committee

Mr. Ledimo owns and operates an Engen Filling Station in Maun and two commercial cattle ranches in the Hainaveld. He is a shareholder and director in Thamalakane River Lodge (Proprietary) Limited, a company that owns and operates a 20-bed lodge on the banks of the Thamalakane River in Maun. He was the General Manager of Ngami Toyota from 1986 to 1998. Mr. Ledimo holds a Certificate in Library Studies obtained from the University of Botswana.

## **DALE SERETSE TER HAAR**

Independent Non-Executive Director and member of Audit and Finance Committee

A holder of a Bachelor of Science degree in Business Administration from Cardiff University, Mr. Ter Haar is a self-employed minerals and energy consultant. He served in the British Army from 1997 to 2006 when he joined CIC Energy Botswana as Managing Director, a position he held until 2012.

Mr. Ter Haar is a Non-Executive Director of Stanbic Bank Botswana Limited and Hydrocon (Proprietary) Limited. He is also the Chairperson of the Lady Khama Charitable Trust.

## **ALEXANDER M WHITEHOUSE**

Non-Executive Director

Mr. Whitehouse was born in Queensland, Australia into a family that had interests in the hospitality industry as owners and managers of public houses. In becoming involved at an early age, he carried on the family's ties with the industry and today he is a much respected and successful businessman with involvement in a number of establishments in and around Sydney, New South Wales. He is also a 50% shareholder and builder in award winning Sossusvlei Mountain Lodge in Namibia. In addition to his interests in the hospitality industry he is also a successful breeder of Angus cattle which are located on his farms in the Hunter Valley and a keen participant in the thoroughbred breeding and racing industry.

Mr. Whitehouse first visited Southern Africa in the 1980's and, through his family company, has been a shareholder of Chobe Holdings since its inception.



## BOARD OF DIRECTORS [CONTINUED]

### **BARRY DERRICK FLATT**

Non-Executive Director

A pilot by profession, Mr. Flatt was educated in Kenya. He worked in the hunting business in Botswana in the 1980s before starting an air charter company, Safari Air, in 1989. Mr. Flatt joined the Chobe group in 2002 when Chobe acquired a 50% interest in Safari Air which saw him become Managing Director of Desert & Delta Safaris, a 100% subsidiary of Chobe Holdings Limited, and subsequently appointed to the Chobe board as an Executive Director and Deputy CEO until he retired in December 2018.

Mr. Flatt also served as Chairman of Hospitality and Tourism Association of Botswana from 1999 to 2001. He was also a board member of the Civil Aviation Authority of Botswana from 2011 to 2013.

### **JONATHAN MOORE GIBSON**

Executive Director, CEO, Deputy Board Chairman and member of Human Resources and Remuneration Committee

Educated in South Africa as an accountant, Mr. Gibson worked in the property development business in Johannesburg after completing his articles with Deloitte and Company. He moved to Botswana in 1983 when he acquired an interest in Chobe Game Lodge. As CEO of Chobe Holdings Limited, an investment vehicle bringing various tourism entities under one umbrella, he led an expansion drive which saw Chobe become one of the most reputed tourism entities in Botswana.

He has served as Chairman of the Chobe National Park Management Committee and a Board Member of Botswana Tourism Organisation in addition to serving as an executive member of Hospitality and Tourism Association of Botswana.

### **RODNEY DAVID GERRARD**

Executive Director, Managing Director

Mr. Gerrard was educated in Malawi where he qualified as a chartered accountant in the year 2000. He is an associate member of the Botswana Institute of Chartered Accountants and a fellow of the Association of Chartered Certified Accountants. Prior to joining the Chobe group in 2005, he worked in various capacities for Deloitte & Touche and CDH Asset Management Limited in Malawi, before moving to PricewaterhouseCoopers Botswana in August 2004.





## CORPORATE GOVERNANCE

CORPORATE GOVERNANCE IS THE PROCESS BY WHICH COMPANIES ARE DIRECTED, CONTROLLED AND RISK MANAGED. DIRECTORS OF THE BOARD ARE RESPONSIBLE FOR THE GOVERNANCE OF THE GROUP WHEREAS THE SHAREHOLDERS' ROLE IS TO APPOINT THE DIRECTORS AND THE EXTERNAL AUDITORS.

The concept of corporate governance has grown internationally in recent years by the adoption of principles outlined in reports, such as the King III Report in Botswana and the Cadbury Report and Turnbull Report in the United Kingdom. These reports have as a common goal the promotion of highest standards of corporate governance by providing recommendations and principles in line with best practice. Chobe strives to implement good corporate governance, adopting relevant aspects of the above reports where practical.

### THE BOARD OF DIRECTORS

The Board is responsible for overseeing the activities of the Group. The Board recognises the need to conduct the business of the Group with integrity and in accordance with generally accepted corporate practices and endorses the internationally developing principles of corporate governance. It is responsible for maintaining systems of internal control, which provides reasonable assurance of effective and efficient operations, internal financial control, and compliance with laws and regulations. The Board is responsible for the preparation and integrity of the annual financial statements and related financial information contained in this annual report. The financial statements are prepared in accordance with International Financial Reporting Standards and they incorporate full and responsible disclosure to ensure that the information contained therein is both relevant and reliable.

The Board comprises executive and non-executive directors. The chairperson of the Board is a non-executive director. The role of non-executive directors is to bring independent judgement to board deliberations and decisions. The directors are appointed for specified terms and their re-appointment is not automatic. Directors have extensive

business experience enabling them to apply their knowledge to the functions required.

The Board meets regularly throughout the year. It has a formal schedule of matters referred to it for decision. The Board otherwise delegates specific responsibilities to directors. However, it remains responsible for the overall activities of the group, including the implementation of corporate strategy.

The Board met four times during the year. The remuneration of the board members for their services as non-executive directors, part of which was paid in proportion to directors' attendance in Board Meetings, was as follows:

	2020 P	2019 P
JA Bescoby	117 000	110 000
BD Flatt	97 563	-
AC Dambe	117 000	110 000
K Ledimo	111 500	105 000
DS Ter Haar	97 563	105 000
JM Nganunu-Macharia	127 500	120 000
AM Whitehouse	97 563	105 000
	<b>765 689</b>	<b>655 000</b>

Remuneration for management services of executive directors is set out in note 26 of the financial statements.





## CORPORATE GOVERNANCE [CONTINUED]

### FINANCIAL CONTROL

The directors ensure that adequate systems of internal financial control are developed so that the Group can give reasonable assurance with regard to:

- the completeness and accuracy of the accounting records;
- the integrity and reliability of the published financial statements;
- the ability of the company and the Group to continue as a going concern;
- the safeguarding of assets.

### AUDIT AND FINANCE COMMITTEE

The Board Audit and Finance Committee comprises of two non-executive directors. The committee's major functions are the thorough and detailed review of financial statements, internal controls and related audit matters through the independent judgement and contribution of non-executive board members. In addition, the committee safeguards the credibility, transparency and objectivity of external financial reporting.

The committee meets with management, including the company secretary, and the external auditors. The committee reviews the financial statements and shareholders' reports, monitors the appropriateness of accounting policies and the effectiveness of internal control systems. The committee also considers the findings of the external auditors.

The following directors were members of the Audit and Finance Committee during the year:

JA Bescoby \* (Chairman)  
DS Ter Haar \*  
\* - Non-Executive

The committee met three times during the year.

### FINANCIAL STATEMENTS AND ANNUAL REPORT

The responsibility for the preparation of the financial statements is that of the company's directors. The financial statements are prepared in accordance with generally accepted accounting practices, consistently applied, and in accordance with the requirements of the Botswana Companies Act and International Financial Reporting Standards. Reasonable judgement and estimates support the information contained in the financial statements.

The Board is responsible for the integrity, objectivity and reliability of the annual report. The directors believe that the financial statements fairly represent the financial position of the company and the Group as at the end of the financial year and the result of their operations, changes in equity and cash flow information for the year then ended.

### COMPANY SECRETARY AND PROFESSIONAL ADVICE

All directors have unlimited access to the services of the company secretary, who is responsible to the Board for ensuring proper procedures are followed.

All directors are entitled to seek independent professional advice concerning the affairs of the company and the Group, at the company's expense.

### EXTERNAL AUDITORS

The external auditors are responsible for the independent review and the expression of an opinion on the reasonableness of the financial statements based on their audit.

**JM Nganunu-Macharia**  
Chairperson

**JM Gibson**  
Chief Executive Officer

# KING CODE OF CORPORATE GOVERNANCE

The following abridged checklist has been prepared in terms of the King Report on Governance (King III). This table includes Chobe's application of the King III principles highlighting areas of compliance, partial compliance, compliance in progress and non-compliance.

Where compliance is not fulfilled entirely explanatory notes are included.

The following key is applicable to the checklist:

- ☑ = Compliance
- ▲ = Partial compliance
- ◀ = In progress
- x = Non-compliance
- N/A = Not applicable

## ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP

Effective leadership based on an ethical foundation	☑	
Chobe is seen as a responsible corporate citizen	☑	
Effective management of company's ethics	☑	
Assurance statement on ethics in integrated report	▲	Note 1

## BOARD AND DIRECTORS

The Board is the focal point for and the custodian of corporate governance	☑	
The Chairperson of the board is an independent non-executive director	x	Note 2
CEO has been appointed	☑	
Framework for the delegation of authority has been established	☑	
The Board comprises a balance of power, with a majority of non-executive directors the majority of whom are independent	x	Note 3
Directors are appointed through a formal process	☑	
Formal induction and ongoing training of directors is conducted	x	Note 4
The Board is assisted by a competent, suitably qualified and experienced company secretary	☑	
Regular performance evaluation of the board, its committees and the individual directors	◀	Note 5
A governance framework has been agreed between the Group and the subsidiary boards	◀	Note 6
Risk, remuneration and nomination committees appointed as standing committees	☑	Note 7
Appointment of well-structured committees and an oversight of key functions	☑	
Directors and executives are remunerated fairly and responsibly	☑	
Remuneration of directors and certain senior executives is disclosed	☑	
The company's remuneration policy is approved by its shareholders	▲	Note 8



## KING CODE OF CORPORATE GOVERNANCE [CONTINUED]

☑	= Compliance
▲	= Partial compliance
◀	= In progress
x	= Non-compliance
N/A	= Not applicable

### AUDIT AND FINANCE COMMITTEE

Guided by terms of reference approved by the Board	☑	
Members are to be suitably skilled and experienced independent, non-executive directors	☑	Note 9
Chaired by an independent non-executive director	☑	
Oversees integrated reporting	◀	Note 1
Ensure a combined assurance model is applied to optimise assurance activities.	☑	Note 10
Satisfies itself of the expertise, resources and experience of the company's finance function	☑	
Oversees internal audit	X	Note 11
Recommends the appointment of the external auditors	☑	
Integral to the risk management process	☑	
Oversees the external audit process	☑	
Reports to the Board and shareholders on how it has discharged its duties	☑	Note 12

### GOVERNANCE OF RISK

The board is responsible for the governance of risk and setting levels of risk tolerance	☑	
Audit and Finance Committee assists the board in carrying out its risk responsibilities	☑	
The board delegates the risk management plan to management (including design, implementation & monitoring)	☑	
The board ensures that risk assessments and monitoring is performed on a continual basis	☑	
Frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	☑	
Ensure Management considers & implements appropriate risk responses	☑	
Ensure continual risk monitoring by Management	☑	
The board receives assurance on the effectiveness of the risk management process	☑	
Ensure sufficient, timeously risk disclosure to stakeholders	☑	

## KING CODE OF CORPORATE GOVERNANCE [CONTINUED]

☑	= Compliance
▲	= Partial compliance
◀	= In progress
x	= Non-compliance
N/A	= Not applicable

### GOVERNANCE OF INFORMATION TECHNOLOGY ("IT")

The board is responsible for IT governance	☑	Note 13
IT is aligned with the performance and sustainability objectives of the company	☑	
Management is responsible for the implementation of an IT governance framework	☑	
The board monitors and evaluates significant IT investments and expenditure	N/A	Note 13
IT is an integral part of the company's risk management	☑	
IT assets are managed effectively	N/A	Note 13
The Audit and Risk Committee assists the board in carrying out its IT responsibilities	◀	

### COMPLIANCE WITH LAWS, CODES, RULES AND STANDARDS

The board ensures that the company complies with applicable laws	☑	
The board and directors have a working understanding of the relevance and implications of non-compliance	☑	
Compliance risk forms an integral part of the company's risk management process	☑	
The board has delegated to management the implementation of an effective compliance framework and processes	☑	

### INTERNAL AUDIT

Ensure effective risk based internal audit	x	Note 11
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### GOVERNING STAKEHOLDER RELATIONSHIPS

Appreciate that stakeholders' perceptions affect a company's reputation	☑	
Delegate Management to proactively deal with stakeholder relationships	☑	
Strive for an appropriate balance between the various stakeholder groupings	☑	
Ensure equitable treatment of shareholders	☑	
Transparent and effective communication with stakeholders	☑	
Ensure disputes are resolved effectively and timeously	☑	

### INTEGRATED REPORTING AND DISCLOSURE

Sustainability reporting and disclosure is integrated with the company's financial reporting	◀	Note 1
Board appreciated that strategy, risk, performance and sustainability are inseparable	☑	

## **Notes**

### **Note 1:**

The measures and bases for integrated reporting are currently being considered to incorporate commentary and analysis useful to all stakeholders for roll out in the upcoming financial year. The board does however, have a formal charter, the foundation of which recognises the need to conduct the business with integrity and in accordance with sound corporate practice. Chobe Holdings Group, its employees and the executive directors are subject to a code of conduct.

### **Note 2:**

In terms of King III, Mrs JM Nganunu-Macharia is not deemed to be an independent director due to her holding a considerable number of shares in Chobe through JDM Investments Proprietary Limited. She however has considerable experience in the tourism sector with skills and business acumen pertinent to Chobe.

### **Note 3:**

The board consists of nine members, seven of whom are non-executive. Efforts are currently being made to ensure that the majority of non-executive directors are independent. No lead independent director has been appointed. Directors are appointed by shareholders, unaccompanied by formal appointment letters, at the Annual General Meeting.

### **Note 4:**

No new directors have been appointed in the current year. All current directors have served on the board for a number of years and bring a wide range of relevant business experience, and sound knowledge of their fiduciary and corporate responsibilities. While no formal training process is in place, non-executive directors are required to uphold regulatory and good governance criteria and all members have access to the advice of the Company secretary as required.

### **Note 5:**

While performance evaluation is not formalised, all sub-committees and directors are held accountable based on their fiduciary and ethical duties.

### **Note 6:**

The Chobe board of directors deal with matters related to both the holding company and its subsidiaries. Work is ongoing to formalize the governance framework.

### **Note 7:**

Chobe has an Audit and Finance Committee (A&FC) as well as a Human Resource and Remuneration committee. See page 14 for non-executive directors' fees and note 26 for executive directors' remuneration.

### **Note 8:**

Remuneration of the independent directors is formally approved by non-conflicted Board members and ratified by shareholders at the Annual General Meeting.

### **Note 9:**

Members are suitably skilled and independent non-executive directors.

### **Note 10:**

While not formally contemplated as a model, combined assurance is based on key service provider assurance with confirmations to A&FC, secondly the oversight of the board and its committees and thirdly through independent assurance from parties such as the external auditors, advisors, company secretary and other professional service providers. Refer to Note 11 regarding internal audit.

### **Note 11:**

There is no formal internal audit function but, in addition to the external audit, independent professionals are requested to review specific areas. Executive directors review and provide input on key and subjective items. The nature of the business allows for strong budgetary and detect controls, primarily through the format of reporting to both A&FC and Board. This structure provides risk and governance oversight and manages key risks that would otherwise be identified through an internal audit function.

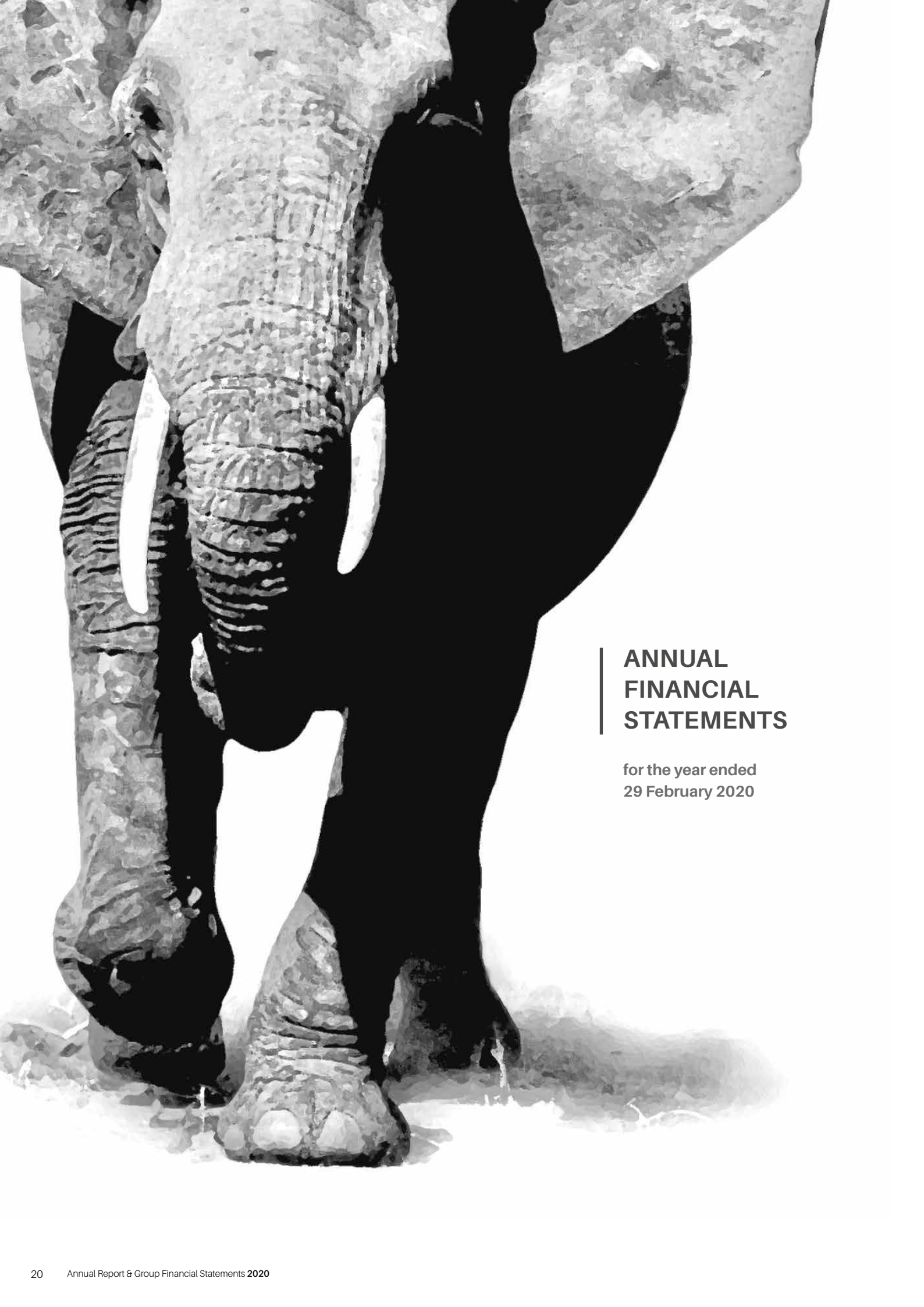
### **Note 12:**

The A&FC reports to the Board following each A&FC meeting.

### **Note 13:**

Chobe's exposure to technology lies with its reservations management system and accounting system. Chobe currently uses ResRequest as the reservations system and Sage Pastel as the accounting package. Both systems are well supported and used extensively in the tourism industry and have extensive reporting capabilities which allow for continuous and accurate management of reservations and financial reporting. Chobe's key considerations are therefore the suitability of the systems and the safeguarding of data which is considered by A&FC.





# ANNUAL FINANCIAL STATEMENTS

for the year ended  
29 February 2020



## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CHOBE HOLDINGS LIMITED

### *Our opinion*

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Chobe Holdings Limited (the "Company") and its subsidiaries (together the "Group") as at 29 February 2020, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

### **What we have audited**

Chobe Holdings Limited's consolidated and separate financial statements set out on pages 30 to 81 which comprise:

- the consolidated and separate statements of financial position as at 29 February 2020;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

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

### **Independence**

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Botswana.

### *Material uncertainty relating to going concern*

We draw attention to Note 34 in the financial statements, which discusses the impact of COVID-19 on the Group's operations and the various external factors that the Group is reliant upon to return to 'normal' level of operations. As stated in Note 34, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Partners: R Binedell, A S Edirisinghe, L Mahesan, S K K Wijesena



## Our audit approach

### Overview

	<b>Overall group materiality</b> <ul style="list-style-type: none"> <li>Overall group materiality: P 6,663,300, which represents 5% of consolidated profit before income tax.</li> </ul>
	<b>Group audit scope</b> <ul style="list-style-type: none"> <li>The Group consists of 26 components. We performed full scope audits on all financially significant components and the Company, and analytical review procedures on insignificant components.</li> </ul>
	<b>Key Audit Matters</b> <ul style="list-style-type: none"> <li>Valuation of non-financial assets;</li> <li>Valuation of property acquired through a business combination; and</li> <li>Adoption of IFRS 16 - Leases.</li> </ul>

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They 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 the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

<b>Overall group materiality</b>	P 6,663,300.
<b>How we determined it</b>	5% of consolidated profit before income tax.
<b>Rationale for the materiality benchmark applied</b>	We chose consolidated profit before income tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.





### How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group consists of 26 components. The Group audit scope has been determined based on indicators such as contribution to consolidated profit before tax and consolidated revenue from each component. We performed full scope audits on the Company and all financially significant components (that is, subsidiaries that engage in tourism related activities and the aircraft maintenance operations) which could individually or in aggregate have a material impact on the consolidated financial statements. Analytical review procedures were performed on insignificant components. All audit work was performed by the group engagement team and did not require involvement of component auditors. This, together with additional procedures performed at the Group level, including testing of consolidation journals and intercompany eliminations, provided us the audit evidence we needed for our opinion on the consolidated financial statements as a whole.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty relating to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of non-financial assets</b> (consolidated and separate financial statements)</p> <p>The Group has considered the impact of COVID-19 as an adjusting post balance sheet event as its customers, being predominantly from Europe and North America, were already affected by COVID-19 prior to year end. As a result, the Group experienced several cancellations/deferral of bookings.</p> <p>Given that the Group operates on fixed term lease concessions, any disruptions to its operations, for which the duration and impact cannot be estimated reliably, are considered impairment triggers.</p>	<p>We assessed the appropriateness of the valuation model applied by management with reference to market practice and the requirements of IFRS and found that it is consistent with what was used in prior years.</p> <p>For each of the CGUs' impairment assessments performed by the Group and Company, we tested the mathematical accuracy of the value in use calculations, recalculated the recoverable amounts for significant CGUs and compared these to the respective net carrying values. We did not identify any material differences.</p>

Key audit matter	How our audit addressed the key audit matter
<p>Accordingly, in addition to assessing Goodwill on acquisition for impairment, the Group performed impairment assessments of other material non-financial assets such as property, plant and equipment, right-of-use assets and intangible assets on a Group level, and of investments in subsidiaries on a Company level.</p> <p>Goodwill recognised in the Group arises mostly from acquisition of the operating camps and related lease holding/concession holding companies. Therefore, the impairment assessment was performed on the relevant Cash Generating Units (“CGUs”). The carrying values of the CGUs include property, plant and equipment, right-of-use assets and intangible assets from the Group perspective. The carrying values of the CGUs from the Company perspective include the investments in subsidiaries.</p> <p>The Group and Company used cash flow projections to estimate its value in use of CGUs. In determining necessary adjustments to be made on the projected cash flows on account of the impact of COVID-19, the Group used judgements and estimates. Some of the key judgements used include:</p> <ul style="list-style-type: none"> <li>• Timing of estimated start of operations, based on estimated timing of recovery of international travel;</li> <li>• Timing of return to “normal” level of operations to achieve historical occupancy levels;</li> <li>• Estimates of costs till start of operations and thereafter till start of normal level of operations;</li> <li>• Occupancy growth rates; and</li> <li>• Discount rates.</li> </ul> <p>For assessment of potential impairment of aircraft which do not form part of any CGU, the Group compared the carrying values against their recoverable amounts at year end to identify any impairment which should be recognised.</p>	<p>We tested the key inputs used by management in their value in use calculations by performing the following procedures:</p> <ul style="list-style-type: none"> <li>• To evaluate the relevant dates estimated by management, we tested the impact of changes in estimated commencement dates and resumption of normal operation dates. We performed sensitivity analyses by extending these beyond the Group’s and Company’s dates by at least six months. Our analyses revealed that, even with such adjustments, there was sufficient headroom before impairment was necessary;</li> <li>• To assess the reasonableness of estimated costs before commencement of normal operations, we assessed cost saving measures planned by the Group and Company by discussing these with management to understand their plans, and by considering plans already implemented to assess the costs saved;</li> <li>• We agreed the cash flow projections to the approved financial budgets used by the Group and Company to manage and monitor the performance of the business;</li> <li>• We assessed the reasonableness of the future cash flow forecasts by comparing historical forecasts to the current operational results and noted no material differences;</li> <li>• We assessed the reasonability of the occupancy growth rates by comparing these with actual performance achieved in prior years, performance achieved by similar camps in the Group and confirmed future bookings. We found no material inconsistencies;</li> <li>• We assessed the reasonability of the forecast period by comparing it to remaining lease periods and found no aspects in this regard which required further consideration; and</li> </ul>

Key audit matter	How our audit addressed the key audit matter
<p>Based on the Group's and Company's assessments of the non-financial assets as well as the underlying operations of the respective subsidiaries, no impairment provisions were required to be raised.</p> <p>The valuation of non-financial assets is considered to be a matter of most significance to the current year audit due to the disruption caused to the business by COVID-19, the level of judgement and assumptions made by management in determining future cash flows and the magnitude of the non-financial assets recorded in the consolidated and separate financial statements as at 29 February 2020.</p> <p>Refer to the following disclosures in the financial statements for detail:</p> <ul style="list-style-type: none"> <li>• Critical accounting estimates and assumptions - Note 2: Impact of COVID-19 and impairment of assets; and</li> <li>• Note 34: Going concern and events after the reporting date.</li> </ul>	<ul style="list-style-type: none"> <li>• We calculated an independent range of discount rates by taking into account independent data such as risk-free rates in the market, country risk premium, cost of debt, market risk premium, beta of comparable companies, capital structure of the industry's comparable companies and other macro economic inputs. We compared our independently calculated discount rates to the discount rates used by management and found that the discount rates used by management were within an acceptable range of our independent calculations.</li> </ul> <p>For aircraft, we compared the Group's estimated market values to estimated selling prices obtained from external sources and no material differences were found.</p>
<p><b>Valuation of property acquired through a business combination</b> (consolidated financial statements)</p> <p>During the year, the Group acquired the entire shareholding of Sedia Hotel (Pty) Limited and Quadrum (Pty) Limited for P30 million.</p> <p>The Group determined this to be a business combination by analysing the underlying agreement and activities of the acquirees.</p> <p>Quadrum (Pty) Limited and Sedia (Pty) Limited are considered as one Cash Generating Unit ("CGU") as it is one operating business which owns the underlying property and operates the hotel business.</p> <p>The Group engaged an external expert to assist with the identification and valuation of the tangible and intangible assets acquired through the transaction.</p>	<p>Using our valuation expertise and by obtaining an understanding of the subsidiaries' industry, we formed an independent expectation of the assets acquired which would need to be recognised by:</p> <ul style="list-style-type: none"> <li>• reading the acquisition agreement to understand its terms;</li> <li>• examining pre-acquisition management accounts and audited financial statements of the subsidiaries;</li> <li>• considering intangible assets typically identified in similar business combinations; and</li> <li>• discussing the nature of the subsidiaries' business activities and the rationale for the acquisition with the Group's directors and management.</li> </ul> <p>We found no inconsistencies between those assets identified by the Group and our independent expectation.</p>



Key audit matter	How our audit addressed the key audit matter
<p>The external expert identified the underlying property as the single tangible asset and an independent valuer valued the property based on the income capitalisation approach. The key variables used in determining the fair value of the property are the capitalisation rate and the net rentals.</p> <p>We considered the valuation of the property acquired to be a matter of most significance to our current year audit due to the nature and extent of judgement that was required in determining the fair value of the property.</p> <p>Refer to the following disclosures in the financial statements for detail:</p> <ul style="list-style-type: none"> <li>• Summary of significant accounting policies - Note 5: Business Combinations; and</li> <li>• Note 25: Business Combinations.</li> </ul>	<p>We assessed the independence and professional qualifications of the independent valuer through, amongst other procedures, discussions with the independent valuer and by obtaining a written confirmation of their independence, objectivity and qualifications. We found no aspects in this regard which required further consideration.</p> <p>With respect to the fair value of the property we performed following procedures:</p> <ul style="list-style-type: none"> <li>• We assessed the appropriateness of the valuation method used by the independent valuer with reference to the requirements of IFRS and industry norms. The valuation method was comparable to those typically used in the industry;</li> <li>• We tested a sample of inputs used in management's valuation, including cash flows, by comparing these to underlying documentation (such as market rentals of comparable properties, historical occupancy rates and historical operating expenses) and with our knowledge of the industry to assess the accuracy and completeness thereof. Based on our work performed, we accepted the data inputs used in the valuations; and</li> <li>• We assessed the reasonability of the capitalisation rates utilised in the valuation by comparing these rates to those generally used in the market for similar properties, and considered general market factors (such as comparable long-bond yield rates) and property specific risk factors. These inputs were found to be within an acceptable range.</li> </ul>
<p><b>Adoption of IFRS 16 – Leases</b> (consolidated financial statements)</p> <p>The Group adopted IFRS 16 - <i>Leases</i> ("IFRS 16") for the first time in the current financial year.</p> <p>The Group applied IFRS 16 retrospectively from 01 March 2019, but has not restated comparatives for the year ended 28 February 2019, as permitted under the specific transition provisions in the standard.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• We evaluated the Group's IFRS 16 adoption guidance and implementation thereof against the transition requirements of IFRS 16. We did not note any inconsistencies in this regard.</li> </ul>



Key audit matter	How our audit addressed the key audit matter
<p>At 1 March 2019, the Group recognised right-of-use assets to the value of P45.27 million and lease liabilities to the value of P57.73 million, and derecognised deferred lease obligations to the value of P12.46 million, which was previously recognised in accordance with IAS 17: <i>Leases</i>.</p> <p>In determining the appropriate amounts and balances to apply in the application of IFRS 16, the Group used following observable data inputs:</p> <ul style="list-style-type: none"> <li>• The remaining lease period;</li> <li>• The lease payments; and</li> <li>• The Group's estimated incremental borrowing rate.</li> </ul> <p>The adoption of IFRS 16 was considered to be a matter of most significance to the current year audit due to the relative complexity of calculations and inputs required on transition.</p> <p>Refer to the following disclosures in the consolidated financial statements for detail:</p> <ul style="list-style-type: none"> <li>• Summary of significant accounting policies, Note 24 (Changes in accounting policy: Adoption of IFRS16 – Leases);</li> <li>• Summary of significant accounting policies, Note 19 (Right-of-use assets and lease liability);</li> <li>• Note 27 (Right-of-use assets); and</li> <li>• Note 28 (Lease liabilities).</li> </ul>	<ul style="list-style-type: none"> <li>• We tested the completeness of individual leases included in the IFRS 16 calculation, by comparing these to valid lease contracts and current year lease payments recorded in the accounting records. No exceptions were noted.</li> <li>• For all of the lease agreements, we agreed the observable data inputs, such as the lease period and lease rentals included in the IFRS 16 calculation to the information in the underlying lease agreements and further assessed whether such inputs were consistent with the underlying requirements of IFRS 16. Our testing did not identify any material inconsistencies.</li> <li>• We compared the Group's estimated incremental borrowing rate to the prevailing prime bank rate and market premiums which, in our experience, are offered for entities similar to the Group. Based on our work performed we accepted the Group's estimated rate.</li> <li>• We tested the mathematical accuracy of the IFRS 16 calculation and noted no differences.</li> </ul> <p>We agreed the values of the right-of-use assets and lease liabilities from the IFRS 16 calculation to the respective balances recorded in the accounting records without any material differences.</p>

### Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Chobe Holdings Limited Group Financial Statements for the year ended 29 February 2020" which we obtained prior to the date of this auditor's report, and the other sections of the document titled "Chobe Holdings Limited Annual Report & Group Financial Statements 2020", which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.



In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed 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.

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### *Responsibilities of the directors for the consolidated and separate financial statements*

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

---

### *Auditor's responsibilities for the audit of the consolidated and separate financial statements*

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.





- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers'.

**Individual Practicing Member: Lalithkumar Mahesan**  
**Registration number: 20030046**

**Gaborone**  
**28 May 2020**



CHOBÉ HOLDINGS LIMITED

## CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 29 February 2020

	Notes	GROUP		COMPANY	
		2020 P '000s	2019 P '000s	2020 P '000s	2019 P '000s
Revenue	1	373,941	339,590	-	-
Other operating income	2	21,912	20,826	58,015	48,346
Cost of inventories consumed / sold		(54,612)	(54,811)	-	-
Employee benefit expenses	5	(77,376)	(66,999)	-	-
Depreciation and amortisation	10,12,27	(42,811)	(30,953)	-	-
Impairment of investment in associate		-	-	(857)	(1,523)
Release of impairment in subsidiary		-	-	-	5,178
Other operating expenses	3	(83,491)	(95,335)	(3,957)	(1,516)
Operating profit		137,563	112,318	53,201	50,485
Finance income	4	360	179	744	904
Finance cost	4	(3,791)	(571)	(372)	(160)
Share of net loss of associates accounted for using the equity method		(866)	(1,094)	-	-
Profit before income tax		133,266	110,832	53,573	51,229
Income tax expense	6	(35,871)	(29,307)	(4,351)	(3,626)
<b>Profit for the year</b>		<b>97,395</b>	<b>81,525</b>	<b>49,222</b>	<b>47,603</b>
<b>Other comprehensive income</b>					
<b>Items that may be reclassified to profit or loss</b>					
Exchange differences on translation of foreign operations		(231)	(635)	-	-
Other comprehensive loss for the year		(231)	(635)	-	-
Total comprehensive income for the year		<b>97,164</b>	<b>80,890</b>	<b>49,222</b>	<b>47,603</b>
<b>Profit attributable to:</b>					
Owners of the parent		97,290	81,464		
Non-controlling interests		105	61		
		<b>97,395</b>	<b>81,525</b>		
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		97,059	80,829		
Non-controlling interests		105	61		
		<b>97,164</b>	<b>80,890</b>		
Earnings per share attributable to the equity holders of the company during the year.					
<b>Basic and diluted earnings per share (thebe)</b>	7	<b>108.78</b>	<b>91.08</b>		



CHOBE HOLDINGS LIMITED

## CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

as at 29 February 2020

		GROUP		COMPANY	
	Notes	2020 P '000s	2019 P '000s	2020 P '000s	2019 P '000s
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	10	260,332	218,600	-	-
Right-of-use assets	27	40,608	-	-	-
Goodwill	11	54,227	54,227	-	-
Intangible assets	12	76,001	66,255	-	-
Investment in associate	13	2,761	3,627	2,281	3,138
Investments in subsidiaries	14	-	-	102,823	102,823
Amounts due from subsidiaries	14	-	-	10,542	11,261
Deferred income tax assets	19	3,403	3,327	-	-
		<b>437,332</b>	<b>346,036</b>	<b>115,646</b>	<b>117,222</b>
<b>Current assets</b>					
Inventories	15	11,463	12,963	-	-
Trade and other receivables	16	18,315	16,525	-	2,363
Current tax receivable		2,388	4,753	423	349
Cash and cash equivalents	17	63,733	66,057	588	259
		<b>95,899</b>	<b>100,298</b>	<b>1,011</b>	<b>2,971</b>
<b>Total assets</b>		<b>533,231</b>	<b>446,334</b>	<b>116,657</b>	<b>120,193</b>
<b>EQUITY</b>					
Stated capital	18	102,899	102,899	102,899	102,899
Foreign currency translation reserve		(1,450)	(1,219)	-	-
Other reserves	9	5,296	-	-	-
Retained earnings		266,537	228,207	4,133	8,575
		373,282	329,887	107,032	111,474
Non-controlling interest		957	852	-	-
<b>Total equity</b>		<b>374,239</b>	<b>330,739</b>	<b>107,032</b>	<b>111,474</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Deferred income tax liabilities	19	22,967	21,376	-	-
Deferred lease obligations	23	-	12,457	-	-
Lease liabilities	28	52,836	-	-	-
Amounts due to subsidiaries	14	-	-	7,544	7,186
		<b>75,803</b>	<b>33,833</b>	<b>7,544</b>	<b>7,186</b>
<b>Current liabilities</b>					
Current tax liabilities		4,389	5,218	-	-
Advance travel receipts	20	31,543	29,752	-	-
Lease liabilities	28	2,777	-	-	-
Trade and other payables	21	44,480	46,792	2,081	1,533
		<b>83,189</b>	<b>81,762</b>	<b>2,081</b>	<b>1,533</b>
<b>Total liabilities</b>		<b>158,992</b>	<b>115,595</b>	<b>9,625</b>	<b>8,719</b>
<b>Total equity and liabilities</b>		<b>533,231</b>	<b>446,334</b>	<b>116,657</b>	<b>120,193</b>





CHOBÉ HOLDINGS LIMITED

## CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

for the year ended 29 February 2020

GROUP	Attributable to equity holders of the company				Non controlling interest	Total
	Stated Capital	Retained earnings	Other reserves*	Foreign currency translation reserve		
	P '000s	P '000s	P '000s	P '000s	P '000s	P '000s
<b>Year ended 28 February 2019</b>						
Balance at 1 March 2018	102,899	191,463	-	(584)	791	294,569
Profit for the year	-	81,464	-	-	61	81,525
<b>Other comprehensive loss</b>						
Exchange differences on translation of foreign operations	-	-	-	(635)	-	(635)
<b>Transactions with owners in their capacity as owners</b>						
Dividends paid (note 8)	-	(44,720)	-	-	-	(44,720)
<b>Balance at 28 February 2019</b>	<b>102,899</b>	<b>228,207</b>	<b>-</b>	<b>(1,219)</b>	<b>852</b>	<b>330,739</b>
<b>Year ended 29 February 2020</b>						
Balance at 1 March 2019	102,899	228,207	-	(1,219)	852	330,739
Profit for the year	-	97,290	-	-	105	97,395
Transfers from retained earnings	-	(5,296)	5,296	-	-	-
<b>Other comprehensive loss</b>						
Exchange differences on translation of foreign operations	-	-	-	(231)	-	(231)
<b>Transactions with owners in their capacity as owners</b>						
Dividends paid (note 8)	-	(53,664)	-	-	-	(53,664)
<b>Balance at 29 February 2020</b>	<b>102,899</b>	<b>266,537</b>	<b>5,296</b>	<b>(1,450)</b>	<b>957</b>	<b>374,239</b>

\* Refer note 9 for details of other reserves



CHOBE HOLDINGS LIMITED

**CONSOLIDATED AND SEPARATE STATEMENTS  
OF CHANGES IN EQUITY** [CONTINUED]

for the year ended 29 February 2020

COMPANY	Stated Capital P '000s	Retained earnings P '000s	Total P '000s
<b>Year ended 28 February 2019</b>			
Balance at 1 March 2018	102,899	5,692	108,591
Profit for the year	-	47,603	47,603
<b>Transactions with owners in their capacity as owners</b>			
Dividends paid (note 8)	-	(44,720)	(44,720)
<b>Balance at 28 February 2019</b>	<b>102,899</b>	<b>8,575</b>	<b>111,474</b>
<b>Year ended 29 February 2020</b>			
Balance at 1 March 2019	102,899	8,575	111,474
Profit for the year	-	49,222	49,222
<b>Transactions with owners in their capacity as owners</b>			
Dividends paid (note 8)	-	(53,664)	(53,664)
<b>Balance at 29 February 2020</b>	<b>102,899</b>	<b>4,133</b>	<b>107,032</b>



CHOBÉ HOLDINGS LIMITED

## CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

for the year ended 29 February 2020

	GROUP		COMPANY	
	2020 P '000s	2019 P '000s	2020 P '000s	2019 P '000s
<b>Operating activities:</b>				
Cash generated from operations (note 22)	170,090	160,954	52,618	37,806
Interest paid (note 4)	(103)	(571)	(372)	(160)
Income tax paid	(32,808)	(29,741)	(74)	(90)
Cash generated from operating activities	<u>137,179</u>	<u>130,642</u>	<u>52,172</u>	<u>37,556</u>
<b>Investing activities:</b>				
Payment for property, plant and equipment ("PPE") (note 10)	(45,891)	(82,401)	-	-
Payment for acquisition of subsidiary (note 25)	(25,000)	-	-	-
Payment for acquisition of leasehold right	(10,077)	-	-	-
Proceeds from sale of PPE	572	1,131	-	-
Proceeds from reduction in subsidiary shares	-	-	-	5,590
Decrease in loans to subsidiaries	-	-	1,077	389
Interest received (note 4)	360	179	744	904
Net cash (used in)/generated from investing activities	<u>(80,036)</u>	<u>(81,091)</u>	<u>1,821</u>	<u>6,883</u>
<b>Financing activities:</b>				
Proceeds from borrowings	-	15,000	-	-
Repayment of borrowings	-	(15,000)	-	-
Lease rentals paid (note 28)	(5,803)	-	-	-
Dividends paid (note 8)	(53,664)	(44,720)	(53,664)	(44,720)
Net cash used in financing activities	<u>(59,467)</u>	<u>(44,720)</u>	<u>(53,664)</u>	<u>(44,720)</u>
Net (decrease) / increase in cash and cash equivalents	<u>(2,324)</u>	<u>4,831</u>	<u>329</u>	<u>(281)</u>
<b>Movement in cash and cash equivalents</b>				
At beginning of year	66,057	61,226	259	540
(Decrease) / Increase in the year	(2,324)	4,831	329	(281)
At end of year	<u>63,733</u>	<u>66,057</u>	<u>588</u>	<u>259</u>
<b>Represented by:</b>				
Cash and cash equivalents (note 17)	<u>63,733</u>	<u>66,057</u>	<u>588</u>	<u>259</u>



CHOBE HOLDINGS LIMITED

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 29 February 2020

The principal accounting policies applied in the preparation of these group and company financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The group consolidated financial statements were authorised for issue by the Board of Directors on 19 May 2020.

### 1. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the historical cost convention. Amounts are rounded to the nearest thousands.

The financial statements have been prepared on a going concern basis. Please refer to note 34 for further details.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the group financial statements are disclosed in a separate section of the financial statements.

#### (a) International Financial Reporting Standards and amendments effective for the first time for 29 February 2020 year-end

*IFRS 16 – Leases (Effective for annual periods beginning on or after 1 January 2019).*

This standard replaces the guidance in IAS 17 and is a far reaching change in accounting by lessees in particular.

Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, 'Operating Leases – Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

Refer accounting policies note 24 "*Changes in accounting policy: Adoption of IFRS16 – Leases*" for details regarding the adoption of IFRS16 Leases.

Summary of other Standards, amendments and interpretations which are applicable for current financial year is given below and none of them had material impact to Group's financial statements.

- Amendments to IFRS 9 – 'Financial instruments' on prepayment features with negative compensation and modification of financial liabilities.
- Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement.
- Amendments to IAS 28, 'Investments in associates and joint ventures' – long-term interests in associates and joint ventures.
- IFRIC 23, 'Uncertainty over income tax treatments'

#### b) International Financial Reporting Standards, amendments and interpretations issued but not effective for 29 February 2020 year-end

*Amendment to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' on the definition of material. (Effective for annual periods beginning on or after 1 January 2020).*

These amendments to IAS 1 and IAS 8 and consequential amendments to other IFRSs: use a consistent definition of materiality through IFRSs and the Conceptual Framework for Financial Reporting; clarify the explanation of the definition of material; and incorporate some of the guidance in IAS 1 about immaterial information.



**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** [CONTINUED]

for the year ended 29 February 2020

**1. Basis of preparation [continued]**

The amended definition is: "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

*Amendment to IFRS 3, 'Business combinations' Definition of a business (Effective for annual periods beginning on or after 1 January 2020).*

This amendment revises the definition of a business. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present (including for early stage companies that have not generated outputs). To be a business without outputs, there will now need to be an organised workforce.

The group did not early adopt any new or amended standards in the current year. It is not expected to have material impact on Group's financial statements.

**2. Principles of consolidation and equity accounting**

The group financial statements incorporate the financial statements of Chobe Holdings Limited and all its subsidiaries and associate for the year ended 29 February 2020.

**a) Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position, respectively.

**b) Associates**

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

**c) Equity method**

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

**SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES** [CONTINUED]

for the year ended 29 February 2020

**2. Principles of consolidation and equity accounting [continued]**

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 7.

**d) Changes in ownership interests**

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the group.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

**e) Investment in subsidiaries**

The company accounts for investments in subsidiaries at cost, which includes transaction costs, less accumulated impairment losses.

Investments in subsidiaries are assessed for impairment when indicators of impairment are identified. Such impairment indicators include, but are not limited to, for example:

- Sustained deterioration in financial results of operations and / or financial position of a subsidiary;
- Changes in the operating environment of a subsidiary, including regulatory and economic changes, market entry by new competitors and
- Inability of a subsidiary to obtain finance required to sustain or expand operations.

Where impairment indicators are identified, the recoverable value of the subsidiary is measured at the lower of realisable value through sale less costs to sell, and value in use. Value in use is the present value of future cash flows expected to be derived from the subsidiary.

Where the recoverable value of a subsidiary is below the carrying amount, the carrying amount is reduced to the recoverable value through an impairment loss charged to the statement of comprehensive income.

Once an impairment loss has been recognised, the company assesses at each year-end date whether there is an indication that the impairment loss previously recognised no longer exists or has decreased. If this is the case, the recoverable value of the subsidiary is remeasured and the impairment loss reversed or partially reversed as may be the case.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** [CONTINUED]

for the year ended 29 February 2020

**2. Principles of consolidation and equity accounting [continued]**

The group's financial statements include the financial statements of Chobe Holdings Limited and its following subsidiaries, whose financial year ends are all 28 or 29 February:

- Caprivi Fly Fishing Safaris (Proprietary) Limited	- 100%
- Chobe Farms Proprietary Limited	- 66 <sup>2/3</sup> %
- Chobe Game Lodge Proprietary Limited	- 100%
- Chobe Properties Proprietary Limited	- 100%
- Desert & Delta Safaris Proprietary Limited	- 100%
- Desert & Delta Safaris (SA) (Proprietary) Limited	- 100%
- Ker And Downey (Botswana) Proprietary Limited	- 100%
- Chobe Explorations Proprietary Limited	- 100%
- L. L. Tau (Proprietary) Limited	- 100%
- Lloyds Camp (Proprietary) Limited	- 100%
- The Bookings Company Proprietary Limited	- 100%
- Venstell Proprietary Limited	- 100%
- Moremi Safaris (Proprietary) Limited	- 100%
- Okuti Safaris Proprietary Limited	- 100%
- North West Air Proprietary Limited	- 100%
- Dinaka Safaris Proprietary Limited	- 100%
- Flavoured Properties Proprietary Limited	- 100%
- Horizon Deep (Proprietary) Limited	- 100%
- Sunbelly Ventures Proprietary Limited	- 100%
- Xugana Air (Proprietary) Limited	- 100%
- Kanana Ventures (Proprietary) Limited	- 100%
- Nelie Investments Proprietary Limited	- 100%
- Quadrum Proprietary Limited	- 100%
- Sedia Hotel Proprietary Limited	- 100%

**f) Investment in associate**

The company accounts for investment in the associate at cost, which includes transaction costs, less accumulated impairment losses. Group's financial statements include its share of results of its associate company Golden Wrap (Proprietary) Limited. (22.22%)

**3. Foreign currency translation****Functional and presentation currency**

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Botswana Pula, which is the Chobe Holding Limited's functional and presentation currency.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within 'Other operating income'.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** [CONTINUED]

for the year ended 29 February 2020

**3. Foreign currency translation [continued]****Group companies**

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
- (ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operations are treated as assets and liabilities of the foreign operation and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

**4. Property, plant and equipment**

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

Depreciation is recorded by a charge to statement of comprehensive income and computed on a straight-line basis to allocate their cost to their residual values over their estimated useful lives, as follows:

Aircraft frame	- 4%
Aircraft engine and propellers	- number of hours flown
Leasehold improvements	- over the period of the lease
Furniture and fittings	- 10% - 15%
Machinery and equipment	- 15% - 25%
Motor vehicles and motorboats	- 12.5% - 25%
Game animals	- At cost

The game animals were acquired through the acquisition of a Private game reserve. Management performed a count of the different species on acquisition. The group's main purpose is the conservation of a representative system of biodiversity, landscape and scenery under its management. The group does not manage for the process of growth, degeneration, production and procreation and none of these animals will be sold.

Accordingly, the group accounts for these animals at Cost. As the animals regenerate, the residual value will always be in excess of Cost and hence no depreciation is charged to the income statement.

The group will however impair any species of animals if these are struck by a calamity and a fair estimate can be made of the resulting impact.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting date.



**SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES** [CONTINUED]

for the year ended 29 February 2020

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

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

The group adopts a policy of expensing individual assets with a value less than P 20 000.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit.

Repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the group. Major renovations are depreciated over the remaining useful life of the related asset. The associated initial costs capitalised are de-recognised, where these are identifiable.

**5. Business combinations**

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

**SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES** [CONTINUED]

for the year ended 29 February 2020

**6. Intangible assets****Goodwill**

Goodwill is measured as described in the accounting policy "Business combinations". Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

**Land rights**

Separately acquired land rights are shown at historical cost. Land rights acquired in a business combination are recognised at fair value at the acquisition date.

Land rights have a finite useful life based on the underlying contractual agreement assigning such rights to the consignee and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of land rights over their estimated useful lives based on contractual assignment terms.

**7. Impairment of non-financial assets**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**8. Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

**9. Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included as current liabilities on the statement of financial position.

**10. Financial assets****Classification**

The Group classifies its financial assets in the following categories: financial assets at fair value through profit and loss and financial assets at amortised cost. The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets at initial recognition and re-evaluates this at every reporting date.

Financial assets at amortised cost are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. These are recognised initially at fair value and measured subsequently at amortised cost. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The group's Financial assets at amortised cost comprise 'trade and other receivables' other than prepayments and 'cash and cash equivalents' in the statement of financial position.

**SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES** [CONTINUED]

for the year ended 29 February 2020

**10. Financial assets [continued]****Recognition and measurement**

Regular way purchases and sales of financial assets are recognised on the trade-date, the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

**De-recognition of financial assets**

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. 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.

**Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

**Impairment of financial assets – Assets at amortised cost**

The Group recognises a loss allowance for expected credit losses on trade and other receivables. The amount of expected credit losses is updated at each reporting date. The Group measures the loss allowance for trade and other receivables which do not contain a significant financing component at an amount equal to lifetime expected credit losses (lifetime ECL).

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

Owing to nature of operations of the group, it has limited trade and receivable balances. Group's historical credit loss experience is considered to be immaterial. Having also taken into account of general economic conditions, the expected credit losses on trade and other receivable is estimated to be immaterial.

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. Any recoveries made are recognised in profit or loss. There are no historical write-offs.

**SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES** [CONTINUED]

for the year ended 29 February 2020

**11. Trade receivables**

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

**12. Stated capital**

Ordinary shares are classified as equity and stated at the fair value of the consideration received. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**13. Financial liabilities****Classification**

The group classifies its financial liabilities as 'financial liabilities at amortised cost'.

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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 through the expected life of the financial liability, or, where appropriate, a shorter period.

**De-recognition of financial liabilities**

The group de-recognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire.

**14. Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of comprehensive income as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.



**SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES** [CONTINUED]

for the year ended 29 February 2020

**14. Borrowings** [continued]

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

**15. Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

**16. Current and deferred income tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided for in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on temporary differences arising from investments in subsidiaries and associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Current and deferred tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is also recognised in other comprehensive income or directly in equity, respectively.

**SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES** [CONTINUED]

for the year ended 29 February 2020

**17. Provisions**

Provisions for environmental restoration, restructuring costs and legal claims are recognised when the group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

**18. Revenue recognition**

Revenue arises mainly from the accommodation, game drives, air charter, aircraft maintenance, safari services and sale of curios etc. To determine whether to recognise revenue, the Group follows a 5-step process:

- Identifying the contract with a customer
- Identifying the performance obligations
- Determining the transaction price
- Allocating the transaction price to the performance obligations
- Recognising revenue when/as performance obligation(s) are satisfied.

The Group often enters into transactions involving a range of the Group's products and services. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties. Revenue is recognised either at a point in time or over time, when (or as) the company satisfies performance obligations by transferring the promised goods or services to its customers.

***Sale of services/goods***

The group sells bed nights at its camps and lodges to guests and also provides guided safaris to guests. Revenue from these services is recognised when the service is provided to the guest, usually over the period of the guests stay at the camps and lodges. There is one performance obligation in this which are close related.

The group provides flight transfers to its guests between the group's camps and lodges as well as to other facilities. Revenue from flight transfers is recognised when the service has been rendered.

The group also provides aircraft maintenance operation for which revenue is recognised upon delivery of parts or performance of services.

Revenue is recognised net of value added tax and discounts.

Sales of curios, beverages and ancillary goods are usually settled in cash or by credit card. Revenue is recognised when the significant risks and rewards of ownership of the services/goods have passed to the buyer. The recorded revenue includes applicable credit card fees payable for the transaction. Such fees are included in bank charges.

***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 flow discounted at original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

***Rental income***

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

***Dividend income***

Dividend income is recognised when the right to receive payment is established.

**SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES** [CONTINUED]

for the year ended 29 February 2020

**19. Right-of-use assets and lease liability****Initial measurement**

Upon lease commencement, a right-of-use asset and a lease liability are recognised. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. Adjustments may also be required for lease incentives, payments at or prior to commencement and restoration obligations or similar.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate.

**Subsequent measurement**

After lease commencement, the right-of-use asset is measured using a cost model, amortised over the lease term.

Lease liability is subsequently remeasured to reflect changes in:

The lease term (using a revised discount rate); the assessment of a purchase option (using a revised discount rate); the amounts expected to be payable under residual value guarantees (using an unchanged discount rate); or future lease payments resulting from a change in an index or a rate used to determine those payments (using an unchanged discount rate).

The remeasurements are treated as adjustment to the right-of-use asset.

**20. Employee benefits****(i) Short-term employment benefits**

The cost of short term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave, sick leave and bonuses) are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlements or, in the case of non-accumulating absences, when the absence 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.

**(ii) Pension obligations**

Most of the group's employees are members of the Chobe Holdings Staff Pension Fund, an approved participant under Alexander Forbes Retirement Fund. The fund is a defined contribution fund with employer and employee contributing 10% and 7.5% of basic pay respectively.

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**(iii) Severance plan and gratuity**

Employees not on pension are entitled to severance pay in terms of Sec 28 of the Botswana Employment Act or gratuity as defined in their contracts of employment. Severance pay is not considered to be a retirement benefit plan as the benefits are payable on completion of each sixty-month period of continuous employment or on termination of employment. Gratuity is payable at the end of various tenors as defined in each employee's contract of employment. The expected severance benefit and gratuity are provided in full by way of an accrual.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** [CONTINUED]

for the year ended 29 February 2020

**21. Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's directors.

**22. Earnings per ordinary share**

Earnings per ordinary share are calculated using the weighted average number of ordinary shares in issue during the period and are based on the net profit attributable to ordinary shareholders.

**23. Segmental reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

**24. Changes in accounting policy: Adoption of IFRS 16 - Leases**

The Group adopted IFRS 16 - *Leases* ("IFRS 16") for the first time during the financial year ended 29 February 2020 to recognise, measure, present and disclose operating leases.

In accordance with the requirements of IFRS 16, the Group re-assessed the way in which it accounts for operating leases where it is a lessee.

In applying IFRS 16 for the first time, the Group applied IFRS 16 retrospectively from 01 March 2019, but has not restated comparatives for the year ended 28 February 2019, as permitted under the specific transition provisions in the standard. On adoption of IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 March 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 1 March 2019 was 6.5%. The group recognised right-of-use asset in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

In determining the appropriate amounts and balances to apply in the application of IFRS 16, the Group used following observable data inputs:

- Remaining lease period - Lease term has been determined based on the contractual term and for additional period where the Group is reasonably certain to renew.
- lease payments; and
- Group's estimate of its incremental borrowing rate - The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 March 2019 was 6.5% per annum.

***Practical expedients applied***

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard.

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

***Adjustments recognised in the balance sheet on 1 March 2019***

The change in accounting policy affected the following items in the balance sheet on 1 March 2019

- Right-of-use assets - increase by P45.27Mn
- Deferred lease obligations - decrease by P12.46Mn
- Lease liabilities - increase by P 57.73Mn.





## CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

for the year ended 29 February 2020

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

### 1. Accounting for property plant and equipment

In accounting for its property, plant and equipment, the group exercises judgement over estimating residual values, useful lives and classification of refurbishment cost between capital and revenue.

Useful lives and residual values of buildings, aircraft, equipment and vehicles are based on current estimates of the value of these assets at the end of their useful lives. The estimated residual values and useful lives of buildings, equipment and vehicles have been determined by the directors based on industry experience, as well as anticipation of future events that could impact these estimates. The estimated residual values and useful lives of aircraft have been determined with reference to the aircraft industry's pricing guide and provided by Vref Aircraft value reference.

The group's buildings consist of camps made from environmentally degradable materials and require periodic refurbishment in order to maintain their standards and operating capacity. Due to their very nature, cost incurred towards refurbishment could either be of capital nature or revenue nature. In determining whether a cost needs to be capitalised or expensed, the group exercises judgement and considers the following:

- whether the cost incurred resulted in increasing the useful life;
- whether the cost was incurred to replace an existing asset; or
- whether the cost was incurred to procure a new asset.

### 2. Impact of COVID-19 and impairment of assets

The Group's customers are predominantly from Europe and North America. These locations were already affected by COVID-19 prior to year-end and there were several cancellations of flights, and deferrals or cancellations of bookings that were already experienced by this date. On this basis, the Group believes the impact of COVID-19 is an adjusting post balance sheet event as per IAS 10 – Events after the reporting period, for the Group.

At this stage, it is anticipated that majority of the revenue from the 2020 busy season (which starts in May up until December) will be lost due to the current COVID-19 conditions. As these camps operate in the delta within fixed term concessions, such losses in revenue act as an indication for impairment of assets. Therefore, management has performed an impairment assessment of all material assets of the Group.

Assets of the Group mainly comprise of property, plant and equipment, right-of-use assets, land lease rights, goodwill on acquisition, other intangible assets, inventories, financial assets (such as trade and other receivable including related party receivable, bank balances).

#### (a) Goodwill impairment assessment

The Group tests annually whether goodwill has suffered any impairment. Goodwill is allocated for impairment testing purposes to individual cash-generating units (CGUs). The Group determines the CGU's attributable to goodwill to be the relevant concessions which generate independent separately identifiable cash flows.

The recoverable amount of every CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management. These budgets are prepared annually and assumes a reasonable growth rate for future cash flows with the expectation of maintaining the occupancy.

Cash inflows are projected in the currency in which revenue is earned. For the camps this will be United States Dollars ("USD") as this is the primary currency in which the group generates majority of its revenues. For the others, this will be in Botswana Pula. Cash outflows are projected in Botswana Pula ("BWP"). These cash flows are projected till the end of the remaining period of leasehold concessions, where appropriate.

The recoverable amounts of CGU's have been determined by the directors based on the forecasted pre-tax free cash flows of each cash-generating unit. These calculations require the use of estimates.



## CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS [CONTINUED]

for the year ended 29 February 2020

### (a) Goodwill impairment assessment [continued]

The Group used cash flow projections to estimate its value in use of CGU's. In determining necessary adjustments to be made on the projected cash flows on account of COVID-19, the Group used judgements and estimates. Some of the key judgements include:

- Timing of estimated start of operations, based on estimated timing of recovery of international travel;
- Timing of return to "normal" level of operations to achieve historical occupancy levels;
- Estimates of costs till start of operations and thereafter till stay of normal level of operations;
- Occupancy growth rates; and
- Discount rates

Summary of key assumptions used are given below:

	<b>Ker And Downey (Botswana) Proprietary Limited</b> <i>(Camps: Shindi, Kanana &amp; Okuti)</i>	<b>Desert &amp; Delta Safaris Proprietary Limited</b>	<b>Dinaka Safaris Proprietary Limited</b>	<b>North West Air Proprietary Limited</b>
<b>2020</b>				
Normal Occupancy rate*	55%-66%	37%-73%	N/a - New camp	N/a
Occupancy growth rate	0%	0%	Gradual increase over 7 years and stable at average occupancy of 66%	N/a
Growth in maintenance operations	N/a	N/a	N/a	3% p.a.
YoY increase in average recommended selling rate	No increase in next 2 years, then YoY increase of 3.5%p.a.	No increase in next 2 years, then YoY increase of 4.5%p.a.	No increase in next 2 years, then YoY increase of 3.5%p.a.	N/a
YoY increase in operating cost	3% p.a.	3% p.a.	3% p.a.	3% p.a.
Lease period	Remaining period of leasehold concessions including expected renewal period (based on existing contractual arrangements for each underlying cash-generating unit)			N/a
Pre-tax discount rate (BWP)	7.32%	7.32%	7.32%	10.32%
Pre-tax discount rate (USD)	5.46%	5.46%	5.46%	N/a

\* For the year 2020/21: Less occupancy is anticipated based on bookings



**CRITICAL ACCOUNTING ESTIMATES  
AND ASSUMPTIONS** [CONTINUED]

for the year ended 29 February 2020

(a) Goodwill impairment assessment [continued]

	<b>Ker And Downey (Botswana) Proprietary Limited</b> <i>(Camps – Shindi, Kanana &amp; Okuti)</i>	<b>Desert &amp; Delta Safaris Proprietary Limited</b>	<b>Dinaka Safaris Proprietary Limited</b>	<b>North West Air Proprietary Limited</b>
<b>2019</b>				
Normal Occupancy rate	55%-66%	37%-73%	N/a - New camp	N/a
Occupancy growth rate	0%	0%	25% p.a. over 5 years and no growth thereafter	N/a
Growth in maintenance operations	N/a	N/a	N/a	5% p.a.
YoY increase in average recommended selling rate	0%	0%	4% p.a. for 10 years and 3.5% p.a. thereafter	N/a
YoY increase in operating cost	3% p.a.	3% p.a.	6% p.a.	5% p.a.
Lease period	Remaining period of leasehold concessions including expected renewal period (based on existing contractual arrangements for each underlying cash-generating unit)			N/a
Pre-tax discount rate (BWP)	10%	10%	10%	13%
Pre-tax discount rate (USD)	7.5%	7.5%	7.5%	N/a

Outcomes from the impairment calculations are most sensitive to discount rates and occupancy growth rates. Holding all other assumptions constant, impairment of the goodwill relating to the individual business units will only be indicated when these assumptions reach the following levels:

<b>Entity</b>	<b>Camp</b>	<b>Discount rate</b>		<b>Growth rate</b>
		<b>BWP</b>	<b>USD</b>	
Ker And Downey (Botswana) Proprietary Limited	Shinde	-0.80%	13.85%	-29.50%
	Kanana	-1.94%	13.67%	-26.77%
	Okuti	-6.67%	15.74%	-41.66%
Desert & Delta Safaris Proprietary Limited		-1.48%	16.82%	-21.68%
Dinaka Safaris Proprietary Limited		4.61%	7.32%	9.35%
North West Air Proprietary Limited		14.13%	N/a	1.69%

Due to uncertainty over future events, including the length of the camp closure period due to Covid-19, timing of return to “normal” level of operations, particularly resumption of international travel, stress testing was performed on Camps of Ker And Downey (Botswana) Proprietary Limited, Desert & Delta Safaris Proprietary Limited, Dinaka Safaris Proprietary Limited and Chobe Game Lodge Proprietary Limited as per the scenario below. The stress test also indicates that revised value in use is higher than the carrying value of the respective CGUs.



## CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS [CONTINUED]

for the year ended 29 February 2020

### (a) Goodwill impairment assessment [continued]

	Year - 1	Year - 2	Year - 3	Year - 4 and onwards
Revenue	0%	50%	75%	Normalised operations
Variable cost	0%	50%	75%	Normalised operations
Semi variable cost	50%	75%	100%	Normalised operations
Fixed cost	100%	100%	100%	Normalised operations

Stress testing performed on Sedia Hotel with following scenario also indicates that revised value in use is higher than the carrying value.

	Year - 1	Year - 2	Year - 3 and onwards
Revenue	25%	75%	Normalised operations
Variable cost	25%	75%	Normalised operations
Semi variable cost	50%	100%	Normalised operations
Fixed cost	100%	100%	Normalised operations

### (b) Impairment assessment of non-financial assets other than goodwill

Goodwill on acquisition arises from most of the operating camps and related lease holding/concession holding companies. Therefore, the impairment assessment has been performed for Cash Generating Units ("CGU") and carrying values of the CGUs include property, plant and equipment, right-of-use assets, land lease rights, goodwill on acquisition, other intangible assets and inventories.

Accordingly, impairment of non-financial assets of Ker And Downey (Botswana) Proprietary Limited, Desert & Delta Safaris Proprietary Limited, Dinaka Safaris Proprietary Limited and associated lease holding companies are included in the carrying value of CGUs that were assessed for goodwill impairment. Impairment assessment of non-financial assets of other companies within the Group are assessed as follows.

#### **Chobe Game Lodge Proprietary Limited, Quadrum Proprietary Limited & Sedia Hotel Proprietary Limited**

The recoverable amounts have been determined by the directors based on the forecasted pre-tax free cash flows of each CGU. These calculations require the use of estimates, the most significant of which are:

	Chobe Game Lodge Proprietary Limited	Quadrum Proprietary Limited & Sedia Hotel Proprietary Limited
<b>2020</b>		
Occupancy rate*	58%	N/a - newly acquired
Occupancy growth rate	0%	No growth in FY 2021 & 2022. Thereafter 2% YoY growth till year 2037.
YoY increase in average rack rate	No increase in next 2 years, then YoY increase of 4.5% p.a.	No changes in FY 2021 & 2022. 15% and 10% increase in the years 2023 and 2014 respectively. Therefore, 5% YoY increase.
YoY increase in operating cost	3% p.a.	3% p.a.
Lease period	Remaining period of leasehold concessions including expected renewal period (based on existing contractual arrangements)	
Pre-tax discount rate (BWP)	7.32%	7.32%
Pre-tax discount rate (USD)	5.46%	5.46%

\* For the year 2020/21: Less occupancy is anticipated based on bookings





## CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS [CONTINUED]

for the year ended 29 February 2020

### (b) Impairment assessment of non-financial assets other than goodwill [continued]

Outcomes from the impairment calculations are most sensitive to discount rates and occupancy growth rates. Holding all other assumptions constant, impairment of non-financial assets relating to the individual business units will only be indicated when these assumptions reach the following levels:

Entity	Discount rate		Growth rate
	BWP	USD	
Chobe Game Lodge Proprietary Limited	-4.39%	20.21%	-29.99%
Quadrum Proprietary Limited & Sedia Hotel Proprietary Limited	8.28%	N/a	1.30%

#### *The Bookings Company Proprietary Limited*

Carrying value of aircrafts as at year-end amounted to P89.3Mn. The market value estimation obtained as of 13 May 2020 from Vref Valuations noted that the estimated markets values are greater than the respective carrying values of the aircraft. Therefore, no impairment is noted.

#### *Nelie Investments Proprietary Limited*

Group acquired OM94 and OM95 Farm leases in June 2019 for P15.4Mn (P 1,500 per Hectare). Given the relative short passage of time, the Group has concluded that the purchase price paid is still a valid indicator of the fair value of the property. Accordingly, no impairment is required.

### (c) Impairment assessment of financial assets

Financial assets of the Group mainly consist of trade and other receivable and bank balances.

Trade and other receivable balances (including related party receivables) have been subjected to specific impairment assessment and recognised loss allowance where necessary.

Bank balances are held with reputed financial institutions and no matters were noted to-date for uncertainty over realisability of those balances.

### (d) Impairment of investments in subsidiaries and associate in separate financial statements

The Company assesses the potential impairment of the investments in subsidiaries and associate whenever events or circumstances may indicate the presence of impairment indicators.

The recoverable amounts of investment in subsidiaries are calculated as part of the impairment assessment of goodwill and other non-financial assets as stated in above note 2(a) and 2(b) above.

In addition, Company considers their ability to maintain positive dividend pay-out policies and assesses the potential impact of changes in the business and operating environments of the subsidiaries. These include monitoring of the economic and regulatory environments under which they operate and monitoring the status and remaining periods of existing lease concessions.

Based on Group's assessment of the underlying operations of the respective subsidiaries, no impairment provision was required to be raised. However, an additional impairment of P857,000 recognised in respect of investment in associate.



CHOBE HOLDINGS LIMITED

## FINANCIAL RISK MANAGEMENT

for the year ended 29 February 2020

### Financial risk indicators

The group's activities expose it to a variety of financial risks: market risks (including currency risk and interest rate risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of its markets and seeks to minimise potential adverse effects on the group's financial performance.

Risk management is carried out by senior management under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and the investment of excess liquidity.

#### **a) Market risk**

##### **i) Foreign currency risk**

In the normal course of business, the group enters into transactions denominated in foreign currencies. In addition, the group has assets and liabilities in foreign currencies, which exposes it to fluctuations in foreign currency exchange rates.

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities denominated in a currency that is not the entity's functional currency.

The group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the group's foreign operations is mitigated primarily through the group's centralised booking system which allows the group to manage its exposure to fluctuations in such foreign currency.

At 29 February 2020, if the currency had weakened/strengthened by 10% against the US dollar with all other variables held constant, post-tax profit for the year would have been, for the group, P 3 363 306 (2019: P 4 022 199) higher/lower, mainly as a result of foreign exchange losses/gains on translation of US dollar denominated bank balances, foreign exchange gains/losses on translation of US dollar denominated trade receivables, and foreign exchange losses/gains on translation of US dollar denominated trade and other payables.



# FINANCIAL RISK MANAGEMENT [CONTINUED]

for the year ended 29 February 2020

## a) Market risk [continued]

### i) Foreign currency risk [continued]

At 29 February 2020 and 28 February 2019 the Group's financial assets and liabilities denominated in foreign currencies were:

	GROUP		COMPANY	
	2020 P '000s	2019 P '000s	2020 P '000s	2019 P '000s
<i>Bank balances</i>				
US Dollars	41,110	49,810	-	-
Namibian Dollars	453	231	-	-
South African Rand	667	281	-	-
	<u>42,230</u>	<u>50,322</u>	<u>-</u>	<u>-</u>
<i>Trade receivables</i>				
US Dollars	855	1,678	-	-
	<u>855</u>	<u>1,678</u>	<u>-</u>	<u>-</u>
<i>Trade payables</i>				
South African Rand	(412)	(520)	-	-
US Dollars	1,155	78	-	-
Namibian Dollars	(844)	(708)	-	-
	<u>(101)</u>	<u>(1,150)</u>	<u>-</u>	<u>-</u>
<i>Net debit/(credit) balance in Pula for respective currencies</i>				
US Dollars	43,120	51,566	-	-
Namibian Dollars	(391)	(477)	-	-
South African Rand	255	(239)	-	-

### ii) Cash flow and fair value interest rate risk

The group's interest rate risk arises primarily from long-term borrowings and interest-earning deposits. Such borrowings and deposits issued at variable rates expose the group to cash flow interest rate risk. The group had no significant borrowings at the reporting date.

**FINANCIAL RISK  
MANAGEMENT** [CONTINUED]

for the year ended 29 February 2020

**b) Credit risk**

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only reputable parties are accepted.

The group continuously monitors defaults of customers and other counter parties identified either individually or by group, and incorporate the information into credit risk controls.

If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored. In accordance with standard practice within the industry, the group requires pre-payment of standard charges prior to booking confirmation thereby eliminating a significant portion of credit risk prior to rendering services. The balance of dues from guests is settled through bank transfer, in cash or using major credit cards. The most significant dues from guest arise from transactions with agents. The group carefully vets new agents prior to extending credit terms, and deals mostly with agents with whom it has established reliable long-term relationships. As a result of this, the group historically has succeeded in minimising negative impacts of adverse credit risk events.

The group places its cash and cash equivalents with reputable financial institutions. Financial institutions are not individually rated, however the group's policy is to hold cash resources in subsidiaries of rated South African and Namibian Banks. At 29 February 2020 and 28 February 2019 the group's cash and cash equivalents were held on account at the following institutions:

	<b>GROUP</b>	
	<b>2020 P'000</b>	<b>2019 P'000s</b>
First National Bank of Botswana Limited	57,295	65,413
First Rand Bank Limited	597	259
Bank Windhoek Limited	447	231
Bank Gaborone Limited	5,325	71





# FINANCIAL RISK MANAGEMENT [CONTINUED]

for the year ended 29 February 2020

## b) Credit risk [continued]

The table below shows an analysis of trade receivables at their carrying value respectively as at the reporting date.

GROUP	Total P '000s	Fully performing P '000s	Past due but not impaired > 3 months P '000s	Impaired P '000s
<b>At 29 February 2020</b>				
Trade and other receivables				
- Agents	6,823	5,001	1,822	-
- Other	1,287	1,287	-	-
<b>Total</b>	<b>8,110</b>	<b>6,288</b>	<b>1,822</b>	<b>-</b>
<b>At 28 February 2019</b>				
Trade receivables				
- Agents	3,320	2,836	484	-
- Other	4,559	4,559	-	-
<b>Total</b>	<b>7,879</b>	<b>7,395</b>	<b>484</b>	<b>-</b>

The Group's management considers that all the above financial assets that are not impaired for each of the reporting dates under review are good quality.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

None of the Group's financial assets are secured by collateral or other credit enhancements.



# FINANCIAL RISK MANAGEMENT [CONTINUED]

for the year ended 29 February 2020

## c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

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

GROUP	Total P '000s	1 - 3 months P '000s	3 - 12 months P '000s	> 12 months P '000s
<b>At 29 February 2020</b>				
Lease liabilities (note 28)	84,163	1,640	5,041	77,482
Trade and other payables excluding non-financial liabilities	25,163	25,163	-	-
	<b>109,326</b>	<b>26,803</b>	<b>5,041</b>	<b>77,482</b>
<b>At 28 February 2019</b>				
Trade and other payables excluding non-financial liabilities	31,017	31,017	-	-
	<b>31,017</b>	<b>31,017</b>	-	-
<b>COMPANY</b>				
<b>At 29 February 2020</b>				
Amounts due to subsidiaries (note 14)	8,148	151	453	7,544
Trade and other payables excluding non-financial liabilities	2,081	2,081	-	-
	<b>10,229</b>	<b>2,232</b>	<b>453</b>	<b>7,544</b>
<b>At 28 February 2019</b>				
Amounts due to subsidiaries (note 14)	7,761	144	431	7,186
Trade and other payables excluding non-financial liabilities	1,533	1,533	-	-
	<b>9,294</b>	<b>1,677</b>	<b>431</b>	<b>7,186</b>

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 risking damage to the group's reputation.



CHOBÉ HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 29 February 2020

	GROUP		COMPANY	
	2020 P '000s	2019 P '000s	2020 P '000s	2019 P '000s
<b>1. REVENUE</b>				
Lodge and camp revenue	300,428	275,681	-	-
Air charter revenue	50,243	38,877	-	-
Curio sales	4,172	3,995	-	-
Commission on tour bookings	599	507	-	-
Revenue from aircraft maintenance services	17,823	20,171	-	-
Other	676	359	-	-
	<b>373,941</b>	<b>339,590</b>	-	-
<b>2. OTHER OPERATING INCOME</b>				
Dividend income	-	-	58,015	48,346
Foreign exchange gains	14,162	18,799	-	-
Profit / (loss) on disposal of property, plant and equipment	(177)	468	-	-
Sundry revenue	7,927	1,559	-	-
	<b>21,912</b>	<b>20,826</b>	<b>58,015</b>	<b>48,346</b>
<b>3. OTHER OPERATING EXPENSES</b>				
Auditors' remuneration - Audit fee	1,652	1,376	320	164
- Other	301	128	-	-
Aircraft charter and sub-charter expenses	291	1,020	-	-
Director's remuneration				
- Fees	766	655	766	655
- Management services (note 26)	6,719	11,028	-	-
Bad debts	193	46	-	-
Freight	2,102	2,007	-	-
Insurance	6,176	5,043	-	-
Impairment charge of goodwill (note 11)	-	7,419	-	-
Impairment charge of related party receivable	2,053	-	2,053	-
Impairment charge on inventory	1,180	-	-	-
Game activities and transfers	5,464	4,381	-	-
Government fees	4,212	3,350	-	-
Marketing expenses	8,943	7,864	-	-
Miscellaneous expenses	5,384	4,170	527	423
Other accommodation costs	2,379	3,766	-	-
Room expenses	2,950	3,028	-	-
Rent	450	7,395	-	-
Resource royalty	10,086	9,422	-	-
Repairs and maintenance	15,910	11,812	-	-
Stock exchange fees	179	168	179	168
Telephone charges	578	447	-	-
Water and electricity	1,908	1,396	-	-
Travelling	1,459	1,208	-	-
Bank charges	866	996	9	10
Cleaning expenses	695	603	-	-
Printing and stationery	633	693	107	91
Security	516	545	-	-
Forex (gain) / loss	(64)	33	(4)	5
(Profit) / Loss on disposal of property, plant and equipment	(490)	5,336	-	-
	<b>83,491</b>	<b>95,335</b>	<b>3,957</b>	<b>1,516</b>



**NOTES TO THE  
FINANCIAL STATEMENTS** [CONTINUED]

for the year ended 29 February 2020

	GROUP		COMPANY	
	2020 P '000s	2019 P '000s	2020 P '000s	2019 P '000s
<b>4. <u>FINANCE INCOME AND COSTS</u></b>				
<b>Finance income</b>				
Interest received				
- bank	354	160	5	6
- subsidiaries (note 26)	-	-	739	898
- related parties	-	4	-	-
- other	6	15	-	-
	<b>360</b>	<b>179</b>	<b>744</b>	<b>904</b>
<b>Finance costs</b>				
Interest paid				
- bank	29	471	-	-
- lease interest (note 28)	3,688	-	-	-
- related companies (note 26)	-	-	372	160
- other	74	100	-	-
	<b>3,791</b>	<b>571</b>	<b>372</b>	<b>160</b>
<b>5. <u>EMPLOYEE BENEFIT EXPENSES</u></b>				
Wages, salaries and other related costs	<b>77,376</b>	<b>66,999</b>	-	-
Excluding Directors remuneration classified under "Other operating expenses"				
<b>6. <u>INCOME TAX EXPENSE</u></b>				
Current tax:				
Current tax on profits for the year	29,993	28,456	-	-
Withholding tax on dividends received	4,351	3,626	4,351	3,626
<b>Total current tax</b>	<b>34,344</b>	<b>32,082</b>	<b>4,351</b>	<b>3,626</b>
Deferred tax (note 19)	1,527	(2,774)	-	-
<b>Income tax expense</b>	<b>35,871</b>	<b>29,307</b>	<b>4,351</b>	<b>3,626</b>
The tax on the group's profit before tax is reconciled as follows:				
Profit before income tax	133,266	110,832	53,573	51,229
Income tax at 22%	29,319	24,383	11,786	11,270
Withholding tax on dividend received	4,351	3,626	4,351	3,626
Income not subject to tax	(62)	-	(12,763)	(10,636)
Expenses not deductible for tax purposes	1,030	524	761	(634)
Others/losses available for utilisation	1,233	774	216	-
<b>Income tax</b>	<b>35,871</b>	<b>29,307</b>	<b>4,351</b>	<b>3,626</b>



**NOTES TO THE  
FINANCIAL STATEMENTS** (CONTINUED)

for the year ended 29 February 2020

	<b>GROUP</b>	
	<b>2020</b>	<b>2019</b>
<b>7. EARNINGS PER SHARE</b>		
Earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the number of ordinary shares in issue during the year.		
Total ordinary shares in issue at year end (000s)	89,440	89,440
Profit attributable to owners of the parent (P'000s)	97,290	81,464
<b>Earnings per share (thebe) - basic and diluted</b>	<b>108.78</b>	<b>91.08</b>
	<b>GROUP &amp; COMPANY</b>	
	<b>2020</b>	<b>2019</b>
<b>8. DIVIDENDS</b>		
As set out in the directors' report, the Directors have elected to defer the declaration of a dividend from 2020 profits, until such time as the Group's earnings potential is restored and cash flow allows due to the Covid-19 impact.		
Dividends paid during the year amounted to:		
Dividend paid (P'000s)	53,664	44,720
Dividends per share (thebe)	60	50
	<b>GROUP</b>	
	<b>2020 P '000s</b>	<b>2019 P '000s</b>
<b>9. OTHER RESERVES</b>		
<i>BODDs reserve</i>		
At beginning of the year	-	-
Transfer from retained earnings	4,168	-
At end of the year	<b>4,168</b>	-
<i>Rhino Fund reserve</i>		
At beginning of the year	-	-
Transfer from retained earnings	1,128	-
At end of the year	<b>1,128</b>	-
<i>Total other reserves</i>	<b>5,296</b>	-

Contributions for BODDs and Rhino fund are voluntary payments made by customers when booking certain packages and camps. These contributions are recorded as other income and amount spent of the respective activities are expensed. In order to ensure the transparency in managing these funds, Group has disclosed the unspent amount at the year-end in separate reserves within equity.





**NOTES TO THE  
FINANCIAL STATEMENTS** [CONTINUED]

for the year ended 29 February 2020

GROUP	Freehold property P '000s	Leasehold improvements P '000s	Aircraft P '000s	Game animals P '000s	Equipment and vehicles P '000s	Capital work in progress P '000s	Total P '000s
<b>10. PROPERTY, PLANT AND EQUIPMENT</b>							
<b>Year Ended 28 February 2019</b>							
Opening net book amount	171	56,982	58,743	6,844	32,820	12,585	168,145
Exchange difference on translation of foreign subsidiaries	-	(112)	-	-	(19)	-	(131)
Additions	-	24,240	27,230	-	19,872	11,059	82,401
Transfers from work in progress	-	12,109	-	-	9,185	(21,294)	-
Disposals	-	(3,974)	(8,640)	-	(1,893)	(138)	(14,645)
Depreciation on disposals	-	1,638	5,273	-	1,735	-	8,646
Depreciation	-	(9,097)	(4,908)	-	(11,811)	-	(25,816)
<b>Closing net book amount</b>	<b>171</b>	<b>81,786</b>	<b>77,698</b>	<b>6,844</b>	<b>49,889</b>	<b>2,212</b>	<b>218,600</b>
<b>At 28 February 2019</b>							
Cost	171	108,740	96,065	6,844	99,330	2,212	313,362
Accumulated depreciation	-	(26,954)	(18,367)	-	(49,441)	-	(94,762)
<b>Net book amount</b>	<b>171</b>	<b>81,786</b>	<b>77,698</b>	<b>6,844</b>	<b>49,889</b>	<b>2,212</b>	<b>218,600</b>
<b>Year Ended 29 February 2020</b>							
Opening net book amount	171	81,786	77,698	6,844	49,889	2,212	218,600
Exchange difference on translation of foreign subsidiaries	-	(72)	-	-	(31)	-	(103)
Additions	-	3,775	18,519	-	14,654	8,943	45,891
On acquisition of subsidiary	-	29,083	-	-	612	-	29,695
Transfers from work in progress	-	4,035	-	-	2,652	(6,687)	-
Write-off of work in progress	-	-	-	-	-	(58)	(58)
Disposals	-	(2,251)	(852)	-	(4,587)	-	(7,690)
Depreciation on disposals	-	1,517	852	-	4,140	-	6,509
Depreciation	-	(11,870)	(5,423)	-	(15,219)	-	(32,512)
<b>Closing net book amount</b>	<b>171</b>	<b>106,003</b>	<b>90,794</b>	<b>6,844</b>	<b>52,110</b>	<b>4,410</b>	<b>260,332</b>
<b>At 29 February 2020</b>							
Cost	171	143,310	113,732	6,844	112,630	4,410	381,097
Accumulated depreciation	-	(37,307)	(22,938)	-	(60,520)	-	(120,765)
<b>Net book amount</b>	<b>171</b>	<b>106,003</b>	<b>90,794</b>	<b>6,844</b>	<b>52,110</b>	<b>4,410</b>	<b>260,332</b>

Details of leasehold improvements held by way of leases are set out in note 30.



**NOTES TO THE  
FINANCIAL STATEMENTS** [CONTINUED]

for the year ended 29 February 2020

GROUP	2020 P '000s	2019 P '000s
<b>11. <u>GOODWILL</u></b>		
<b>Opening net book amount</b>	54,227	61,646
Impairment charge	-	(7,419)
<b>Closing net book amount</b>	<b>54,227</b>	<b>54,227</b>
Goodwill was allocated for impairment testing to individual cash generating units as follows :		
Camp Kanana (ex Ker And Downey (Botswana) Proprietary Limited)	6,065	6,065
Camp Okuti (ex Ker And Downey (Botswana) Proprietary Limited)	10,944	10,944
Camp Shinde (ex Ker And Downey (Botswana) Proprietary Limited)	3,301	3,301
Chobe Game Lodge Proprietary Limited	500	500
Desert & Delta Safaris Proprietary Limited	8,582	8,582
North West Air Proprietary Limited	4,749	4,749
Dinaka Safaris Proprietary Limited	19,142	19,142
Other (individually insignificant) cash generating units	944	944
	<b>54,227</b>	<b>54,227</b>

**Impairment tests for goodwill**

Management reviews the business performance by entity (comprised of the camps and the air maintenance operation) and goodwill is monitored by management at this level.

The recoverable amount has been determined based on a value in use calculations. These calculations use cash flow projections based on financial budgets approved by management. Cash flows have been projected only for the period of leases (for tourism operations) which are confirmed through contractual arrangements. Management considered this to be a more prudent approach than to estimate to perpetuity as the lease was unlikely to be renewed to perpetuity and would therefore be inappropriate.

For each of the entities with significant amount of goodwill, the key assumptions, growth rate and discount rate used in the value in use calculations are given in note 2 of the 'critical accounting estimates and assumptions' section.



**NOTES TO THE  
FINANCIAL STATEMENTS** [CONTINUED]

for the year ended 29 February 2020

GROUP	Land lease rights P '000s	Brand value P '000s	Customer relationships P '000s	Total P '000s
<b>12. INTANGIBLE ASSETS</b>				
<b>Year ended 29 February 2020</b>				
Opening net book amount	64,087	-	2,168	66,255
Arising on acquisition	15,382	-	-	15,382
Amortisation charge during the year	(5,327)	-	(309)	(5,636)
<b>Closing net book amount</b>	<b>74,142</b>	<b>-</b>	<b>1,859</b>	<b>76,001</b>
<b>At 29 February 2020</b>				
Cost	136,317	436	3,098	139,851
Accumulated amortisation	(62,175)	(436)	(1,239)	(63,850)
<b>Net book amount</b>	<b>74,142</b>	<b>-</b>	<b>1,859</b>	<b>76,001</b>
<b>Year ended 28 February 2019</b>				
Opening net book amount	68,696	218	2,478	71,392
Amortisation charge during the year	(4,609)	(218)	(310)	(5,137)
<b>Closing net book amount</b>	<b>64,087</b>	<b>-</b>	<b>2,168</b>	<b>66,255</b>
<b>At 28 February 2019</b>				
Cost	120,935	436	3,098	124,469
Accumulated amortisation	(56,848)	(436)	(930)	(58,214)
<b>Net book amount</b>	<b>64,087</b>	<b>-</b>	<b>2,168</b>	<b>66,255</b>

Land lease rights are amortised over the underlying lease period for the respective concessions.

Land lease rights relate to leasehold concessions acquired through the Group's investments in Ker And Downey (Botswana) Proprietary Limited, Desert & Delta Safaris Proprietary Limited, L.L. Tau Proprietary Limited, Okuti Safaris Proprietary Limited, Dinaka Safaris Proprietary Limited and Nellie Investments Proprietary Limited on which the following lodges and camps are operated:

	Cost P '000s	Accumulated Amortisation P '000s	Net Book Amount P '000s
Camp Kanana	16,090	(16,090)	-
Camp Okuti	30,004	(25,302)	4,702
Camp Shinde	7,451	(7,451)	-
Leroo La Tau Lodge	3,925	(1,211)	2,714
Camp Xakanaxa	39,125	(8,752)	30,373
Camp Dinaka	39,722	(3,369)	36,353
	<b>136,317</b>	<b>(62,175)</b>	<b>74,142</b>



**NOTES TO THE  
FINANCIAL STATEMENTS** (CONTINUED)

for the year ended 29 February 2020

	2020 P '000s	2019 P '000s
<b>13. INVESTMENT IN ASSOCIATE</b>		
<b>GROUP</b>		
Shares at cost	6,000	6,000
Total cost of investment	6,000	6,000
Less: Accumulated share of associated company losses	(3,239)	(2,373)
	<b>2,761</b>	<b>3,627</b>
<b>COMPANY</b>		
Total cost of investment	6,000	6,000
Impairment against investment	(3,719)	(2,862)
	<b>2,281</b>	<b>3,138</b>

Name of entity	Place of business	% ownership	Nature of relationship	Measurement method
Golden Wrap (Proprietary) Limited	Botswana	22.22%	Associate	Equity

Summarised financial information of the associate is as follows;

	2020 P '000s	2019 P '000s
Total assets	17,248	18,707
Total liabilities	6,879	4,443
Equity	<b>10,369</b>	<b>14,264</b>
Revenue	1,865	824
Loss for the year	(3,895)	(4,921)
<i>Reconciliation of net assets;</i>		
Balance at the beginning of the year	14,264	19,185
Loss for the year	(3,895)	(4,921)
Balance at the end of the year	<b>10,369</b>	<b>14,264</b>



**NOTES TO THE  
FINANCIAL STATEMENTS** [CONTINUED]

for the year ended 29 February 2020

**14. INVESTMENTS IN SUBSIDIARIES AND AMOUNTS DUE FROM/TO SUBSIDIARIES**

Chobe Holdings Limited had the following subsidiaries at 29 February 2020:

	Country of incorporation and place of business	Nature of business	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares directly held by the group (%)	Proportion of ordinary shares directly held by non- controlling interests (%)
Caprivi Fly Fishing Safaris (Proprietary) Limited	Namibia	Tour and safari operators.	100	100	-
Chobe Explorations Proprietary Limited	Botswana	Provision of management services.	100	100	-
Chobe Farms Proprietary Limited	Botswana	Rental of farm land and equipment.	66.67	66.67	33.33
Chobe Game Lodge Proprietary Limited	Botswana	Tour and safari operators.	100	100	-
Chobe Properties Proprietary Limited	Botswana	Lease holder and earns concession fee from operating company.	100	100	-
Desert & Delta Safaris Proprietary Limited	Botswana	Tour and safari operators.	100	100	-
Desert And Delta Safaris (SA) (Proprietary) Limited	South Africa	Reservation services and export of goods for lodges	100	100	-
Ker And Downey (Botswana) Proprietary Limited	Botswana	Tour and safari operators.	100	100	-
The Bookings Company Proprietary Limited	Botswana	Air charter tour operation provision.	100	100	-
Venstell Proprietary Limited	Botswana	Lease holder and earns concession fee from operating company.	100	100	-
North West Air Proprietary Limited	Botswana	Aircraft maintenance operations.	100	100	-
L.L. Tau (Proprietary) Limited	Botswana	Lease holder and earns concession fee from operating company.	100	100	-
Lloyds Camp (Proprietary) Limited	Botswana	Lease holder and earns concession fee from operating company.	100	100	-





**NOTES TO THE  
FINANCIAL STATEMENTS** [CONTINUED]

for the year ended 29 February 2020

**14. INVESTMENTS IN SUBSIDIARIES AND AMOUNTS DUE FROM/TO SUBSIDIARIES [continued]**

	Country of incorporation and place of business	Nature of business	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares directly held by the group (%)	Proportion of ordinary shares directly held by non- controlling interests (%)
Moremi Safaris (Proprietary) Limited	Botswana	Company did not have any operations during the year.	100	100	-
Kanana Ventures (Proprietary) Limited	Botswana	Company did not have any operations during the year.	100	100	-
Okuti Safaris Proprietary Limited	Botswana	Lease holder and earns concession fee from operating company.	100	100	-
Dinaka Safaris Proprietary Limited	Botswana	Safari operators.	100	100	-
Flavoured Properties Proprietary Limited	Botswana	Lease holder and earns concession fee from operating company.	100	100	-
Horizon Deep (Proprietary) Limited	Botswana	Lease holder and earns concession fee from operating company.	100	100	-
Sunbelly Ventures Proprietary Limited	Botswana	Lease holder and earns concession fee from operating company.	100	100	-
Nelie Investments Proprietary Limited	Botswana	Lease holder and earns concession fee from operating company.	100	100	-
Sedia Hotel Proprietary Limited	Botswana	Lease holder	100	100	-
Quadrum Proprietary Limited	Botswana	Sales of bed nights of camps and hotel rooms	100	100	-

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of shares held.



**NOTES TO THE  
FINANCIAL STATEMENTS** [CONTINUED]

for the year ended 29 February 2020

**14. INVESTMENTS IN SUBSIDIARIES AND AMOUNTS DUE FROM/TO SUBSIDIARIES [continued]**

		<b>COMPANY</b>	
		<b>2020 P '000s</b>	<b>2019 P '000s</b>
<b>Investments in subsidiaries</b>			
Ordinary shares at cost (note 14.1)		104,382	104,382
Provision against investment in subsidiaries (note 14.2)		(1,559)	(1,559)
		<b>102,823</b>	<b>102,823</b>
<b>14.1</b>	<i>Ordinary shares at cost</i>		
	Chobe Farms Proprietary Limited	213	213
	Chobe Game Lodge Proprietary Limited	875	875
	Desert & Delta Safaris Proprietary Limited	9,525	9,525
	North West Air Proprietary Limited	52	52
	Venstell Proprietary Limited	1,325	1,325
	Caprivi Fly Fishing Safaris (Proprietary) Limited	2,925	2,925
	The Bookings Company Proprietary Limited	22,102	22,102
	Ker And Downey (Botswana) Proprietary Limited	67,365	67,365
		<b>104,382</b>	<b>104,382</b>
<b>14.2</b>	<i>Provision against investments in subsidiaries</i>		
	Caprivi Fly Fishing Safaris (Proprietary) Limited	(1,559)	(1,559)
<b>Amounts due from subsidiaries</b>			
Chobe Properties Proprietary Limited		10,542	11,127
Chobe Explorations Proprietary Limited		-	134
		<b>10,542</b>	<b>11,261</b>
<b>Amounts due to subsidiaries</b>			
Chobe Game Lodge Proprietary Limited		(6,464)	(7,186)
Chobe Explorations Proprietary Limited		(1,080)	-
		<b>(7,544)</b>	<b>(7,186)</b>

Amounts due from subsidiaries are unsecured and interest is charged at an additional 150 basis points (2019: 150 bps) over the Bank of Botswana lending rate.

There were no subsidiaries with material non-controlling interests and hence no disclosures for summarised financial information has been presented.



**NOTES TO THE  
FINANCIAL STATEMENTS** [CONTINUED]

for the year ended 29 February 2020

	GROUP		COMPANY	
	2020 P '000s	2019 P '000s	2020 P '000s	2019 P '000s
<b>15. INVENTORIES</b>				
Food and beverages	1,330	1,440	-	-
Inventory for resale (curios)	2,149	1,865	-	-
Fuel	1,100	1,692	-	-
Spares	4,213	5,153	-	-
Stock in transit	13	-	-	-
Consumables	2,658	2,813	-	-
	<b>11,463</b>	<b>12,963</b>	<b>-</b>	<b>-</b>
<b>16. TRADE AND OTHER RECEIVABLES</b>				
Trade receivables	6,823	3,320	-	-
Prepayments	8,103	8,646	-	-
Other receivables	2,820	2,189	-	-
Related parties (note 26)	569	2,370	-	2,363
	<b>18,315</b>	<b>16,525</b>	<b>-</b>	<b>2,363</b>
The fair value of financial assets included in trade and other receivables are as follows:				
Trade receivables	6,823	3,320	-	-
Other receivables excluding VAT	718	2,189	-	-
Receivables from related parties (note 26)	569	2,370	-	2,363
	<b>8,110</b>	<b>7,879</b>	<b>-</b>	<b>2,363</b>
The age analysis of these trade receivables is as follows:				
Up to 3 months	5,001	2,836	-	-
3 to 6 months	1,822	484	-	-
	<b>6,823</b>	<b>3,320</b>	<b>-</b>	<b>-</b>
Please refer financial risk management for group's trade and other receivables that are denominated in currencies other than Botswana Pula.				
The other classes within trade and other receivables do not contain impaired assets and are not past due. It is expected that these amounts will be received when due. The group does not hold any collateral in relation to these receivables.				
<b>17. CASH AND CASH EQUIVALENTS</b>				
Cash at bank and in hand	51,632	45,649	588	259
Short term bank deposits	12,101	20,408	-	-
	<b>63,733</b>	<b>66,057</b>	<b>588</b>	<b>259</b>
Cash and cash equivalents include the following for the purpose of the statement of cash flows:				
Cash and cash equivalents	<b>63,733</b>	<b>66,057</b>	<b>588</b>	<b>259</b>



**NOTES TO THE  
FINANCIAL STATEMENTS** [CONTINUED]

for the year ended 29 February 2020

	GROUP & COMPANY	
	2020 P '000s	2019 P '000s
<b>18. STATED CAPITAL</b>		
Ordinary shares	<b>102,899</b>	<b>102,899</b>
Stated capital consists of 89 439 642 (2019: 89 439 642) fully paid ordinary shares of no par value.		
	2020 No. of shares 000's	2019 No. of shares 000's
<i>Directors' interests:</i>		
The directors, on the year end date, held, directly or indirectly, the following ordinary shares:		
R Gerrard	749	749
AC Dambe	5,207	5,207
JM Gibson	2,885	2,836
BD Flatt	-	13
AM Whitehouse (through Angold Proprietary Limited)	7,628	7,628
JM Nganunu-Macharia	128	128

In addition to the shares held directly by JM Gibson, 28 550 406 (2019: 28 550 406) ordinary shares are held by African Finance Holdings Limited which is owned by the Beacon Trust, a discretionary trust of which JM Gibson is a potential discretionary beneficiary.

BD Flatt held Nil (2019: 227 080) shares indirectly through Javelin Services Proprietary Limited.

JDM Investments Proprietary Limited, a company partly owned by JM Nganunu-Macharia held 5 046 939 (2019: 5 046 939) shares.



**NOTES TO THE  
FINANCIAL STATEMENTS** (CONTINUED)

for the year ended 29 February 2020

	GROUP		COMPANY	
	2020 P '000s	2019 P '000s	2020 P '000s	2019 P '000s
<b>19. DEFERRED INCOME TAX</b>				
The movement of deferred tax assets and deferred tax liabilities is as follows:				
<b>Deferred tax liabilities</b>				
Beginning of the year	21,376	25,364	-	-
Transfer from deferred tax asset	-	(2,269)	-	-
Income statement charge	1,603	(1,706)	-	-
Effect of foreign currency differences	(12)	(13)	-	-
End of the year	<b>22,967</b>	<b>21,376</b>	-	-
<b>Deferred tax assets</b>				
Beginning of the year	3,327	4,528	-	-
Transfer to deferred tax liability	-	(2,269)	-	-
Income statement charge	76	1,068	-	-
End of the year	<b>3,403</b>	<b>3,327</b>	-	-
The net deferred income tax liability arises from the following:				
Accelerated tax depreciation	17,292	16,784	-	-
Deferred tax on losses	(242)	(532)	-	-
IFRS 16 leases	(3,304)	-	-	-
Deferred lease liabilities	-	(2,741)	-	-
Other	5,818	4,538	-	-
	<b>19,564</b>	<b>18,049</b>	-	-
Deferred income tax assets are recognised for the tax loss carry-forwards to the extent that the realisation of the related tax benefits through future taxable profit is probable.				
Deferred tax assets and liabilities are to be recovered after more than 12 months.				
<b>20. ADVANCE TRAVEL RECEIPTS</b>	<b>31,543</b>	<b>29,752</b>	-	-

These represent advances received for future bookings secured in advance of travel.





**NOTES TO THE  
FINANCIAL STATEMENTS** [CONTINUED]

for the year ended 29 February 2020

	GROUP		COMPANY	
	2020 P '000s	2019 P '000s	2020 P '000s	2019 P '000s
<b>21. TRADE AND OTHER PAYABLES</b>				
Trade payables	9,815	13,083	-	-
Royalty payable	10,086	9,422	-	-
Employee benefit obligations	8,416	8,403	-	-
Lease liabilities	-	1,160	-	-
Other payables	14,443	13,370	361	179
Dividend payable	1,720	1,354	1,720	1,354
	<b>44,480</b>	<b>46,792</b>	<b>2,081</b>	<b>1,533</b>
<b>22. NET CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before finance costs and tax	137,563	112,318	53,201	50,485
Depreciation (note 10 and note 27)	37,175	25,816	-	-
Amortisation of intangible assets (note 12)	5,636	5,137	-	-
Withholding tax on dividends earned	-	-	(4,351)	(3,626)
Provision of impairment in associate	-	-	857	1,523
Release of impairment in subsidiary	-	-	-	(5,178)
Impairment charge - related party receivable	2,053	-	2,053	-
Net loss on disposal of property, plant and equipment	667	4,868	-	-
Straight lining impact of operating leases	-	1,695	-	-
Arising on conversion of investments in foreign subsidiaries	(140)	(516)	-	-
Impairment charge-Goodwill (note 11)	-	7,419	-	-
Increase in inventory	1,500	692	-	-
(Increase)/decrease in receivables and prepayments	(8,843)	(4,226)	310	(2,363)
(Decrease)/increase in trade and other payables	(7,312)	5,282	548	(3,035)
Increase in advance travel receipts	1,791	2,469	-	-
	<b>170,090</b>	<b>160,954</b>	<b>52,618</b>	<b>37,806</b>
			GROUP	
			2020 P '000s	2019 P '000s
<b>23. DEFERRED LEASE OBLIGATIONS</b>				
At the beginning of the year			12,457	10,762
Raised during the year			-	1,695
Adjustment against right-of-use asset on adoption of IFRS 16 (note 27)			(12,457)	-
At the end of the year			<b>-</b>	<b>12,457</b>



**NOTES TO THE  
FINANCIAL STATEMENTS** [CONTINUED]

for the year ended 29 February 2020

	GROUP		COMPANY	
	2020 P '000s	2019 P '000s	2020 P '000s	2019 P '000s
<b>24. FINANCIAL INSTRUMENTS</b>				
<b>Financial instruments by category</b>				
	<b>Financial assets at amortised cost</b>		<b>Financial assets at amortised cost</b>	
<b>Assets as per statement of financial position</b>				
Trade and other receivables excluding prepayments	8,110	7,879	-	2,363
Amounts due from subsidiaries (note 14)	-	-	10,542	11,261
Cash and cash equivalents (note 17)	63,733	66,057	588	259
Total	<b>71,843</b>	<b>73,936</b>	<b>11,130</b>	<b>13,883</b>
	<b>Financial liabilities at amortised cost</b>		<b>Financial liabilities at amortised cost</b>	
<b>Liabilities as per statement of financial position</b>				
Amounts due to subsidiaries (note 14)	-	-	7,544	7,186
Lease liabilities (note 28)	55,613	-	-	-
Trade and other payables excluding non-financial liabilities	25,163	31,017	2,081	1,533
Total	<b>80,776</b>	<b>31,017</b>	<b>9,625</b>	<b>8,719</b>

The carrying amount of financial assets and financial liabilities at amortized cost given in the above table approximate to their fair values.



## NOTES TO THE FINANCIAL STATEMENTS [CONTINUED]

for the year ended 29 February 2020

### 25. BUSINESS COMBINATION

#### Summary of acquisition

On 1 August 2019, the Group through its wholly owned subsidiary Desert & Delta Safaris Proprietary Limited acquired the entire shareholding in Quadrum Proprietary Limited and its associated lease-holding company Sedia Hotel Proprietary Limited. Quadrum Proprietary Limited trading as Sedia Riverside Hotel operates a 2-star hotel. The hotel has 24 standard rooms, 2 one-bedroom cottages and 5 two-bedroom cottages. Additional facilities offered by the hotel include conference facilities, camping grounds and ablutions and a swimming pool and a restaurant. There is a 50-year leasehold interest held by Sedia Hotel Proprietary Limited which commenced in 1987, renewable for a further 50 years.

The Group determined this to be a business combination by analysing the underlying agreement and activities of the subsidiaries. Quadrum Proprietary Limited and Sedia Hotel Proprietary Limited are considered as one Cash Generating Unit ("CGU") as it is one operating business which owns the underlying property and operates the hotel business. The Group engaged external experts to assist with the identification and valuation of the tangible and intangible assets acquired through the transaction.

#### The valuation basis was as follows:

Hotel Property - Income capitalisation approach.

No values were assigned to the intangible assets identified (i.e. the brand and customer relationships) as these were not deemed to have meaningful values as this is considered a transit hotel.

The sensitivities of the key variables in assessing the fair value of property.

Cap rate - 12%	1% increase in cap rate will reduce the fair value by P2.4Mn and 1% decrease in cap rate will increase the fair value by P2.8Mn.
Net rental - 3.7Mn	10% increase/decrease net rentals will change the fair value by P3.1Mn

#### Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	P '000s
Purchase consideration - paid	25,000
Purchase consideration - payable	5,000
Total	<b>30,000</b>
The assets and liabilities recognised as a result of the acquisition are as follow:	
	Fair value P '000s
Property	29,695
Goodwill	305
	<b>30,000</b>

The goodwill is not recognised as it is immaterial.

The newly acquired business contributed P5.06Mn to group revenue for the year and a loss of P1.08Mn to the before tax profits.



**NOTES TO THE  
FINANCIAL STATEMENTS** [CONTINUED]

for the year ended 29 February 2020

**26. RELATED PARTY TRANSACTIONS**

The following transactions took place with related parties during the year:

*Interest paid - subsidiary*

Chobe Game Lodge Proprietary Limited  
Chobe Explorations Proprietary Limited

*Interest received - subsidiaries*

Chobe Game Lodge Proprietary Limited  
Chobe Explorations Proprietary Limited  
Chobe Properties Proprietary Limited

*Receivables from related parties*

Golden Wrap (Proprietary) Limited  
Less : impairment against the receivable

JM Gibson

JK Gibson

**Directors remuneration**

*Key management compensation*

Salaries and other short-term employee benefits to executive directors

BD Flatt

RD Gerrard

JM Gibson

*Dividend paid to related parties*

African Finance Holdings Limited  
Javelin Services Proprietary Limited  
JDM Investments Proprietary Limited  
JM Gibson  
JM Nganunu-Macharia  
RD Gerrard  
AC Dambe  
BD Flatt  
Angold Proprietary Limited

*Dividends received from related parties*

Desert & Delta Safaris Proprietary Limited  
Chobe Game Lodge Proprietary Limited

	GROUP		COMPANY	
	2020 P '000s	2019 P '000s	2020 P '000s	2019 P '000s
	-	-	372	107
	-	-	-	53
	<b>-</b>	<b>-</b>	<b>372</b>	<b>160</b>
	-	-	-	207
	-	-	20	-
	-	-	719	691
	<b>-</b>	<b>-</b>	<b>739</b>	<b>898</b>
	2,615	2,363	2,053	2,363
	(2,053)	-	(2,053)	-
	<b>562</b>	<b>2,363</b>	<b>-</b>	<b>2,363</b>
	5	7	-	-
	2	-	-	-
	<b>569</b>	<b>2,370</b>	<b>-</b>	<b>2,363</b>

	GROUP	
	2020 P '000s	2019 P '000s
	-	4,863
	3,755	3,498
	2,964	2,667
	<b>6,719</b>	<b>11,028</b>
	17,130	14,275
	136	114
	3,028	2,523
	1,701	1,443
	77	-
	450	375
	3,125	2,603
	8	7
	4,577	3,814
	<b>30,231</b>	<b>25,154</b>

	COMPANY	
	2020 P '000s	2019 P '000s
	48,015	18,346
	10,000	30,000
	<b>58,015</b>	<b>48,346</b>



**NOTES TO THE  
FINANCIAL STATEMENTS** [CONTINUED]

for the year ended 29 February 2020

	<b>GROUP</b>	
	<b>2020 P '000s</b>	<b>2019 P '000s</b>
<b>27. RIGHT-OF-USE ASSETS</b>		
Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset as follows;		
<b>Land lease rights</b>		
Opening balance	-	-
Initial recognition	57,728	-
Less: Offset of deferred lease obligation (note 23)	(12,457)	-
Depreciation charge	(4,663)	-
Closing balance	<b>40,608</b>	-
<b>28. LEASE LIABILITIES</b>		
Opening balance	-	-
Initial recognition	57,728	-
Accretion of interest	3,688	-
Repayment	(5,803)	-
Closing balance	<b>55,613</b>	-
The weighted average incremental borrowing rate for lease liabilities initially recognised as of 1 March 2019 was 6.5% per annum.		
Current	2,777	-
Non-current	52,836	-
	<b>55,613</b>	-
The maturity analysis of lease liabilities is as follows:		
No later than 1 year	2,777	-
Later than 1 year and no later than 5 years	17,370	-
More than 5 years	35,466	-
Total	<b>55,613</b>	-
Gross lease payable	77,718	-
Less: Future interest	(22,105)	-
Net lease payable	<b>55,613</b>	-



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 29 February 2020

### 29. SEGMENTAL REPORT

#### Business Segments

The group's operating businesses are organised and managed separately according to the nature of products and services offered by each of such segments representing a strategic business unit. The group is organised into three principal business areas and these constitute three reportable segments as follows:

Camp, lodge and safari operations	Offering full-service accommodation and game viewing services to guests at the group's camps and lodges
Transfers and touring	Offering air, road and water transfers to and between the group's camps and lodges and those of other tour operators
Aircraft maintenance operations	Offering a suite of aircraft maintenance services.
Other	Including farming, property rental and miscellaneous operations

The company's Board of Directors acts as the Chief Operating Decision Maker ("CODM") of the group and assesses performance of the operating units based on the measure of profit before tax. This measurement basis assesses performance on bases of recognition and measurement which are consistent with the accounting policies of the group.

Revenue is derived from a very broad and diversified customer base, primarily from the United States of America, Europe and SADC region.

	Camp lodge and safari operations		Transfer and touring	
	2020 P'000's	2019 P'000's	2020 P'000's	2019 P'000's
<b>Group statement of comprehensive income</b>				
<b>Revenue</b>	310,374	286,921	95,754	81,297
Operating profit for the year before items listed below	155,551	126,317	20,250	8,749
Depreciation and amortisation	(35,208)	(24,182)	(5,470)	(4,955)
Operating profit	<b>120,343</b>	<b>102,135</b>	<b>14,780</b>	<b>3,794</b>
Net finance income/(costs)	(2,343)	908	(138)	18
<b>Reportable segment profit</b>	<b>118,000</b>	<b>103,043</b>	<b>14,642</b>	<b>3,812</b>
<b>Reconciliation of reportable segment profit to profit before taxation</b>				
Total profit for reportable segment				
Share of net loss of associates accounted for using the equity method				
<b>Profit before taxation</b>				
Taxation				
<b>Profit after taxation</b>				
<b>Total assets</b>	<b>409,495</b>	<b>337,086</b>	<b>99,764</b>	<b>81,573</b>
<b>Total liabilities</b>	<b>(115,966)</b>	<b>(74,482)</b>	<b>(27,522)</b>	<b>(20,752)</b>
<b>Capital expenditure during the year</b>	<b>25,956</b>	<b>54,920</b>	<b>18,519</b>	<b>27,230</b>





**NOTES TO THE  
FINANCIAL STATEMENTS** [CONTINUED]

for the year ended 29 February 2020

Aircraft maintenance operations		Other		Inter segment elimination		Total	
2020 P'000's	2019 P'000's	2020 P'000's	2019 P'000's	2020 P'000's	2019 P'000's	2020 P'000's	2019 P'000's
29,076	46,849	3,242	2,858	(64,505)	(78,335)	373,941	339,590
4,059	7,914	514	291	-	-	180,374	143,271
(2,039)	(1,759)	(94)	(57)	-	-	(42,811)	(30,953)
<b>2,020</b>	<b>6,155</b>	<b>420</b>	<b>234</b>	-	-	<b>137,563</b>	<b>112,318</b>
(946)	(1,318)	(4)	-	-	-	(3,431)	(392)
<b>1,074</b>	<b>4,837</b>	<b>416</b>	<b>234</b>	-	-	<b>134,132</b>	<b>111,926</b>
						134,132	111,926
						(866)	(1,094)
						<b>133,266</b>	<b>110,832</b>
						(35,871)	(29,307)
						<b>97,395</b>	<b>81,525</b>
<b>22,138</b>	<b>26,297</b>	<b>1,834</b>	<b>1,378</b>	-	-	<b>533,231</b>	<b>446,334</b>
(15,176)	(20,173)	(328)	(188)	-	-	(158,992)	(115,595)
<b>527</b>	<b>251</b>	<b>889</b>	-	-	-	<b>45,891</b>	<b>82,401</b>

**NOTES TO THE  
FINANCIAL STATEMENTS** [CONTINUED]

for the year ended 29 February 2020

**30. LEASES**

The Group holds the following operating leases:

***Chobe Game Lodge Proprietary Limited***

Agreement between the Government of Botswana, Chobe Game Lodge Proprietary Limited and Chobe Properties Proprietary Limited dated 28 July 1983 for lease over Area No. 8-RO, representing 42 Acres in the Chobe National Park. Lease period of 30 years expiring 28 July 2013. Thereafter there is an option to renew for a further twenty years expiring 28 July 2033. The leaseholder has exercised this option in accordance with the terms of the underlying agreement and is awaiting a confirmation from the Government of the Republic of Botswana. Annual rent is the greater of:

1. 0.5% of Chobe Game Lodge Proprietary Limited's gross revenue, or
2. P6 000 plus the cumulative national inflation rate from 28 July 1983

Currently the 0.5% of gross revenue calculation is greater. Rent in respect of the year ended 29 February 2020 was P445 196 (28 February 2019: P424 825).

***Desert & Delta Safaris Proprietary Limited*****Camp Moremi**

The land on which the camp is built, is held by way of a lease with Tawana Land Board. The lease commenced on 1 January 2013 for a fifteen year period expiring on 31 December 2027. The company has the option to renew this lease for a further fifteen years from 1 January 2028. The initial annual lease rental is P475 200 escalating at 10% per annum plus a resource royalty of 6% of gross revenue generated by the company from tourism related operations at the camp.

**Camp Okavango**

The contract area is held by way of lease from The Government of the Republic of Botswana through the Ministry of Environment, Natural Resource Conservation and Tourism. The lease commenced on 9 March 2015 for a period of fifteen years expiring on 31 March 2030. The company has the option to renew this lease for a further fifteen years from 1 April 2030. The initial land rent is P 475 200 and escalates at 10% per annum. Resource utilisation royalty is calculated at 6% of the annual gross income derived from tourism related activities effective from 1 January 2017.

**Savuti Safari Lodge**

The land on which the camp is built, is held by way of a lease between Botswana Government and Lloyds Camp (Proprietary) Limited, a 100% subsidiary of the company. The lease commenced on 1 January 2013 for a fifteen year period expiring on 31 December 2027. The company has the option to renew this lease for a further fifteen years from 1 January 2028. The initial annual lease rental is P 360,000 and resource utilisation royalty calculated at 4% of annual gross income generated from tourism related activities.

**Xugana Island Lodge**

The land on which the camp is built, is held by way of a lease between Tawana Land Board and Venstell Proprietary Limited, (a 100% subsidiary of Chobe Holdings Limited) which commenced on 1 January 1979. The lease has expired on 31 December 2018. The camp remains in operation pending renewal of the lease. The annual rental is P 200,000 effective from 1 January 2004 and a resource royalty of 4% on gross revenue generated by the company from the tourism related operations at the camp.

**Camp Xakanaka**

The land on which the camp is built, is currently held by way of a lease between Tawana Land Board and Desert & Delta Safaris Proprietary Limited, (a 100% subsidiary of Chobe Holdings Limited). The current lease commenced on 1 January 2013 and shall endure for fifteen years expiring on 31 December 2027. The company has the right to renew this agreement for a further period of fifteen years from 1 January 2028. The annual rental P475 200 with an escalation of 10% per annum and a resource utilisation royalty is calculated at 6% of revenue generated from the tourism related operations at the camp.

**NOTES TO THE  
FINANCIAL STATEMENTS** [CONTINUED]

for the year ended 29 February 2020

**30. LEASES [continued]****Leroo La Tau Lodge**

The camp, situated at Khumaga, is subject to a fifty year lease between Ngwato Land Board and L.L.Tau (Proprietary) Limited, a 100% subsidiary of the company. The lease can be renewed for a further period of 50 years subject to various non-onerous conditions. The lease commenced on 27 May 1996. The annual rental payable is P 74,441.

In addition, Desert & Delta Safaris Proprietary Limited has a lease over a Government land, Botswana with the Tawana Land Board which commenced on 3 March 1998 for 50 years with an option to renew for a further 50 years. Annual rentals amount to P 1 114. The rent payable is subject to review after every five years from the date of grant.

***Ker And Downey (Botswana) Proprietary Limited*****Camp Kanana**

The contract area was originally leased to Kanana Ventures Proprietary Limited by the Tawana Land Board. The lease started 1 January 2013 and endured for a period of fifteen years until 31 December 2027. The initial land rental is P 360,000 escalating annually at 10%. Resource utilisation royalty is calculated at 6% of the annual gross income derived from tourism related activities. In 2017, the lease was transferred to Ker And Downey (Botswana) Proprietary Limited on substantially the same terms. However, the lease start date was amended to a start date of 20 December 2015, maturing on to December 2030. Management continues to account for the obligations bolted on the terms of the original agreement.

**Camp Shindi**

The contract area is held by way of lease from The Government of the Republic of Botswana through the Ministry of Environment, Natural Resource Conservation and Tourism. The lease commenced on 10 March 2015 for a period of fifteen years expiring on 31 March 2030. The company has the option to renew this lease for a further fifteen years from 1 April 2030. The initial annual land rent is P 1 000 000 and escalates at 10% per annum. Resource utilisation royalty is calculated at 6% of the annual gross income derived from tourism related activities effective from 1 January 2017.

**Camp Okuti**

The property is held by way of a lease with Tawana Land Board by Okuti Safaris Proprietary Limited, a 100% subsidiary of the company. The lease commenced on 15 May 2007 for a fifteen year period to 14 May 2022. The lessee has the option to renew this lease for a further fifteen years from 15 May 2022. The company has started the renewal process for a further period of fifteen years. The annual rental is P 200,000 effective from 15 May 2007 escalating at 5% per annum plus a resource royalty of 4% on gross revenue generated by the company from tourism related operations at the camp.

**Camp Dinaka**

The entities Flavoured Properties Proprietary Limited, Horizon Deep (Proprietary) Limited, Sunbelly Ventures Proprietary Limited hold an estimated 17400 hectares of adjoining land in the Heinaveld area through leases with the Tawana Land Board. All three leases commenced in 1990 and expire in 2040 with an option to renew for a further 50 years.

In addition, Ker And Downey (Botswana) Proprietary Limited has a lease over a Government land, Botswana with the Tawana Land Board which commenced on 2 June 1998 for 50 years with an option to renew for a further 50 years. Annual rentals amount to P161. The rent payable is subject to review after every five years from the date of grant.

***Caprivi Fly Fishing Safaris (Proprietary) Limited (Chobe Savanna Lodge)***

Permission to occupy granted by the Minister of Lands, Resettlement and Rehabilitation of Namibia to Caprivi Fly Fishing Safaris (Proprietary) Limited, for 10 hectares of land at Maliazo in the Caprivi Region, dated 14 May 2002, with no stated termination date. Rental is P 367 (N\$480) per annum.



## NOTES TO THE FINANCIAL STATEMENTS [CONTINUED]

for the year ended 29 February 2020

### 30. LEASES [continued]

#### **Caprivi Fly Fishing Safaris (Proprietary) Limited (Kabulabula Lease)**

Permission to occupy granted by the Minister of Lands, Resettlement and Rehabilitation of Namibia to Andre Pieter van Aardt, trading as Caprivi Fly Fishing Safaris (Proprietary) Limited, for 10 hectares of land at Kabulabula in the Caprivi Region, dated 27 April 1998, with no stated termination date. Rental of P 367 (N\$ 480) per annum.

#### **Chobe Farms Proprietary Limited**

Leasehold property is held by way of an agreement between Chobe Land Board and Chobe Farms Proprietary Limited for the lease of approximately 342 Hectares known as Farm Nyungwe Valley in the Chobe Tribal. Either party may terminate the lease on giving of six months notice. The lease commenced on 1st April 1985 for a period of twenty five years, renewable at the option of the grantee, which option has been exercised up to 31st March 2035. The rental, which is subject to review by the grantor every five years, is presently P 5 800 per annum.

#### **Sedia Hotel Proprietary Limited**

Leasehold property is held by way of an agreement between Tawana Land Board and Sedia Hotel Proprietary Limited for the lease of approximately 6.9 Hectares in the Batawana tribal area in the Sedia village/ward. The lease commenced on 6 September 1987 for a period of 50 years, renewable for another 50 years at the option of the lessee. The rental, which is subject to review by the lessor every five years, is P 1 705 per annum as per the agreement. This land is being used by Quadrum Proprietary Limited for the operations of Sedia Riverside Hotel.

#### **Nelie Investments Proprietary Limited**

Nelie Investments Proprietary Limited has lease rights over two adjoining lands namely OM 94 and OM 95 situated in the Batawana tribal area in the Hainaveld - Ranch OM-94 village/ward measuring 5612.4 Hectares and situated in the Batawana tribal area in the Hainaveld - Ranch OM-95 village/ward measuring 4641.990 Hectares respectively. OM 94 plot's agreement is from 4th October 1990 to 4th October 2040 at an annual rental of P3,929. OM 95 plot's agreement is from 16th August 1990 to 16th August 2040 at an annual rental of P3,249. Both rentals are subject to review after every 5 years and renewable for further 50 years.

### 31. PENSION FUND

The group obtained approval from Non-Bank Financial Institutions Regulatory Authority on the 01 June 2012 for setting up the Chobe Holdings Staff Pension Fund and approval as a participant under Alexander Forbes Retirement Fund. The fund is a defined contribution fund with employer and employee contributing 10% and 7.5% of basic pay respectively.

The Group's contribution to the fund for the year ended 29 February 2020 and 28 February 2019 is as follows:

Company	2020 P'000s	2019 P'000s
Chobe Game Lodge Proprietary Limited	592	566
Desert & Delta Safaris Proprietary Limited	1,206	901
Ker And Downey (Botswana) Proprietary Limited	839	660
The Bookings Company Proprietary Limited	157	139
North West Air Proprietary Limited	337	225
Total	<b>3,131</b>	<b>2,491</b>

### 32. CONTINGENT LIABILITIES

The group had no exposure at the year end.

### 33. COMMITMENTS

#### **Capital commitments**

There were P 6 563 405 capital commitments contracted, but not paid for as at the reporting date (2019: P nil).

**NOTES TO THE  
FINANCIAL STATEMENTS** [CONTINUED]

for the year ended 29 February 2020

**34. GOING CONCERN AND EVENTS AFTER THE REPORTING DATE*****Impact of COVID-19 on the group's operations and going concern***

The Group's customers are predominantly from Europe and North America. These locations were already affected by COVID-19 prior to year end and the Group experienced several cancellations/deferrals of bookings at the time of preparing these financial statements. Therefore, the effect of COVID-19 is an adjusting event for the Group.

As a result of the spread of the COVID-19, economic uncertainties have arisen which are likely to negatively impact the tourism sector in Botswana and consequently, the profitability of the Group. The extent of the impact of COVID-19 on the Group's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and impact on the economy, employees, customers, suppliers, all of which are uncertain at this time.

The Group has implemented measures to manage the risk to its people and business, including international business travel restrictions, self-quarantine for people displaying flu-like symptoms and comprehensive hygiene awareness campaigns. Additionally, the Group has put all its camps on care and maintenance to minimise costs whilst preserving its camps. The Group's marketing push of "don't cancel, defer" has also been largely successful with more than 70% of the confirmed bookings that were scheduled to travel in the period April – June 2020 deferring their travel to 2021.

The Group recognises the importance of prioritising its cash resources towards preservation of assets, employee retention and marketing to secure the future bookings. The Directors have therefore elected to defer the declaration of a dividend until such time as the Group's earnings are restored and its cash flows return to normal.

The Group's ability to continue as a going concern in the foreseeable future is inherently uncertain as it is based on the expectations of future events, including the length of the closure period, timing of return to "normal" level of operations, particularly resumption of international travel, all of which are dependent upon development of a successful treatment and/or vaccine for the COVID-19 virus and return to economic stability, the timing of which is currently unknown. Therefore, there is a material uncertainty which might cast significant doubts on the Group's ability to continue as a going concern. Consequently, the Group might not be able to realise its assets and discharge its liabilities in the normal course of business.

However, as of the reporting date, the Group's cash balances amount to P63.7Mn and its current assets exceed its current liabilities by P12.7Mn. In addition, the Group has an unutilised overdraft facility of P25Mn, which the directors are of the view will remain available to Group for at least the next 12 months from the date of this report. The Group's forecasts on a scenario of having no revenue for the next 12 months indicate that the Group has access to sufficient funds to settle its obligations as and when they fall due, and to finance its expected future operating losses. In carrying out the above assessment, the directors have considered the following:

1. Inventories and prepayments have been excluded in the assessment because, in a scenario where the Group is assumed not to be in operation, it will not be able to realise its inventories.
2. Given that 70% of customers have deferred their current travel, current liabilities related to travel advances have therefore been estimated to be 30% of the advances as at 29 February 2020.
3. Net cash inflows during the March 2020 amounting to P 7Mn.
4. Financing cash outflows from operating losses until February 2021 through cash and cash equivalents available as at the year-end and drawing part of unutilised overdraft facilities of P 25Mn.

Consequently, the Group is of the view that it will be a going concern for the foreseeable future and these financial statements have been prepared on that basis. There are no any other events after the reporting date which require adjustment or disclosure in the financial statements.



CHOBÉ HOLDINGS LIMITED

## NOTICE OF ANNUAL GENERAL MEETING

for the year ended 29 February 2020

Notice is hereby given that the 2020 annual general meeting of Chobe Holdings Limited will be held at the Avani Gaborone Hotel & Casino, Gaborone, on Tuesday 11th August 2020 at 5.00pm for the following purposes:

1. To read the notice convening the meeting and ascertain the quorum required to constitute the meeting.

### ORDINARY BUSINESS:

2. To receive, consider and adopt the audited financial statements for the year ended 29 February 2020 together with the directors' and auditor's reports thereon
3. To approve the zero distribution of a dividend as recommended by the Directors
4. To re-elect the following directors who retire in accordance with the Constitution and, being eligible, offer themselves for re-election. Motions for re-election will be moved individually.
  - a) A.C. Dambe
  - b) K. Ledimo
  - c) J.M. Nganunu-Macharia
5. To appoint the following directors who, being eligible, offer themselves for appointment. Motion for appointment will be moved individually.
  - a) J.K. Gibson
  - b) S.D.S. Fernando
6. To approve the remuneration for the directors for the year ended 29 February 2020.
7. To appoint PricewaterhouseCoopers as auditors for the ensuing year.
8. To approve auditors' remuneration for the year ended 29 February 2020.
9. To transact such other business as may be transacted at an annual general meeting.

In the event that members wish to nominate any person(s) as directors other than one of the directors retiring, they should deliver to the company secretary, not less than five clear days before the date of the meeting, a nomination signed by a member qualified to attend and vote at the meeting, with notice signed by the nominated person(s) that they are willing to be elected as directors.

A member to attend and vote may appoint a proxy to attend and vote on his/her behalf and such proxy need not also be a member of the Company. The instructions appointing such a proxy must be deposited at the registered office of the Company not less than 48 hours before the meeting.

**By order of the Board  
10 July 2020**





CHOBH HOLDINGS LIMITED

## PROXY FORM

for the year ended 29 February 2020

For use at the annual general meeting of ordinary shareholders of the Company to be held at the Avani Gaborone Hotel & Casino, Gaborone on Tuesday 11 August 2020.

I/We .....

The Holder of ..... ordinary shares, being a member of the Company and entitled to vote, do hereby appoint (see note 1):

1 ..... or failing him/her

2 ..... or failing him/her

3 ..... or failing him/her

### THE CHAIRMAN OF THE ANNUAL GENERAL MEETING

as my/our proxy to act for me/us at the annual general meeting which will be held at the Avani Gaborone Hotel & Casino, Gaborone, on Tuesday 11 August 2020 for the purpose of considering and, if deemed fit, passing, with or without modification the resolutions to be proposed thereat and at each adjournment thereof and to vote on the resolutions in respect of the ordinary shares registered in my/our name/s with the following instructions (see note 2):

	NUMBER OF VOTES (ONE VOTE PER ORDINARY SHARE)		
	IN FAVOUR OF	AGAINST	ABSTAIN
2. Adoption of the audited financial statements			
3. Approval of recommended dividend			
4. To re-elect retiring directors			
(a) A.C. Dambe			
(b) K. Ledimo			
(c) J.M. Nganunu-Macharia			
5. To appoint directors			
a) J.K. Gibson			
a) S.D.S. Fernando			
6. Approval of directors' remuneration			
7. Appointment of auditors			
8. Approval of auditors' remuneration			

Insert the number of votes in the relevant spaces above according to how you wish your votes to be cast.

Signed at ..... on the ..... day of ..... 2020

Signature ..... Assisted by me (where applicable) .....

Each member is entitled to appoint one or more proxies (none of whom need to be a member of the company) to attend, speak, and on a poll, vote in place of that member at the extraordinary general meeting.

Please read the notes on the reverse hereof.



## NOTES

for the year ended 29 February 2020

1. A member may insert the name of the proxy or the names of two alternative proxies of the member's choice in the spaces provided, with or without deleting "the Chairperson of the annual general meeting", but any such deletion must be initialed by the member. The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as a proxy to the exclusion of those whose names follow.
2. Insert the number of votes in the relevant spaces overleaf according to how you wish your votes to be cast. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the member's votes exercisable thereat. A member or the proxy is not obliged to use all the votes exercisable by the member of the total of the votes exercisable by the member or by the proxy.
3. Forms of proxy must be received at the Company's registered office by not later than 5.00pm on Thursday 6 August 2020.
4. The completion and lodging of this form of proxy will not preclude the relevant member from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
5. Any alteration or correction made to this form of proxy must be initialed by the signatory/ies. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of the company.
6. The chairperson of the annual general meeting may reject a form of proxy or accept any such form which is completed and/or received other than in accordance with these notes if he/she is satisfied as to the manner in which the member wishes to vote.

## SHAREHOLDER INFORMATION

for the year ended 29 February 2020

	Number of shares	%
<b>TOP TEN SHAREHOLDERS AT 29 FEBRUARY 2020</b>		
African Finance Holdings Limited	28,550,406	32
FNB Nominees (Proprietary) Limited Re: Allangray BPOPF	16,051,569	18
Angold (Proprietary) Limited	7,627,749	9
A C Dambe	5,207,828	6
J D M Investments (Proprietary) Limited	5,046,939	6
First Rand Bank Limited SCBN (Proprietary) Limited Re: Jpm 065/07	4,127,801	5
J M Gibson	2,885,571	3
G H Haniger	2,812,500	3
Jillian Ann Law	2,812,500	3
Allan Gray Re: Debswana Pension Fund	1,810,288	2
<b>TOP TEN SHAREHOLDERS AT 28 FEBRUARY 2019</b>		
African Finance Holdings Limited	28,550,406	32
Angold (Proprietary) Limited	7,627,749	9
FNB Nominees (Proprietary) Limited Re: Agray BPOPF 10001010	7,418,007	8
A C Dambe	5,207,828	6
J D M Investments (Proprietary) Limited	5,046,939	6
FNBB Nominees (Proprietary) Limited Re: Ag BPOPF Equity	4,022,297	4
SCBN (Proprietary) Limited Re: JPM 065/07	4,021,194	4
FNB Botswana Nominees (Proprietary) Limited Re: Aa BPOPF Equity	3,296,476	4
J M Gibson	2,835,571	3
G H Haniger	2,812,500	3
<b>SHAREHOLDER SPREAD</b>		
	<b>29 February 2020</b>	<b>28 February 2019</b>
	%	%
Public shareholders	44%	44%
Non-public shareholders	56%	56%
	100%	100%

