GOVERNMENT OF LESOTHO

L.N.D.C
Date Received: 29 AUG 2019
For attention of: CEO/ EXCO/CSa
Reply/Actioned ______ Date 02/09/19
Signed:

AUDIT REPORT
ON THE
ANNUAL FINANCIAL STATEMENTS
OF

LESOTHO NATIONAL DEVELOPMENT CORPORATION

FOR THE YEAR ENDED 31 MARCH 2019

CEO Copy
after saining

AUDITOR - GENERAL
P.O. BOX 502
MASERU 100
LESOTHO

LESOTHO NATIONAL DEVELOPMENT CORPORATION

We Build Industry

Lesotho National Development Corporation

Financial statements
for the year ended 31 March 2019

General Information

Country of incorporation and domicile	Lesotho
Nature of business and principal activities	Initiate, promotion, and facilitate the development of manufacturing and processing industries, mining and commerce.
Directors	Mr. Soaile Mochaba - Chairperson Mr. Stephen Monyamane - Member Mr. Lerotholi Pheko - Member Mr. Ranale Thoahlane -Member Mrs. Puleng Lekholoane- Member Mr. Mpaiphele Maqutu - Member Mrs. Tseleng Mokhehle - Member Mr. Themba Sopeng-Member Mr. Nkareng Letsie-Member Mr. Malefetsane Nchaka-Member Dr. Makatleho Mataboe-Member Mr. Khomoatsana Tau- Member Mr. Mohato Seleke - Chief Executive Officer
Registered office	LNDC Mall Block A, Development House
Business address	LNDC Mall Block A, Development House, Kingsway Street, Maseru Lesotho
Postal address	Private Bag A96 Maseru 100
Bankers	Standard Lesotho Bank, Nedbank Lesotho
Auditors	Moteane, Quashie & Associates on behalf of Office of the Auditor General
Secretary	Mrs. Matseliso Seotsanyana

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The reports and statements set out below comprise the financial statements presented to the shareholder:

LNDC
LESOTHO NATIONAL DEVELOPMENT CORPORATION

Directors' Responsibilities and Approval

The directors are required in terms of the Lesotho National Development Corporation Act No.13 of 1990 and Lesotho Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

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

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

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

The external auditors are responsible for independently reviewing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 4 to 5.

The financial statements set out on pages 7 to 32, which have been prepared on the going concern basis, were approved by the board of directors on 26 July 2019 and were signed on its behalf by:

Mr. Mohato Seleke – Chief Executive Officer

Mr. Soaile Mochaba - Chairperson

OFFICE OF THE AUDITOR - GENERAL
P.O. BOX 502, MASERU 100
LESOTHO

REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS OF LESOTHO NATIONAL DEVELOPMENT CORPORATION FOR THE YEAR ENDED 31 MARCH 2019

Opinion

Moteane, Quashie and Associates under Section 24(1) of the Audit Act 2016, have audited the financial statements of Lesotho National Development Corporation (the Corporation) set out on pages 12 to 37, which comprise the statement of financial position as at 31 March 2019 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in accordance with the requirements of the Companies Act 2011 and Lesotho National Development Order, 1990 as amended.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Authority in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to my audit of the financial statements in Lesotho, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. There were no key audit matters.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, management is responsible for assessing the Corporation'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 management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes my 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 my 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 Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I 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 my independence, and where applicable, related safeguards.

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

Lliphafa

LUCY L. LIPHAFA (MRS)
AUDITOR-GENERAL

27 August 2019

Directors' Report

The directors have pleasure in submit their report on the financial statements of Lesotho National Development Corporation and its associates for the year ended 31 March 2019.

1. Review of activities

Main business and operations

The Corporation is engaged in Initiate, promotion, and facilitate the development of manufacturing and processing industries, mining and commerce and operates principally in Lesotho. The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the LNDC Act of 1990 (as amended). The accounting policies have been applied consistently compared to the prior year.

2. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year.

3. Authorised and issued share capital

There were no changes in the authorised or issued share capital of the company during the year under review.

4. Directors

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

Name	Nationality	
Mr. Soaile Mochaba - Chairperson	Mosotho	From 8 Feb 2019
Mr. Stephen Monyamane - Member	Mosotho	
Mr. Lerotholi Pheko - Member	Mosotho	
Mr. Ranale Thoahlane -Member	Mosotho	
Mrs. Puleng Lekholoane- Member	Mosotho	
Mr. Mpaiphele Maqutu - Member	Mosotho	
Mrs. Tseleng Mokhehle - Member	Mosotho	From 8 Feb 2019
Mr. Themba Sopeng-Member	Mosotho	From 27 Sep 2018
Mr. Nkareng Letsie-Member	Mosotho	
Mr. Malefetsane Nchaka-Member	Mosotho	
Dr. Makatleho Mataboe-Member	Mosotho	
Mr Khomoatsana Tau - Member	Mosotho	From 27 Sep 2018
Mr. Mohato Seleke - Chief Executive Officer	Mosotho	

5. Secretary

The secretary of the company is Mrs. Matseliso Seotsanyana

Business address

LNDC Mall
Block A, Development House,
Kingsway Street,
Maseru

Postal address

Private Bag A96
Maseru 100
Lesotho

6. Auditors

Moteane, Quashie & Associates on behalf of Office of the Auditor General

Lesotho National Development Corporation
Trading as Lesotho National Development Corporation
Financial Statements for the year ended 31 March 2019

Statement of Financial Position as at 31 March 2019

Figures in Maloti	Note(s)	2019	2018
Assets			
Non-Current Assets			
Investment property	2	940 564 308	787 181 739
Property, plant and equipment	3	33 147 006	31 608 281
Investments in subsidiaries	4	189 935 801	178 031 611
Investments in associates	5	71 942 111	71 942 111
Other Investments	6	33 991 435	29 980 178
Long Term Receivable		4 800 000	4 800 000
		1 274 380 661	**1 103 543 920**
Current Assets			
Trade and other receivables	7	62 340 923	65 311 582
Short term Investment	6	163 943 531	159 158 871
Cash and cash equivalents	8	43 672 810	45 879 647
		269 957 264	**270 350 100**
Total Assets		**1 544 337 925**	**1 373 894 020**
Equity and Liabilities			
Equity			
Share capital	9	128 000 000	128 000 000
Reserves		727 358 931	636 736 759
Retained income		392 084 000	306 219 239
		1 247 442 931	**1 070 955 998**
Liabilities			
Non-Current Liabilities			
Provisions	11	4 801 470	4 122 983
Long term Liabilities	12	7 789 272	4 048 692
Long term borrowings- Non-current portion	12	226 670 552	256 500 671
		239 261 294	**264 672 347**
Current Liabilities			
Accrued Interest	10	2 837 098	3 153 522
Long term borrowing- current portion	12	20 000 000	14 359 751
Trade and other payables	13	34 796 602	20 752 401
		57 633 700	**38 265 674**
Total Liabilities		**296 894 994**	**302 938 022**
Total Equity and Liabilities		**1 544 337 925**	**1 373 894 020**

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LESOTHO NATIONAL DEVELOPMENT CORPORATION

Statement of Comprehensive Income

Figures in Maloti	Note(s)	2019	2018
Revenue	14	71 639 168	71 675 819
Other income		11 068 612	3 277 387
Operating expenses		(96 454 899)	(102 194 631)
Operating loss		**(13 747 120)**	**(27 241 426)**
Investment revenue	15	97 574 836	72 405 590
Finance costs	16	(890 000)	(1 337 728)
Profit for the year		**82 937 716**	**43 826 436**
Total comprehensive income for the year		**82 937 716**	**43 826 436**

LNDC
LESOTHO NATIONAL DEVELOPMENT CORPORATION

Statement of Changes in Equity

Figures in Maloti	Share capital	Reserves	Retained income	Total equity
Balance at 01 April 2017	**128 000 000**	**602 188 754**	**261 955 393**	**992 144 147**
Profit for the year	-	-	43 826 436	43 826 436
Total comprehensive income for the year	**-**	**-**	**43 826 436**	**43 826 436**
Grants received	-	16 883 696	-	16 883 696
Revaluation surplus		17 664 310	-	17 664 310
Prior year adjustment	-		437 410	437 410
Total contributions by and distributions to owners of company recognised directly in equity		**34 548 006**	**437 410**	**34 985 415**
Balance at 01 April 2018	**128 000 000**	**636 736 760**	**306 219 239**	**1 070 955 999**
Profit for the year	-	-	82 937 716	82 937 716
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**82 937 716**	**82 937 716**
Prior year adjustment	-	-	2 927 047	2 927 047
Grants Received		90 622 172	-	90 622 172
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**90 622 172**	**85 864 763**	**176 486 935**
Balance at 31 March 2019	**128 000 000**	**727 358 932**	**392 084 002**	**1 247 442 934**

Note(s)

Statement of Cash Flows

Figures in Maloti	Note(s)	2019	2018
Cash flows from operating activities			
Cash generated from operations	17	104 572 687	(66 672 617)
Interest income		12 336 780	10 285 050
Dividends received		85 238 056	62 120 540
Finance costs		(890 000)	(1 337 728)
Net cash from operating activities		**201 257 523**	**4 395 245**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(3 828 536)	-
Sale of property, plant and equipment	3	183 001	324 858
Purchase of investment property	2	(166 832 684)	(48 901 481)
Movement Short term investments		(8 795 917)	-
Net cash from investing activities		**(179 274 137)**	**(48 576 270)**
Cash flows from financing activities			
Increase in Long term Loans		(24 189 874)	(3 773 734)
Movement in Long term loans		-	(637 126)
Net cash from financing activities		**(24 189 874)**	**(4 410 859)**
Total cash movement for the year		**(2 206 484)**	**(48 592 238)**
Cash at the beginning of the year		45 879 294	94 471 532
Total cash at end of the year	8	**43 672 810**	**45 879 294**

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with International Financial Reporting Standards, and the Lesotho National Development Corporation Act No.13 of 1990 and Lesotho Companies Act. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in Loti.

1.1 Significant judgements and sources of estimation uncertainty

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

Trade receivables, Held to maturity investments and Loans and receivables

The company assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

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

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the [name a key assumption] assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 11 - Provisions.

1.2 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Accounting Policies

1.2 Investment property (continued)

Investment property is carried at cost less depreciation less any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal instalments over the useful life of the property, which is as follows:

Item	Useful life
Property - land	indefinite
Property - buildings	50 years

1.3 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Office furniture	10 years
Office equipment	10 years
Motor vehicle	5 years
Computer equipment	5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Accounting Policies

1.4 Investments in subsidiaries

Investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:
- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1.5 Investments in associates

An investment in an associate is carried at cost less any accumulated impairment.

1.6 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:
- Financial assets at fair value through profit or loss - held for trading
- Financial assets at fair value through profit or loss - designated
- Held-to-maturity investment
- Loans and receivables
- Financial liabilities at fair value through profit or loss - held for trading
- Financial liabilities at fair value through profit or loss - designated
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

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

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Net gains or losses on the financial instruments at fair value through profit or loss include dividends and interest.

Dividend income is recognised in profit or loss as part of other income when the company's right to receive payment is established.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Accounting Policies

1.6 Financial instruments (continued)

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in profit or loss as part of other income. Dividends received on available-for-sale equity instruments are recognised in profit or loss as part of other income when the company's right to receive payment is established.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment of financial assets

At each reporting date the company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Accounting Policies

1.6 Financial instruments (continued)

Financial instruments designated as at fair value through profit or loss

This category has two sub-categories; financial assets held for trading, those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the statement of financial position date.

Financial instruments designated as available for sale

Available-for-sale financial assets are non-derivatives that are either designated in this category in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose off the investment within 12 months of the statement of financial position date.

Purchases and sales of investments are recognised are on trade-date (the date on which LNDC commits to purchase or sell the asset.) Investments are initially recognised at fair value plus transactions for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receives cash flows from the investment have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method

.Realised and unrealised gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity. When securities classified available -for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment.

The fair values of quoted investments are based on current bids prices. If the market for a financial asset is not active (and for unlisted securities) the Corporation establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and the option pricing models refine to reflect the issuer's specific circumstances.

Loans to (from) group companies.

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Accounting Policies

1.6 Financial instruments (continued)

Trade and other payables

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

Cash and cash equivalents

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

Bank overdraft and borrowings

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

Derivatives

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in profit or loss.

Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise.

Derivatives are classified as financial assets at fair value through profit or loss - held for trading.

Held to maturity

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

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the company has the positive intention and ability to hold to maturity are classified as held to maturity.

1.7 Taxation

Current tax assets and liabilities

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

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

Accounting Policies

1.7 Taxation (continued)

Tax expenses

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

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

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

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

1.8 Leases

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

Finance leases - lessor

The company recognises finance lease receivables in the statement of financial position.

Finance income is recognised based on a pattern reflecting a constant periodic rate of return on the company's net investment in the finance lease.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Operating leases - lessor

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

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

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

Operating leases – lessee

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

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

These explanations are covered by IFRS 16 which will be fully implemented in 2019/2019 financial year.

Accounting Policies

1.9 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

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

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

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

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

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

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

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

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.10 Share capital and equity

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

1.11 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), 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 entitlement 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.

Accounting Policies

1.11 Employee benefits (continued)

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the company's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected unit credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to the end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial year, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in profit or loss over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Actuarial gains and losses are recognised in the year in which they arise, in other comprehensive income.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognised when the company is demonstrably committed to the curtailment or settlement of the defined benefit plan.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In profit or loss, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

1.12 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

Accounting Policies

1.12 Provisions and contingencies (continued)

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:
- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note .

1.13 Government grants

Government grants are recognised when there is reasonable assurance that:
- the company will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Grants related to income are presented as a credit in the profit or loss (separately).

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.

Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income balance by the amount repayable. The cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense.

1.14 Revenue

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Corporation and the amount of revenue can measured reliably

Rental Income
Rental income from leased properties is recognised on a straight-line basis line over the term of the relevant lease

Accounting Policies

1.14 Revenue (Continued)

Interest is recognised, in profit or loss, using the effective interest rate method. When a receivable is impaired the Corporation 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 on impaired loans is recognised either as cash is collected or on a cost-recovery basis as conditions warrant.

Dividends are recognised, in profit or loss, when the company's right to receive payment has been established.

1.15 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.16 Translation of foreign currencies

Foreign currency loans

All transactions denominated in foreign currency are translated to Maloti at the approximate rate of exchange ruling at the date of transaction. All assets and liabilities denominated in foreign currencies at the financial position date of are translated to Maloti at the approximate rate of exchange ruling at that date except where they are covered by forward exchange contracts. by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Loans Before 1990
Realised exchange differences arising in respect of the Corporation's borrowings obtained prior to 1990 are debited to the Government of Lesotho who has agreed to provide protection against exchange rate changes on the Corporation's foreign currency borrowings. Exchange differences arising from year end conversions are debited or credited to the income statement.

Loans After 1990
Exchange differences arising from foreign currency borrowings obtained after 1990 are debited or credited to the income statement.

Financial risk factors

The Corporation's activities expose it to a variety of financial risks: market risk(including currency risk fair value interest risk cash flow interest-rate risk and price risk) credit risk and liquidity risk. LNDC's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on its financial performance. LNDC currently does not use derivative financial instruments to hedge certain risk exposures.

Accounting Policies

1.16 Translation of foreign currencies (Continued)

Market risk

From time to time LNDC is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions recognized assets and liabilities. Foreign exchange risk arises when future commercial transactions recognized assets and liabilities are denominated in a currency that is not LNDC's functional currency. As at 31 March 2019 LNDC was not exposed to any foreign currency exchange risk

Cash flow and fair value interest rate risk

As LNDC has no significant interest-bearing assets its income and operating cash flows are substantially independent of changes in market interest rates. LNDC's interest-rate risk arises from long-term borrowings. Borrowings issued at variable rates expose LNDC to cash flow interest-rate risk. Borrowings issued at fixed rates expose LNDC to fair value interest-rate risk. LNDC is not exposed to fair value interest rate risk because all its borrowings are at variable rates. LNDC does not consider the exposure to cash flow interest rate risk as significant; therefore it currently does not have formal mechanisms to mitigate this risk.

Credit risk

Credit risk arises from cash and cash equivalents deposits with banks and financial institutions as well as credit exposures to industrial, commercial and residential customers including outstanding receivables and committed transactions. For banks and commercial institutions only high credit quality parties are accepted. If industrial and commercial customers are independently rated these ratings are used. Sales to customers are settled in cash. Management does not expect any losses from non-performance by these counterparties.

Notes to the Financial Statements

Figures in Maloti	2019	2018

2. Investment property

	2019			2018		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	1 054 216 065	(113 651 757)	940 564 308	887 404 152	(100 222 413)	787 181 739

Reconciliation of investment property - 2019

	Opening balance	Additions	Depreciation	Total
Investment property	786 980 551	166 832 684	(13 450 115)	940 564 308

Reconciliation of investment property - 2018

	Opening balance	Additions	Depreciation	Total
Investment property	751 568 304	48 901 128	(13 086 505)	787 181 739

3. Property, plant and equipment

	2019			2018		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Buildings	36 173 360	(7 782 864)	28 390 496	34 829 540	(7 067 422)	27 762 118
Furniture and fixtures	2 850 723	(1 638 901)	1 211 822	2 425 790	(1 433 032)	992 758
Motor vehicles	3 130 430	(1 787 300)	1 343 130	2 274 097	(1 501 117)	772 980
Office equipment	6 718 278	(5 220 374)	1 497 904	6 458 278	(4 919 986)	1 538 292
IT equipment	849 026	(591 698)	257 328	849 026	(544 477)	304 549
Computer software	2 412 361	(1 966 035)	446 326	1 896 745	(1 659 161)	237 584
Total	**52 134 178**	**(18 987 172)**	**33 147 006**	**48 733 476**	**(17 125 195)**	**31 608 281**

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	27 762 118	1 343 820	-	(715 442)	28 390 496
Furniture and fixtures	992 758	424 933	-	(205 869)	1 211 822
Motor vehicles	772 980	1 284 167	(427 834)	(286 183)	1 343 130
Office equipment	1 538 292	260 000	-	(300 388)	1 497 904
IT equipment	304 549	-	-	(47 221)	257 328
Computer software	237 584	515 616	-	(306 874)	446 326
	31 608 281	**3 828 536**	**(427 834)**	**(1 861 977)**	**33 147 006**

Notes to the Financial Statements

Figures in Maloti

Reconciliation of property, plant and equipment - 2018

	Opening Balance	Transfers	Depreciation	Total
Buildings	34 428 312	401 228	(7 067422)	27 762 118
Furniture and fixtures	2 425 790	-	(1 433 032)	992 758
Motor vehicles	2 274 097	-	(1 501 117)	772 980
Office equipment	6 411 722	46 556	(4 919 986)	1 538 292
IT equipment	849 026	-	(544 477)	304 549
Computer software	1 896 745	-	(1 659 161)	237 584
	48 285 692	**447 784**	**(17 125 195)**	**31 608 281**

4. Interests in subsidiaries

Name of company	Held by	% voting power 2019	% voting power 2018	% holding 2019	% holding 2018	Carrying amount 2019	Carrying amount 2018
Maluti Mountain Brewery		51%	51%	51%	51%	162 368 190	150 393 900
Loti Brick		73.6%	73.6%	73.6%	73.6%	34 086 795	34 086 795
Basotho Canners		100%	100%	100%	100%	100 002	100 002
Loti Brick Loan		%	-%	%	-%	12 599 830	12 599 830
Basotho Canners Loan		%	%	%	%	9 479 000	9 479 000
Subsidiaries Sundry Debtors		%	%	%	%	21 007 578	21 077 578
						239 641 295	227 737 105
Impairment of investment in subsidiaries		%	%	%	%	(49 705 494)	(49 705 494)
						189 935 801	**178 031 611**

5. Investments in associates

The following table lists all of the associates in the company:

Name of company	Held by	Carrying amount 2019	Carrying amount 2018
Cashbuild Lesotho		16 096 497	16 096 497
Lesotho Foods		29 152 838	29 152 838
OK Bazaars Lesotho		26 692 775	26 692 775
		71 942 111	71 942 111

Notes to the Financial Statements

Figures in Maloti

6. Other Investments

Name of company	Held by	Carrying amount 2019	Carrying amount 2018
Lesotho Milling		15 657 347	13 962 046
Lesotho Housing		2 825 571	2 825 571
Lesotho housing-Provision for Bad Debts		(1 868 000)	(1 868 000)
Avani		17 376 517	15 060 561
		33 991 435	**29 980 178**

7. Trade and other receivables

Trade Receivables	30 007 858	25 046 681
Rental Deposit Clearing	(1 277 884)	(691 581)
Provision for Bad Debts	(10 487 614)	(12 637 510)
Staff Telephone Debtors	62 899	55 966
Prepayments	4 391 886	4 463 739
Deposits	79 139	79 139
Dividend receivables	27 870 000	24 244 323
Suspense	7 655 263	21 773 138
Sundry debtors	3 952 234	2 971 187
Travel advance	87 142	6 500
	62 340 923	**65 311 582**

8. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	388	297
Bank balances	43 672 422	45 879 350
	43 672 810	**45 879 647**

9. Share capital

Authorised		
250 000 000 Ordinary shares of M1 each or par value	250 000 000	250 000 000
Issued		
Ordinary	128 000 000	128 000 000

10. Interest Accrued

Held at amortised cost		
Interest Accrued	2 837 098	3 153 522
Current liabilities		
Interest Accrued	2 837 098	3 153 522

Notes to the Financial Statements

Figures in Maloti

11. Provisions

Reconciliation of provisions - 2019

	Opening balance	Additions	Utilised during the year	Total
Severance pay	4 122 983	770 308	(91 821)	4 801 470

Reconciliation of provisions - 2018

	Opening balance	Additions	Utilised during the year	Total
Severance pay	4 440 671	664 936	(982 624)	4 122 983

Notes to the Financial Statements

Figures in Maloti

12. Long term borrowings- Non-current portion

Description	2019	2018
IDA Line of Credit	-	2 835 492
- 7% loan repayable in twenty yearly instalments commencing July 1 2000		
ADB Line Credit	-	1 454 381
- 4% loan repayable in twenty semi-annual instalments commencing July 1 2000		
CGM	-	12 000 000
Interest free loan payable in ten years with three years moratorium from December 2011		
Factory Shells	40 000 000	47 900 000
- 2% loan repayable over fifteen years after five years moratorium from December 2016		
GOL - Tikoe Phase 2 - Factory Shells	206 670 552	206 670 552
Subtotal	**246 670 552**	**270 860 425**
Current Portion	(20 000 000)	(14 359 754)
Long Term Borrowing - Non-current Portion	226 670 552	256 500 671
Long term liabilities- World Bank Funds and King Ang	7 789 272	4 048 692

13. Trade and other payables

Trade payables	-	2
VAT	168 754	601 612
Other payables	7 017 300	4 291 237
Sundry creditors	11 711 171	1 270 879
Accrued expense	3 856 960	3 328 563
Deposits received	12 042 417	11 260 108
	34 796 602	**20 752 401**

14. Revenue

Rental Income	71 639 168	71 675 818
Miscellaneous other revenue	11 068 612	3 277 387
	82 707 780	**74 953 206**

15. Investment revenue

Dividend revenue		
Subsidiaries - Local	85 238 056	62 120 540
Interest revenue		
Bank	12 336 780	10 285 050
	97 574 836	**72 405 590**

16. Finance costs

Interest paid	890 000	1 337 728

Detailed Income Statement

Figures in Maloti	Note(s)	2019	2018
Revenue			
Rental Income		71 639 168	71 675 818
other revenue		11 068 612	3 277 387
	14	**82 695 912**	**74 953 206**
Other income			
Recoveries			
Other income			
Dividend revenue	15	85 238 056	62 120 540
Interest received	15	12 336 780	10 285 050
		97 586 703	**72 405 590**
Expenses (Refer to page 32)		**(96 454 899)**	**(102 194 631)**
Operating profit		**83 827 716**	**45 164 164**
Finance costs	16	(890 000)	(1 337 728)
Profit for the year		**82 937 716**	**43 826 436**

LNDC
LESOTHO NATIONAL DEVELOPMENT CORPORATION

Detailed Income Statement

Figures in Maloti	Note(s)	2019	2018
Operating expenses			
Property Rates		(12 576 380)	(12 576 380)
Forex Los		-	(4 406 159)
Audit Fees		(181 407)	(139 566)
Bad debts		(593 692)	(4 488 200)
Bank charges		(233 010)	(196 906)
Board members expenses		(1 358 879)	(1 511 315)
CEO expenses		(112 111)	(117 171)
Cleaning		(1 517 277)	(1 570 815)
Consulting and professional fees		(1 858 375)	(431 461)
Delivery expenses		(2 166)	(4 429)
Depreciation, amortisation and impairments		(15 513 280)	(14 345 840)
Donations		(329 525)	(112 000)
Employee costs		(26 931 007)	(29 767 648)
Entertainment		(7 914)	(5 793)
Sports Club		(512 694)	(233 169)
Fringe benefit tax		(1 379 220)	(1 250 004)
Ground rental		(2 189 695)	(1 868 232)
Insurance		(5 032 802)	(5 260 256)
Legal fees		(595 572)	(717 751)
Industrial Area Expenses		(1 327 470)	-
Maintenance- Office Furniture		(114 028)	(208 780)
Promotional Gifts		(383 875)	(276 045)
Investment Promotion		(4 333 224)	(2 266 989)
Motor vehicle expenses		(148 765)	(118 001)
Office expenses		(12 381)	(19 513)
Petrol		(166 670)	(129 564)
Postage		-	(859)
Printing and stationery		(208 226)	(386 783)
Uniform		(151 407)	-
Maintenance		(3 969 248)	(6 363 735)
Publicity & Public Relations		(1 212 270)	(1 987 668)
Security		(4 061 748)	(4 202 744)
Staff recruitment		(158 309)	(11 105)
Staff welfare		(341 188)	(313 903)
Subscriptions		(1 430 117)	(1 343 819)
Telephone and fax		(263 198)	(236 408)
Training		(1 302 165)	(438 476)
Travel		(1 881 653)	(735 740)
Utilities		(3 910 107)	(4 321 378)
		(96 454 899)	**(102 194 631)**