



Lesotho National Development Corporation
Financial statements
For the year ended 31 March 2016

Lesotho National Development Corporation

Financial Statements for the year ended 31 March 2016

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. Mokoena Thakhisi - Chairperson Mrs. Liengoane Lefosa - Member Mr. Robert Likhanga - Member Dr. Lefulesele Lebesa - Member Ms. 'Mampho Tjabane - Member Mr. Lebakeng Mohau Tigeli - Member Mr. Thaele Makhetha - Member Mr. Lehlohonolo Chefa - Member
Chief Executive Officer	Mr. Kelebone Leisanyane
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	Mr. T C Poopa

Lesotho National Development Corporation

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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 Corporation 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 Corporation 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 Corporation and all employees are required to maintain the highest ethical standards in ensuring the Corporation's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Corporation is on identifying, assessing, managing and monitoring all known forms of risk across the Corporation. While operating risk cannot be fully eliminated, the Corporation 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.

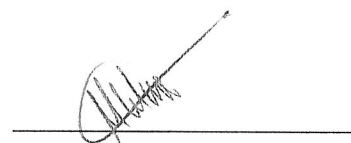
The Directors have reviewed the Corporation's cash flow forecast for the year to 31 March 2017 and, in the light of this review and the current financial position, they are satisfied that the Corporation has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The financial statements set out on pages 6 to 30, which have been prepared on the going concern basis, were approved by the Board of Directors on the 3rd October 2016 and were signed on its behalf by:



Chief Executive Officer



Board Chairperson



Independent Auditors' Report

To the member of Lesotho National Development Corporation

We have audited the financial statements of Lesotho National Development Corporation, which comprise the statement of financial position as at 31 March 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 28.

Directors' Responsibility for the Financial Statements

The Corporation's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and requirements of the Lesotho National Development Corporation Act No.13 of 1990 and Lesotho Companies Act. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

1. The Corporation has not revalued its Non-financial Assets of M755 million which were last valued in 2008. The Corporation is therefore not in compliance with its policy on Impairment of non- financial assets as stated in Note 1.9 of the financial statements and in IAS (**International Accounting Standards**) 36.

IAS 36 states that

"An entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any indication exists, the entity shall estimate the recoverable amount of the asset"

While 1.9 states that

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

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Lesotho National Development Corporation as at 31 March 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Lesotho National Development Corporation Act No.13 of 1990 and Lesotho Companies Act.

Independent Auditors' Report

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

Lesotho National Development Corporation

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Directors' Report

The directors have pleasure in submitting their report on the financial statements of Lesotho National Development Corporation and its associates for the year ended 31 March 2016.

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 Corporation during the year under review.

4. Directors

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

Name	Nationality	Changes
Mr. Simon Mokoena Thakhisi - Chairperson	Mosotho	Appointed 16 Feb 2016
Mrs. Mapulumo Mosisili - Chairperson	Mosotho	Resigned 16 Feb 2016
Mrs. Liengoane Lefosa - Member	Mosotho	
Mr. Robert Likhanga - Member	Mosotho	Appointed 07 July 2015
Dr. Lefulesele Lebesa - Member	Mosotho	Appointed 18 May 2015
Ms. 'Mampho Tjabane - Member	Mosotho	Appointed 07 July 2015
Mr. Lebakeng Mohau Tigeli - Member	Mosotho	Appointed 07 July 2015
Mr. Moahloli Mphaka - Chairperson	Mosotho	Resigned 11 May 2015
Mrs Mankone Mofelehetsi -Member	Mosotho	Resigned 27 May 2015
Ms. Makalle Makara - Member	Mosotho	Resigned 27 May 2015
Mr. Mpaiphele Maqutu - Member	Mosotho	Resigned 27 May 2015
Mr. Samonyane Ntsekele - Member	Mosotho	Resigned 27 April 2015
Mr. Liteboho Mofubetsoana -Member	Mosotho	Resigned 11 May 2015
Mr. Ret'sepile Elias -Member	Mosotho	Resigned 02 June 2015
Mr. Tseko Bohloa -Member	Mosotho	Resigned 02 June 2015
Mr. Thaele Makhetha - Member	Mosotho	Appointed 07 July 2015
Mr. Lehlohonolo Chefa - Member	Mosotho	Appointed 22 July 2015

Chief Executive Officer

Mr. Kelebhone Leisanyane Mosotho

5. Secretary

The secretary of the Corporation is Mr. T C Poopa of:

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

Financial Statements for the year ended 31 March 2016

Statement of Financial Position as at 31 March 2016

Figures in Maloti	Note(s)	2016	2015
Assets			
Non-Current Assets			
Investment property	2	755 631 991	590 682 127
Property, plant and equipment	3	4 866 193	4 256 848
Investments in subsidiaries	4	138 643 279	133 822 259
Others Investments	5	20 293 491	70 131 838
Investment in associates	6	61 441 592	46 919 398
		980 876 546	845 812 470
Current Assets			
Trade and other receivables	7	39 976 069	32 050 540
Short term Investment		65 099 451	41 510 889
Cash and cash equivalents	8	111 437 107	1 662 267
		216 512 627	75 223 696
Total Assets		1 197 389 173	921 036 166
Equity and Liabilities			
Equity			
Share capital	9	128 000 000	128 000 000
Reserves		519 915 043	416 481 662
Retained income		229 876 943	197 808 952
		877 791 986	742 290 614
Liabilities			
Non-Current Liabilities			
Provisions	11	3 847 075	3 130 402
Long term borrowings - Non-current portion	12	277 191 824	80 024 176
		281 038 899	83 154 578
Current Liabilities			
Interest Accrued	10	5 438 439	6 764 150
Trade and other payables	13	25 665 691	25 541 423
Long Term Borrowing - Current portion	12	7 454 158	60 332 098
Bank overdraft	8	-	2 953 303
		38 558 288	95 590 974
Total Liabilities		319 597 187	178 745 553
Total Equity and Liabilities		1 197 389 173	921 036 166

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Statement of Comprehensive Income

Figures in Maloti	Note(s)	2016	2015
Revenue	14	68 754 507	60 504 419
Other income		6 524 354	461 699
Operating expenses		(108 899 561)	(92 451 426)
Operating loss		(33 620 700)	(31 485 308)
Investment revenue	15	71 713 013	53 263 910
Finance costs	16	(6 024 323)	(9 344 109)
Profit for the year		32 067 990	12 434 493
Total comprehensive income for the year		32 067 990	12 434 493

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Financial Statements for the year ended 31 March 2016

Statement of Changes in Equity

Figures in Maloti	Share capital	Reserves	Retained income	Total equity
Balance at 01 April 2014	128 000 000	401 676 133	184 799 678	714 475 811
Profit for the year	-	-	12 434 493	12 434 493
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	12 434 493	12 434 493
Restated Investments	-	(5 174 471)	-	(5 174 471)
Prior year adjustments	-	-	574 782	574 782
Grants	-	19 980 000	-	19 980 000
Total contributions by and distributions to owners of company recognised directly in equity	-	14 805 529	574 782	15 380 311
Balance at 01 April 2015	128 000 000	416 481 662	197 808 953	742 290 615
Profit for the year	-	-	32 067 990	32 067 990
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	32 067 990	32 067 990
Increase in investments value	-	26 417 499	-	26 417 499
Grants	-	77 015 882	-	77 015 882
Total contributions by and distributions to owners of company recognised directly in equity	-	103 433 381	-	103 433 381
Balance at 31 March 2016	128 000 000	519 915 043	229 876 943	877 791 986
Note(s)	9			

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Statement of Cash Flows

Figures in Maloti

	Note(s)	2016	2015
Cash flows from operating activities			
Cash generated from operations	17	120 388 034	(30 773 195)
Interest income		10 328 181	10 384 728
Dividends received		61 384 832	42 879 182
Finance costs		(6 024 323)	(9 344 109)
Net cash from operating activities		186 076 724	13 146 606
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(2 001 150)	(3 460 303)
Sale of property, plant and equipment	3	79 982	2 027 414
Purchase of investment property	2	(177 925 025)	(57 858 487)
Movement of financial assets- other investments		(14 522 194)	(3 497 833)
Movement Short term investments		(23 588 562)	40 456 302
Net cash from investing activities		(217 956 949)	(22 332 907)
Cash flows from financing activities			
Repayment of interest accrued		(1 325 711)	(136 004)
Movement in Long term loans		144 289 707	(5 856 288)
Net cash from financing activities		142 963 996	(5 992 292)
Total cash movement for the year		111 083 771	(15 178 593)
Cash at the beginning of the year		(1 291 036)	13 887 557
Effect of exchange rate movement on cash balances		1 644 372	-
Total cash at end of the year	8	111 437 107	(1 291 036)

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Financial Statements for the year ended 31 March 2016

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 Lotis.

These accounting policies are consistent with the previous period.

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 Corporation 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 Corporation 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 Corporation 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.

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Accounting Policies

1.2 Investment property (continued)

Cost model

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 installments 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 Corporation; 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 and equipment	10 years
Motor vehicles	5 years
Computer equipment	3 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 de-recognition of an item of property, plant and equipment is included in profit or loss when the item is de-recognised. The gain or loss arising from the de-recognition 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.

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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 Corporation; 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 Others Investments

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

1.6 Financial instruments

Classification

The Corporation 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 Corporation becomes a party to the contractual provisions of the instruments.

The Corporation 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.

Lesotho National Development Corporation

Financial Statements for the year ended 31 March 2016

Accounting Policies

1.6 Financial instruments (continued)

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 Corporation'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.

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 Corporation'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 Corporation 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 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 option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Lesotho National Development Corporation

Financial Statements for the year ended 31 March 2016

Accounting Policies

1.6 Financial instruments (continued)

Impairment of financial assets

At each reporting date the Corporation 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 Corporation, 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.

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.

Lesotho National Development Corporation

Financial Statements for the year ended 31 March 2016

Accounting Policies

1.6 Financial instruments (continued)

Financial instruments designated as available-for-sale

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

Purchases and sales of investments are recognised 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 receive 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 bid 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 refined 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.

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.

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Financial Statements for the year ended 31 March 2016

Accounting Policies

1.6 Financial instruments (continued)

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 Corporation'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 Corporation has the positive intention and ability to hold to maturity are classified as held to maturity.

1.7 Tax

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.

Lesotho National Development Corporation

Financial Statements for the year ended 31 March 2016

Accounting Policies

1.7 Tax (continued)

Tax expenses

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

- a transaction or event which is recognised, in the same or a different period, 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 Corporation 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 Corporation'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.

1.9 Impairment of assets

The Corporation 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 Corporation estimates the recoverable amount of the asset.

Lesotho National Development Corporation

Financial Statements for the year ended 31 March 2016

Accounting Policies

1.9 Impairment of assets (continued)

Irrespective of whether there is any indication of impairment, the Corporation 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.

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 Corporation's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Lesotho National Development Corporation

Financial Statements for the year ended 31 March 2016

Accounting Policies

1.11 Employee benefits (continued)

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 Corporation 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 Corporation 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 earnings.

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;

Lesotho National Development Corporation

Financial Statements for the year ended 31 March 2016

Accounting Policies

1.12 Provisions and contingencies (continued)

- 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 Corporation 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 earnings 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 be measured reliably

Rental Income

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

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 Corporation'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.

Lesotho National Development Corporation

Financial Statements for the year ended 31 March 2016

Accounting Policies

1.15 Borrowing costs (continued)

- 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.

1.17 Financial Risk Management

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.

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 2016 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.

Lesotho National Development Corporation

Financial Statements for the year ended 31 March 2016

Accounting Policies

1.17 Financial Risk Management (continued)

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.

Lesotho National Development Corporation

Financial Statements for the year ended 31 March 2016

Notes to the Financial Statements

Figures in Maloti	2016	2015
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2. Investment property

	2016			2015		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	836 346 185	(80 714 194)	755 631 991	658 421 161	(67 739 034)	590 682 127

Reconciliation of investment property - 2016

	Opening balance	Additions	Depreciation	Total
Investment property	590 682 127	177 925 025	(12 975 161)	755 631 991

Reconciliation of investment property - 2015

	Opening balance	Additions	Depreciation	Total
Investment property	542 414 191	57 858 487	(9 590 551)	590 682 127

3. Property, plant and equipment

	2016			2015		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Furniture and fixtures	2 411 064	(1 057 307)	1 353 757	1 614 873	(843 049)	771 824
Motor vehicles	2 424 012	(1 301 772)	1 122 240	1 873 229	(1 018 087)	855 142
Office equipment	5 795 293	(4 385 600)	1 409 693	5 730 478	(4 165 161)	1 565 317
IT equipment	849 026	(429 238)	419 788	636 868	(371 619)	265 249
Computer software	1 812 317	(1 251 602)	560 715	2 189 518	(1 390 202)	799 316
Total	13 291 712	(8 425 519)	4 866 193	12 044 966	(7 788 118)	4 256 848

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	771 824	796 191	(214 258)	1 353 757
Motor vehicles	855 142	550 784	(283 686)	1 122 240
Office equipment	1 565 317	64 815	(220 439)	1 409 693
IT equipment	265 249	212 159	(57 620)	419 788
Computer software	799 316	377 201	(615 802)	560 715
	4 256 848	2 001 150	(1 391 805)	4 866 193

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	348 315	561 837	-	(138 328)	771 824
Motor vehicles	1 221 564	-	(1 565 715)	1 199 293	855 142
Office equipment	550 182	1 246 783	-	(231 648)	1 565 317
IT equipment	41 595	260 059	-	(36 405)	265 249
Computer software	144 443	1 391 624	-	(736 751)	799 316
	2 306 099	3 460 303	(1 565 715)	56 161	4 256 848

Lesotho National Development Corporation

Financial Statements for the year ended 31 March 2016

Notes to the Financial Statements

Figures in Maloti

2016

2015

4. Interests in subsidiaries

Name of company	Held by	% voting power 2016	% voting power 2015	% holding 2016	% holding 2015	Carrying amount 2016	Carrying amount 2015
Maluti Mountain Brewery		51,00 %	51,00 %	51,00 %	51,00 %	114 220 110	97 764 450
Loti Bricks Loan		- %	- %	- %	- %	12 599 830	12 663 814
Basotho Cannery Loan		- %	- %	- %	- %	9 479 000	9 479 000
Sundry debtor- subsidiaries		- %	- %	- %	- %	21 538 951	20 974 019
Loti Bricks		76,00 %	76,00 %	76,00 %	76,00 %	30 410 880	30 410 880
Basotho Cannery		100,00 %	100,00 %	100,00 %	100,00 %	100 002	100 002
Impairment of investment in subsidiaries		- %	- %	- %	- %	188 348 773 (49 705 494)	171 392 165 (37 569 906)
						138 643 279	133 822 259

5. Others Investments

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

Name of company	% Ownership		Amount 2016	Amount 2015
	interest 2016	interest 2015		
Zero coupon loan stock	- %	- %	-	49 113 159
Lesotho Milling	10,00 %	10,00 %	11 263 773	9 215 627
Lesotho Housing	13,00 %	13,00 %	2 825 571	2 825 571
Lesotho Housing - Provision for Bad debts	- %	- %	(1 868 000)	(1 868 000)
Sun International Lesotho	17,00 %	17,00 %	8 072 147	10 845 481
			20 293 491	70 131 838

6. Investment in associates

Name of company		
Cashbuild Lesotho	12 276 500	11 216 527
Lesotho Foods	16 887 803	17 749 959
O.K Bazaars Lesotho	26 754 000	16 593 082
Mountain Kingdom Foods	723 289	1 359 830
CGM	4 800 000	-
	61 441 592	46 919 398

7. Trade and other receivables

Trade receivables	20 252 153	18 960 246
Provision for Bad Debts	(11 993 037)	(12 273 308)
Employee costs in advance	35 327	10 690
Prepayments	4 254 182	1 872 984
Deposits	79 139	79 139
Dividend receivables	19 890 000	16 320 000
Suspense	5 295 179	5 069 525
Sundry debtors	2 131 247	1 981 861
Travel advance and LNIC	31 879	29 403
	39 976 069	32 050 540

Lesotho National Development Corporation

Financial Statements for the year ended 31 March 2016

Notes to the Financial Statements

Figures in Maloti	2016	2015		
8. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Cash on hand	287	70		
Bank balances	59 127 184	1 662 197		
Short-term deposits	52 309 636			
Bank overdraft	-	(2 953 303)		
	111 437 107	(1 291 036)		
Current assets	111 437 107	1 662 267		
Current liabilities	-	(2 953 303)		
	111 437 107	(1 291 036)		
9. Share capital				
Authorised				
250 000 000 ordinary shares of M1 each	250 000 000	250 000 000		
Reconciliation of number of shares issued:				
Reported as at 01 April 2015	128 000 000	128 000 000		
Issued				
Ordinary	128 000 000	128 000 000		
10. Interest Accrued				
Interest Accrued				
Bank loan	5 438 439	6 764 150		
Current liabilities				
At amortised cost	5 438 439	6 764 150		
11. Provisions				
Reconciliation of provisions - 2016				
	Opening balance	Additions	Utilised during the year	Total
Severance pay	3 130 402	854 324	(137 651)	3 847 075
Reconciliation of provisions - 2015				
	Opening balance	Additions	Utilised during the year	Total
Severance pay	6 806 788	1 355 871	(5 032 257)	3 130 402

Lesotho National Development Corporation

Financial Statements for the year ended 31 March 2016

Notes to the Financial Statements

Figures in Maloti	2016	2015
12. Long term borrowings - Non-current portion		
Description	M	M
Public Investment Commissioners - 13.9% loan repayable on October 2015. Secured by Zero Coupon Bond	-	52 877 941
European Investment Bank 4B - 5% loan from EIB to GOL on-lent to LNDC, repayable in ten equal annual instalments commencing April 2008	2 - 137 421	- 137 421
Thetsane - Nieng Hsing - 2% loan repayable in twenty yearly instalments commencing 2006	3 - 260 000	- 260 000
IDA Line of Credit - 7% loan repayable in twenty yearly installments commencing July 1 2000	4 - 5 460 946	- 5 460 946
ADB Line Credit - 4% loan repayable in twenty semi-annual installments commencing July 1 2000	5 - 7 229 611	- 7 229 611
Basotho Cannery - 2% loan repayable in semi-annual installments commencing January 1 2009	6 - 905 013	- 905 013
ODA 2nd Line of Credit - 7 % loan repayable annually over twenty-five years with five years moratorium from September 26 1996	7 - 1 485 343	- 1 485 343
CGM Interest free loan payable in ten years with three years moratorium from December 2011	8 - 21 000 000	- 21 000 000
Factory Shells - 2% loan repayable over fifteen years after five years moratorium from December 2016	9 - 51 000 000	- 51 000 000
GOL - Tikoe Phase 2 - Factory Shells	10 - 197 167 648	- -
Subtotal	- 284 645 982	140 356 275
Long Term Borrowing - Current Portion	- (7 454 158)	(60 332 099)
Long Term Borrowing - Non-current Portion	- 277 191 824	80 024 176

13. Trade and other payables

Trade payables	93 668	93 668
VAT	177 215	3 180 059
Other payables	6 312 284	7 148 649
Sundry creditors	7 956 009	5 626 070
Accrued expense	2 231 943	2 025 488
Deposits received	8 894 572	7 467 489
	25 665 691	25 541 423

Lesotho National Development Corporation

Financial Statements for the year ended 31 March 2016

Notes to the Financial Statements

Figures in Maloti	2016	2015
14. Revenue		
Rental Income	66 087 037	57 698 379
Miscellaneous other revenue	2 667 470	2 806 040
	68 754 507	60 504 419
15. Investment revenue		
Dividend revenue		
Subsidiaries - Local	61 384 832	42 879 182
Interest revenue		
Bank	10 327 785	10 383 419
Other interest	396	1 309
	10 328 181	10 384 728
	71 713 013	53 263 910
16. Finance costs		
Interest paid	6 024 323	9 344 109
17. Cash generated from operations		
Profit before taxation	32 067 990	12 434 493
Adjustments for:		
Depreciation and amortisation	14 150 778	10 578 895
Profit on sale of assets	(79 982)	(461 699)
Profit on foreign exchange	(1 644 372)	-
Dividends received	(61 384 832)	(42 879 182)
Interest received	(10 328 181)	(10 384 728)
Finance costs	6 024 323	9 344 109
Movements in provisions	716 673	(3 676 386)
Prior year adjustment	-	1 833 669
Grants received	77 015 881	19 980 000
Return on investments	71 651 017	(11 712 128)
Changes in working capital:		
Trade and other receivables	(7 925 529)	(16 077 777)
Trade and other payables	124 268	247 539
	120 388 034	(30 773 195)

Lesotho National Development Corporation

Financial Statements for the year ended 31 March 2016

Detailed Income Statement

Figures in Maloti	Note(s)	2016	2015
Revenue			
Rental Income		66 087 037	57 698 379
Other revenue		2 667 470	2 806 040
	14	68 754 507	60 504 419
Other income			
Bad debts Recoveries		4 800 000	-
Dividend revenue	15	61 384 832	42 879 182
Interest received	15	10 328 181	10 384 728
Gains on disposal of assets		79 982	461 699
Profit on exchange differences		1 644 372	-
		78 237 367	53 725 609
Expenses (Refer to page 30)		(108 899 561)	(92 451 426)
Operating profit		38 092 313	21 778 602
Finance costs	16	(6 024 323)	(9 344 109)
Profit for the year		32 067 990	12 434 493

Lesotho National Development Corporation

Financial Statements for the year ended 31 March 2016

Detailed Income Statement

Figures in Maloti	Note(s)	2016	2015
Operating expenses			
Assessment rates		6 244 583	6 312 340
Auditors remuneration		126 000	186 301
Bad Debts		992,081	-
Bank charges		157 177	220 470
Board members expenses		876 050	1 088 664
CEO expenses		93 073	435 809
Cleaning		1 260 656	1 165 729
Consulting and professional fees		1 381 098	4 500 452
Delivery expenses		9 197	14 875
Depreciation, amortisation and impairments		14 150 778	10 578 895
Donations		93 965	215 823
Employee costs		27 823 948	25 157 968
Entertainment		511 656	427 324
Fringe benefit tax		1 259 580	1 221 719
Ground rental		3 462 630	1 836 904
Insurance		5 535 147	5 500 872
Legal fees		432 914	414 979
Loan interest		505 721	476 985
Medical expenses		759 170	576 803
Motor vehicle expenses		58 142	106 649
Office expenses		278 433	564 156
Petrol		79 532	115 239
Postage		-	200
Printing and stationery		584 287	286 980
Provision for Bad Debts		5,931,978	4 488 765
Provision for Bad debts – Subsidiaries and Associates		14 136 978	-
Publications and Promotions		4 785 489	1 978 417
Repairs and maintenance		5 981 667	10 685 847
Security		2 549 311	2 245 435
Staff recruitment		199 220	764 602
Staff uniforms		145 354	-
Staff welfare		226 269	190 951
Subscriptions		707 475	347 107
Telephone and fax		670 089	377 967
Training		1 383 365	2 129 718
Travel		1 475 491	3 557 029
Utilities		4 031 058	4 279 452
		108 899 561	92 451 426