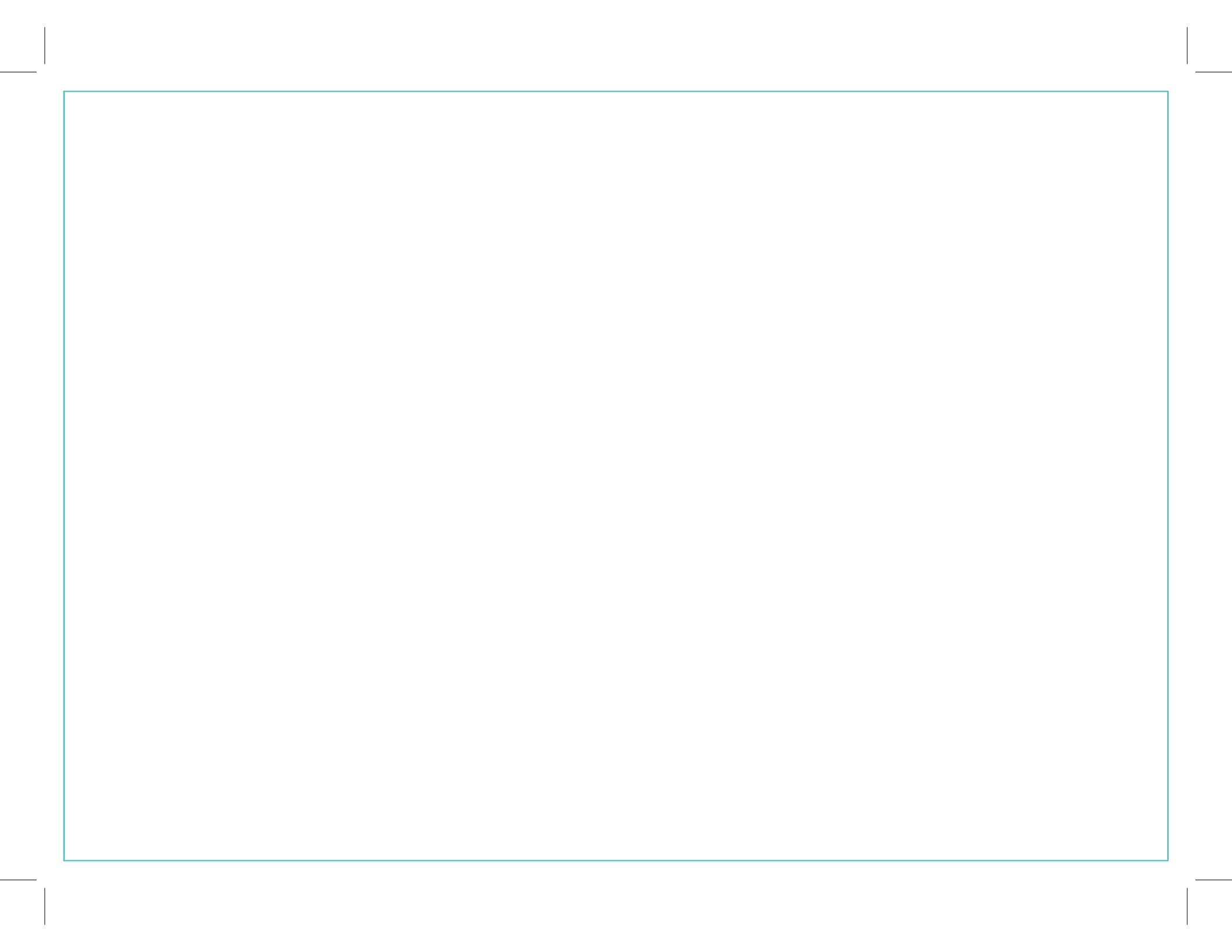




# ANNUAL REPORT 2014/2015





# **ANNUAL REPORT**

## **2014/2015**



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## CORPORATE PROFILE

### LNDC Act

The Lesotho National Development Corporation (LNDC) is a parastatal body established by the LNDC Act No. 20 of 1967. The Act was amended through the LNDC Act No. 13 of 1990 which became effective in June 1993, and further amended by LNDC (Amendment) Act No. 7 of 2000.

### LNDC Mandate

The essential mandate of the Corporation as stipulated in section 4 subsection 1 of the LNDC Act No. 13 of 1990 reads thus:

"The purpose of the Corporation is to initiate, promote and facilitate the development of manufacturing and processing industries, mining and commerce in a manner calculated to raise the level of income and employment in Lesotho."

It is the Corporation's key responsibility to contribute to national economic growth and development. The LNDC carries out this role by promoting Lesotho as an attractive and a preferred investment location to both foreign and local investors. LNDC offers a wide range of investment supportive services. These include serviced industrial sites; factory buildings; business support services; after care services; financial assistance on a selective basis; and where possible, selective limited equity participation in projects considered to be of strategic importance to the economy.

### Capital Structure

In 2014/15, the Corporation's authorised share capital was M250 million. Fully paid-up share capital was M128 million, comprising M128 million ordinary shares of M1 each.

### Organizational Structure

During the year under review the Corporation's organizational structure was constituted as follows: Investment Promotion Division; Investment Services Division; Planning, Research and Information Management Division; Property Development and Management Division; Finance Division; Internal Audit and Risk Management Division; Human Resources and Administration Division; Legal Corporate Governance Division and Public Relations Section. The LNDC is managed by the Chief Executive Officer supported by the Executive and Management teams. The Chief Executive Officer reports to the LNDC Board of Directors. The full organizational structure is presented in Figure 1 below.

### Reporting

Section 19 (1) of the LNDC Order requires the Corporation to submit a report on the status of its affairs at the end of every financial year. It is in accordance with these statutory requirements that the LNDC presents this edition of its Annual Report for the financial year April 1, 2014 to March 31, 2015. The report provides the Corporation's activities and achievements for this period. This report includes Group Audited Financial Statements approved by the Board. The Group Financial Statements constitute a consolidated performance by the Corporation, its subsidiary and associate companies. The LNDC's stake in subsidiary companies ranges between 51% and 100%. Its stake in associate companies ranges between 20% and 50%.

## CORPORATE VISION

The corporate strategic position of the Corporation is premised on following:

### Vision

By year 2020, LNDC shall be one of the leading development finance institutions in the SADC region and shall actively contribute to the attainment of 80% employment rate in Lesotho and graduation of Lesotho from the least developed country status.

### Mission

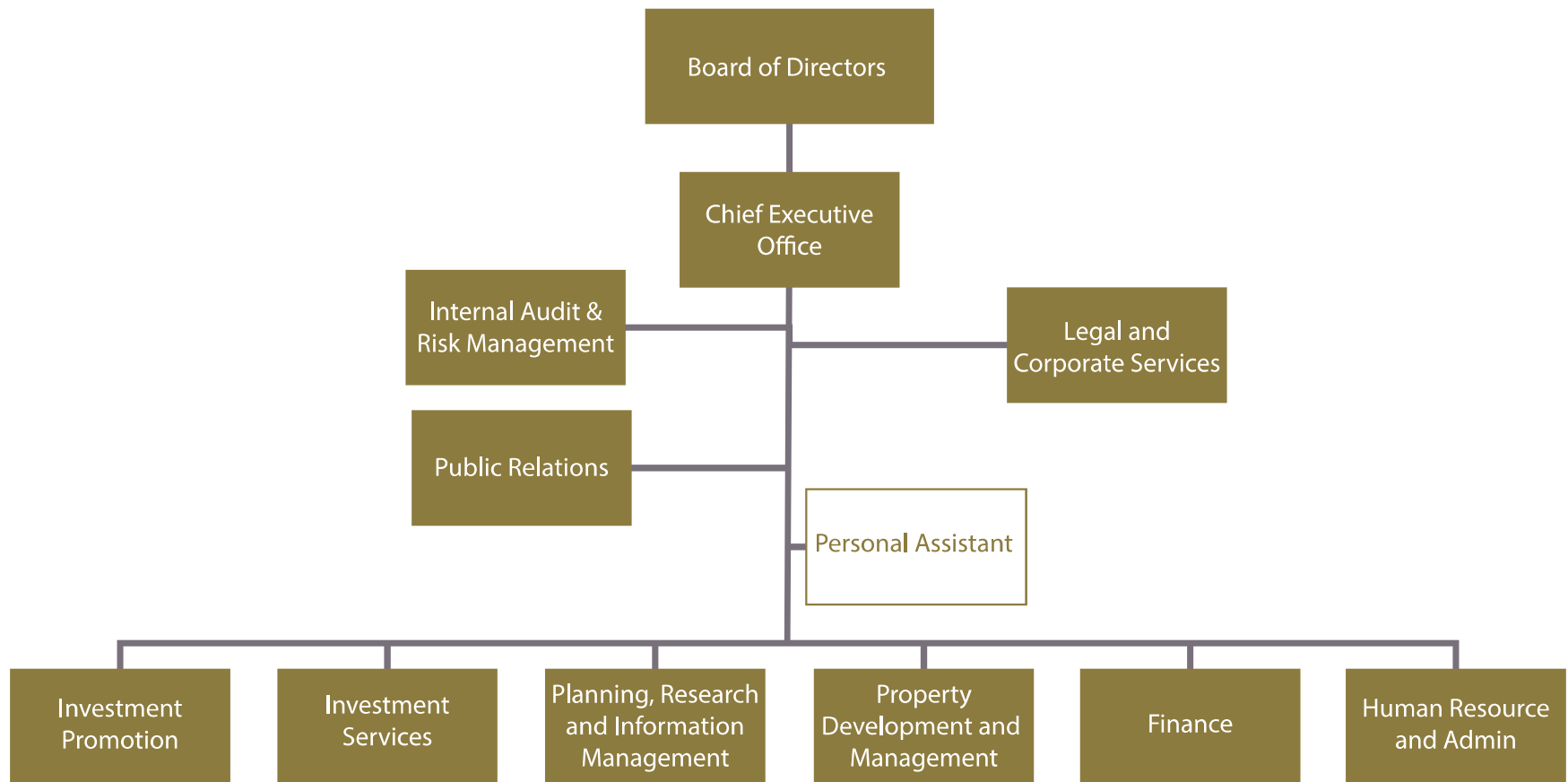
Our mission is to generate wealth and employment for the nation by promoting sustainable investment and establishing financially and economically viable medium to large scale enterprises.

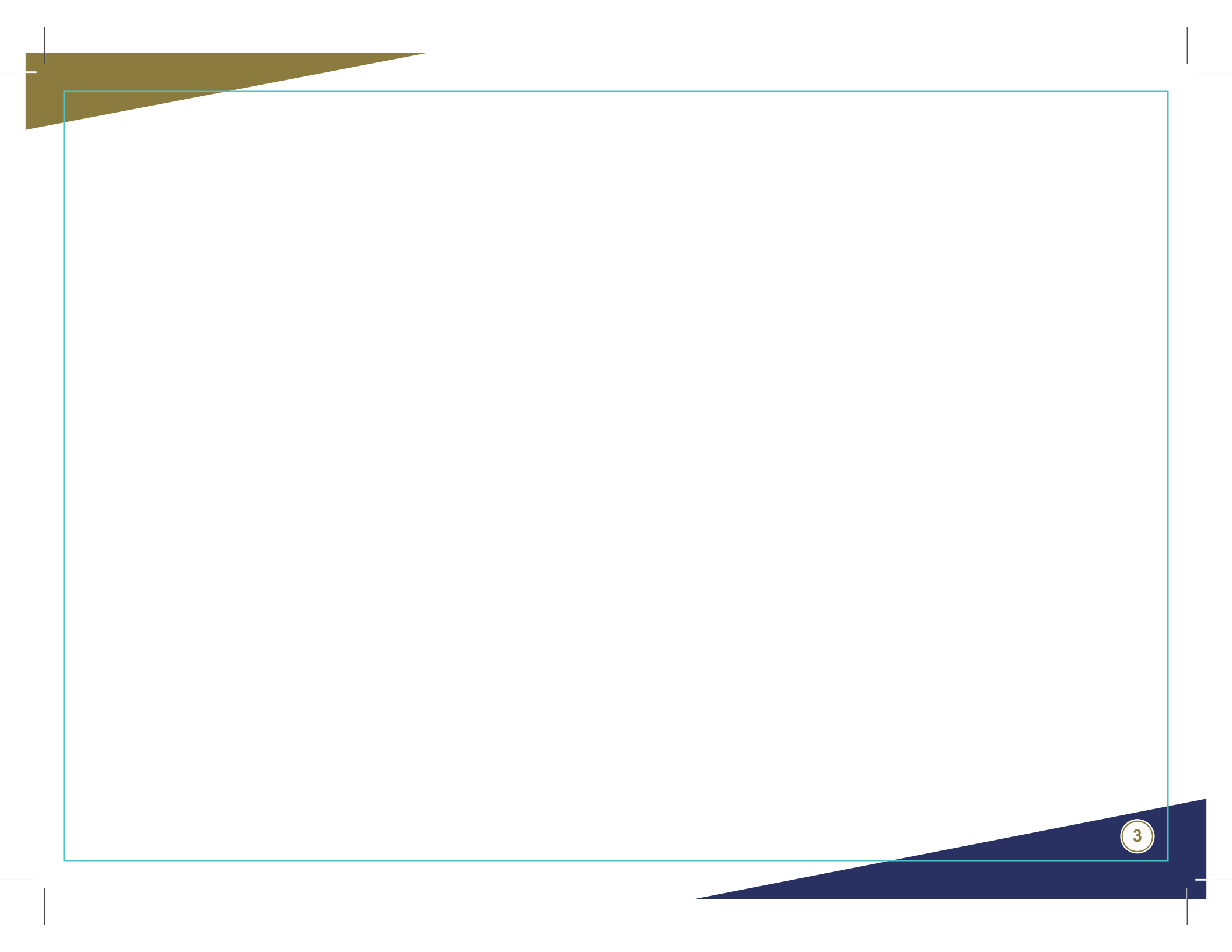
### Corporate Goals

- To develop and expand Lesotho's industrial base through promotion of foreign direct investment
- To foster participation of Basotho entrepreneurs in the private sector
- To expand the Corporation's income base
- To develop a highly professional and motivated staff
- To develop a culture of quality service
- To enhance the Corporation's image locally and externally



## ORGANIZATIONAL STRUCTURE





## STATEMENT BY THE CHAIRMAN



On behalf of the LNDC Board of Directors and indeed on my own behalf as the Board chairman, I would like to take this opportunity to present this Annual Report covering the Corporation's activities for the financial year ended March, 2015.

The LNDC's Board of Directors represent and promote the interests of the shareholder towards the attainment of the Corporation's mandate. The Board carries out its responsibilities by defining a strategic direction as well as providing a policy framework to contribute to economic growth and to catalyse the Corporation's performance, to create jobs and to improve the standard of living for Basotho.

As has been the case in the previous year, the LNDC Board continued to provide oversight on the implementation of the revised and

realigned strategic framework which entered its final year of implementation before a new strategic direction is charted. The LNDC strategic focus is on the following areas: a) Mobilisation of investments in key priority sectors by entrenching already existing industries through vertical and horizontal integration in existing industries with the aim to generate sustainable economic clusters; b) Promotion of industrial diversification by fostering growth in existing nascent industries such as light electronics, clothing accessories, agro processing, shoe and leather as well as identifying, promoting and attracting other industries in which Lesotho is considered to have a natural comparative and competitive advantage; c) Plugging Lesotho into regional and international production value chains using the automotive industry as a pilot; d) Developing capacity to become an active player in the services sector through facilitation of requisite investment in ICT infrastructure in order to be able to attract outsourcing operations such as call centres; e) Retention of already established industries in Lesotho by facilitating development of critical infrastructure as well as development of an After Care Strategy; f) Building key strategic partnerships with local, regional and international institutions in order to foster economic linkages with local enterprises, which includes improving access to finance; g) Evaluating and appraising LNDC equity portfolio with a view to rationalizing such investments; h) last but not least, realigning the Corporation's property portfolio operations in order to maximize revenues and future income streams. During the financial year, The Board then provided oversight on activities designed to implement approved strategic direction and provided policy framework to induce desired results.

In particular, the following activities took place under Board oversight: The Corporation organised and rolled out business fora locally, regionally and internationally, the purpose of this fora was intended to promote Lesotho as an ideal and attractive investment destination by presenting its investment climate and investment opportunities. In particular, a business forum was organized in South Africa targeting Lesotho diaspora to consider investing in Lesotho.



Another business forum was held in London in an effort to diversify Lesotho's sources of foreign investments.

Through Board oversight, the Corporation established during the year 2 diversified projects during the year in footwear and confectionary. It was during the year under review that 4 local banks signed up for LNDC Partial Credit Guarantee Scheme in order to provide funding for deserving local businesses. By end of the financial year 36 local businesses had benefited from this scheme. The Corporation further made inroads in its diversification efforts by partnering with a local property developer to establish a shopping centre and an office block at Fairways Centre site at city centre. Construction in this regard commenced In February, 2015.

LNDC's objectives cannot be achievable without the development of highly professional and motivated staff with a stakeholder focus. As such, in the reporting year as in previous years, the Corporation made concerted effort to develop its human assets through various programs. Corporate social investment is also the heart of the Corporation's activities, as a standard practice. LNDC rolled out a number of key projects in this regard.

In line with its founding Act, LNDC is required to apply commercially

oriented principles in carrying out its purpose. This is a critical principle if the Corporation is to remain a going concern in future. It is my pleasure to report that the period under consideration was no exception. As was the case in the previous year, the Corporation once again registered profit as it carried out its projects and programs.

Let me draw this statement to a close by acknowledging contributions of the LNDC Board, Management and Staff for their passionate efforts in pursuit of the Corporation's purpose and mandate. I also acknowledge the support of the Government of Lesotho, specifically through the Ministry of Trade and Industry, Cooperatives and Marketing. I also recognise development partners technical and financial contribution made to LNDC. Such interventions assisted the Corporation to make an impact towards Lesotho's economic progress.



.....

Moahloli Mphaka

Board Chairman

## CHIEF EXECUTIVE'S REPORT

### GENERAL



In 2014/15, LNDC continued to pursue its mandate to generate jobs and income for households through investment promotion and facilitation initiatives. The Corporation's strategy involved implementing diversified projects and facilitating for expansions within existing industries. In addition, the Corporation focused on the integration of already existing investments with the view to create more value added locally as well as the


promotion of linkages with local economy. The Corporation rolled out a targeted investment promotion drive during the year. These efforts

generated over 500 investment enquiries. In this regard, the Corporation attracted interest in diversified and integrated areas. This was demonstrated by the nature of investment leads LNDC tracked during the financial year. In particular, the Corporation received interest in areas that include: renewable energy; garments; services as well as food processing. Interest in investment originated from locally, South Africa, China and the United Kingdom.

The Corporation attaches a great deal of importance to the development of the local private sector. With this in mind, LNDC continued to roll-out Domestic Economic Empowerment interventions in support of the local private sector. LNDC in partnership with local commercial financial institutions continued to offer partial credit guarantee facilities to deserving local businesses. The uptake performance of the scheme has been impressive despite risk exposure challenges which the Corporation is addressing.

LNDC further participated actively in advocating for enhanced investment climate to render Lesotho more competitive vis-à-vis regional and international competition for similar investments, markets and export products. This is given the unfavourable ranking Lesotho has been receiving from international rating agencies in relation to ease of doing business and competitiveness of Lesotho as a location to do business.

LNDC endeavours in attracting and facilitating new investments yielded positive results during the financial year. 2 diversified projects were established during the reporting period generating around 175 jobs which translates into additional income for local households. In addition, the Corporation is holding a healthy pipeline which is made



up of well diversified and integrated projects. Conversion of this pipeline holds further provide for additional jobs and income for Basotho. Infrastructure development is central to LNDC's strategy of investment attraction. During the year the Corporation constructed infrastructure to accommodate 11 factory shells earmarked for Basotho businesses in order to promote linkages with exporting manufacturing operations. The Corporation further partnered with local property developers to erect shops and offices at Fairways site in Maseru central business district. Construction commenced during the year. The Refurbishment of the LNDC Centre and Kingsway Mall commenced during the year with a market study, topographical survey, traffic survey and tenancy/leasing study. The proposed refurbishment is

expected to embrace superficial rebranding works to the façade, lighting and landscaping of the areas. The project also involves construction of parkade and pedestrian crossing bridge which connects LNDC Centre and Kingsway Mall. The project also includes development of a bigger parking area at LNDC Centre.

In an effort to build a strong delivery oriented institution, LNDC continued to develop its human capital as well as to building its image and brand during the reporting year.

The ensuing are key activities of the Corporation in the financial year 2014/15.

## INVESTMENT PROMOTION DIVISION

The Investment Promotion Division is responsible to promote Lesotho as a preferred investment location by both foreign and local investors. In addition, the Division is tasked not only to generate interest to investors but to attract such investors to actually establish operations in Lesotho in order to create employment and raise income for local households. The report below outlines milestones achieved towards implementation of the Division's investment promotion strategy.

### Investment enquiries and leads

The division handled 486 investment enquiries in diverse sectors including renewable energy (Solar Power), garments, services, Battery Manufacturing, as well as food processing. Enquiries came from China, Lesotho, South Africa, and the United Kingdom. About 441 of these enquiries were from Lesotho.

### Site Visits

5 site visits were hosted with an interest on high end consumer products, solar power cells, wind energy, boats assembly and agro processing.

### Other Activities

5 business forums were held in Lesotho during the period. The Forums were aimed at information dissemination on LNDC products and highlighting potential

business opportunities on the proposed phase 2 of Lesotho Highlands Water projects. Internationally the Corporation held and attended 12 business forums. A major business forum highlight was the Lesotho- London Investment Promotion Forum held with the support of the Commonwealth Secretariat in London.

### Access to Finance

By end of the reporting period 4 banks had signed into the Partial

Credit Guarantee Scheme. During the year the scheme supported 36 companies. Seven companies compared to Two from the previous reporting period had paid off indebtedness to related banks. Three of supported projects were not performing well financially. Nedbank made a call on one project due to non-performance on financial obligations. The total share of individual banks was as follows: Post Bank with 2 projects, FNB with 29 projects, NEDBANK with 1 project and Standard Lesotho Bank with 2 projects. Total employment generated by the credit guarantee facility was 593 jobs.

## INVESTMENT SERVICES DIVISION

The total number of companies monitored by the LNDC stood at 72 in the year under review. These companies were made up of 62 leasehold and 10 equity investments. The leasehold portfolio is dominated by clothing and textile which accounts for around 90% of total jobs created and 57% of a total portfolio of companies. The LNDC portfolio of companies is spread across various sectors and industries including clothing and textile, agro-processing, building materials; electronics and light engineering; footwear; health care and household care; packaging; hospitality as well as commercial operations.

Two closures were reported during the year under review due to lack of orders. Two new companies, as shown in Table 1 below, started operations during the same period thereby creating 139 new jobs. Other existing companies increased their employment levels. These developments brought the total number of jobs created across all sectors to 44,204 compared to 41,870 in the previous financial year. Current performance translates to an overall job increases of 5.6% compared to a decline of 7.55% in the previous year.

**Table 1: Companies established in 2014/15**

New Company Name	Product	Initial Employment	Employment as at March, 2015
Berg Footwear	Footwear	109	130
Daisy Africa	Biscuits	30	45

In 2014/15 LNDC's equity portfolio consisted of 8 operating companies as follow: 5 associate companies and 2 subsidiaries. Both subsidiaries and associates employed 1,437 people which constituted 3,4% of the total employment.

**Table 2: LNDC Equity and Associate Companies**

Name of company	Type	Shareholding	Status
Basotho Fruit and Vegetable Cannery	Subsidiary	100%	Operational
Cashbuild	Associate	20%	Operational
Maluti Mountain Brewery	Subsidiary	51%	Operational
Lesotho Milling Company	Associate	10%	Operational
Loti Brick	Subsidiary	76%	Operational
Avani Maseru Hotel and Avani Lesotho Hotel	Associate	16.7%	Operational
OK Bazaars/Shoprite	Associate	50%	Operational
Lesotho Housing and Land Development Corporation	Associate	15%	Operational
Lesotho Foods	Associate	39,7%	Dormant
Mountain Kingdom Foods	Associate	30%	Operational



## INDUSTRIAL RELATIONS

### Strikes and Lock-outs

During the year under review, the industry experienced two protected and seven unprotected strikes affecting Crabtree, Sun textile, Bull Clothing, Carca Components, Johnson Controls, Kopano Textile, ALC and Peter Blond.

### Closures and retrenchments

Carca Components and BA Textiles, which were both situated at the Nyenye Industrial Estate and Chainex, which was situated at the Maseru Industrial Area were closed down in the period under review as a result of lack of orders. These companies paid terminal benefits to the affected employees upon termination of their contracts.

### Lay-offs/short-time

Many companies in the industry experienced lay-off/short time due to lack of orders.

## PLANNING, RESEARCH AND INFORMATION MANAGEMENT DIVISION

The Division provides corporate planning activities as well as monitoring and evaluation of corporate performance. In addition, the Division provides LNDC with research services with the aim to assist the Corporation to make optimal decisions which sustain the Corporation in the long run and create value for the shareholder. Finally, the Division is responsible to manage all LNDC information assets, including the provision of information and communication technology (ICT) infrastructure by way of hardware and software.

During the financial year, the Division undertook the following key activities:

### Monitoring, evaluation and reporting of Corporate performance

Based on business systems, processes and reporting template developed in the previous year, the Division commenced implementation of one of its key activities by monitoring, evaluating and reporting LNDC corporate performance on a quarterly and yearly basis in order to provide the Corporation with performance reports in relation to approved Strategic Plan, Annual Business Plans and set performance targets. These reports provided the Corporation with critical information on performance, challenges and areas requiring improvement.

Through the development of this critical information, the Division is in a position to guide the development of new LNDC Strategic Plan development in the coming financial year following the expiry of the current Strategic Plan

### Provision of Research services

The Division has become a nerve centre for the Corporation by facilitating optimal decision making provision of researched information to inform projects, programs and activities with potential to sustain and grow the Corporation to new heights

During the year, the Division worked on the development of the Corporation database in order to house existing but scattered research studies which will form the basis for future corporate projects, programs and activities. The development of an LNDC database was work in progress at the end of the reporting year.

### Provision of strategic Information and Communication services

During the year, the Division provided the Corporation with strategic ICT services through hard and soft infrastructure. The Division further paid attention on information security by protecting LNDC classified information against cyber-attacks and information breaches.

## PROPERTY MANAGEMENT DIVISION

The Division plays a pivotal role in providing and maintaining pertinent infrastructure to support the promotion of Lesotho as a destination of choice to foreign direct investment (FDI) as well as support infrastructure for indigenous investments.

The Division continually strives to improve its performance and the quality of service that it delivers. The Division undertook the following projects during the year:

**Table 4 - New projects initiated during the year**

ITEM	PROJECT TITLE	STATUS
1	Development of Fairway Plaza at Ex-Fairways Centre	The land was sub-let to Top Notch (Pty) Ltd in a 30-year long term agreement for the development of retail and office space.  Construction commenced in February 2015.
2	Refurbishment of LNDC Centre & Kingsway Mall	MEELI (Pty) Ltd now known as MEEMO (Pty) Ltd were appointed as LNDC Transactional Advisers and Mokorotlo Consortium were appointed as the main consultant for the design and detailing of the proposed development.  The project was on its final stage of the detailed design by financial year end.
3	Construction of Infrastructure and 11 Factory shells at Tikoe Industrial Estate	Consulting Engineering Centre (CEC) were appointed as consultants of the project and UNIK Construction (Pty) Ltd as main Contractors of the project.  The project commenced in May 2012 and was still work in progress by financial year end.

### Development of Fairways Plaza

LNDC solicited proposals from property developers for the development of Ex-Fairways Centre. An opportunity was granted to all the developers to device their own development concepts and financial models that could be offered to the LNDC. A number of proposals were received and through evaluation process LNDC accepted the proposal from Top Notch (Pty) Ltd. A 30-years sub-lease agreement was signed between LNDC and Top Notch for the development of the present "Fairways Plaza". Construction of the Centre commenced in February 2015. Construction is expected to be complete in 8 months.

Fairways Plaza is located within Maseru's Central Business District (CBD) along the Kingsway Road where it used to be the Fairways Centre. The land has an approximate gross area of 7,700m<sup>2</sup> on plan. The development (Fairway Plaza) was established 15years after the 1998 riots which destroyed a lot of property in Maseru including the former Fairways Centre.

The Development Concept adopted proposed the following:

- A 2 phased retail and office block on a 30 years model of Finance of Build, Own, Operate and Transfer basis;
- Phase 1 comprised a M40.0 million, double storey retail and office building with the Gross Building Area of 2974m<sup>2</sup> and Gross Lettable Area (GLA) of approximately 5300m<sup>2</sup>. The retail takes up to GLA of 2622m<sup>2</sup> and the offices takes a GLA of 2650m<sup>2</sup>;
- Phase 2 is expected to be viable within the next 3 to 5 years from commencement. The development proposed to elevate the extension above the parking space hence it will be combined with the Phase 1. At its completion the development is expected to be elevated to 6 storey height building.
- LNDC continues to accrue the following benefits during the 30years period of subletting the land:
  - 4% of the rentals for the first five (5years) after occupation of the building;

- 5% in the next 5-10years
- 6% in the next 11-12years
- 8% in the next 13-15years
- 10% in the next 16-20years
- 12% in the next 21-25years
- 15% in the next 26-29years

- At the expiry of the lease term the development will revert to LNDC.

#### Refurbishment of LNDC Centre & Kingsway Mall

In an effort to enhance the value of its property portfolio the Corporation considered refurbishing both the LNDC Centre and Kingsway Mall Block A. In weighing options to facelift the two assets, LNDC Management considered giving the LNDC Centre refurbishment first preference. This came after completion of a market study which was undertaken by a consultant known as ADEC (Pty) Ltd. The outcome of the study endorsed the need for the LNDC Centre to maintain a good balance between the anchor tenant and smaller tenants, as well as uplifting its competitiveness. The proposed refurbishment will embrace superficial rebranding works to the facade, lighting and landscaping along with upgrades to areas such as receptions, lifts, toilets and common areas to provide better returns on assets. It has also incorporated the construction of a Parkade and a pedestrian crossing bridge that connects the LNDC Centre and Kingsway Mall. Both uplifting of LNDC Centre, development of a bigger parking area and construction of pedestrian bridge fall under Phase I of the development.

Phase 2 of the development will focus on Kingsway Mall, the Management proposed a refurbishment of only Block A as the Head Office of the LNDC following completion of phase 1.

To facilitate the proposed development, Meemo (Pty) Ltd were appointed to provide Property Advisory Services to the Corporation

with regard to the project. In undertaking their roles Meemo then facilitated the appointment of a team of consultants known as Mokorotlo Consortium comprising of the Architect, Civil/Structural Engineers/ Electrical & Mechanical Engineers and Quantity Surveyors to undertake different roles within the proposed development. A professional services contract was signed between LNDC and Mokorotlo with Mokorotlo leading the development consultants.

In conducting the viability and market study of the proposed development, 3 additional consultants were engaged to undertake Topographic survey, Traffic study and Leasing/tenanting. The studies have been completed and the detailed design of the entire project is expected to be finalised by the end of February 2017.

Consultant's professional services has been provided at the fee of M38.0 million including advisory fees of Meemo Pty (Ltd) as a Transactional Advisor.

#### Construction of Tikoe Industrial Estate Infrastructure and Factory Shells

The Government of Lesotho secured a loan from Arab Bank for Economic Development in Africa (BADEA) and OPEC Fund for International Development (OFID) towards the cost of construction of Tikoe Industrial Estate infrastructure and factory shells. The project lies at Tikoe, around 10 km south-east of the Maseru City Centre. The project comprised of the civil works and ancillaries for construction of roads and storm water utilities infrastructure for a total area of 270,000 m2 of which a net lettable area of 67,000m2 shall be available for industrial shells construction for rental. The first phase involves construction of 30,000 m2 of industrial shells which form part of the 67,000 m2 area of development and the remaining 37,000m2 has been identified as Phase II for further industrial infrastructure and factory shells.

The Consulting Engineering Centre (CEC) facilitated award of the Contract to UNIK Construction Engineering (Pty) Ltd in April 2012. LNDC signed the Contract with UNIK Construction Engineering (Pty)

Ltd on 23rd May 2012 for a Contract amount of M182, 332, 698.20 and the works commenced in June 2012 and practical completion reached in November 2015. The project has also reached the end of the period of defects liability which ended in December 2016. During this reporting period the Consultant is finalising the closure of the project.

## HUMAN RESOURCES AND ADMINISTRATION

The Division continued to roll out its key responsibilities during the course of the financial year. Below are some of the key activities which the Divisions undertook and facilitated during the year:

### RECRUITMENT

#	POSITION	DIVISION	DATE
1	Domestic Investment Promotion Officer	IP	August 2014
1	Projects Officer	IS	November 2014
1	Driver	HR	November 2014
1	Maintenance Clerk	PM	November 2014
1	CEO	CEO's Office	December 2014
2	Helpers (Gardener and House helper)	CEO's residence	December 2014
1	Projects Manager	IS	December 2014
1	Head Finance	Finance	January 2015
1	Head Property Management	PM	January 2015
1	Accounts Officer	Finance	March 2015
11	Total		

## TERMINATIONS

POSITION	REASON	DATE
CEO	Negotiated Settlement	May 2014
Internal Audit Officer	Resignation	June 2014
Property Maintenance Officer	Dismissal	August 2014
Projects Manager	Retirement	October 2014
Caretaker CEO	End of Contract	November 2014

## STAFF TRAINING AND DEVELOPMENT

The LNDC through its staff participated in 27 different training programmes, 25 were short courses and 2 were in-house programmes as indicated below:

#	COURSE TITLE	DIVISION	TITLE	DATES
2	Mastering Accounts Payable, Receivables and Credit Management	FIN	Credit Controller & Cashier	July 2014
1	Advanced Excel	HR	PA	July 2014
1	Guardians of Governance	Audit	Head IA	July 2014
1	Management Reporting for Accounting	FIN	Management Accountant	July 2014
1	Business Contracts & SLAs Workshop	Legal	Legal Officer	July 2014
2	Electronic Documents & Records Management	PRIM	Head PRIM & ICT Manager	July 2014
4	Protocol & Diplomacy for PAs	FIN, IS & Legal, HR	PAs & Switchboard Operator	July 2014

#	COURSE TITLE	DIVISION	TITLE	DATES
4	Sage HR Premier	HR & IA	HRO, AO, PA & IA Manager	July 2014
1	Economic Literacy	PRIM	Planning & Research Officer	May 2014
2	Customer Relations Management	IS	HIS & IS Manager	May 2014
1	Advanced Human Resources Management Policy & Strategy	HR	HHR	May 2014
1	Competency Development for Drivers	CEO's Office	Driver	June 2014
4	Payroll Basic Training	HR, FIN & IA	Management Accountant, Accounts Officer, HRO & Internal Audit Manager	June 2014
1	Advanced Trial Advocacy	FIN	Legal Officer	June 2014
2	Project Finance Analysis	IS	Projects Officer & IS Officer	June 2014
1	Labour Relations & Labour Law	IS	Industrial Relations Manager	June 2014
1	IT Skills for PAs	IP	PA	June 2014
1	Internal Audit & Oversight of	IA	Internal Audit	June 2014

## EMPLOYEE WELLNESS

The Corporation undertook employees' emotions healing and perception transformation initiative process.

## DISCIPLINARY CASES

The two remaining cases (Head Finance & Head Legal) emanating from the Forensic Audit undertaken by Nexus were amicably resolved and thus concluded the exercise.



## PUBLIC RELATIONS

Highlights of the public relations and image building activities during the reporting period were as follows:

### Publicity:

- Public Relations facilitated production of a video for the African Development Bank
- Production and printing of 500 copies of a Magazine “Lesotho at a Glance” by Proudly African, was also facilitated by PR
- An article was produced for publication in “The Times of Africa”, an Indian Magazine that featured Lesotho prominently during the Africa-India Conclave.
- A Press Release on Review of the Partial Credit Guarantee Scheme produced
- Four interviews, a press conference and LTV interview for the CCEO were conducted in the reporting year.
- PR coordinated the re-design and printing of the LNDC Investment Brochure
- Editorials following review of the Partial Credit Guarantee Scheme were made in ‘The Silo/Sesiu’ and ‘Visions’ Magazines.
- A six-page editorial on the Lesotho - RSA Roadshow Launch was made on Pinnacle Magazine
- Publicity and advertisement for Promotion of LNDC/Lesotho participation at Source Africa 2014 was made through the Source Africa Magazine and a live radio interview was facilitated for the LNDC Investment Promotion Officer on Kaya FM prior to the event.
- 250 Branded pens and eco-bags were procured for purposes of distribution amongst to and LNDC guests at Source Africa.
- Press release for Investment forum on phase II of the Lesotho Highlands Water Project
- Press release for Lesotho takes part in Source Africa 2014
- PR coordinated design and printing of the LNDC 2011/2012 annual Report
- Public Relations facilitated a presentation on Investment in Lesotho delivered by Head Investment Services at the Lesotho Institute of Auditors Annual conference.
- A group of 48 Public Relations Students of the Limkokwing University of Creative Technology was hosted by the Corporation
- Public Relations Manager gave a lecture that links theory to practice in preparation for the internship that the students would begin to fulfil requirements of their program.
- Public Relations sponsored a radio program ‘Industrial Relations’ at Catholic Radio to the tune of M4,000.00
- PR coordinated production and printing of Christmas Cards, an Electronic E-card as well as calendars for the year 2015.
- Progress on the LNDC Partial Credit Guarantee was highlighted on LTV News and Programs. Two electronic billboard adverts were also made in the Capital Maseru to publicize progress
- A working lunch with the Press was coordinated. The CCEO shared with the media, the achievements and challenges of the Corporation since January
- PR facilitated a Brand Assessment Exercise for LNDC by a locally registered Communications Firm, Customer Centric Holdings.
- A press release on LNDC hosting Limkokwing University Students for a Corporate Lecture was produced.
- 1000 copies of the LDC quarterly newsletter were produced and printed
- Translation of the old LNDC Website into Chinese was facilitated
- Public Relations also formed part of a team that worked on the development of the new LNDC Website through facilitation of content and accompanying pictures.
- New elements Coordination and acquisition of pictures for the LNDC new Website was facilitated
- Coverage was facilitated for the signing of the LNDC and Lesotho Postbank Partial Credit Guarantee risk-sharing agreement. Both Print and Electronic Media successfully covered the event.
- Two TV episodes were produced and packaged for a program titled ‘

## Invest in Lesotho- Tseba ka LNDC.'

The following Press Releases were issued during the period;

- Lesotho hosts the SADC Investment Promotion Agencies Forum
- LNDC to host Risk Mitigation Training Workshop
- LNDC and Lesotho Post Bank sign a PCG Agreement
- 2000 copies of the LDC quarterly newsletter were produced, printed and distributed to the LNDC Stakeholders
- A 2½hr radio program was facilitated on facilitated for the Investment Promotion Division (Domestic Investment) on Radio Lesotho-Seboping
- Participation of LNDC (by Manager Domestic Investment) on the LTV–Thahameso Pre-Budget Speech analysis was facilitated.
- Coverage by both electronic and print media was facilitated for the Trade and Industry Minister's first encounter with the LNDC staff, where the Minister shared his vision.
- Public Relations supported the Sports Committee in preparation for, and execution of the hosting of the 2015 Development Finance Institutions games.
- In interview with the CEO on the Fairways new development was facilitated for Lesotho Times newspaper.
- A post-Source Africa 2015 interview was facilitated for LNDC (Head Investment Promotion and Investment Promotion Officer) report back on LTV Thahameso Morning News Program
- Subscriptions to The Silo Magazine as well as Lesotho Review were facilitated

The following Press Releases were issued to various local print and electronic media;

- LNDC hosts Investment Climate Reforms Audit and Workshop
- New Trade and Industry Minister, Senator Joshua Setipa meets with LNDC staff
- LNDC capacitates Textile and Garments Manufacturers
- Lesotho Lures international buyers of textiles, garments and footwear at Source Africa

• Preparations in the form of consultations and framework for LNDC engagement with the Civil Society as one of the main stakeholders to be addressed this year were made

- Prime Minister tours the three firms in the Leribe district (Ha Nyenye)
- Official opening of the Fairway Plaza by the Minister of Trade and Industry Hon. Joshua Setipa on the 17th September 2015
- Official Opening of the 11 Tikoe Industrial Estate by the Rt. Hon. Dr Pakalitha Mosisili on the 21st September 2015.
- The LNDC supported the Ministry of Public Works during the ministry's Public Service Day exhibition held on the 21st October 2015 at the Government Complex
- Corporate Social Responsibility
- LNDC sponsored an annual gala dinner of the National University of Lesotho final/4th Year BCOM students at a cost of M5000.00 Maloti
- PR also facilitated a presentation by Domestic Investment Promotion on "Funding techniques that can help to uplift start-ups"
- The Corporation sponsored the first ever Africa Beer Festival at a cost of M10 000.00 Maloti
- A table for ten people was sponsored at a cost of M10,000.00 and staff members attended the Queen's Gala Dinner, an annual event that raises funds for The Queen's National Trust Fund
- LNDC sponsored a table for 10 to the tune of M2, 800.00 at a Breast Cancer Awareness event led by the Lesotho Breast Cancer Network.
- The Corporation sponsored a soccer jersey for the Youth Soccer Development Federation of Lesotho as contribution towards development of youth football for both boys and girls aged below 16 years
- M25, 000.00 Sponsorship was made to the Lesotho Institute of Accountants (LIA) 6th Annual Conference.
- A contribution of M20, 000.00 (Twenty thousand Maloti only) was made towards the celebrations of the Public Service Day.
- LNDC sponsored St. Angela Cheshire Home for Disabled Children that cares and advocates for the rights of children with disabilities for a visit by its disabled Children to Queen 'Mamohato Memorial Hospital during the Cheshire Week Celebrations.

A contribution of M2 290.00 was made.

- LNDC awarded Lenovo laptops to four best performing graduates of the National University of Lesotho, Limkokwing University of Creative Technology, Lerotholi Polytechnic as well as Centre for

#### **Accounting Studies:**

- A sponsorship of M10 000.00 was made to the Ultimate Radio inaugural annual music awards and 10th anniversary as a contribution towards enhancement of the music industry. The event was attended by 20 LNDC staff members.
- LNDC sponsored the purchase of equipment meant for developmental and income generating projects by 'Helping Other People to Excel' (HOPE), a non-profit making organisation for the benefit of Early Childhood Care and Development Centres. M20 000.00 was contributed towards the HOPE.
- The Corporation signed an MoU with a local content producing company 'Khaya Holdings' to produce 12 episodes of educative and informative television programs on LNDC. The Corporation also contributed M76 000, Maloti towards the project.
- LNDC supported the annual Queen's Gala Dinner through contribution of M10, 000. 00.
- LNDC participated at the 9th KBS Awards and Career Fair at St. James High School in Mokhotlong.
- LNDC is sponsoring four students with an award for excellence in their respective fields
- LNDC supported the Federation of Basotho Women Entrepreneurs, by sponsoring a table for ten at the organisations fundraising dinner
- LNDC sponsored the Menkhoaneng Moshoeshoe walk for LNDC staff.
- LNDC donated M17, 250.00 to Her Majesty's trust fund for the Menkhoaneng Moshoeshoe walk.

#### **Investment Promotion:**

- Public Relations worked on the implementation of the Lesotho-RSA Trade and Investment Road Show March at the Sandton Convention

#### **Center**

- PR facilitated a site visit to Johane Garments, for the CCEO and Head Investment Promotion
- Public Relations formed part of a team made of Investment Services and Investment Promotion to prepare for Source Africa 2014
- Public Relations formed part of a team made of Investment Promotion that attended the World Investment Forum in Geneva, Switzerland.
- Public Relations coordinated design and printing of promotional material and also attended the LNDC Information Booth throughout the Investment Forum.
- During the quarter, Public Relations formed part of a team that attended the Automotive Workshop and tour of the BMW Plant in Pretoria
- During the quarter, Public Relations formed part of a team that made preparations for, and attended the Source Africa 2015 (Trade Show) in Cape Town
- Promotional Material in the form of two brochures and branded pens were facilitated by PR.
- The LNDC together with the Ministry of Trade and Industry facilitated the Rt. Hon Prime Minister Dr. Pakalitha Mosisili's tour of three operational factories at the Ha Nyenye Factory Estate

#### **Social Media:**

- One video clip on Review of the Partial Credit Guarantee Scheme was uploaded, thereby increasing the clips on the LNDC Channel to 16
- A video clip on the "Review of the Partial Credit Guarantee Scheme" was linked from the LNDC YouTube Channel. It was shared four times and viewed by 140 people. The number of followers of the LNDC Facebook page

#### **YOUTUBE AND FACEBOOK (FB)**

- A video clip was added and now the LNDC channel has a total of 16 video clips. This was the Enhanced Integrated Framework Lesotho

- A video clip was added and now the LNDC channel has a total of 16 video clips. This was the Enhanced Integrated Framework Lesotho. The number of views has this quarter risen to 3622
- The number of subscribers who want to keep abreast with developments at the LNDC has risen from 14 to 19.
- The LNDC channel still has a total of 16 video clips but the number of views has this risen from 3622 to 5262.
- The LNDC Facebook page continues to attract significant online traffic. The number of followers has risen to 2118.

#### **Branding and Promotional Material**

- A report on the findings of the Brand Assessment was facilitated for the CEO and the Executive Committee LNDC and National Flags were purchased and are now flown in the main boardroom as well as outside the LNDC Headquarters
- 50 wooden and LNDC branded cases, pens and pencils were

- purchased for the SADC IPA Forum delegates.
- Corporate Gifts in the form of Heat Change Mugs have been procured this quarter
- The branding of LNDC Headquarters is still work in progress. A team has been established and a framework is being developed.
- The branding of LNDC Headquarters has commenced the first phase which is the exterior branding exercise is underway. The visitor's reception, the twin meshes on the fire escapes as well as one elevator have been branded successfully

## LESOTHO NATIONAL DEVELOPMENT CORPORATION

### STATEMENT OF DIRECTORS RESPONSIBILITY FOR THE YEAR ENDED 31 MARCH 2015

The directors are responsible for the preparation, integrity and fair presentation of the consolidated financial statements of Lesotho National Development Corporation. The consolidated financial statements presented on pages 5 to 36 have been prepared in accordance with Lesotho and International Financial Reporting Standards and include amounts based on judgements and estimates made by management. The directors also prepared the other information included in the consolidated financial statements and are responsible for both its accuracy and its consistency with the financial statements. The directors are also responsible for the group's system of internal financial control. These are designed to provide reasonable, but not absolute assurance as to the reliability of the consolidated financial statements, and to adequately safeguard, verify and maintain accountability of the assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and system has occurred during the year under review. The going concern basis has been adopted in preparing the consolidated financial statements. The directors have no reason to believe that the group and its subsidiaries will not be a going concern in the foreseeable future based on forecasts and available cash

resources. These consolidated financial statements support the viability of the group. The consolidated financial statements have been audited, on behalf of the Auditor General of Lesotho, by the independent auditing firm, Moteane, Quashie & Associates, which was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders and the board of directors. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate. Moteane, Quashie & Associates' audit report is presented on pages 3 and 4.

The directors confirm that the annual financial statements set out on pages 10 to 36 were approved by the Board of Directors on 14th December 2016 and are signed on its behalf by:-

  
.....  
Chief Executive

  
.....  
Officer Board Chairman



## **QUALIFIED REPORT OF THE INDEPENDENT AUDITORS TO THE AUDITOR GENERAL OF LESOTHO ON LESOTHO NATIONAL DEVELOPMENT CORPORATION**

We have audited the consolidated financial statements of Lesotho National Development Corporation, which comprise the consolidated statement of financial position as at 31 March 2015, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 36.

### **DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The group's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Lesotho National Development Corporation Act Number 13 of 1990 (as amended). This responsibility includes: designing, implementing and maintaining internal control 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 auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit qualified opinion.

### **BASIS OF QUALIFIED OPINION**

We noted that LNDC has not revalued its non-financial assets as the last time LNDC performed a revaluation of its assets of M.595 billion was in 2008. In the circumstances LNDC is not in compliance with its policy on impairment of non-financial assets in notes 1.9 and IAS 36 Impairment of Assets.

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 IAS 39 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 REPORT OF THE INDEPENDENT AUDITORS TO THE AUDITOR GENERAL OF LESOTHO ON LESOTHO NATIONAL DEVELOPMENT CORPORATION**

### **QUALIFIED OPINION**

In our opinion, except for the effect on the financial statement of the matters referred to in the preceding paragraph, the financial statements fairly present, in all material respects, the financial position of the group at March 31, 2015 and the results of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Lesotho National Development Corporation Act Number 13 of 1990 (as amended).

Moteane, Quashie & Associates  
Partner: May Moteane  
Chartered Accountant (Lesotho)  
Registered Auditor  
Maseru,  
June 2016

# LESOTHO NATIONAL DEVELOPMENT CORPORATION

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2015

### 1. OPERATIONS

Lesotho National Development Corporation Group delivers its services through eight divisions under the leadership of the Chief Executive Officer. The Group comprise of three subsidiaries, four associated companies and four equity investments in companies. The salient features of the Corporation's operational performance during the period under review were as follows:

#### 1.1 Investment Promotion

**Investment enquiries and leads** The division handled 50 investment enquiries in diverse sectors including power generation, garments, waste recycling, tyre refurbishments, food processing. These were from China, Lesotho, South Africa, USA and the United Kingdom. About 41 of the enquiries were from Lesotho.

**Site Visits** Four site visits were hosted with an interest around assembly of assistive health devices, textiles and garments, property development, sandstone mining, automotive parts. **Other Activities** About 14 different activities were carried out during this period. The activities include the signing of the Risk Sharing agreement with Post Bank. The signing took place in February 2015. Others of significance is participation onto the Magic Show held in the United State of America of four local companies. Two of the four where companies that are owned by Basotho.

#### Access to Finance

By the end of March 2015 four banks had signed into the Partial

Credit Guarantee Scheme. The last bank to sign was Lesotho Post-bank that joined the scheme in February 2015. By the end of the reporting period the scheme had supported 29 companies of which two had already paid off their debts with the Bank while four projects were not performing well and one of them had been handed over for collection. The total share of individual banks was as follows: Post Bank two (2) projects, FNB 24 projects, NEDBANK one (1), and Standard Lesotho Bank two (2). Total employment generated to date was 593 jobs. **1.2 Planning, Research and Information Management** Development of Divisional Systems and Processes

As the Division was incepted in the previous year, the period under review saw the development of business systems and processes. Among other things, the Division designed and completed LNDC Annual Business Plan templates as well as Strategic Plan 2011-15 performance reporting template. These templates were then operationalized to develop LNDC Annual Business Plans, to monitor and evaluate performance of LNDC Annual Business Plans on a quarterly basis, as well as to monitor and evaluate the performance of Strategic Plan 2011-15.

#### Development of LNDC Annual Business Plan 2014/15

The Division co-ordinated development of Annual Business Plan 2014/15. This plan was developed based on targets set in the Strategic Plan 2011-2015. The Division then monitored and evaluated the performance of this Annual Business Plan on a quarterly basis. These quarterly monitoring and evaluation exercise provided Management with useful insight on the performance of the Plan and the challenges requiring corrective and remedial actions in an effort to meet the targets of the Strategic Plan 2011-15.

# LESOTHO NATIONAL DEVELOPMENT CORPORATION

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

### Development of Planning Policy and Research Policy

In an effort to strengthen this newly formed Division, both Planning and Research Policies were developed during the year. At the end of the year, the 2 Policies had been considered by Management and were awaiting submission and consideration by LNDC Board of Directors.

### Review of ICT Policies

During the year, the Division set in motion the process of reviewing ICT Policies in order to align them to best practice as well as to contain associated ICT based risks. In this regard the Division triggered this review by commencing benchmarking activity on best practice ICT Policies.

### Performance evaluation of Strategic Plan 2011-15

Finally, the Division conducted a comprehensive performance evaluation of Strategic Plan 2011-15. The process took place in the last quarter of 2014/15 financial year. The performance evaluation informed the development of the new Strategic Plan which was set for implementation starting in 2015/16 financial year.

#### 1.3 Human Resources

The Division is responsible for among other duties, staff welfare, recruitment and training. These are the activities of the Division for the period:

### Staff Training

63 staff members attended training during this period.

- 5 in-house training programs were held for staff covering all categories.
- 11 employees attended individual training programs/short courses.
- 2 members attended full time long term training
- 3 staff members attended part- time long term training.

### Recruitment

The LNDC recruited 17 new employees in the following categories:

- 3 Manager level positions
- 10 Officer level positions
- 4 clerical/support
- Caretaker Chief Executive was appointed

# LESOTHO NATIONAL DEVELOPMENT CORPORATION

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

### Terminations

There were 2 employment terminations as follows:

- 1 resignation
- 1 retirement

### 2. SHARE CAPITAL

The Government of Lesotho is the sole shareholder in the corporation and there has been no change in the shareholding during the year.

### 3. DIVIDEND

No dividend is paid or proposed.

### 4. FUTURE CORPORATE STRATEGY

The corporate strategic position of the Corporation is premised on following:

#### Vision

By year 2020, LNDC shall be one of the leading development finance institutions in the SADC region and shall actively contribute to the attainment of 80% employment rate in Lesotho and graduation of Lesotho from the least developed country status.

### Mission

Our mission is to generate wealth and employment for the nation by promoting sustainable investment and establishing financially and economically viable medium to large scale enterprises.

### Corporate Goals

- To develop and expand Lesotho's industrial base through promotion of foreign direct investment
- To foster participation of Basotho entrepreneurs in the private sector
- To expand the Corporation's income base
- To develop a highly professional and motivated staff
- To develop a culture of quality service
- To enhance the Corporation's image locally and externally

### 5. STAFF TRAINING DEVELOPMENT

During the financial year 2014/2015 63 staff members attended training during this period.

- 5 in-house training programs were held for staff covering all categories.
- 11 employees attended individual training programs/short courses.
- 2 members attended full time long term training
- 3 staff members attended part- time long term training.

# LESOTHO NATIONAL DEVELOPMENT CORPORATION

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

### 6. TRIBUTE TO STAFF

The Board wishes to thank Management and Staff for their continued loyalty and sustained efforts during the year.

### 7. EVENTS SINCE BALANCE SHEET DATE

The Board of Directors is not aware of any matters or circumstances arising since the end of the year or otherwise dealt with in this report or annual financial statements, that would have a significant effect on the operations of LNDC or the results of its operations.

### 8. DIRECTORS AND SECRETARY

The directors during the year were: Board of Directors

Chairman -	Mrs. Mapulumo Mosisili
Members -	Mrs. Liengoane Lefosa
	Mr. Robert Likhang
	Dr. Lefulesele Lebesa
	Ms. 'Mampho Tjabane
	Mr. Lebakeng Mohau Tigeli
	Mr. Makhetha Thaele
	Mr. Lehlohonolo Chefa
Chief Executive Officer -	Mr. Kelebone Leisanyane
Secretary -	Mr Clark T. Poopa

### 9. AUDITORS

The Corporation's auditors were Moteane, Quashie & Associates on behalf of the Auditor General of Lesotho.

### 10. REGISTERED OFFICE AND ADDRESS

The registered office and physical and postal addresses of the corporation are as below:-

Physical Address LNDC Kingsway Mall,  
Block A, Development House,  
Kingsway Street, Maseru  
Private Bag A96, Maseru 100  
Web site [www.lndc.org.ls](http://www.lndc.org.ls)  
Email [info@lndc.org.ls](mailto:info@lndc.org.ls)



# LESOTHO NATIONAL DEVELOPMENT CORPORATION

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2015

		<u>CORPORATION</u>		<u>GROUP</u>	
	NOTE	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
		<u>M'000</u>	<u>M'000</u>	<u>M'000</u>	<u>M'000</u>
<b>TURNOVER</b>	<b>14</b>	<b>57,698</b>	<b>56 295</b>	<b>821,008</b>	<b>740 331</b>
<b>OPERATING PROFIT</b>	<b>15</b>	2,484	2 127	79,800	55 261
Income from associates		9,950	8 545	9,950,	5 873
Income before tax		12 434	10 672	89,750	61 134
Taxation	<b>16</b>	-	-	(15,132)	(8 331)
Income after taxation		12 434	10 672	74,618	52 803
Minority interests		-	-	(46,994)	(38 647)
Income from ordinary activities		12 434	10 672	27,624	14 156
Prior year adjustment	<b>18</b>	575	(5 974)	(47,831)	(5 974)
At beginning of year		184 800	180 102	347 380	339 198
At end of year		<b>197 809</b>	<b>184 800</b>	<b>327,173</b>	<b>347 380</b>

# LESOTHO NATIONAL DEVELOPMENT CORPORATION

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Notes	CORPORATION		GROUP	
		2015	2014	2015	2014
ASSETS		M'000	M'000	M'000	M'000
<b>NON-CURRENT ASSETS</b>		<b>845 812</b>	<b>787 862</b>	<b>1,077,332</b>	<b>952 625</b>
Property, plant and equipment	4	4 257	2 306	362,590	309 596
Investment property	4	590 682	542 414	590,682	542 414
Intangible asset		-	-	1,021	1 118
Investment in subsidiaries	5	133 822	133 965	-	-
Investment in associates	6	46 919	43 421	52,906	50 545
Other investments	7	70 132	65 755	70,132	48 952
<b>CURRENT ASSETS</b>		<b>75 224</b>	<b>113 559</b>	<b>205,018</b>	<b>258 751</b>
Inventories	9	-	-	89,565	103 965
Accounts receivable	10	32 050	15 972	51,525	40 676
Short term investments		41 511	81 967	46,852	90 295
Taxation		-	-	-	515
Bank balances and cash		1 663	15 620	17,076	23 300
<b>TOTAL ASSETS</b>		<b>921 036</b>	<b>901 421</b>	<b>1,282,349</b>	<b>1 211 376</b>

### EQUITY AND LIABILITIES EQUITY

Share capital  
Non-distributable reserves  
Retained income

Minority interest

### TOTAL EQUITY

### NON-CURRENT LIABILITIES

Long-term borrowings  
Long-term provisions  
Deferred tax

### TOTAL NON-CURRENT LIABILITIES

### CURRENT LIABILITIES

Bank overdrafts  
Accounts payable  
Taxation

### TOTAL CURRENT LIABILITIES

### TOTAL EQUITY AND LIABILITIES

	742 291	714 475	791,918	732 169
1	128 000	128 000	128,000	128 000
2	416 482	401 676	336,745	256 789
	197 809	184 800	327,173	347 380
		-	111,568	96 102
	<b>742 291</b>	<b>714 475</b>	<b>903,486</b>	<b>828 271</b>
	<b>143 486</b>	<b>145 220</b>	<b>157,633</b>	<b>152 894</b>
3.1	140 356	138 414	149,239	141 363
3.2	3 130	6 806	3,130	7 658
	-	-	5,264	3 873
	<b>35 259</b>	<b>41 726</b>	<b>221,230</b>	<b>230 211</b>
	2 953	1 733	4,464	73 663
11	32 306	39 993	210,391	156 548
16	-	-	6,375	-
	<b>921 036</b>	<b>901 421</b>	<b>1,282,349</b>	<b>1 211 376</b>

## LESOTHO NATIONAL DEVELOPMENT CORPORATION

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2015

GROUP	Share capital	Non- Distributable reserves	Retained income	Total
<b>Balance March 31 2013</b>	<b>128 000</b>	<b>242 771</b>	<b>339 198</b>	<b>709 969</b>
Retained income for the year	-	-	14 156	14 156
Prior year adjustment	-	-	(5,974)	(5,974)
Movement on non-distributable reserves (refer note 2)	-	14 018	-	14 018
<b>Balance March 31 2014</b>	<b>128 000</b>	<b>256 789</b>	<b>347 380</b>	<b>732 169</b>
Retained income for the year	-	-	27,624	27,624
Prior year adjustment	-	-	(47,830)	(47,830)
Movement on non-distributable reserves (refer note 2)	-	79,955	-	79,955
<b>Balance March 31, 2015</b>	<b>128 000</b>	<b>336,744</b>	<b>327,173</b>	<b>791,918</b>

#### CORPORATION

<b>Balance March 31 2013</b>	<b>128 000</b>	<b>198 972</b>	<b>174 128</b>	<b>501 101</b>
Retained income for the year	-	-	10 671	10 671
Restated Investments	-	188 686	-	188 686
Movement on non-distributable reserves (refer note 2)	-	14 018	-	14 018
<b>Balance March 31, 2014</b>	<b>128 000</b>	<b>401,676</b>	<b>184 800</b>	<b>714 476</b>
Retained income for the year			12,434	12,434
Prior year adjustment	-	-	575	575
Movement on non-distributable reserves (refer note 2)	-	14,806	-	14,806
Development Grant				
<b>Balance March 31, 2015</b>	<b>128,000</b>	<b>416,482</b>	<b>197,809</b>	<b>742,291</b>

## LESOTHO NATIONAL DEVELOPMENT CORPORATION

### CONSOLIDATED STATEMENT OF CASHFLOW FOR THE YEAR ENDED MARCH 31, 2015

		<u>CORPORATION</u>		<u>GROUP</u>	
		<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>NOTE</u>	<u>M'000</u>	<u>M'000</u>	<u>M'000</u>	<u>M'000</u>
<b>Net cash flow from operations</b>	<b>17.1</b>	<b>19,186</b>	<b>30 857</b>	<b>84,158</b>	<b>152 459</b>
Returns on investments	<b>17.2</b>	43,443	43 924	46,338	9 268
Capital expenditure	<b>17.3</b>	(60,046)	(53 601)	(123,517)	(159 947)
Dividends paid		-	-	9,950	5 824
Taxation paid/Received		-	-	(7,425)	(9 597)
Management of liquid resources	<b>17.4</b>	(8,225)	(7 987)	(23,541)	(2 087)
Financing	<b>17.5</b>	(9,534)	(2 673)	3,348	(7 754)
Increase in cash in year		(15,178)	10520	(10,689)	(11 834)
Cash at beginning of year		13,886	3 368	23,300	35 134
<b>CASH AT END OF YEAR</b>	<b>17.6</b>	<b>(1,290)</b>	<b>13 888</b>	<b>12,611</b>	<b>23 300</b>

# **LESOTHO NATIONAL DEVELOPMENT CORPORATION**

## **CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2015**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **1.0 PRINCIPAL ACTIVITIES AND BASIS OF PREPARATION**

The Corporation operates under the Lesotho National Development Corporation Act 1990 (as amended) to initiate, promote and facilitate the development of manufacturing and processing industries, mining and commerce in a manner calculated to raise the level of income and development of Lesotho.

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

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. The consolidated financial statements have been prepared under the historical cost basis as modified by the equity method of accounting for associated companies (Policy 2,3) and the revaluation of buildings (Note 4,2).

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are

based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

#### **2.0 GROUP ACCOUNTING**

##### **2.1 GROUP FINANCIAL STATEMENTS**

The group financial statements comprise the assets, liabilities and results of the Corporation, and those of its subsidiaries, which it is intended, should continue as going concerns.

##### **2.2 SUBSIDIARY COMPANIES**

Subsidiaries, which are those entities (including Special Purpose Entities) in which the group has interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies, are consolidated. The existence and effect of the potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group and are no longer consolidated from the date control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of the acquisition is measured as the fair value of the assets given up, shares issued or

# LESOTHO NATIONAL DEVELOPMENT CORPORATION

## CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2015

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

liabilities undertaken at the date of acquisition plus cost directly attributable to acquisition. The excess of the cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill. Inter-company transactions, balances, and unrealised losses are also eliminated unless costs cannot be recovered. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policy adopted by the group.

Subsidiaries are excluded from consolidation when:-

- Control is intended to be temporary because the subsidiary is acquired and held exclusively with the view to its subsequent disposal in the near future.
- It operates under severe long-term restrictions that significantly impair its ability to transfer funds to the parent.

### 2.3 TRANSACTION AND MINORITY INTEREST

Minority interest is stated in the minority's proportion of the fair values of the identifiable assets and liabilities recognised. The group applies a policy of treating transactions with minority interest as transactions with profits external to the group. Disposal of minority interest results in gains and losses that are recorded in the income statement.

### 2.4 ASSOCIATED COMPANIES

Associated companies comprise those companies, not being subsidiaries, in which the Corporation holds directly or indirectly 20% or more of the equity share capital or over whom the group has significant influence, but which it does not control. Investments are accounted for by the equity method of accounting.

Under this method, the company's share of post acquisition profits or losses of associates is recognised in the income state, and its share of post acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment. Unrealised gains on transactions between the company and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of asset transfer. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the company does not recognise further losses unless the Group has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associated companies are used in the determination. Where these statements are for a period ended more than six months prior to the Corporation's year end the associated company's most recent unaudited results are used provided the Corporation is satisfied that they are reliable.



# LESOTHO NATIONAL DEVELOPMENT CORPORATION

## CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2015

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.5 JOINT VENTURE

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. The group's interest in jointly controlled entities is accounted for by proportionate consolidation or by using an alternative method, equity method. The group combines its share of the joint ventures industrial income and expenses, assets and liabilities, and cash flows on a line by line basis with similar items in the group financial statements.

The group recognises the portion of gains and losses on the sale of assets by the group to the joint venture that is attributable to the other ventures. The group does not recognise its share of profits or losses for the joint venture that results from purchase of assets by the group from the joint venture until it resells the asset to an independent party. However, if a loss on the transaction provides evidence of a reduction in the net realizable value of the current asset an impairment loss, the loss is recognised immediately.

As with subsidiaries, joint ventures are excluded from consolidation if the interest is intended to be temporary or if the joint venture operates under severe long term restriction.

#### 2.6 INVESTMENT

Investments are shown at cost, less amounts written off. Their results are brought to account only to the extent of dividends received.

#### 2.7 METHOD OF DETERMINING STOCK VALUES

Stock has generally been valued at the lower of cost and net realisable value.

In the case of raw materials, merchandise and consumable stores, cost is determined using either the first-in, first-out or average cost methods.

In the case of work in progress and finished goods, cost includes the cost of direct materials and labour, and attributable production overheads calculated on the basis of normal activity.

#### 2.8 LAND AND BUILDINGS:

Since the commencement of the Land Act 1979 title to land in urban areas is being converted into leases and the length of such leases is as follows:

- not less than 10 years;
- in the case of land held for residential purposes, not more than 90 years;
- in the case of land held for commercial, industrial or hotel purposes, not more than 60 years;
- in the case of land held for purposes of petroleum and oil sales and storage, not more than 30 years.

The value of land and buildings is being amortised on the straight-line basis over the shorter of the term of the lease or 50 years.

# LESOTHO NATIONAL DEVELOPMENT CORPORATION

## CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2015

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.9 OTHER FIXED ASSETS

The values of other fixed assets are depreciated on the straight line basis at the following minimum annual rates which are designed to reduce book values to estimated residual values over the expected useful lives of the assets concerned.

Motor vehicles	20%
Furniture, plant and equipment	10%
Computers	33.33%

Gains and losses on disposal are determined by comparing proceeds with the carrying amount and are included in operating profit. When revalued assets are sold, the amounts included in fair value reserves are transferred to retained earnings.

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the assets when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing assets will flow to the group. Major renovations are depreciated over the remaining useful life of the related assets.

#### 2.10 CAPITALISATION OF BORROWING COSTS

Borrowing costs including interest incurred in respect of properties which require in excess of one year to construct are capitalised up to the date of completion certificate.

#### 2.11 FOREIGN CURRENCY TRANSLATION

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

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

#### 2.12 GRANTS RECEIVED

##### 2.12.1 By Subsidiaries:

a) Grants received to fund the construction or acquisition of specific fixed assets are transferred to income in the financial statements of subsidiaries over the expected useful lives of the relevant assets. Balances not thus transferred are, to the extent attributable to the Corporation, credited to shareholder's funds for the reason that the

# LESOTHO NATIONAL DEVELOPMENT CORPORATION

## CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2015

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Corporation is precluded from distributing its income or property.

b) Grants received to subvent operating expenditure and pre-production expenses are credited against the expenditure incurred.

#### 2.12.2 By the Corporation:

a) Non repayable development grants received to assist the financing of development activities are credited directly to shareholders' funds in full.

Where a development activity sustains losses, an appropriate portion of the grant is released to the income statement and utilised to offset the provision for loss.

b) Grants related to assets of a capital nature are released to the income statement on a systematic basis over the useful lives of the assets.

#### 2.13 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from the proceeds..

#### 2.14 RETIREMENT AND TERMINAL BENEFITS

The policy of the Corporation is to provide for retirement and terminal benefits on all its employees.

The Corporation is a member of a defined benefit pension fund managed by the Lesotho National Insurance Company. This pool fund

provides the retirement benefits for its employees to which it contributes 13% of gross income. Current contributions to the defined benefit pension fund operated for employees are charged against income as incurred.

Terminal benefits include redundancy benefits and severance pay. Redundancy payments are payable whenever an employee's employment is terminated before the normal retirement/contract expiry date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Corporation recognises redundancy benefits when it is demonstrably committed either to terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Severance payment is calculated in terms of section 79 of the Labour Code of Lesotho, 1992.

#### 2.15 REVENUE RECOGNITION

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

##### Income

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

##### Interest income

Interest income is recognised on a time-proportion basis using the effective interest rate method. When a receivable is impaired, the

# LESOTHO NATIONAL DEVELOPMENT CORPORATION

## CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2015

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

#### 2.16 LEASES

Where the Corporation enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of lease, whichever is shorter. Further instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance elements, which is charge to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalment. All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

#### 2.17 FINANCIAL ASSETS

##### Classification

The group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purpose for which the

financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

##### (a) Financial assets at fair value through profit or loss

This category has two sub-categories; financial assets held for trading, and 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 balance sheet date.

##### (b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Corporation provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet. These are classified as non-current assets.

##### (c) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity. Gains

# LESOTHO NATIONAL DEVELOPMENT CORPORATION

## CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2015

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

and losses on held to maturity investments are recognized in equity.

#### **(d) Available-for-sale financial assets**

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 balance sheet date.

#### **(e) Recognition and measurement**

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and 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 is included in the income statement in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the group's right to receive payments is established. Changes in the fair value of monetary securities denominated in a foreign currency and classified as available for sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are recognised in equity. Unrealised gains and losses arising from changes in the fair value of monetary and 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 in equity are included in the income statement as gains and losses from investment securities.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the group's right to receive payments is established.

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 group 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,



# LESOTHO NATIONAL DEVELOPMENT CORPORATION

## CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2015

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

discounted cash flow analysis, and the option pricing models, making maximum use of market inputs and relying as little as possible on entry-specific inputs.

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. 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 as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

#### 2.18 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are carried in the balance sheet at cost. For purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held with banks, other short term high liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included under current liabilities in the balance sheet.

#### 2.19 TRADE AND OTHER RECEIVABLES

Trade and other receivables are carried at anticipated realisable values. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the balance sheet date. Bad debts are written off during the year in which they are identified.

#### 2.20 TRADE AND OTHER PAYABLE

Trade and other payable comprise trade accounts payable and accruals. These are measured at fair cost.

#### 2.21 PROVISIONS

The group recognises provisions when it has a present legal or constructive obligation as a result of past events; and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

#### 2.22 BORROWINGS

Borrowings are recognised initially at fair value of proceeds received, net of transaction costs incurred, when they become party to the contractual provisions. Borrowings are subsequently stated at amortised cost using the effective interest rate method; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.



# LESOTHO NATIONAL DEVELOPMENT CORPORATION

## CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2015

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

#### 2.23 TAX

##### **Current tax assets and liabilities**

Current tax for current and prior periods is, to the extent unpaid, recognised as 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 balance sheet date.

#### 2.24 FINANCIAL RISK MANAGEMENT

Financial instruments carried in the balance sheet include cash and bank balances, investments, receivables, trade creditors, leases and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

##### **Financial risk factors**

The group's activities expose it to a variety of risks, credit risk, liquidity risk and cash flow interest risk. The group's overall risk management

programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the entity.

Risk management is carried out under policies approved by the group's board of directors. The board identifies, evaluates and hedges financial risks in close cooperation with the group's operations management. The board provides written principles for overall risks management, as well as for specific areas such as interest rate risk, credit risk, and investing excess liquidity.

##### **Market risk**

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk,

##### **Foreign currency risk management**

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

##### **Interest rate risk management**

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined

# LESOTHO NATIONAL DEVELOPMENT CORPORATION

## CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2015

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

risk appetite, ensuring the most cost-effective hedging strategies are applied.

#### **Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

#### **Credit risk**

The group structures the levels of credit risk it accepts by placing limits on its exposure to a single counterpart, or groups of counterparts. Such risks are subject to an annual or more frequent review. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to corporate, government and individual customers, including outstanding receivables and committed transactions.

The major concentration of credit risk arises from the group's receivables and investment securities in relation to the nature of customers and issuers. No collateral is required in respect of financial assets. Reputable financial institutions are used for investing and cash han-

dling purposes.

At balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the balance sheet.

#### **Fair value estimation**

The nominal value less impairment provision of trade payables and receivables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flow at the current market rate receivable to the Corporation for similar financial instruments.

### 2.25 COMPARATIVE FIGURES

Where necessary comparative figures have been restated to conform to the current reporting format.

### 2.26 INTANGIBLE ASSETS

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.



## **LESOTHO NATIONAL DEVELOPMENT CORPORATION**

### **CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2015**

#### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

# LESOTHO NATIONAL DEVELOPMENT CORPORATION

## CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2015

	<u>CORPORATION</u>		<u>GROUP</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>M'000</u>	<u>M'000</u>	<u>M'000</u>	<u>M'000</u>
<b>1.0 SHARE CAPITAL</b>				
AUTHORISED				
250 000 000 shares of M1 each	250 000	250 000	250 000	250 000
ISSUED AND FULLY PAID				
128 000 000 shares of M1 each	128 000	128 000	128 000	128 000
<b>2.0 NON-DISTRIBUTABLE RESERVE</b>				
	<u>CORPORATION</u>	<u>2015</u>	<u>2014</u>	<u>GROUP</u>
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>M'000</u>	<u>M'000</u>	<u>M'000</u>	<u>M'000</u>

### 2.1 DEVELOPMENT GRANTS

#### Grants from Lesotho Government:

At beginning of year	77,787	63 769	77,787	63 769
Received during the year	19,980	14 078	19,980	14 078
Transferred to income statement	(60)	(60)	(60)	(60)
<b>At end of year</b>	<b>97,707</b>	<b>77 787</b>	<b>97,707</b>	<b>77 787</b>

#### Capital grants

At beginning of year	-	-	1 415	1 415
Adjustment during the year	-	-	-	-
<b>At end of year</b>	<b>-</b>	<b>-</b>	<b>1 415</b>	<b>1 415</b>

#### **Total Development grants**

<b>97,707</b>	<b>77 787</b>	<b>99,122</b>	<b>79 202</b>
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### 2.2 UNREALISED SURPLUS(REVALUATION)

Movement during the year	130 873	130 873	172 044	172 044
<b>At end of year</b>	<b>130 873</b>	<b>130 873</b>	<b>232 079</b>	<b>172 044</b>

# LESOTHO NATIONAL DEVELOPMENT CORPORATION

## CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2015

	<u>CORPORATION</u>		<u>GROUP</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>M'000</u>	<u>M'000</u>	<u>M'000</u>	<u>M'000</u>
<b>2.0 NON-DISTRIBUTABLE RESERVES (CONTINUED)</b>				
<b>2.3 UNREALISED SURPLUS (ACQUISITION)</b>				
Arising on the acquisition of Subsidiaries				
At beginning of year	-	-	413	413
Movement during year	-	-	-	-
<b>At end of year</b>	<b>-</b>	<b>-</b>	<b>413</b>	<b>413</b>
<b>2.4 ATTRIBUTABLE SHARE IN ASSOCIATED COMPANIES</b>				
-Share premium	-	-	400	400
Capitalisation of accumulated profits		330	330	330
Capital redemption fund	-	-	400	400
<b>At end of year</b>	<b>-</b>	<b>330</b>	<b>1 130</b>	<b>1 130</b>
<b>2.5 CAPITAL REDEMPTION</b>				
Capitalised revenue reserve to finance redemption of preference Shares	-	4 000	4 000	4 000
<b>Total non-distributable reserves</b>	<b>416 482</b>	<b>212 990</b>	<b>336,744</b>	<b>256 789</b>

# LESOTHO NATIONAL DEVELOPMENT CORPORATION

## CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2015

3. LONG TERM LOANS	CORPORATION		GROUP		3.1 CORPORATION AND GROUP		
	<u>2015</u> <u>M'000</u>	<u>2014</u> <u>M'000</u>	<u>2015</u> <u>M'000</u>	<u>2014</u> <u>M'000</u>			
Loans outstanding as detailed below:	140 356	146 213	149 239	154 167	Government of Lesotho: <i>Thetsane- Nieng Hsing</i>		
Less: Current maturities included in accounts payable	(60 332)	(9 353)	(60 332)	(12 804)	2% loan repayable in twenty yearly instalments Commencing 2006	260	325
	<u>80 024</u>	<u>136 860</u>	<u>88 907</u>	<u>141 363</u>			
			<u>2015</u> <u>M'000</u>	<u>2014</u> <u>M'000</u>	<u>IDA</u>		
					7% loan repayable in twenty yearly instalments commencing 01 July 2000	5 461	5 881
					<u>KFW (OLD)</u>		
					3/4% loan repayable over fifteen years after a five year grace period from a date to be determined	-	132
					<u>ADB</u>		
					4% loan repayable in twenty yearly instalments Commencing 01 July 2000	7 230	8 552
					<u>ODA II</u>		
					8% loan. Repayable over 25 years commencing July 01 1991	-	88
					carried forward	<u>12 951</u>	<u>14 978</u>



## LESOTHO NATIONAL DEVELOPMENT CORPORATION

### CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2015

3.	LONG TERM LOANS (CONTINUED)	<u>2015</u> <u>M'000</u>	<u>2014</u> <u>M'000</u>
3.1	CORPORATION (CONTINUED) brought forward	12 951	14 978
	<u>ODA III</u> 8% loan. Repayable over 25 years commencing July 01 1991	-	57
	<u>ODA 2nd line of credit</u> 7% loan, ODA line of credit. Repayable over 25 years commencing September 26 1996	1 485	1 847
	<u>Public Investment Commissioners</u> 13.9% loan repayable after twenty year period	52 878	52 878
	<u>European Investment Bank B</u> 5% loan from EIB to GOL on lent to LNDC Repayable in ten equal instalments commencing October 31 1999	137	320
	CGM Interest free loan repayable in 10 years, with 5 year Moratorium, from December 2011	21 000	24 000
	Factory Shells 2% loan repayable over 15 years, with 5 year moratorium, From December 2016	51 000	51 000
	Basotho Cannery 2% loan repayable in semi-annual instalments, Commencing 1 July 2000	905	1 133
	Total loans Corporation	<u>140 356</u>	<u>146 213</u>

# LESOTHO NATIONAL DEVELOPMENT CORPORATION

## CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2015

### Standard Lesotho Bank

Loti Brick	8 882	7 954
2% loan repayable over fifteen years after five years moratorium		
	<b>149 239</b>	<b>154 167</b>

### 3.2 LONG TERM PROVISIONS

	CORPORATION		GROUP	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>M'000</u>	<u>M'000</u>	<u>M'000</u>	<u>M'000</u>
Opening balance	6 806	6 479	7 396	6 897
Additions during the year	1 356	327		701
Payments during the year	(5 032)	-	(4 266)	(202)
Closing balance	<b>3 130</b>	<b>6 806</b>	<b>3 130</b>	<b>7 396</b>
Severance pay made in accordance with Section 79 of the Labour Code Order 1992				

	<u>CORPORATION</u>		<u>GROUP</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>M'000</u>	<u>M'000</u>	<u>M'000</u>	<u>M'000</u>
<b>4. NON-CURRENT ASSETS</b>				
<b>4.1 Property, vehicles, furniture and Equipment</b>				
Cost or valuation				
Opening balance	10 151	10 519	591 373	485 395
Additions	3 460	360	96,746	106 706
Disposal	(1 566)	(728)	(28,390)	(728)
Closing balance	<b>12 045</b>	<b>10 151</b>	<b>659 729</b>	<b>591 373</b>
Accumulated depreciation				
Opening balance	7 845	7 270	281 777	255 132
Additions	615	714	15 474	27 784
Disposal	(672)	(139)		(139)
Closing balance	<b>7 788</b>	<b>7 845</b>	<b>297 251</b>	<b>281 777</b>
Net book value	<b>4 257</b>	<b>2 306</b>	<b>362 478</b>	<b>309 596</b>

## LESOTHO NATIONAL DEVELOPMENT CORPORATION

### CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2015

#### 4.2 Investment property

Cost or valuation				
Opening balance	600 562	544 703	600 562	544 703
Additions	57 858	56 308	57 858	56 308
Disposal	-	(449)	-	(449)
Closing balance	658 420	600 562	658 420	600 562
Accumulated depreciation				
Opening balance	58 148	48 957	58 148	48 957
Additions	9 590	9 191	9 590	9 191
Disposal				
Closing balance	67 738	58 148	67 738	58 148
<b>Net Book Value</b>	<b>590 682</b>	<b>542 414</b>	<b>590 682</b>	<b>542 414</b>

#### 4.3 VALUATION OF LAND AND BUILDINGS CORPORATION

The directors' policy is to review the valuation of land and buildings every 5 years. Valuation was done during the year 2007/2008 and was carried out by an independent valour.

#### 4.4 INVESTMENT PROPERTY

Details of investment properties are recorded in a register which may be inspected by members at the Corporation's registered office.

# LESOTHO NATIONAL DEVELOPMENT CORPORATION

## CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2015

### 5. INTEREST IN SUBSIDIARIES

<u>Name</u>	<u>Principal activity</u>	<u>Equity held</u> <u>2015</u> <u>%</u>	<u>Cost of</u> <u>equity held</u> <u>Directly</u> <u>M'000</u>	<u>Amounts</u> <u>Owing</u> <u>M'000</u>	<u>Provision</u> <u>attributable</u> <u>net losses</u> <u>M'000</u>	<u>Net Interest</u>	
						<u>2015</u> <u>M'000</u>	<u>2014</u> <u>M'000</u>
5.1 ACTIVE SUBSIDIARIES							
Basotho Fruit & Vegetable Cannery (Pty) Ltd	Cannery	100	100	19 583	(19 683)	-	
Lesotho Brewing Company (Pty) Ltd	Brewery	51	2 040	-	-	2 040	2 040
	Brick Making Plant	73.6	3 234	12 342	(12 342)	3 234	3 228
						<b>5 274</b>	<b>5 268</b>

	<u>2015</u> <u>M'000</u>	<u>2014</u> <u>M'000</u>
5.2 PROVISION FOR LOSSES IN SUBSIDIARIES		
Balance at beginning of year	37 570	36 697
(Decrease) /Increase in provision	-	873
	<b>37 570</b>	<b>37 570</b>

	<u>CORPORATION</u>		<u>GROUP</u>	
	<u>2015</u> <u>M'000</u>	<u>2014</u> <u>M'000</u>	<u>2015</u> <u>M'000</u>	<u>2014</u> <u>M'000</u>
6. INTEREST IN ASSOCIATED COMPANIES				
Shares at cost	1 527	236	1 527	236
Share of non-distributable reserves	-	-	800	800
Share of retained income	45 392	-	50 579	49 509
	<b>46 919</b>	<b>236</b>	<b>52 906</b>	<b>50 545</b>
Directors' valuation	<b>46 919</b>	<b>236</b>	<b>52 906</b>	<b>50 545</b>

# LESOTHO NATIONAL DEVELOPMENT CORPORATION

## CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2015

### 6. INTEREST IN ASSOCIATED COMPANIES (CONTINUED)

<u>NAME</u>	<u>Principal Activity</u>	<u>Number of shares held</u> <u>Note 1</u>	<u>Proportion Held</u> <u>%</u>	<u>Accounting period used</u> <u>Note 2</u>	<u>Cost of Equity</u> <u>M'000</u>	<u>Non distributable reserves</u> <u>M'000</u>	<u>Distributable Reserves</u> <u>31/03/15</u> <u>M'000</u>	<u>Total Interest</u> <u>M'000</u>	<u>Note</u>	<u>Total Interest</u> <u>31/03/14</u> <u>M'000</u>
<b>CORPORATION</b>										
Cash Build Lesotho (Pty) Ltd	Wholesalers	20	0.20	30.06.15	20	400	12,270	12,690		11 217
Lesotho Food Industries (Pty) Ltd	Investment in LM Co	66	0.40	31.03.15	66		18,585	18,651		19 735
OK Bazaars Lesotho (Pty) Ltd	Retailers	150	0.50	30.06.15	150	400	20,701	21,251		19 593
Mountain Kingdom Foods	Management	1 291	0.30	31.03.15	1 291		(976)	315		—
		<b>1 527</b>			<b>1 527</b>	<b>800</b>	<b>50,579</b>	<b>52,906</b>		<b>50,545</b>

#### NOTES

1. All shares of M1 each, fully paid.
2. Year ended unless stated otherwise.
3. Based on audited financial statements.

# LESOTHO NATIONAL DEVELOPMENT CORPORATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2015

7.	OTHER INVESTMENTS	<u>2015</u> <u>M'000</u>	<u>2014</u> <u>M'000</u>
	Unlisted equity shares:		
	Lesotho Housing and Land Development Corporation	958	958
	Lesotho Milling (Pty) Ltd	9 216	4 500
	Sun International Lesotho	10 845	274
	Zero coupon loan stock (RSA Govt. Bond)	49 113	43 220
		<u>70 132</u>	<u>48 952</u>

8.	LONG TERM DEBTORS		
	CORPORATION AND GROUP		
	Loan debtors at varying rates of interest and repayment terms	-	360
		<u>-</u>	<u>360</u>

9.	INVENTORIES		
	GROUP		
	Raw materials	23,328	23 617
	Finished goods and merchandise	12,159	49 441
	Consumable stores	9,210	10 949
	Work in progress	3,216	5 046
	Retail merchandise	10,359	11 630
	Spares	2,095	3 282
	<b>Total stocks</b>	<u>60,367</u>	<u>103 965</u>

10.	ACCOUNTS RECEIVABLE	<u>CORPORATION</u> <u>2015</u> <u>M'000</u>	<u>2014</u> <u>M'000</u>	<u>GROUP</u> <u>2015</u> <u>M'000</u>	<u>2014</u> <u>M'000</u>
	VAT	5,070	-	5,070	-
	Realised foreign exchange losses due from -		-		
	Trade receivables		-	26,624	21 704
	Building rental	19,069	14,520	19,069	6 736
	Other debtors	20,293	9 237	15,028	12 236
	Provision and other debtors	(12,382)	(7,785)	(14,265)	-
		<u>32 050</u>	<u>15 972</u>	<u>51 525</u>	<u>40 676</u>



# LESOTHO NATIONAL DEVELOPMENT CORPORATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2015 (CONTINUED)

	<u>CORPORATION</u>		<u>GROUP</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>M'000</u>	<u>M'000</u>	<u>M'000</u>	<u>M'000</u>
11. ACCOUNTS PAYABLE				
Trade Payables	94	94	48,347	22 204
Payroll related payables	2 025	2 045	8,183	9 841
Rental Deposits	7 467	6 703	7,467	6 703
Accruals	3 180	4 780	19,268	16 226
LRA related payables	-	-	16,930	13 579
Other payables	12 775	18 572	110,196	87 995
	<u>25 541</u>	<u>32 194</u>	<u>210,391</u>	<u>156 548</u>

### 12. CONTINGENT LIABILITIES

12.1 Guarantees in respect of the repayment of loans and overdrafts advanced to subsidiaries and other parties and not otherwise provided for are as follows:

	<u>Limit of Guarantees</u>		<u>Exposure</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>M'000</u>	<u>M'000</u>	<u>M'000</u>	<u>M'000</u>
a) <u>Corporation</u>				
Subsidiaries	-	-	-	-
Associates	-	-	-	-
Third parties	-	3 200	-	-
	<u>-</u>	<u>3 200</u>		
b) <u>Group</u>				
Subsidiaries	-	-	-	-
Associates	-	-	-	-
Third parties	-	3 200	-	-
	<u>-</u>	<u>3 200</u>		

## LESOTHO NATIONAL DEVELOPMENT CORPORATION

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2015 (CONTINUED)

13. COMMITMENTS	<u>CORPORATION</u>		<u>GROUP</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>M'000</u>	<u>M'000</u>	<u>M'000</u>	<u>M'000</u>
Capital commitments contracted for:				
- Buildings and equipment	-	198 768	-	198 768
Authorised but not committed:				
- Buildings and equipment	-		-	
Total Capital Commitments	-	<b>198 768</b>	-	<b>198 768</b>

This expenditure will be financed out of Government grants, own funds and donor finance (Corporation) own funds (Group).

#### 14. TURNOVER

Turnover is the amount receivable by the Group in the ordinary course of business for goods supplied and services rendered.

	<u>CORPORATION</u>		<u>GROUP</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>M'000</u>	<u>M'000</u>	<u>M'000</u>	<u>M'000</u>
Lesotho Brewing Company	-	-	733,544	656 938
Loti Brick	-	-	29,766	27 098
Basotho Fruit Cannery	-	-	-	-
LNDC	57,698	56 295	43 983	56 295
	<b>57,698</b>	<b>56 295</b>	<b>821,008</b>	<b>740 331</b>

# LESOTHO NATIONAL DEVELOPMENT CORPORATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2015 (CONTINUED)

15. OPERATING PROFIT FOR THE YEAR	<u>CORPORATION</u>		<u>GROUP</u>	
	<u>2015</u> <u>M'000</u>	<u>2014</u> <u>M'000</u>	<u>2015</u> <u>M'000</u>	<u>2014</u> <u>M'000</u>
Turnover	57 698	56 295	821,008	740 331
Cost of Sales	-	-	(302,911)	(292 131)
Gross Profit	57 698	56 295	518,097	448 200
Other Income	46 146	45 433	4,233	9 702
Operating Expenses	(92 451)	(92 271)	(439,298)	(397 491)
Operating Profit	11 393	9 457	83,033	60 411
Net Finance costs	1 041	1 215	(3,233)	723
Profit Before Tax	12 434	10 672	79,800	61 134

Stated after crediting or charging the following

### Income

Profit on disposal of fixed assets	462	2 474	462	3 168
Interest received	10 385	11 286	10 696	12 769
Rents	57 698	56 295	13 929	56 295
Other income	2 806	246	3 771	798
Income from Subsidiaries and Associates dividends	42 879	42 709	9 950	5 873

### Expenses

Depreciation and amortisation of fixed assets	10 579	10 354	32 460	34 991
Auditors remuneration: Audit fees	186	133	502	638
Interest paid	9 821	10 071	10 470	12 045

16. TAXATION	<u>CORPORATION</u>		<u>GROUP</u>	
	<u>2015</u> <u>M'000</u>	<u>2014</u> <u>M'000</u>	<u>2015</u> <u>M'000</u>	<u>2014</u> <u>M'000</u>
16.1 Normal tax on current profits	-	-	13,742	8 249
Deferred tax	-	-	1,391	82
	-	-	15 132	8 331

- 16.2 According to the Statutory Bodies Laws (Amendment) Order No. 16 of 1989 LNDC with effect from August 1 1989 became liable for tax.
- 16.3 The laws of Lesotho preclude the setting off of losses incurred by one group taxpayer against the taxable income of another, i.e. there is no group relief.

# LESOTHO NATIONAL DEVELOPMENT CORPORATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2015 (CONTINUED)

	<u>CORPORATION</u>		<u>GROUP</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>M'000</u>	<u>M'000</u>	<u>M'000</u>	<u>M'000</u>
<b>17. NOTES TO THE CASH FLOW STATEMENT</b>				
17.1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES				
Profit before tax	7,260	4 698	46 871	16 513
Return on investment	(43 443)	(43 924)	(46 338)	(9 268)
Depreciation	10 579	10 354	32,469	36 424
Profit on sale of fixed assets	(462)	(2 478)	(462)	(2 478)
Prior year adjustment	(574)			
Amortisation of grants				748
Grants received	19 980	14 018	19 980	14 018
Decrease/(Increase) in stock			14 400	(13 087)
Decrease/(Increase) in debtors	(16 078)	3 676	(10 849)	25 056
Decrease/(Increase) in short term investment	40 457	38 379	43 443	39 611
Increase/(Decrease) in short-term loans	1 220	512	(69,199)	63 143
Increase/(Decrease) in creditors	247	5 622	53 843	(18 221)
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>19,186</b>	<b>30 857</b>	<b>84,158</b>	<b>152 459</b>

### 17.2 RETURNS ON INVESTMENTS

Dividends received	42 879	42 709	42 879	8 545
Interest received	10 385	11 286	13 929	12 768
Interest paid	(9 821)	(10 071)	(10 470)	(12 045)
	<b>43 443</b>	<b>43 924</b>	<b>46 338</b>	<b>9 268</b>

### 17.3 CAPITAL EXPENDITURE

Payments to acquire fixed assets	(61 319)	(56 668)	(154,604)	(163,014)
Receipts from sale of fixed assets	1,273	3 607	31,087	360
	<b>(60,046)</b>	<b>(53 601)</b>	<b>(123,517)</b>	<b>(159 947)</b>

# LESOTHO NATIONAL DEVELOPMENT CORPORATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2015 (CONTINUED)

		<u>CORPORATION</u>		<u>GROUP</u>	
		<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
		<u>M'000</u>	<u>M'000</u>	<u>M'000</u>	<u>M'000</u>
17.4	MANAGEMENT OF LIQUID RESOURCES				
	Increase in investment in subsidiaries	350	(3 228)	-	-
	Decrease in investments in associates	3 498	328	2 361	3 000
	Decrease/(Increase) in loan debtors	-	360	-	360
	Increase in other investments	4 377	(5 447)	21 180	(5 447)
		<b>8 225</b>	<b>(7 987)</b>	<b>23 541</b>	<b>(2 087)</b>
17.5	FINANCING				
	Increase/(Decrease) in long term loans	(5 857)	(3 000)	7 876	(8 016)
	Increase/(Decrease) in long term provisions	(3 677)	(327)	(4 528)	262
		<b>(9 534)</b>	<b>(2 673)</b>	<b>3 348</b>	<b>(7 754)</b>
17.6	ANALYSIS OF CASH AT E				
	Bank balances and cash	(1,290)	13 888	12,611	23 300
		<b>(1,290)</b>	<b>13 888</b>	<b>12,611</b>	<b>23 300</b>
18	PRIOR YEAR ADJUSTMENT				
	Consolidation adjustments:				
	Reallocation of Associates gains	-	-	(48 405)	-
	Assets write off	575	-	575	-
	Prior year VAT adjustment	-	(5 974)	-	(5 974)
		<b>575</b>	<b>(5 974)</b>	<b>(47 830)</b>	<b>(5 974)</b>

