

STANLIB LESOTHO INCOME FUND
Financial Statements
For the year ended 31 December 2019

STANLIB

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STANLIB Lesotho Income Fund

Registered address

Ground Floor, MGC Office Park
Cnr Pope John Paul II and Mpilo Boulevard
Maseru, Lesotho

Trustees

Minet Lesotho

Directors of the Management Company

K Mofelefetsi
K Rametse
L Lebetse
J Mnisi
M Sebolaoa
M Maharasoa

Directors Report

Statement of Responsibility by the Board of Directors for the year ended 31 December 2019

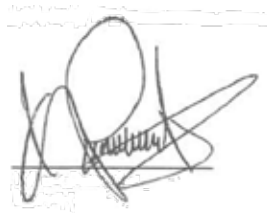
The directors are responsible for the preparation of the financial statements in accordance with the basis of accounting described in note 1 to the financial statements and for determining that the basis of preparation is acceptable in the circumstances and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The financial statements which appear on pages 10 to 14 were approved by the board of directors on 27 February 2020 and signed on its behalf by:



Khabele Mofelehetsi
Chairman



Kelello Rametse
Director

Report of the Independent Auditor

**SHEERAN &
ASSOCIATES**
Chartered accountants (Lesotho)

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Katlehong Near Maseru Mall
Pope John Paul II and
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Maseru

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Independent auditor's report

To the members of Stanlib Lesotho Income Fund

Report on the audit of the Financial Statements

Our opinion

In our opinion, the financial statements of Stanlib Lesotho Income Fund (the Fund) as at 31 December 2019 are prepared, in all material respects, in accordance with the basis of accounting described in note 1 to the financial statements.

What we have audited

Stanlib Lesotho Income Fund's financial statements set out on pages 8 to 11 comprise:

- the balance sheet as at 31 December 2019;
- the income statement for the year then ended;
- the statement of changes in funds for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

We are independent of the Fund in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code)*. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Emphasis of matter- Basis of Accounting

We draw attention to note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the Fund's own accounting policies to satisfy the financial information needs of the Fund's directors. As a result, the financial statements may not be suitable for any other purpose. Our opinion is not modified in respect of this matter.

Other information

Directors are responsible for the other information. The other information comprises the information included in the Stanlib Lesotho Income Fund financial statements for the year ended 31 December 2019. Other information does not include the financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with the basis of accounting described in note 1 to the financial statements, for determining that the basis of preparation is acceptable in the circumstances and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

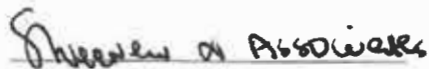
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

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

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

- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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


SHEERAN & ASSOCIATES
Chartered Accountants (Lesotho)

Date: 18 March 2020

Trustee Report



Aon | Global Network Correspondent

16 March 2020

Stanlib Lesotho Income Fund
Ground Floor, MGC Park
Corner Pope John Paul II and Mpilo Boulevard
P O Box 115
Maseru
Lesotho

Dear Sir/Madam,

REPORT OF THE TRUSTEE OF THE STANLIB LESOTHO INCOME FUND TO THE REGISTRAR OF THE COLLECTIVE INVESTMENT SCHEME

We have reviewed the books and records of the Stanlib Lesotho Income Fund for the year ended 31st December 2019 with the objective of reporting on the compliance by the Management of the Trust with Sections 38, 39 and 40 of the Central Bank of Lesotho (Collective Investment Schemes) Regulations of 2018.

In terms of Section 38 of the same regulations, we have enquired into the administration of the scheme by the Management of the Trust in terms of observing the limitations imposed on the investment and borrowing powers.

We do review on monthly basis, by verification, the administration of the Collective Investment Scheme.

It is therefore our opinion that based on the information received; Stanlib Lesotho Management Company conducted the investment scheme in accordance with the requirements of Sections 38, 39 and 40 of the Collective Investment Scheme Regulations of 2018.

Minet Lesotho (Pty) Ltd
Trustees of Stanlib Lesotho Income Fund

Retselisitsoe Leboela
Chief Executive Officer

Cc: The General Manager – Stanlib Lesotho

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Healthcare & Retirement Funding Consultants | Registration Number 169/10 | Authorised Financial
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Directors: Mr J N O Onsando Chairman, Mr D M H J Schuurmans, Mr R D Kooijman, Mrs. L. Mhlapelo,
Mr. J. Mawere, Mr R Leboela Chief Executive Officer, Mrs. T Mokela

Income Statement

For the year ended 31 December 2019

	2019 M	2018 M
Income	106 115 439	91 500 196
<i>Interest Received</i>	105 325 900	89 559 916
<i>Dividends Received</i>	-	-
<i>Sundry income</i>	-	-
<i>Income adjustments on creations and cancellations of units</i>	789 539	1 940 280
Expenditure	(14 208 259)	(12 006 138)
<i>Auditor's remuneration</i>	(77 739)	(78 167)
<i>Service charges</i>	(13 068 059)	(11 001 666)
<i>Bank Charges</i>	(8 449)	(7 461)
<i>Sundry Expenses</i>	-	(2 593)
<i>Trustee/Custody Fees</i>	(472 577)	(347 698)
<i>Withholding tax</i>	(581 435)	(568 553)
Net income for the year	91 907 180	79 494 058

Balance Sheet

For the year ended 31 December 2019

	2019 M	2018 M
Assets		
Non Current Assets	1 240 374 789	1 102 670 116
<i>Investments at market value</i>	1 240 374 789	1 102 670 116
Current Assets	67 185 797	61 074 995
<i>Accrued income and accounts receivable</i>	17 767 635	9 550 705
<i>Cash and cash equivalents</i>	49 418 162	51 524 290
Total Assets	1 307 560 586	1 163 745 111
Liabilities		
Current Liabilities	25 434 585	23 357 024
<i>Accounts payable</i>	25 434 585	23 357 024
Total Liabilities	25 434 585	23 357 024
Net Assets Attributable to Unit Holders	1 282 126 001	1 140 388 087

Statement of Changes in Net Assets Attributable to Unit Holders

For the year ended 31 December 2019

	2019 M	2018 M
Distributable Income/(Loss)		
Balance at the beginning of the year	125 747	125 704
Distribution Adjustment	(3)	(121)
Net income for the year	91 907 180	79 494 058
Income available for distribution	92 032 924	79 619 641
Income Distributions:	93 980 516	79 493 894
<i>March 2019: 3.58 per unit (2018: 3.48 per unit)</i>	<i>22 937 220</i>	<i>17 755 909</i>
<i>June 2019: 3.62 per unit (2018: 3.54 per unit)</i>	<i>23 555 840</i>	<i>19 471 106</i>
<i>September 2019: 3.41 per unit (2018: 3.48 per unit)</i>	<i>23 326 571</i>	<i>20 614 684</i>
<i>December 2019: 3.54 per unit (2018: 3.59 per unit)</i>	<i>24 160 885</i>	<i>21 652 195</i>
Balance at the end of the year	(1 947 592)	125 747
Capital value of unit portfolio - investors		
Balance at the beginning of the year	1 140 262 340	955 398 603
Creation of Units	3 367 120 923	295 688 090
Cancellation of Units	3 (225 899 169)	(115 394 536)
Capital (loss)/profit reinvested in the fund	2 589 499	4 570 183
Balance at the end of the year	1 284 073 593	1 140 262 340
Total net assets attributable to unit holders at the beginning of the year	1 140 388 087	955 524 307
Total net assets attributable to unit holders at the end of the year	1 282 126 001	1 140 388 087

Notes to the Financial Statements

1. Accounting policies

The following are the principle accounting policies, which are consistent with the prior year.

1.1 Basis of preparation

The annual financial statements have been compiled on the historical cost basis, except for investments comprising the unit portfolio, which are reflected at fair value.

1.2 Revenue recognition

- Revenue is recognised on the accrual basis, when the right to such revenue is established.
- Dividends are recognised when the right to receive payment is established.
- Interest is recognised on the accrual basis on a time proportionate basis.

1.3 Service charges

Service charges represent the fee paid to the manager for the management and administration of the portfolios and unit holder transactions.

1.4 Financial instruments

Financial instruments are initially measured at cost and subsequently at fair value. Fair value is determined as follows:

- Listed instruments are valued at the closing price as published by the relevant exchanger;
- Unlisted instruments are valued by discounting of nominal cash flows using current interest rates;
- Money market instruments are valued at accrued value.

Realised and unrealised profits or losses on investments are accounted for in the capital value of the portfolio.

1.5 Foreign currencies

Foreign currency income and expenses are converted at the rate of exchange on the transaction date. Foreign investments are converted at the year-end closing rate of exchange.

1.6 Accounts receivable

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end.

1.7 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, balances with banks and funds at call or short notice.

1.8 Accounts payable

Liabilities are recognised when the fund has a present legal or constructive obligation as a result of past events, it is possible 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. Annual review of unit prices (Lisente per unit)

	Repurchase price (Lisente)					
	2019 minimum	2019 maximum	2019 last price	2018 minimum	2018 maximum	2018 last price
Class A	95.25	97.07	96.96	95.05	97.07	97.07
Class B1	95.23	97.13	96.92	95.06	97.13	97.13

3. Creation and cancellation of units

	Maloti movement		Unit movement		Units in Issue	
	2019 M 000's	2018 M 000's	2019 000's	2018 000's	2019 000's	2018 000's
Class A	66 119	64 947	69 109	68 572	318 653	249 543
Class B1	75 103	115 347	79 384	121 909	1 026 377	946 993

