



**STANDARD LESOTHO BANK INCOME FUND**

**Financial Statements**

For the year ended 31 December 2018



**STANLIB**



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# Standard Lesotho Bank Income Fund

## Registered address

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

## Trustees

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Minet Lesotho

## Directors of the Management Company

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M Vumbukani  
J Mnisi  
K Rametse  
L Lebete  
K Mofelefetsi  
M Sebolaoa

# Directors Report

## Statement of Responsibility by the Board of Directors for the year ended 31 December 2018


The directors of STANLIB Lesotho are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and the related information. The financial statements presented on pages 10 to 14 have been compiled on the historical cost basis, except for investments comprising the unit portfolio, which are reflected at fair value. These financial statements have also been prepared in the manner required by the Financial Institutions Act 2012 and the Central Bank of Lesotho Collective Investments Schemes Regulations.

It is the responsibility of the independent auditors to report on the fair presentation of the financial statements.


The directors are also responsible for the system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the 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 financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the fund will continue to operate in the foreseeable future.

The financial statements which appear on pages 10 to 14 were approved by the board of directors on 1 March 2019 and signed on its behalf by:



Mpho Vumbukani  
Chairman



Kelelo Rametse  
Director

# Report of the Independent Auditor

## **SHEERAN & ASSOCIATES**

Chartered accountants (Lesotho)

No 1 Rosah Villa  
Katllehong Near Maseru Mall  
Pope John Paul II and  
Katllehong Road  
Maseru

Postal Address  
Private Bag A420  
Maseru 100  
Lesotho

Telephone (00266) 2231 7169  
Fax (G3 auto) (00266) 2232 7927  
Email [reception@sheeranandassociates.com](mailto:reception@sheeranandassociates.com)

### *Independent auditor's report*

To the members of Standard Lesotho Bank Income Fund

### *Report on the audit of the Financial Statements*

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#### ***Our opinion***

In our opinion, the financial statements of Standard Lesotho Bank Income Fund (the Fund) as at 31 December 2018 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**

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

- the balance sheet as at 31 December 2018;
- 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.

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#### ***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.

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#### ***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.

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## ***Other information***

Directors are responsible for the other information. The other information comprises the information included in the Standard Lesotho Bank Income Fund financial statements for the year ended 31 December 2018. 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.

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## ***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.

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

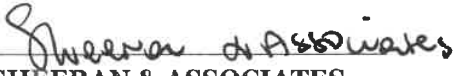
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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: 20 March 2019**



# Trustee Report



AON | Global Network Correspondent

12 February 2019

The Registrar of the Collective Investment Schemes  
The Central Bank of Lesotho  
P O Box 1184  
Maseru  
Lesotho

Dear Sir/Madam,

**REPORT OF THE TRUSTEE OF THE STANDARD LESOTHO BANK INCOME FUND TO THE REGISTRAR OF THE COLLECTIVE INVESTMENT SCHEME**

We have reviewed the books and records of the Standard Lesotho Bank Income Fund for the year ended 31<sup>st</sup> December 2018 with the objective of reporting on the compliance by the Management of the Trust with Sections 38, 39 and 40 of the Collective Investment Scheme 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 Standard Lesotho Bank Income Fund

**Retselisitsoe Leboela**  
**Chief Executive Officer**

Cc The General Manager – Stanlib Lesotho

# Income Statement

For the year ended 31 December 2018

	2018 M	2017 M
<b>Income</b>	<b>91 500 196</b>	<b>78 001 377</b>
<i>Interest Received</i>	89 559 916	77 098 312
<i>Dividends Received</i>	-	-
<i>Sundry income</i>	-	-
<i>Income adjustments on creations and cancellations of units</i>	1 940 280	903 065
<b>Expenditure</b>	<b>(12 006 138)</b>	<b>(10 241 507)</b>
<i>Auditor's remuneration</i>	(78 167)	(90 835)
<i>Service charges</i>	(11 001 666)	(9 188 874)
<i>Bank charges</i>	(7 461)	(8 362)
<i>Sundry expenses</i>	(2 593)	-
<i>Trustee/Custody fees</i>	(347 698)	(791 394)
<i>Withholding tax</i>	(568 553)	(162 042)
<b>Net income for the year</b>	<b>79 494 058</b>	<b>67 759 870</b>

# Balance Sheet

For the year ended 31 December 2018

	2018 M	2017 M
<b>Assets</b>		
<b>Non Current Assets</b>	<b>1 102 670 116</b>	<b>943 564 740</b>
<i>Investments at market value</i>	1 102 670 116	943 564 740
<b>Current Assets</b>	<b>61 074 995</b>	<b>30 446 556</b>
<i>Accrued income and accounts receivable</i>	9 550 705	11 018 040
<i>Cash and cash equivalents</i>	51 524 290	19 428 516
<b>Total Assets</b>	<b>1 163 745 111</b>	<b>974 011 296</b>
<b>Equity and Liabilities</b>		
<b>Capital and Reserves</b>	<b>1 140 388 087</b>	<b>955 524 307</b>
<i>Capital value of unit portfolio</i>	1 140 262 340	955 398 603
<i>2018: 1,196,537 units (2017: 943 808 units) 000'</i>		
<i>Undistributed Income (current year)</i>	125 747	125 704
<b>Current Liabilities</b>	<b>23 357 024</b>	<b>18 486 989</b>
<i>Accounts payable</i>	23 357 024	18 486 989
<b>Total Equity and Liabilities</b>	<b>1 163 745 111</b>	<b>974 011 296</b>

# Statement of changes in funds

For the year ended 31 December 2018

	2018 M	2017 M
<b>Distributable Income</b>		
<b>Balance at the beginning of the year</b>	<b>125 704</b>	<b>61 218</b>
Distribution adjustment	( 121)	-
Net income for the year	79 494 058	67 759 870
Income available for distribution	79 619 641	67 821 088
<b>Income distributions:</b>	<b>79 493 894</b>	<b>67 695 384</b>
<i>March 2018: 3.48 per unit (2017: 3.89 per unit)</i>	<i>17 755 909</i>	<i>17 504 414</i>
<i>June 2018: 3.54 per unit (2017: 3.62 per unit)</i>	<i>19 471 106</i>	<i>16 747 256</i>
<i>September 2018: 3.48 per unit (2017: 3.38 per unit)</i>	<i>20 614 684</i>	<i>16 129 444</i>
<i>December 2018: 3.59 per unit (2017: 3.41 per unit)</i>	<i>21 652 195</i>	<i>17 314 270</i>
<b>Balance at the end of the year</b>	<b>125 747</b>	<b>125 704</b>
<b>Capital value of unit portfolio - investors</b>		
<b>Balance at the beginning of the year</b>	<b>955 398 603</b>	<b>831 563 344</b>
Creation of Units	3 295 688 090	202 977 569
Cancellation of Units	3 (115 394 536)	(84 673 495)
Capital (loss)/profit reinvested in the fund	4 570 183	5 531 185
<b>Balance at the end of the year</b>	<b>1 140 262 340</b>	<b>955 398 603</b>
<b>Total capital value and reserves at the beginning of the year</b>	<b>955 524 307</b>	<b>831 624 562</b>
<b>Total capital value and reserves at the end of the year</b>	<b>1 140 388 087</b>	<b>955 524 307</b>

# Notes to the Financial Statements

## 1. Accounting policies

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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)					
	2018 minimum	2018 maximum	2018 last price	2017 minimum	2017 maximum	2017 last price
Class A	95.05	97.07	97.07	94.54	96.65	96.65
Class B1	95.06	97.13	97.13	94.53	96.71	96.71

## 3. Creation and cancellation of units

	Maloti movement		Unit movement		Units in Issue	
	2018 M 000's	2017 M 000's	2018 000's	2017 000's	2018 000's	2017 000's
Class A	64 947	-21	68 572	29 671	249 543	180 971
Class B1	115 347	146 992	121 909	95 569	946 993	825 084



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