



# STANLIB LESOTHO INCOME FUND

ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2020

**STANLIB**



# GENERAL INFORMATION

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<b>Country of incorporation and domicile</b>	Lesotho
<b>Nature of business and principal activities</b>	Collective Investment Scheme
<b>Directors of the Management Company</b>	K Mofelehetsi L Maema (appointed 21 May 2020) J Mnisi M Sebolaoa M Maharasoa (resigned 21 May 2020) L Lebete (resigned 21 May 2020) K Rametse P Mamathuba (appointed 21 May 2020)
<b>Management company registered office</b>	Stanlib Lesotho (Pty) Ltd Ground Floor, MGC Office Park Cnr Pope John Paul II, Mpilo Boulevard Maseru, Lesotho
<b>Trustees</b>	Minet Lesotho Minet House, 4 Bowker Road, Maseru
<b>Auditors</b>	Sheeran & Associates Chartered Accountants (Lesotho) No 1 Rosah Villa Katlehong Near Maseru Mall Pope John Paul II and Katlehong Road Maseru
<b>Issued</b>	31 March 2021





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# MANAGEMENT COMPANY DIRECTORS' REPORT

The directors have pleasure in submitting their report on the annual financial statements of STANLIB Lesotho Income Fund for the year ended 31 December 2020.

## 1. Incorporation

The fund was incorporated on 01 September 2006 and obtained its certificate to commence business on the same day.

The fund is domiciled in Lesotho where it is incorporated as an open ended fund by issuance of units under the Central Bank of Lesotho (Collective Investment Schemes) Regulations, 2018. The address of the registered office is set out on page 1.

## 2. Nature of business

STANLIB Lesotho Income Fund was incorporated in Lesotho and the fund operates in Lesotho.

The principal activities of the fund are to invest in Interest bearing instruments, unit trust and cash.

There have been no material changes to the nature of the fund's business from the prior year.

## 3. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Central Bank of Lesotho (Collective Investment Schemes) Regulations, 2018. The accounting policies have been applied consistently compared to the prior year, except for the adoption of new or revised accounting standards as set out in note 1.

The fund recorded a net profit in net assets attributable to unitholders from operations after tax for the year ended 31 December 2020 of M 5,321,998. This represented an increase of 1,947% from the net increase in net assets attributable to unitholders from operations after tax of the prior year of M(273,379).

Fund investment income decreased by 16% from M105,325,901 in the prior year to M88,248,383 for the year ended 31 December 2020

Fund cash flows from operating activities increased by 9% from M(52,710,236) in the prior year to M(84,399,240) for the year ended 31 December 2020.

## 4. Creation and cancellation of units

	2020	2019	2018
<b>Units in issue</b>	<b>Number of Units</b>		
Class A	363,074,918	318,652,549	249,543,205
Class B1	1,162,554,760	1,026,376,959	946,993,440

	2020	2019	2020	2019
<b>Units in issue movement</b>	<b>M</b>	<b>M</b>	<b>Number of Units</b>	
Class A	363,074,918	318,652,549	249,543,205	
Class B1	1,162,554,760	1,026,376,959	946,993,440	

Refer to note 7 of the annual financial statements for detail of the movement in units in issue and capital attributable to unitholders.

## 5. Income distributions to unitholders

The fund's income distributions policy is to distribute available income to unitholders as per trust deed in respect of each financial year. This is done bi-annually.

Distribution per unit of 2 cents per unit (cpu) was declared in Lesotho currency on Tuesday, 30 June 2020 and paid on Friday, 03 July 2020. This distribution equated to a total of M16,972,147 (2019:M14,822,430).

Distribution per unit of 2 cents per unit (cpu) was declared on Thursday, 31 December 2020 in Lesotho currency in respect of the year ended 31 December 2020. The was distribution paid on Monday, 04 January 2021 to unitholders recorded in the register of the fund on Thursday, 31 December 2020.

# MANAGEMENT COMPANY DIRECTORS' REPORT CONT.

## 6. Covid19 impact on operations

The directors and administration team continue to actively monitor the risk and impact of the COVID-19 pandemic on the results operations of the fund and are comfortable that there are no adjusting impact or risks to the ability of the fund to continue as a going concern for the foreseeable future.

## 7. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report which have an adjusting effect to the financial statement.

## 8. Going concern

The directors believe that the fund has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the fund is in a sound financial position and that it has access to sufficient cash facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the fund.

The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the fund.

## 9. Statement of disclosure to the fund's auditors

With respect to each person who is a director on the day that this report is approved:

- there is, so far as the person is aware, no relevant audit information of which the fund's auditors are unaware; and
- the person has taken all the steps that he/she ought to have taken as a director to be aware of any relevant audit information and to establish that the fund's auditors are aware of that information.

## 10. Terms of appointment of the auditors

Sheeran & Associates Chartered Accountants (Lesotho) were appointed as the fund's auditors at the general meeting held on Thursday, 27 August 2020. Included in profit for the year is the agreed auditors' remuneration of M85,873.

## 11. Date of authorisation for issue of financial statements

The annual financial statements have been authorised for issue by the directors on Wednesday, 31 March 2021. No authority was given to anyone to amend the annual financial statements after the date of issue.



# MANAGEMENT COMPANY DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors of the management company are required in terms of the to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the fund as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

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

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

- STANLIB Lesotho (Pty) Ltd makes use of the Liberty Group Limited internal audit function which operates independently and unimpaired, and has unrestricted access to the Liberty Group Audit and Risk Committees, appraises, evaluates and, when necessary, recommends improvements in the systems of internal control and accounting practices; and
- The Audit and Risk Committees play an integral role in matters relating to financial and internal control, accounting policies, reporting and disclosure.


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

The directors of management company have reviewed the fund's financial position as at the 31 December 2020 and, in light of this review and the current financial position, they are satisfied that the fund has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the fund's annual financial statements. The annual financial statements have been examined by the fund's external auditors and their report is presented on pages 6 to 8.

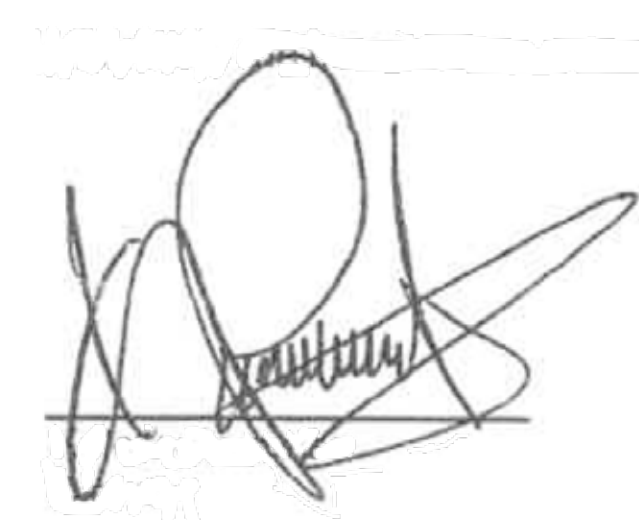
The annual financial statements set out on pages 12 to 15, which have been prepared on the going concern basis, were approved by the board of directors on 31 March 2021 and were signed on their behalf by:

## Approval of financial statements



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**Khabele Mofelehetsi**  
Chairman



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**Kelello Rametse**  
Director





# INDEPENDENT AUDITOR'S REPORT

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STANLIB LESOTHO INCOME FUND



## SHEERAN & ASSOCIATES

Chartered accountants (Lesotho)

No 1 Rosah Villa  
Katlehong Near Maseru Mall  
Pope John Paul II and  
Katlehong 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 Stanlib Lesotho Income Fund

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

#### **Our opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Stanlib Lesotho Income Fund (the Fund) as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### **What we have audited**

Stanlib Lesotho Income Fund's financial statements set out on pages 10 to 41 comprise:

- the statement of financial position as at 31 December 2020;
- the comprehensive income for the year then ended;
- the statement of cash flows for the year then ended;
- 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.

#### **Other information**

The directors are responsible for the other information. The other information comprises the Company Information page, Contents page, Management Company Directors' Responsibilities and Approval on page 5, Management Company Directors' Report on page 3 to 4 and the Trustees' report on page 9. 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: 08 April 2021**





# TRUSTEE'S REPORT

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STANLIB LESOTHO INCOME FUND



26 February 2021

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 31<sup>st</sup> December 2020 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 requirement of Sections 38 and 39 of the Collective Investment Scheme Regulations of 2018.

We have also taken note of the breach in compliance with Section 40(1) of the Regulations and have engaged with the Management company in relation to the contravention. It is our understanding that the Management Company has embarked to redress the transgression.

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

  
Retselisitsoe Leboela  
Chief Executive Officer

Cc: The General Manager – Stanlib Lesotho





# STATEMENTS

STANLIB LESOTHO INCOME FUND



# STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2019

	2020	2019	1 January 2019
	M	M	M
<b>Assets</b>			
<b>Current Assets</b>			
Financial assets at fair value through profit or loss	1,420,893,620	1,257,990,754	1,111,796,041
Trade and other receivables	17,869	24,404	232,873
Cash and cash equivalents	56,425,119	49,545,426	51,716,194
<b>Total Assets</b>	<b>1,477,336,608</b>	<b>1,307,560,584</b>	<b>1,163,745,108</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	1,567,877	1,273,699	1,704,828
Distributions payable to unitholders	16,411,519	24,160,885	21,652,195
<b>Total liabilities excluding net assets attributable to unitholders</b>	<b>17,979,396</b>	<b>25,434,584</b>	<b>23,357,023</b>
<b>Net assets attributable to unitholders</b>	<b>1,459,357,212</b>	<b>1,282,126,000</b>	<b>1,140,388,085</b>



# STATEMENT OF COMPREHENSIVE INCOME

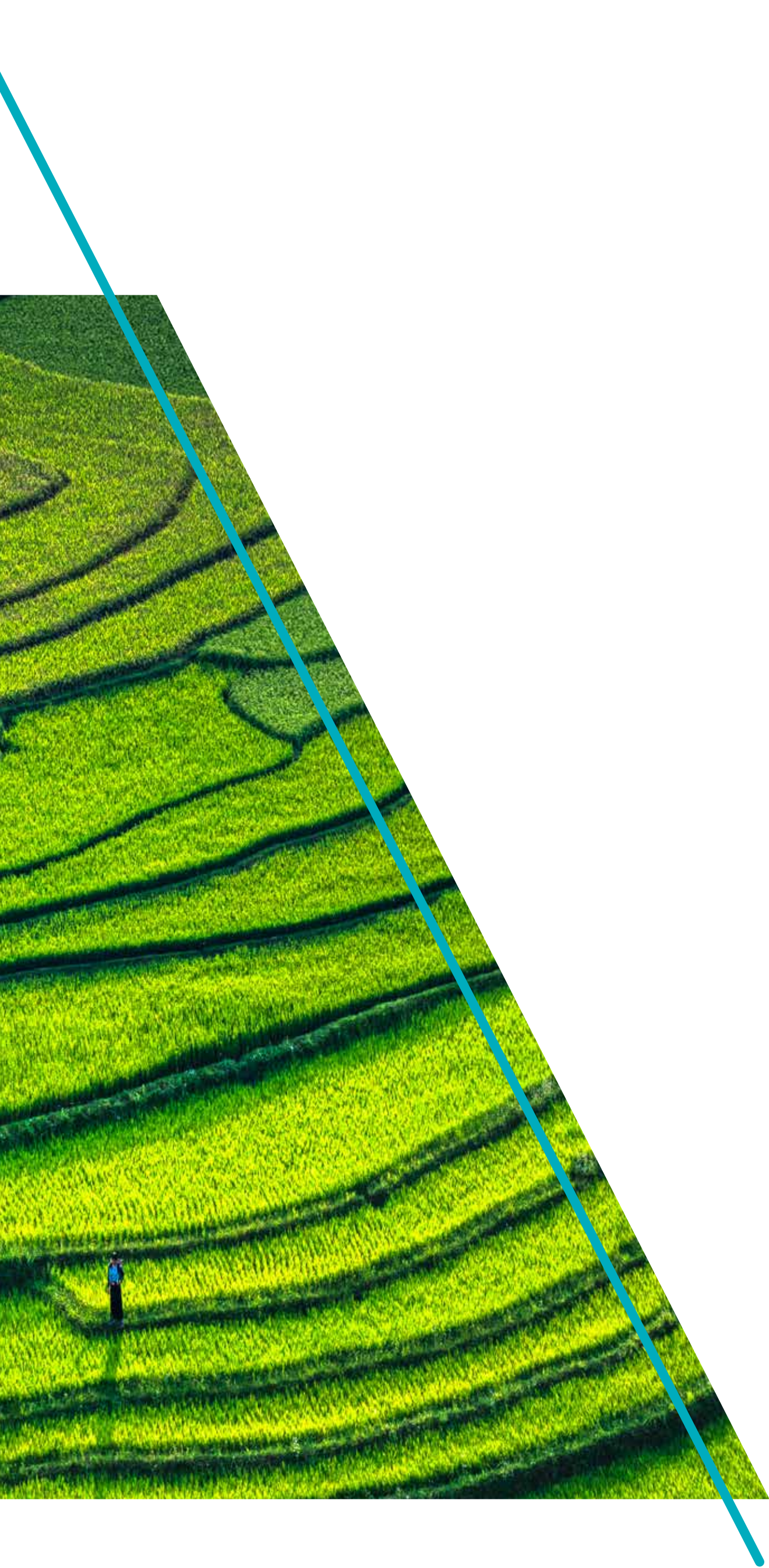
	2020	2019
	M	M
Investment income	88,248,383	105,325,901
Other operating income	30,336	-
Fair value gains on financial assets	4,424,806	2,589,498
Operating expenses	(15,200,720)	(13,626,826)
<b>Operating income attributable to unitholders before</b>	<b>77,502,805</b>	<b>94,288,573</b>
Income distributions to unitholders	(72,081,549)	(93,980,516)
<b>Operating income attributable to unitholders before taxation</b>	<b>5,421,256</b>	<b>308,057</b>
Withholding taxes expense	-99,258	-581,436
<b>Increase/(Decrease) in net assets attributable to unitholders</b>	<b>5,321,998</b>	<b>(273,379)</b>



# STATEMENT OF CASH FLOWS

	2020	2019
	M	M
<b>Cash flows from operating activities</b>		
Cash (used in) operations	(170,173,111)	(155,539,989)
Interest received	85,773,871	102,829,753
<b>Net cash (used in) operating activities</b>	<b>(84,399,240)</b>	<b>(52,710,236)</b>
<b>Cash flows from financing activities</b>		
Gross creation of units	382,089,992	367,120,923
Gross (cancellations) of units	(211,133,154)	(225,899,169)
Income adjustments on creation and cancellation of units	153,01	789,54
Distributions paid to unitholders	(79,830,915)	(91,471,826)
<b>Net cash from financing activities</b>	<b>91,278,933</b>	<b>50,539,468</b>
<b>Total cash movement for the year</b>	<b>6,879,693</b>	<b>(2,170,768)</b>
Cash and cash equivalents at the beginning of the year	49,545,426	51,716,194
<b>Cash and cash equivalents at the end of the year</b>	<b>56,425,119</b>	<b>49,545,426</b>





### **Disclaimer**

Collective Investment Schemes (CIS) are generally medium to long term investments. The value of participatory interests may go down as well as up and past performance is not necessarily a guide to future performance.

STANLIB Lesotho Collective Investment Scheme (the Scheme) is licenced, regulated and supervised by the Central Bank of Lesotho (the Registrar) under the Central Bank of Lesotho (Collective Investment Schemes) Regulations, 2018. The asset manager of the Scheme is STANLIB Lesotho (Pty) Ltd (the Asset Manager). The Asset Manager is licensed by the Registrar under the Central Bank of Lesotho (Collective Investment Schemes) Regulations, 2018. An investor has a right to choose an investment option, choosing any particular investment option does not guarantee any particular investment outcome.

The trustee of the Scheme is Minet Lesotho.

The investments of this portfolio are managed by the Asset Manager.

Prices are calculated and published on each working day; these prices are available on the Asset Manager's website (<https://stanlib.com/lesotho/>). This portfolio is valued at 15h00. Forward pricing is used. Investments and repurchases will receive the price of the same day if received prior to 15h00.

This portfolio is permitted to invest in foreign securities. Should the portfolio include any foreign securities these could expose the portfolio to any of the following risks: potential constraints on liquidity and the repatriation of funds; macroeconomic risks; political risks; foreign exchange risks; tax risks; settlement risks; and potential limitations on the availability of market information.

Additional information including, but not limited to, brochures, application forms and annual or quarterly reports, can be obtained free of charge, from the Asset Manager and from the Asset Manager's website (<https://stanlib.com/lesotho/>). The collective investment scheme contract and prospectus may be inspected at the address of the Asset Manager provided.

Contact Details of Trustees, Minet House 4 Bowker Road, Maseru, Lesotho. Telephone No. +266 22313540

STANLIB Lesotho (Pty) Ltd (Reg. No. 2001/40). A Financial Services Provider licensed under the Central Bank of Lesotho (Collective Investment Schemes) Regulations, 2018.



An aerial photograph of a landscape, likely a reservoir or a large body of water, with a dam visible in the distance. The image is overlaid with a teal gradient and a black triangle on the left side. The text is located in the bottom left corner.

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