

Lesotho Unit Trust Fund

for the year ended
31 December 2015

Focused Investing

 **STANLIB**

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You say future
potential.

We say
STANLIB.

Lesotho Unit Trust Fund

Registered address

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

Postal address

PO Box 115
Maseru, 100
Lesotho

Trustees

AON Lesotho

Auditors

Sheeran & Associates

Bankers

Standard Lesotho Bank

Independent Auditors' Report to the Members of Lesotho Unit Trust Fund

SHEERAN & ASSOCIATES

Chartered accountants (Lesotho)

No 1 Link House
Opposite American
Embassy
Kingsway Road
Maseru Lesotho

Postal Address
Private Bag 1420
Maseru 100
Lesotho

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We have audited the financial statements of Lesotho Unit Trust Fund, which comprise the balance sheet as at 31 December 2015, and the income statement, statement of changes in funds and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, the trustees' report, as set out on pages 5 to eight.

Trustees' responsibility for the financial statements

The fund's trustees are responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting as described in Note 1 of the financial statements, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from materials misstatements, whether due to fraud or error. The responsibility includes determining that the basis of accounting described in Note 1 to the financial statement is an acceptable basis for preparing and presenting financial statements in the circumstances.

Auditors' responsibility

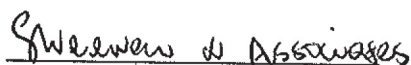
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards of Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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, if any, 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 opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Lesotho Unit Trust Fund as at 31 December 2015 and its financial performance for the year then ended in accordance with the basis of accounting as described in Note 1 of the financial statements..



SHEERAN & ASSOCIATES

Chartered Accountants (Lesotho)

Date: 24 March 2016

Lesotho Unit Trust Fund

Report of the Trustee of the Lesotho Unit Trust Fund to the Registrar of the Collective Investment Scheme



*Aon Lesotho (Pty) Ltd
Risk Consultants & Insurance Brokers*

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Maseru, Lesotho
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29 February 2016

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

Dear Sir/Madam

REPORT OF THE TRUSTEE OF THE LESOTHO UNIT TRUST FUND TO THE REGISTRAR OF THE COLLECTIVE INVESTMENT SCHEME

We have reviewed the books and records of the Lesotho Unit Trust Fund for the twelve months ended 31st December 2015 with the objective of reporting on the compliance by the Management of the Trust with Section 38(1) of the Collective Investment Scheme Regulations of 2001.

In terms of Section 38(1) (f) 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.

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 the section 38(1) of the Collective Investment Scheme Regulations of 2001.

Aon Lesotho (Pty) Ltd
Trustees of Lesotho Unit Trust Fund

A handwritten signature in black ink, appearing to read 'Retseilsitsoe Leboela', is written over a horizontal line.

Retseilsitsoe Leboela
Chief Operating Officer & Chief Financial Officer

Cc The General Manager - STANLIB Lesotho

Aon Lesotho (Pty) Ltd (Registration Number 69191)
Directors: J. Onsando (Chairperson)*, J. Mawere (CEO)**, L.I. Mohapeloa (Mrs), R. Leboela, M. Rupapa, R. Kooijman
*Kenya, **Zimbabwe

Lesotho Unit Trust Fund

Income Statement

Non Statutory Financial Statements for the year ended 31 December 2015

| | 2015 M | 2014 M |
|--|-------------------|-------------------|
| INCOME | 36 961 925 | 29 956 859 |
| Interest Received | 5 032 172 | 4 461 416 |
| Dividends Received | 31 974 293 | 26 449 102 |
| Sundry Income | 3 519 | - |
| Income adjustments on creations and cancellations of units | -48 059 | -953 659 |
| EXPENDITURE | 3 230 487 | 3 101 931 |
| Auditor's remuneration | 64 804 | 31 551 |
| Service charges | 2 731 870 | 2 557 943 |
| Bank Charges | 8 622 | 9 482 |
| Sundry Expenses | 200 001 | 217 374 |
| Trustee/Custody Fees | 91 858 | 162 519 |
| Withholding tax | 133 332 | 123 061 |
| NET INCOME FOR THE YEAR | 33 731 438 | 26 854 928 |

Lesotho Unit Trust Fund

Balance Statement

Non Statutory Financial Statements for the year ended 31 December 2015

| | 2015 M | 2014 M |
|--|--------------------|--------------------|
| ASSETS | | |
| NON CURRENT ASSETS | 333 265 820 | 286 505 665 |
| Investments at market value | 4 333 265 820 | 286 505 665 |
| CURRENT ASSETS | 4 280 824 | 3 449 540 |
| Accrued income and accounts receivable | 260 545 | 219 840 |
| Cash and cash equivalents | 4 020 279 | 3 229 700 |
| TOTAL ASSETS | 337 546 644 | 289 955 205 |
| EQUITY AND LIABILITIES | | |
| CAPITAL AND RESERVES | 318 836 966 | 277 118 510 |
| Capital value of unit portfolio | 318 817 985 | 277 099 597 |
| 2015: 100,900,436 (2014: 91,307,159 units) | | |
| Additional capital value of private equities | | |
| Undistributed Income (Current Year) | 18 981 | 18 914 |
| CURRENT LIABILITIES | 18 709 678 | 12 836 694 |
| Accounts payable | 18 709 678 | 12 836 694 |
| TOTAL EQUITY AND LIABILITIES | 337 546 644 | 289 955 205 |

Lesotho Unit Trust Fund

Statement of Changes in Funds

Non Statutory Financial Statements for the year ended 31 December 2015

| | 2015 M | 2014 M |
|--|-----------------------|---------------------|
| DISTRIBUTABLE INCOME | | |
| Balance at the beginning of the year | 18 914 | 40 057 |
| Undistributed Inc.b/F-General | (368) | |
| Net income for the year | 33 731 438 | 26 854 928 |
| Income available for distribution | 33 749 984 | 26 894 985 |
| Income Distributions: | 33 731 003 | 26 876 071 |
| June 2015: 16.20 per unit (2014: 16.23 per unit) | 15 447 844 | 14 494 820 |
| December 2015: 18.12 per unit (2014: 13.56 per unit) | 18 283 159 | 12 381 251 |
| Balance at the end of the year | 18 981 | 18 914 |
| Capital value of unit portfolio - investors | | |
| Balance at the beginning of the year | 277 099 597 | 318 972 924 |
| Creation of Units | 3 27 896 707 | 23 569 944 |
| Cancellation of Units | 3 (10 725 706) | (62 361 517) |
| Capital (loss)/profit reinvested in the fund | 24 547 387 | (3 081 754) |
| Balance at the end of the year | 318 817 985 | 277 099 597 |
| Total capital value & reserves at the beginning of the year | 277 118 511 | 319 012 982 |
| Total capital value & reserves at the end of the year | 318 836 966 | 277 118 510 |

Notes to the Financial Statements

Non Statutory Financial Statements for the year ended 31 December 2015

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. Accounting policies

| | REPURCHASE PRICE (LISENTE) | | | | | |
|-----------|----------------------------|-----------------|--------------------|-----------------|-----------------|--------------------|
| | 2015 Minimum | 2015 Maximum | 2015 Last price | 2014 Minimum | 2014 Maximum | 2014 Last price |
| Class - A | 178.93 | 208.31 | 208.87 | 164.49 | 194.19 | 194.19 |

3. Creation and Cancellation of units

| | MALOTI MOVEMENT | | UNIT MOVEMENT | | UNITS IN ISSUE | |
|-----------|-----------------|-----------------|---------------|---------------|----------------|---------------|
| | 2015 M 000's | 2014 M 000's | 2015 000's | 2014 000's | 2015 000's | 2014 000's |
| Class - A | 17 171 | -38 791 | 9 593 | -22 436 | 100 900 | 91 307 |

Notes to the Financial Statements

Non Statutory Financial Statements for the year ended 31 December 2015

4. Accounting policies

| | 2015 M | 2014 M |
|--|--------------------|-------------|
| Value as per Trust Deed | 206 981 330 | 174 318 097 |
| Unlisted Lesotho Equities | 23 087 844 | 23 087 844 |
| Standard Bank Lesotho - Money Market | 45 054 806 | 39 845 050 |
| STANLIB Collective Investments - SA | 53 358 302 | 46 231 383 |
| Standard Lesotho Bank Income Fund | 36 467 965 | 30 008 736 |
| SBO Collective Investments - Foreign | 49 012 413 | 35 145 084 |
| Unlisted Lesotho equities | | |
| - market to market gain above trust deed value | 126 284 491 | 112 187 568 |
| | 333 265 820 | 286 505 665 |

The fair value of unlisted securities are based on cash flows discounted using a rate based on the market interest rate and the risk premium specific to the unlisted securities of 17% - 18.0%.

In terms of a right of first refusal entered into between the LUT and the Government of Lesotho (GoL) (the original sellers of the Lesotho Private Equity Shares (PES)), the trust is obliged to offer the PES to the GoL at a pre-determined price before the trust is able to offer the shares to any third party for purchase. As a result of this agreement with the GoL, for the purposes of pricing the unit holders' portfolio, the trust does not apply an open market value to the PES but values the PES at the price the GoL has agreed to buy the shares from the trust, should it so be offered.

It is recorded that at 30 June 2013 and 31 December 2012 the value of the PES based on the agreement with the GoL was M23 087 844. Based on the valuations of the independent valutors as done on 1 October 2014, the market value of the PES was M135 275 412.

| | | |
|--|--------------------|-------------|
| Total Value of Unlisted Lesotho Equities (Pes) | 149 372 335 | 135 275 412 |
| - Value Determined As Per Trust Deed | 23 087 844 | 23 087 844 |
| - Market to market gain above trust deed value | 126 284 491 | 112 187 568 |

The Money Market investments with Standard Bank South Africa, earn interest at a fluctuating rate.

| | | |
|--|-------------|-------------|
| Market to market gains recognised in equity during year: | 126 284 491 | 112 187 568 |
| - Gain recognised as per trust deed | - | - |
| - Gain recognised above trust deed value | 126 284 491 | 112 187 568 |