

Moruo Developments Limited

(Registration Number I2007/861)

**Annual Financial Statements
for the year ended 31 March 2023**

Moores Rowland

Chartered Accountants (Lesotho)

Praxity

AFFILIATE
GLOBAL ALLIANCE OF
INDEPENDENT FIRMS

Moruo Developments Limited

(Registration Number I2007/861)

Annual Financial Statements for the year ended 31 March 2023

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Moruo Developments Limited

(Registration Number I2007/861)

Annual Financial Statements for the year ended 31 March 2023

General Information

Country of Incorporation and Domicile	Kingdom of Lesotho
Registration Number	I2007/861
Nature of business and principal activities	Development and Management of commercial properties.
Board of Directors	S Selepe (Chairman) A J Bothma J R Bothma L N Letele M Maphathe M D Maqutu S Montsi Ms Seeiso R A M Yeats I Nkama M Vumbukani
Registered Office	10 Lioli Road Industrial Area Maseru
Business Address	Pioneer Mall Pioneer Road Maseru
Postal Address	P. O. Box 1564 Maseru 100
Bankers	Nedbank Lesotho Ltd
Company Secretary	Sello-Mafatle Attorneys Marie Sello Office Park Assisi Road Maseru West

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Directors' Responsibilities and Approval

The Directors are required by the Lesotho Companies Act of 2011 to maintain adequate accounting records, and are responsible for the content and integrity of the annual financial statements and related financial information. It is their responsibility to ensure that the annual financial statements give a true and fair view of the state of affairs of the Company as at the end of the financial year, and the results of its operations and cash flows for the year then ended, in conformity with the International Financial Reporting Standards, and in the manner required by the Lesotho Companies Act of 2011. The external auditors are engaged to express an independent opinion on the annual financial statements.

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

The Board of Directors acknowledges that it is ultimately responsible for the system of internal financial control established by the Company and places considerable importance on maintaining a strong control environment. To enable the Board of Directors 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 Company and all employees are required to maintain the highest ethical standards in ensuring the Company's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the Company is on identifying, assessing, managing and monitoring all known forms of risk across the Company. While operating risk cannot be fully eliminated, the Company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

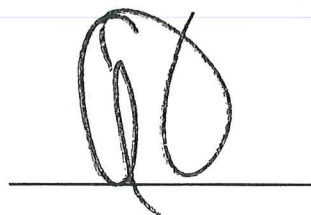
The Board of Directors is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the Board of Directors has no reason to believe that the Company will not be a going concern in the foreseeable future. The annual financial statements support the viability of the Company.

The annual financial statements have been audited by the independent auditing firm, Moores Rowland (Lesotho), who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholders, the Board of Directors and committees of the Board of Directors. The Board of Directors believe that all representations made to the independent auditor during the audit were valid and appropriate. The external auditor's audit report is presented on pages 5 to 6.

The annual financial statements set out on pages 7 to 23, and the supplementary information set out on page 24 which have been prepared on the going concern basis, were approved by the Board of Directors and were signed on 16-10-2023 on its behalf by:



S Selepe
Chairman



A J Bothma
Managing Director

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Directors' Report

The Board of Directors presents its report for the year ended 31 March 2023.

1. Review of activities

The business of the Company is the development, management and operation of commercial properties, which presently consists of the Pioneer Shopping Mall, Pioneer Road, Maseru.

The operating results and state of affairs of the Company are fully set out in the attached annual financial statements and do not, in our opinion, require any further comment.

2. Post balance sheet events

The Directors are not aware of any matter or circumstance arising since the end of the financial year that would have a material effect on the financial statements.

3. Authorised and issued share capital

No changes were approved or made to the authorised or issued share capital of the Company during the year under review.

4. Debenture interest

Debenture interest of M64.1406 per linked unit (2022 : M27.8049) is recommended by the Directors for the year.

5. Directors

The Directors of the Company during the year under review, and up to the date of this report is as follows:

<u>Names</u>	<u>Nationality</u>	<u>Appointed</u>	<u>Resigned</u>
S Selepe (Chairman)	Lesotho	16.08.2013	
A J Bothma	Lesotho	01.11.2007	
J R Bothma	Lesotho	01.11.2007	
L N Letele	South African	11.01.2010	
M Maphathe	Lesotho	09.12.2016	
M D Maqutu	Lesotho	09.12.2016	
S Montsi	South African	06.08.2008	
Ms Seeiso	Lesotho	28.04.2017	
R A M Yeats	Lesotho	26.11.2010	
I Nkama	Lesotho	02.12.2022	
M Vumbukani	Lesotho	02.12.2022	
R J Letsoela	Lesotho		02.12.2022
I Peterson	South African		02.12.2022

6. Directors' interest in contracts

During the financial year, no contracts were entered into which Directors or officers of the Company had an interest and which significantly affected the business of the Company.

7. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Board of Directors believe that the Company 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.

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Directors' Report

The Board of Directors has satisfied itself that the Company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The Directors are not aware of any new material changes that may adversely impact the Company. 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 Company.

8. Events after the reporting period

The Directors are not aware of any material event which occurred after the reporting date and up to date of this report.

9. Secretary

The Company's designated secretary is Sello-Mafatle Attorneys.

10. Independent Auditors

Moore Rowland (Lesotho) were the independent auditors for the year under review.

Office address:
Sentinel Park
United Nations Road
Maseru

Telephone +266) 22 313929
Email mrl@mooresrowland.co.ls
Web mooresrowlandlesotho.com
Int.web praxity.com

Mail
P O Box 1252
Maseru 100
Lesotho

Independent Auditor's Report

To the shareholders of Moruo Developments Limited

We have audited the financial statements of Moruo Developments Limited, which comprise of the statement of financial position as at 31st March 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, together with a summary of significant accounting policies and other explanatory notes, as set-out on pages 7 to 23.

In our opinion the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31st March 2023, its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Lesotho Companies Act 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. 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 are independent of the company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Lesotho. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Lesotho. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified opinion.

Other information

The directors are responsible for the other information. The other information comprises the Directors' responsibilities and approval, the Directors' report and the Detailed Income Statement set out on page 24 as required by the Lesotho Companies Act of 2011. The 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 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 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 International Financial Reporting Standards and the requirements of the Companies Act 18 of 2011, 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 company'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 director either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.



Directors: A S McAlpine, R 'Nyane, C Makoala

Moores Rowland (Pty), a company established under the laws of Lesotho, is an affiliate member of Praxity, AISBL, a global alliance of independent firms.



Auditors' 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 International Standards on Auditing 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 International Standards on Auditing, 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Conclude on the appropriateness of the director's 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 company'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 company 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 the 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.

Moore Rowland

Moore Rowland Lesotho
Partner: Chabeli Makoala
Registered Auditors (LIA)
Sentinel Park, Maseru 100
18 October 2023

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Financial Statements for the year ended 31 March 2023

Statement of Financial Position

Figures in M

Notes

2023

2022

Assets

Non-current assets

Investment property	2	390,446,036	361,421,951
Property, plant and equipment	3	4,964,507	4,919,252
Development Assets	4	4,291,885	5,271,395
Total non-current assets		399,702,428	371,612,598

Current assets

Trade and other receivables	5	1,128,224	1,069,482
Taxation		1,308,097	168,367
Cash and cash equivalents	6	10,767,879	13,083,714
Total current assets		13,204,200	14,321,563

Total assets

412,906,628 **385,934,161**

Equity and liabilities

Equity

Share capital	7	28,772	28,772
Share premium	8	24,223,250	24,223,250
Debentures	9	115,058,828	115,058,828
Retained income		105,143,111	83,789,039
Total equity		244,453,961	223,099,889

Non-current liabilities

Long-term loans	10	103,322,515	113,686,868
Deferred tax liabilities	11	29,760,824	22,468,592
Total non-current liabilities		133,083,339	136,155,460

Current liabilities

Trade and other payables	12	23,503,786	14,899,383
Short-term loans	10	11,865,542	11,779,429
Total current liabilities		35,369,328	26,678,812

Total equity and liabilities

412,906,628 **385,934,161**

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Statement of Profit or Loss and Other Comprehensive Income

Figures in M	Notes	2023	2022
Revenue	13	56,880,631	52,241,713
Operating expenses	14	(28,269,912)	(25,875,287)
(Loss) / Profit before finance charges		28,610,719	26,366,426
Finance charges	15	(29,117,455)	(21,519,587)
(Loss) / Profit before taxation		(506,736)	4,846,839
Income tax expense	16	(7,129,684)	(1,211,709)
(Loss) / profit for the year		(7,636,420)	3,635,130
Other comprehensive income			
IFRS fair value adjustment (resulting from property revaluation)	17	21,742,873	5,470,628
Total comprehensive income		14,106,453	9,105,758

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Statement of Changes in Equity

Figures in M	Issued capital	Share premium	Debentures	Retained income	Total
Balance as at 31 March 2021	26,038	24,223,250	104,127,162	74,683,281	203,059,731
Linked units issue	2,734	-	10,931,666	-	10,934,400
Profit for the year	-	-	-	3,635,130	3,635,130
Other comprehensive income	-	-	-	5,470,628	5,470,628
Balance at 31 March 2022	28,772	24,223,250	115,058,828	83,789,039	223,099,889
Loss for the year	-	-	-	(7,636,420)	(7,636,420)
Other comprehensive income	-	-	-	28,990,497	28,990,497
Balance at 31 March 2023	28,772	24,223,250	115,058,828	105,143,111	244,453,961
Notes	7	8	9		

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Financial Statements for the year ended 31 March 2023

Statement of Cash Flows

Figures in M

	Note	2023	2022
Cash flows from operations			
Profit/(Loss) before tax		(506,736)	4,846,839
<u>Adjustments</u>			
Adjustments for finance costs		29,117,455	21,519,586
Adjustments for amortisation of development assets		1,057,097	1,317,852
Adjustments for depreciation		999,273	797,585
Movement in trade and other receivables		(58,742)	840,496
Movement in trade and other payables		8,604,403	(2,084,388)
Movement in short-term loans		86,111	(277,507)
Total adjustments to reconcile (loss) / profit		39,805,597	22,113,624
Net cash flows from operations		39,298,861	26,960,463
Interest paid		(29,117,455)	(21,519,586)
Income taxes paid		(977,182)	(9,191)
Net cash flows from operating activities		9,204,224	5,431,686
Cash flows used in investing activities			
Investment assets		(33,588)	-
Purchase of property, plant and equipment		(1,044,529)	(3,724,718)
Development assets		(77,588)	-
Cash flows used in investing activities		(1,155,706)	(3,724,718)
Cash flows used in financing activities			
Linked units rights issue		-	10,934,400
Long-term loans		(10,364,353)	(11,779,429)
Cash flows used in financing activities		(10,364,353)	(845,029)
Net (decrease) / increase in cash and cash equivalents		(2,315,835)	861,939
Cash and cash equivalents at beginning of the year		13,083,714	12,221,775
Cash and cash equivalents at end of the year	6	10,767,879	13,083,714

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Financial Statements for the year ended 31 March 2023

Accounting Policies

1. Presentation of financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards, and the Lesotho Companies Act of 2011. The financial statements have been prepared on the historical cost basis, except for investment property at fair value, and incorporate the principal accounting policies set out below. They are presented in Lesotho Maloti.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

Critical judgements in applying accounting policies

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the current and subsequent financial years. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates of fair value of investment property

In making its judgement, the Company considers information from a variety of sources, including;

- current yields being achieved in an active market for retail properties as well as condition and location of each property; and
- discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and conditions, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows. Additional adjustments are included for tenant risk and building factors, plus account is taken of vacancies, rental reversions to market, property costs, tenant installations, inflation, expenses and capital expenditure.

Significant assumption for the estimate of fair values

The fair values of investment properties are determined using a discounted cash flow valuation. The assumptions used are based on market conditions existing at each reporting date.

The significant assumptions underlying the estimates of fair values are those related to: the receipt of contractual rentals; expected future market rentals; vacancy periods; tenant risk; capital expenditure and maintenance requirements; specific building factors and appropriate discount rates. These valuations are regularly compared to actual market yield data, and actual transactions by the Company and those reported by the market. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

Impairment of trade receivables

A provision for the impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of each trade receivable. The provision is the difference between the asset's carrying amount less any security held and the expected amount to be recovered from the trade receivable.

1.2 Summary of significant accounting policies

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

Basis of preparation

The financial statements have been prepared in compliance with IFRS and interpretations for year-ends commencing on or after 1 April 2016. All amounts are shown in Lesotho Maloti unless otherwise stated.

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Accounting Policies

Presentation of financial statements continued...

IFRS comprise International Financial Reporting Standards, International Accounting Standards and Interpretations originated by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC). The standards referred to are set by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a historic cost basis, except for the following; carried at fair value:

- Investment property;
- Derivative financial instruments; and
- Financial instruments held for trading or designated at fair value through profit or loss.

Historic cost is generally based on the fair value of the consideration given in exchange for assets.

1.3 Investment property

Investment properties are properties that are held for purposes of earning rental income and for capital appreciation.

Investment properties are initially valued at cost, including transaction costs and subsequently at fair value based on a valuation performed by a valuer at year-end, using the open market value basis for existing use. The valuation is based on the percentage holding in each investment property. The straight line operating lease adjustment prepayment or accrual is disclosed separately as an asset or liability and is included in the determination of the fair value of the investment property.

Subsequent expenditure

Subsequent expenditure relating to the investment in property is capitalised when it is probable that future economic benefits from use of an asset will increase. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Investment properties under construction

Investment properties under construction are initially recognised as part of property and equipment, and classified as capital work in progress. They are valued at cost until they are brought into commercial operation, where after they are transferred to investment properties and valued at fair value. These are not depreciated. Land is accounted for as an investment property from the date of acquisition.

Gains and losses

The net gains and losses from fair value adjustments are recognised in profit or loss.

Investment properties are derecognised when either they are disposed of or when the investment is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Gains and losses on the disposal of investments in property are credited/(charged) to income. The gains and losses are determined as the difference between the net disposal proceeds and the carrying amount of the investment property.

1.4 Property, plant and equipment

Plant and equipment is initially recognised at cost. The cost of plant and equipment includes amounts incurred initially to acquire an item of plant and equipment, and amounts incurred subsequently to add to, or replace, part of an asset. Replacement costs include the cost of major inspections. If a replacement cost is recognised in the carrying amount of an item of plant and equipment, the carrying amount of the replaced part is derecognised. Day-to-day servicing costs, such as labour and consumables, are expensed in the income statement.

Property, plant and equipment are subsequently measured at cost less accumulated depreciation and accumulated impairment losses (if any).

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Accounting Policies

Presentation of financial statements continued...

Depreciation is provided on all plant and equipment to write-down the cost, less residual value, using the reducing balance method over their estimated useful lives, which equates with the following annual rates :

Plant and equipment	20%
Furniture and fittings	10% - 15%
Other equipment	10% - 15%

The residual values and useful lives of all items of plant and equipment are reviewed, and adjusted if necessary, at each reporting date. Depreciation is charged to profit and loss. Gains or losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. The net amount is included in profit and loss for the period.

1.5 Development assets

Development assets, which comprise intangible assets and start-up costs relating to, but incurred prior to the commencement of related income generating business activities, are initially stated at cost.

Development assets are subsequently measured at cost less accumulated amortisation and any impairment losses. Amortisation is provided on all development assets to write-down the cost using the reducing balance method at an annual rate of 20%.

1.6 Impairment of tangible and intangible assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

1.7 Financial instruments

Recognition and measurement

Financial assets and financial liabilities are recognised on the statement of financial position when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value plus in the case of all financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Purchases and sales of financial instruments are recognised on a trade-date basis.

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Accounting Policies

Presentation of financial statements continued...

Financial liabilities and equity instruments, issued by the company, are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Financial assets are derecognised when and only when:

- The contractual rights to the cash flows from the financial assets expire; or
- The company transfers the financial assets, including substantially all the risks and rewards of ownership of the asset.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the contract is discharged, cancelled or has expired. The difference between the carrying amount of a financial liability (or part of thereof) extinguished or transferred to another party and consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Investments made by the Company are classified as either held at fair value through profit or loss or available-for-sale, and are measured at subsequent reporting dates at fair value.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair values of quoted investments in active markets are based on current market prices. Since actual market prices are available in determining fair values, no significant estimates or valuation models are applied in determining the fair value of quoted financial instruments.

Financial assets

Financial assets are classified into the following categories: financial assets at fair value through profit or loss; loans and receivables and available-for-sale financial assets. Management determines the classification of financial assets at initial recognition.

Financial assets at fair value through profit or loss

This category has two components: those 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 generating a profit from short-term fluctuations in price or dealer's margin, or security is included in a portfolio in which a pattern of short-term profit taking exists or if so designated by management at inception as held at fair value through profit or loss.

Financial assets designated as at fair value through profit or loss at inception are those that are:

- held to match liabilities that are linked to the changes in fair value of these assets. The designation of these assets at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as "an accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to the company's key management personnel. The company's investment strategy is to invest in equity and debt securities, and to evaluate them with reference to their fair values. Assets that are part of these portfolios are designated upon initial recognition at fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable.

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Accounting Policies

Available for use

Available-for-use investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Financial liabilities

Financial liabilities are recognised initially at fair value, generally being their issue proceeds net of transaction costs incurred. Financial liabilities are subsequently stated at amortised cost and interest is recognised over the period of the borrowing using the effective interest method.

The Company classifies certain liabilities at fair value through profit or loss, mainly to match the accounting classification of assets with similar risks. Such liabilities are accounted for at fair value with changes in fair value recognised in profit or loss.

Gains and losses

Gains and losses arising from changes in the fair value of 'financial assets at fair value through profit or loss' category are included in profit or loss in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in other comprehensive income is recognised in profit or loss.

Interest, calculated using the effective interest rate method, is recognised in profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the company's right to receive payment is established.

Effective interest method

The effective interest rate method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period to the net carrying amount of initial recognition.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or, realise the asset and settle the liability simultaneously.

1.8 Income Tax

Income tax expense represents the sum of tax currently payable and deferred tax.

Current tax

Current tax comprises tax payable calculated on the basis of expected taxable income for the reporting period, using tax rates enacted at the end of reporting period, any adjustment of tax payable for previous periods.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or tax credits. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

The net carrying amount of deferred tax assets is reviewed at each reporting date, and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss.

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Accounting Policies

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which the deferred tax asset will be realised, or the deferred tax liability will be settled, on the basis of tax rates that have been enacted or substantially enacted by the end of the reporting period.

1.9 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the company. All other leases are classified as operating leases.

Rights to use held under finance leases are recognised as assets of the company at the fair value of the leased property (or if lower, the present value of the minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of lease obligation so as to achieve a consistent rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in property, plant and equipment, and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals receivable/payable under operating leases are credited/charged to profit or loss on a complying systematic basis over the term of the relevant lease.

1.10 Impairment of financial assets

Assets carried at amortised cost

At each reporting date, the company assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed asset, whether significant or not, it then includes the asset in a group of financial assets with similar credit characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of allowance account and the amount of the loss recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

When a loan is uncollectable, it is written off against the related provision for loan impairment. Such loans are written off after all necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had an impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in profit or loss.

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Accounting Policies

Assets carried at fair value

At each reporting date, the company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments, classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets 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 profit or loss.

Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not subsequently reversed through the profit or loss. However, if in a subsequent period the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

1.11 Share capital

Ordinary shares are classified as equity and recorded at the proceeds received net of incremental external costs directly attributable to the issue.

1.12 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the directors' estimate of the expenditure required to settle that obligation at the reporting date, and are discounted to present value where the effect is material.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of outflow with respect to any one item included in the same class of obligations may be small.

1.13 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business net of VAT and other related sales taxes.

Fee income

Fee income comprises administration fees, asset management fees, development fees and excludes Valued Added Tax. Administration fees, asset management fees and development fees are recognised over the period for which the services are rendered, in accordance with substance of the relevant agreements.

Investment income

Investment income comprises realised and unrealised gains on investments, interest income and dividend income.

Investment income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income is recognised when the right to receive payment is established.

1.14 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short term, highly liquid, investments that are convertible to known amounts of cash which are subject to insignificant risk or changes in values, all of which are available for use by the Company unless otherwise stated. In the statement of financial position, bank overdrafts are included in current liabilities.

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2. Investment property

Pioneer Shopping Mall

Land and buildings - Phase 1, 2 & 3

Opening balance	361,421,951	352,844,013
Capitalised expenditure	33,588	1,283,767
Change in fair value (to current market valuation)	28,990,497	7,294,171
Total carrying amount	390,446,036	361,421,951

Phase 1 is situated on plot no. 12284-589 Maseru Urban Area held under a Land Act 1979 lease commencing on 21 May 2008 and expiring 60 years thereafter. The lease is encumbered by a mortgage bond for M100 million issued in favour of Nedbank Lesotho Ltd as security for the long term loan disclosed under note 10.

Phase 2 is situated on plot no. 12284-668 Maseru Urban Area held under a Land Act 2010 lease commencing on 2 February 2012 and expiring 60 years therefore after. The lease is encumbered by mortgage bonds totalling M90.1 million issued in favour of Nedbank Lesotho as security for the long-term loan disclosed under note 10.

Phase 3 is situated on land held under Phases 1 and 2, as detailed above.

3. Property, plant and equipment

3.1 Balances for the year

Balance at 31 March 2023

	At cost	Accumulated depreciation	Carrying amount
Plant and Equipment	17,579,160	(14,425,197)	3,153,963
Motor vehicles	346,392	(17,160)	329,232
Fixtures and fittings	850,292	(563,769)	286,523
Office equipment	2,569,079	(1,374,290)	1,194,789
	21,344,923	(16,380,416)	4,964,507

Balance at 31 March 2022

	At cost	Accumulated depreciation	Carrying amount
Plant and Equipment	17,424,944	(13,646,895)	3,778,049
Fixtures and fittings	756,067	(517,247)	238,820
Office equipment	2,119,382	(1,216,999)	902,383
	20,300,393	(15,381,141)	4,919,252

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Property, plant and equipment continued...

3.2 Movements for the year

Movements for year ended 31 March 2023	Carrying amount at 1 April 2022	Additions from acquisitions	Depreciation	Revaluation increase (decrease)	Carrying amount at 31 March 2023
Plant and Equipment	3,778,049	154,216	(778,302)	-	3,153,963
Motor vehicles	-	346,391	(17,160)	-	329,232
Fixtures and fittings	238,820	94,224	(46,521)	-	286,523
Office equipment	902,383	449,697	(157,291)	-	1,194,789
	4,919,252	1,044,528	(999,273)	-	4,964,507

Movements for year ended 31 March 2022	Carrying amount at 1 April 2021	Additions from acquisitions	Depreciation	Revaluation increase (decrease)	Carrying amount at 31 March 2022
Plant and Equipment	2,155,987	2,240,917	(618,855)	-	3,778,049
Fixtures and fittings	280,964	-	(42,144)	-	238,820
Office equipment	838,934	200,035	(136,586)	-	902,383
	3,275,885	2,440,952	(797,585)	-	4,919,252

4. Developments assets

2023

Intangible assets and start-up costs

	Cost	Accumulated amortisation	Net	Net
Pioneer Shopping Mall - Phase 1	15,540,152	14,709,236	830,916	
Pioneer Shopping Mall - Phase 2	15,006,990	13,507,520	1,499,470	
Pioneer Shopping Mall - Phase 3	5,967,067	4,080,337	1,886,730	
Pioneer Shopping Mall - Phase 4	77,587	2,818	74,769	
Totals	36,591,796	32,299,911	4,291,885	

2022

Intangible assets and start-up costs

	Cost	Accumulated amortisation		
Pioneer Shopping Mall - Phase 1	15,540,152	14,501,507		1,038,645
Pioneer Shopping Mall - Phase 2	15,006,990	13,132,653		1,874,337
Pioneer Shopping Mall - Phase 3	5,967,067	3,608,654		2,358,413
Totals	36,514,209	31,242,814		5,271,395

5. Trade and other receivables

Trade and other receivables comprise:

Property rental debtors	924,178	889,996
Deposits	80,000	80,000
Prepayments	88,662	99,486
Withholding tax	35,384	-
Trade and other receivables	1,128,224	1,069,482

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6. Cash and cash equivalents		
Cash and cash equivalents included in current assets comprises:		
Nedbank Current Account	71,271	860,082
Nedbank Disbursements Account	203,584	144,757
Nedbank Interest Bearing Account	10,493,024	12,078,875
Cash and cash equivalents at year-end	10,767,879	13,083,714
7. Share capital		
Authorised Share capital		
1 000 000 shares of M0.10 each	100 000	100 000
Issued share capital		
287,719 (2022: 287,719) shares of M0.10 each	28,772	28,772
8. Share premium		
Premium of M175 per share on 43 478 shares	7,608,650	7,608,650
Premium of M200 per share on 47 897 shares	9,579,400	9,579,400
Premium of M250 per share on 12 068 shares	3,017,000	3,017,000
Premium of M300 per share on 13 394 shares	4,018,200	4,018,200
Total share premium	24,223,250	24,223,250
9. Debentures		
Balance at the beginning of the year	115,058,828	115,058,828
Balance at the end of the year	115,058,828	115,058,828

Debenture funding is regarded as equity, since shareholders are required to pay the debenture amounts when they take-up shares in the company, and the amount of each debenture is computed based on the nominal value of the shares taken-up (i.e. M399.90 debenture for every one 10 Lisente share). Each combination of one share and related debenture funding is referred to as "linked unit".

The terms and conditions under which the debentures were issued and are now held are set-out in a formal document titled "Debenture -Terms and Conditions" that was issued by the Company on 25 February 2012. This document contains, inter alia, provisions relating to the payment of interest and (potential long-term) redemption of capital in respect of such debentures.

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10. Long-term loans

Long-term loans comprise:

Balance at the beginning of the year		125,466,297	137,523,233
Add: Prior year adjustments	Note A	958,144	-
Interest charges		10,654,655	10,499,899
Repayments		(21,891,039)	(22,556,835)
Balance at the end of the year		115,188,057	125,466,297
Less: Repayable by 31 March 2024		(11,865,542)	(11,779,429)
Long-term portion		103,322,515	113,686,868

The Company has entered into a loan agreement with its bankers as part of the financing arrangements for the development of the Pioneer Shopping Mall. The loan is secured as disclosed in note 2 above; and bears interest at a prime linked rate (currently 7.75% p.a.) The current facility expires on 1 September 2026.

Note A

In the prior year, the loan balance was understated by M958,144. This has been corrected in the current year as shown above.

11. Deferred tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

- Deferred tax liability to be recovered after more than 12 months	29,760,824	22,468,592
Net deferred tax assets	29,760,824	22,468,592

12. Trade and other payables

Trade and other payables comprise:

Trade creditors	(508)	903,445
Sundry creditors	1,159,794	1,193,422
Rental deposits	1,173,889	1,140,079
Debenture interest accrued	18,906,323	8,275,199
Long-term loan interest and repayments accrued	724,443	1,682,587
Provision for Severance Pay	1,539,845	1,704,651
Total trade and other payables	23,503,786	14,899,383

13. Total revenue

Total revenue comprises the following:

Property rental	45,255,088	42,089,435
Property tenant cost recoveries	10,271,765	9,391,652
Sundry income	1,353,777	760,626
Total revenue	56,880,631	52,241,713

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	2023	2022
14. Operating expenses		
<i>Operating expenses comprise the following:</i>		
Amortisation of developments assets	1,057,097	1,317,852
Audit fees	75,384	70,075
Depreciation	999,273	797,585
Directors fees and remuneration	435,000	348,000
Other operating expenses	14,165,034	12,644,930
Rent and rates	1,851,430	1,906,430
Staff costs	9,686,694	8,790,415
Total operating expenses	28,269,912	25,875,287
15. Finance charges		
<i>Finance charges comprise the following:</i>		
Debenture Interest	18,462,800	11,019,688
Interest on Long-Term Loans	10,654,655	10,499,899
Total finance charges	29,117,455	21,519,587
16. Income tax expense		
<i>Lesotho Tax</i>		
Current	(162,548)	1,282,024
Deferred Tax Movement	7,292,232	(70,315)
Total charge	7,129,684	1,211,709
<i>Deferred</i>		
Due to timing differences	7,292,232	(70,315)
Total deferred tax (charge)/ recoupment	7,292,232	(70,315)
<i>Reconciliation of tax rate</i>	<i>% age</i>	<i>% age</i>
Tax charge as a percentage of income	32.07	26.40
Effect of disallowed expenditure	(7.07)	(1.40)
Lesotho corporate income tax rate	25.00	25.00
17. IFRS fair value adjustment		
Unrealised gain on property revaluation	28,990,497	7,294,170
Related deferred tax expense	(7,247,624)	(1,823,542)
Net fair value adjustment	21,742,873	5,470,628

Pioneer Shopping Mall was valued at M393,600,000 by independent valuers, Real Insight (which includes both the land and the buildings per note 2, and the plant and equipment fitted therein per note 3). This value was adopted for accounting purposes as at 31 March 2023, resulting in the above unrealised gain and related deferred tax charge.

18. Accounting for rental income

The Company is currently not applying the rental lease income straightlining provisions as required by IFRS 16. However, due to the relatively short-term nature of such leases (typically no more than three years), such non-compliance has no significant impact on the reported financial results of the Company.

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19. Risk management

19.1 Liquidity risk

Liquidity risk relates to the availability (or not) of funds to cover future commitments. The Company manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are also prepared and borrowing facilities monitored as part of this monitoring process.

19.2 Interest rate risk

The Company does not limit risk in respect of interest rate changes. Accordingly, interest rate fluctuations will directly impact on the company's results. At the financial year-end, however, there were no significant balances that were exposed to interest rate fluctuations, except for the Nedbank loan disclosed under note 10 above.

19.3 Credit risk

Credit risk relates to bank balances and trade receivables. The Company only deposits funds with major banks with high quality credit standing. The receivables comprise a relatively small number of customers. Management evaluates the credit standing of customers as well as the recoverability of individual debtor balances on an ongoing basis.

19.4 Currency risk

All of the Company's day to day financial transactions are denominated in either Lesotho Maloti or South African Rand (whose exchange rate is at par with Lesotho Maloti). Hence, the Company does not usually incur any credit risk, and no such risk existed at financial year-end.

20. Going Concern

The Directors believe that the Company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The Directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The Directors are not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Company.

21. 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.

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Detailed Income Statement

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	2023	2022
Revenue		
Property rental	45,255,088	42,089,435
Property tenant cost recoveries	10,271,765	9,391,652
Sundry income	1,353,777	760,626
Total revenue	56,880,631	52,241,713
Expenses		
Accounting Fees	34,398	97,748
Advertising and promotions	196,937	126,801
Amortisation of development assets	1,057,097	1,317,852
Audit Fees	75,384	70,075
Bank charges	119,334	105,237
Board & Shareholder Costs	114,583	40,659
Cleaning and sanitising	902,869	876,955
Computer expenses	264,869	269,488
Consultancy and professional fees	864,694	748,137
Depreciation	999,273	797,585
Directors fees and remuneration	435,000	348,000
Electricity and water	6,612,830	5,881,570
Insurance	1,038,623	1,023,517
Interest expense: debentures	18,462,800	11,019,688
Interest expense: other	10,654,655	10,499,899
Office & welfare costs	786,135	16,436
Printing and stationery	38,217	31,010
Refuse removal	371,882	352,998
Rent and rates	1,851,430	1,906,430
Repairs and maintenance	1,349,638	2,052,294
Salaries and wages	9,686,694	8,790,415
Security	174,345	92,316
Sundry expenses	1,065	3,500
Telephone and postage	196,392	184,889
Training	99,042	59,922
Transport	436,514	406,706
Uniforms and Protective Clothing	562,667	274,747
Total expenses	57,387,367	47,394,874
Operating profit for the year	(506,736)	4,846,839