

Basotho Enterprises Development Corporation

Annual Financial Statements

for the year ended 31st March 2009

Balance Sheet

	Notes	2009 <u>M</u>	2008 <u>M</u>
Assets			
Non-Current Assets		20,867,297	21,979,878
Property, Plant and Equipment	1	20,867,297	21,979,878
Current Assets		8,893,033	8,038,372
Inventory	2	421,833	346,972
Accounts Receivables	3	4,241,928	4,107,469
Cash and Cash Equivalents	4	4,229,272	3,583,931
Total Assets		29,760,330	30,018,250
Equity and Liabilities			
Capital Employed		22,397,224	22,739,689
Issued Capital	5	1,000,000	1,000,000
Capital Grants	6	16,662,354	17,387,239
Retained Earnings		4,734,870	4,352,450
Current Liabilities		7,363,106	7,278,561
Accounts Payables	7	4,953,586	4,087,778
Long Term Loans	8	1,930,000	1,930,000
Bank Overdraft		0	501,263
Taxation Payables	9	479,520	759,520
Total Equity and Liabilities		29,760,330	30,018,250

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Income Statement

	2009	2008
	M	M
Sales	1,357,010	1,292,147
Cost of Sales	<u>-775,208</u>	<u>-797,923</u>
Gross Profit	581,802	494,224
Other Income	13,009,096	11,984,245
TOTAL INCOME	<u>13,590,898</u>	<u>12,478,469</u>
Administration Expenses	13,204,232	12,281,651
Operating Surplus/Deficit Before Taxation	386,666	196,818
Taxation	65,725	-
Operating Surplus/Deficit for the year	<u>320,941</u>	<u>196,818</u>

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for the year ended 31st March 2009

Statement of Changes in Equity

		Share Capital	Grants	Retained Surplus/ Deficit	Total
	Note	M	M	M	M
Balance as at 31st March 2008		1,000,000	17,387,239	4,352,450	22,739,689
Amortised Capital Grant			-724,889		-724,889
Adjustment for the year	10			-4,246	-4,246
Surplus for the year				386,666	386,666
Balance as at 31st March 2009		1,000,000	16,662,350	4,734,870	22,397,220

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Cash Flow Statement

	2009 <u>M</u>	2008 <u>M</u>
Cash generated by operating activities		
Operating Deficit/Surplus for the year before taxation	386,666	196,818
Adjustment for		
Depreciation	1,389,455	1,403,286
Profit on Disposal	-752,268	-155,934
Amortised capital grant	-724,889	-753,063
	298,964	691,107
Cash generated/ utilised for working capital		
Increase/decrease in Inventory	-74,861	-121,680
Increase/decrease in Accounts Receivables	-134,459	-2,123,222
Increase in Accounts Payable	865,808	185,560
	656,488	-2,059,342
Cash generated from operations	955,452	-1,368,235
Taxation Paid	-280,000	-280,000
Cash Effects of investing activities		
Additions to properties, plant and equipment	-276,519	-314,088
Proceeds on Disposals	751,917	140,277
	475,398	-173,811
Net Increase/Decrease in Cash and Cash Equivalents	1,150,850	-1,822,046
Adjustment of cash and cash equivalents	-4,246	80,649
Cash and Cash Equivalent at the beginning of the year	3,082,668	4,824,065
	<u>4,229,272</u>	<u>3,082,668</u>

Basotho Enterprises Development Corporation

Property, Plant and Equipment Movement Statement
for the year ended 31st March 2009

Basotho Enterprise Development Corporation

1	Land and Buildings	Motor vehicles	Office Furniture	Machinery and equipment	Total
	<u>M</u>	<u>M</u>	<u>M</u>	<u>M</u>	<u>M</u>
Carrying Amount at the beginning of the year 01.04.09	21,581,193	63,641	62,161	272,883	21,979,878
Cost	32,994,529	778,293	386,307	3,468,897	37,628,024
Accumulated Depreciation	11,413,336	714,652	324,146	3,196,014	15,648,919
Adjustments:					
Costs	810,414.00	(32,400.00)	6,934.00	6,933.00	791,881.00
Accumulated Depreciation	810,412.00	32,399.00	(5,072.00)	(5,072.00)	832,667.00
cost	32,184,115	810,693	379,373	3,461,964	36,836,144
Accumulated Depreciation	10,602,924		329,218	3,190,942	14,123,084
Additions	161,320		8,146	107,053	276,519
Adjustment		-	952	- 1,861	- 909
Depreciation	1,228,677	54,509	16,148	90,121	1,389,455
Carrying Amount at the end of the year 31.03.10	20,513,836	9,133	56,374	287,954	20,867,297
Cost	32,345,434	810,694	401,386	3,569,016	37,126,529
Accumulated Depreciation	11,831,598	801,561	345,012	3,281,062	16,259,233

Remaining Estimated Useful Lives of the Property, Plant and Equipment is as follows:-

Land and Buildings	5 - 23 years
Motor Vehicles	1-3 years
Office Furniture	1 - 11 Years
Machinery and Equipment	1- 10 years

Basotho Enterprises Development Corporation

Annual Financial Statements

for the year ended 31st March 2009

Notes on the Financial Statements (continued)

Notes	2009 <u>M</u>	2008 <u>M</u>
2 Inventory		
Raw Materials	275,614	259,171
Finished Goods	146,219	87,801
	421,833	346,972
3 Accounts Receivables		
Trade Receivables	2,944,220	2,144,512
Other Receivables	1,250,759	1,937,468
Deferred Tax	46,949	25,489
	4,241,928	4,107,469
4 Cash and Cash Equivalents		
Bank	4,209,183	3,571,795
Petty Cash	20,089	12,136
	4,229,272	3,583,931
5 Share Capital		
Share Capital	10,000,000	10,000,000
<p>Authorised Share Capital 30,000,000 Ordinary Shares of M1 each of which 1,000,000 have been issued and fully paid up.</p>		
6 Grants		
Capital Reserve	676,338	676,333
Capital Grants	15,986,016	16,710,906
	16,662,354	17,387,239

Basotho Enterprises Development Corporation

Annual Financial Statements

for the year ended 31st March 2009

Notes on the Financial Statements (continued)

Notes	2009 M	2008 M
7		
Accounts Payable		
Trade Payables	209,879	63,818
Other Payables	4,743,707	4,023,960
	<u>4,953,586</u>	<u>4,087,778</u>
8		
Interest Bearing Borrowing		
8.1 Government of Lesotho	135,000	135,000
In terms of an agreement with the Government of Lesotho to be fully repaid over five years from April, 1996. Interest has been waived pending commencement of capital repayment.		
8.2 Government of Lesotho	1,888,337	1,888,337
In terms of an agreement with the Government of Lesotho payable over five years from April 1996. Interest has been waived until capital repayment.		
8.3 African Development Bank	6,663	6,663
Advances towards the construction of Leribe Industrial Estate, financed by African Development Bank Loan in 1979 on lent by Government of Lesotho.		
Repayment to date	-100,000	-100,000
	<u>1,930,000</u>	<u>1,930,000</u>

Basotho Enterprises Development Corporation

Annual Financial Statements

for the year ended 31st March 2009

Notes on the Financial Statements (continued)

Notes	2009 M	2008 M
9 Taxation		
Deficit/Surplus per Income Statement	386,666	196,818
Add: Disallowable Deduction Depreciation		
Less: Allowable Deduction Training Expenses @ 25% Capital Allowances	-16,366	-18,619
	<hr/>	<hr/>
Chargeable Income	370,300	178,199
Accummulated Deficit Brought Forward	-107,400	-285,599
	<hr/>	<hr/>
Net Chargeable Income	262,900	-107,400
	<hr/>	<hr/>
Taxation @ 25%	65,725	NIL
	<hr/>	<hr/>
Previuos Year Taxation	759,520	1,039,520
Taxation Paid	-280,000	-280,000
	<hr/>	<hr/>
	479,520	759,520
	<hr/>	<hr/>
10 Prior Year Adjustments		
Accummulated surplus		-38,061
Sundry Debtors	4,246	118,710
Prior Year Adjustment		
	<hr/>	<hr/>
	4,246	80,649
	<hr/>	<hr/>

Basotho Enterprises Development Corporation**Annual Financial Statements**

for the year ended 31st March 2009

Notes on the Financial Statements (continued)

Notes

11 Provisions

	Opening Balances March 08	Increase/ Reversal	Amount Paid	Closing Balance March 09
	M	M	M	M
(a) Provision for Severance Pay	2,682,115	972780	-284,598	3,370,297
(b) Provision for Gratuity	113,809	68,556		182,365
(c) Provision for Doubtful Debts	516,727			516,727
	3,312,651	1,041,336	-284,598	4,069,389

According to Section 79 (1) of the Labour Code Order of 1992, an employee who has completed one year of continuous service with the same employer is entitled to receive upon termination of his or her service a severance payment equivalent to two weeks salaries.

12 Deferred Tax

	Depreciation per Policy	Allowance per Tax Authority	Temporary Differences
	M	M	M
Property, Plant and Equipment	1,389,455	1,201,661	187,794
Deferred Tax Asset (187,794 @ 25%)			46,949

13 Amortised Capital Grant

Buildings amortised at 4%	689,973
Equipment amortised at 20%	28,250
Motor Vehicle amortised at 33⅓%	6,666
	724,889

Basotho Enterprises Development Corporation

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for the year ended 31st March 2009

Detailed Income Statement

	2009	2008
	<u>M</u>	<u>M</u>
Sales	1,357,010	1,292,147
Cost of sales	775,208	797,923
Opening Inventory	346,972	225,292
Purchases	850,069	919,603
Closing Inventory	-421,833	-346,972
Gross Profit	581,802	494,224
Other Income	13,009,096	11,984,245
Amortised Grant Capital	724,889	753,063
Bad debts recovered	18,576	
Deffered Tax	21,459	25,489
Discount Received	21,534	25,073
Government Subvention	5,653,321	5,578,870
Interest	340,142	334,907
Machine Rental	54,090	33,444
Profit on Disposal	752,268	155,934
Project Preparation	1,500	51,450
Rent	5,335,712	4,925,720
Sundry	1,495	6,931
Training	84,109	93,364
	13,590,898	12,478,469

Administration Expenses

	13,204,232	12,281,651
Advertising and Promotions	50,461	72,980
Appraisal and Monitoring		3,752
Audit Fees	41,780	39,052
Casual Labour		6,716
Corporate Social Responsibility	11,473	2,000
Depreciation	1,389,455	1,403,285
Directors Fees	22,325	9,940
Entrepreneurs Expenses	198,817	65,921
Equipment Leasing	31,976	
Fringe Benefit	8,000	10,000
Flea Market		37
Gratuity	68,556	59,614
Insurance and Licenses	209,260	211,279
Interest and Bank Charges	77,138	72,452
Legal Fees	11,305	17,955
Linkages	140,652	392,271
National Exhibitions	24,966	11,811
Networking	125,436	139,802
Office Expenses	76,019	60,550
Postage and Telecommunication	178,761	179,766
Printing and Stationery	135,626	119,459
Professional Fees	118,115	90,039
Protective Clothing	24,976	34,744
Rates	110,621	103,764
Repairs and Maintenance	380,233	462,410
Research and Development	41,284	41,047
Salaries and Employee Benefits	8,084,062	7,388,142
Security	21,265	18,052
Severance Pay	688,181	475,953
Staff Welfare	49,128	27,980
Strategic Planning		8,376
Training and Seminars	65,465	74,475
Travelling	128,304	71,754
Utilities	364,267	347,981
Vehicle Running Costs	325,156	253,612
Workshop Consumables	1,169	4,680

Net Surplus/Deficit Before Tax**386,666****196,818**

Basotho Enterprises Development Corporation

Annual Financial Statements

for the year ended 31st March 2009

Micro Finance Balance sheet

	Notes	2009 <u>M</u>	2008 <u>M</u>
Assets			
Non-Current Assets			
Property, Plant and Equipment	1	<u>3</u>	<u>3</u>
Current Assets			
Accounts Receivables	2	<u>200,000</u>	<u>221,655</u>
Cash and Cash Equivalents	3	<u>3,647,693</u>	<u>3,327,062</u>
Total Assets		<u>3,847,696</u>	<u>3,548,720</u>
Equity and Liabilities			
Capital Employed			
Capital Grants	4	<u>5,000,000</u>	<u>5,000,000</u>
Retained Earnings		<u>-1,152,304</u>	<u>-1,451,280</u>
Total Equity and Liabilities		<u>3,847,696</u>	<u>3,548,720</u>

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Micro Finance Income Statement

	2009	2008
	<u>M</u>	<u>M</u>
OTHER INCOME	308,849	336,151
Interest	299,219	228,505
Bad Debts Recovered	9,630	107,646
Total Income		
EXPENSES		
Operating Expenses	14,119	8,916
Operating Expenses for the year	<u>294,730</u>	<u>327,235</u>

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Micro Finance Statement of Changes in Equity

	Share Capital	Retained Surplus/ Deficit	Total
	M	M	M
Balance as at 31st March 2008	5,000,000	-1,451,280	3,548,720
Adjustment for the year		4,246	4,246
Surplus for the year		294,730	294,730
Balance as at 31st March 2009	5,000,000	-1,152,304	3,847,696

Basotho Enterprise Development Corporation

Annual Financial Statements

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Property, Plant and Equipment Movement Statement

for the year ended 31st March 2009

notes to the Financial Statements

1	2009	2008
	<u>M</u>	<u>M</u>
Equipment	3	3
Carrying amounts		
Equipment has been reconciled as follows:	Equipment	Total
	<u>M</u>	<u>M</u>
Carrying Amount at the beginning of the year	3	3
Cost	135,817	135,817
Accumulated Depreciation	135,814	135,814
Additions		
Depreciation		
Carrying Amount at the end of the year	3	3
Cost	135,817	135,817
Accumulated Depreciation	135,814	135,814

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Micro Finance notes on the Financial Statements (continued)

Notes	2009 <u>M</u>	2008 <u>M</u>
2		
Accounts Receivables		
Trade Debtors	3,347,623	3,364,119
Less Provision for Bad Debts	<u>3,298,123</u>	<u>3,292,961</u>
	49,500	71,158
Sundry Debtors	<u>150,500</u>	<u>150,500</u>
	<u>200,000</u>	<u>221,658</u>
3		
Cash and Cash Equivalents		
Micro Investment	1,966,504	1,576,146
Current Account	9,515	160,973
Nedbank Lesotho/Call Account	1,668,379	1,586,727
Standard Lesotho Bank Call Account	3,295	3,216
	<u>3,647,693</u>	<u>3,327,062</u>
<p>Nedbank Call Account has been used as collateral for Long Term Borrowing and Bank Overdraft of Lentsoe La Lihoai.</p>		
4		
Grants		
Capital Grants	<u>5,000,000</u>	<u>5,000,000</u>
	<u>5,000,000</u>	<u>5,000,000</u>
5		
Prior Year Adjustment		
Accummulated Surplus	<u>4,246</u>	<u>38,061</u>

Being Prior Year adjustment on the Retained Deficit from the previous years.

Basotho Enterprise Development Corporation

**Annual Financial Statements
for the year ended 31st March 2009**

Micro Finance notes to the Financial Statements (continued)

STATEMENT OF OBJECTIVE

6 Micro Finance is the fund received from the Government of lesotho to promote and develop SMME's through increased access to credit finance with the view to create employment opportunities and alleviating poverty with priority being given to businesses affected by 1998 political riots.

7 DISCLOSURE

For the purpose of auditing the management has decided to disclose Micro Finance accounts separately so as to give a clear picture of its performance.

8 DEPRECIATION

Depreciation is calculated on the straight line basis at rates designed to reduce book value to estimated residual values over the expected useful lives of the assets.

The annual rates used are :

equipment	20%
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