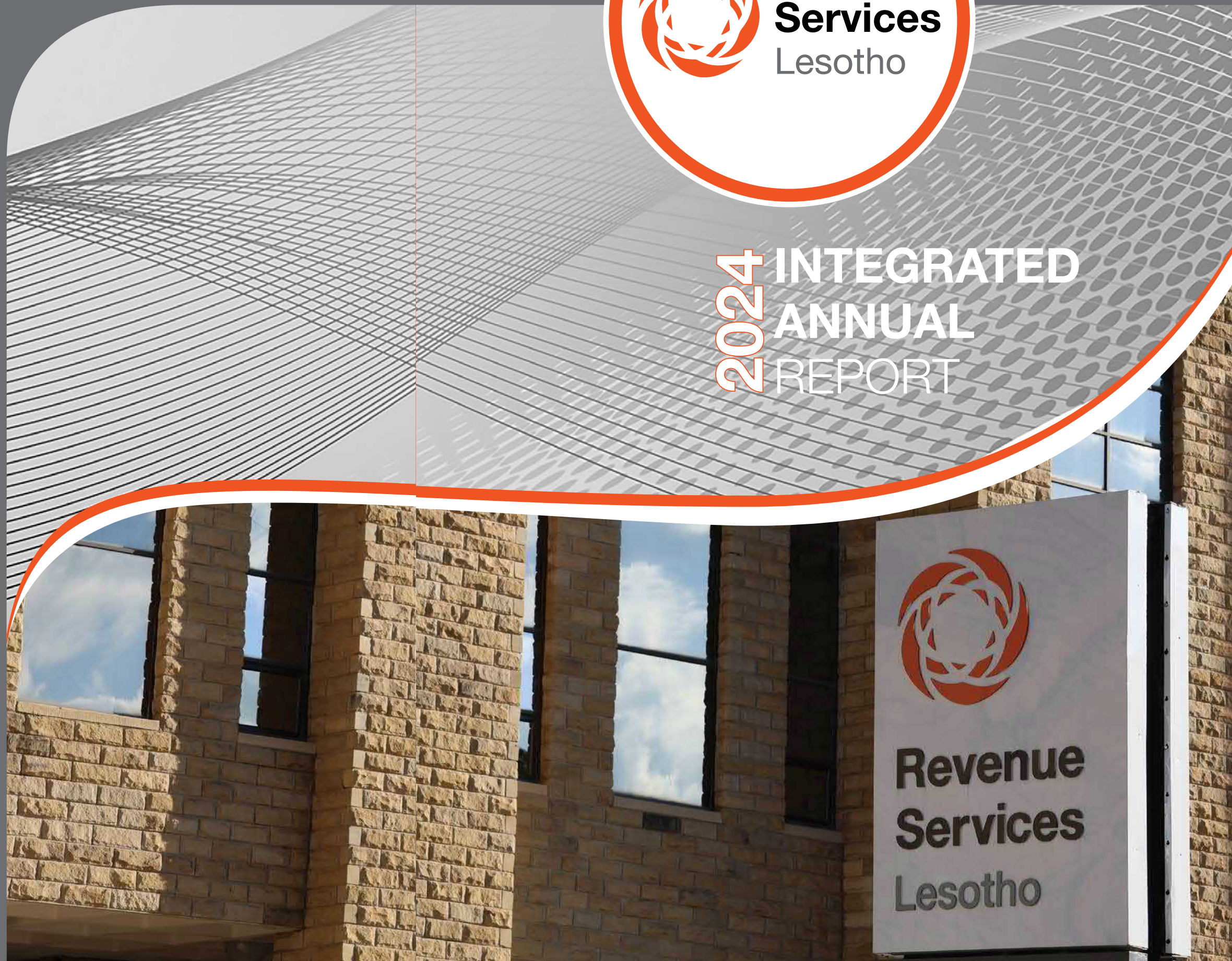




# 2024 INTEGRATED ANNUAL REPORT





# NAVIGATION ICONS



**SPIRITUAL CAPITAL**



**SOCIAL CAPITAL**



**HUMAN CAPITAL**



**INNOVATION CAPITAL**



**FINANCIAL CAPITAL**

## Reading reference



For more information see page

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# ABOUT THIS REPORT

“

This integrated annual report aims to present a clear, concise and transparent overview of how Revenue Services Lesotho (RSL), previously the Lesotho Revenue Authority (LRA), creates value for our stakeholders and clients, and delivers on our legislated mandate on behalf of the Government of Lesotho (GoL), through the Ministry of Finance and Development Planning.

”

## Reporting Boundary

This report covers the financial year 1 April 2023 to 31 March 2024. It provides an overview of our business, shares our performance against the strategy, outlines priorities for the year ahead, reflects on our operating context and governance, and discusses material risks and opportunities.

Our ability to create value beyond the short term relies on the interdependencies, interactions, and trade-offs between our capitals, and extends beyond financial metrics. Our business model (page 11) and *Lesokoana* Strategy 2024–2027 (page 6) aim to generate value for both the country and our people. Our approach is informed by integrated thinking and the icons used throughout this report highlight the various elements of our business model.

## Financial and Non-Financial Reporting

Our report extends beyond financial reporting and encompasses non-financial metrics, opportunities, risks and outcomes that may substantively influence value creation.

## Reporting Framework

The report was prepared in accordance with the aspirations and ideals set out in the principles of the Mohlomi Corporate Governance Code and King IV Report on Corporate Governance™ for South Africa, 2016 (King IV). It is guided by the principles and requirements of the International Financial Reporting Standards (IFRS) and the Integrated Reporting Framework.

Our annual financial statements (from page 34) were prepared in accordance with IFRS and the requirements of the Revenue Services Lesotho Act No.14 of 2001 (as amended).

## Forward-Looking Statements

This report contains certain forward-looking statements based on information available at year-end. Since these statements are by nature speculative, pertaining to events that may or may not occur in the future, the Board does not commit to revising or updating this information to reflect unforeseen events or circumstances that may arise after the release of this report. It is important to note that the auditors have not reviewed or reported on these forward-looking statements.

## Materiality

We consider an issue to be material if it has the potential to substantially impact our ability to fulfil our mandate. Our material issues are informed by the expectations and concerns of our stakeholders, as well as the legislative, economic, social, and environmental context in which we operate.

Read more about the context in which we operate on page 8.

## Board Statement of Responsibility

The Board of Directors (the Board), supported by the Finance and Audit Committee, acknowledges its responsibility for overseeing and ensuring the integrity of this integrated report. Executive Management, assisted by the reporting team, was responsible for the preparation of this report.

The Board has applied its collective mind to the presentation and preparation of the report, and believes it fairly represents the matters that have a material effect on our ability to create value and deliver on our legislated mandate.

The Board accordingly approved the RSL integrated annual report 2023/24 on 27 June 2024.



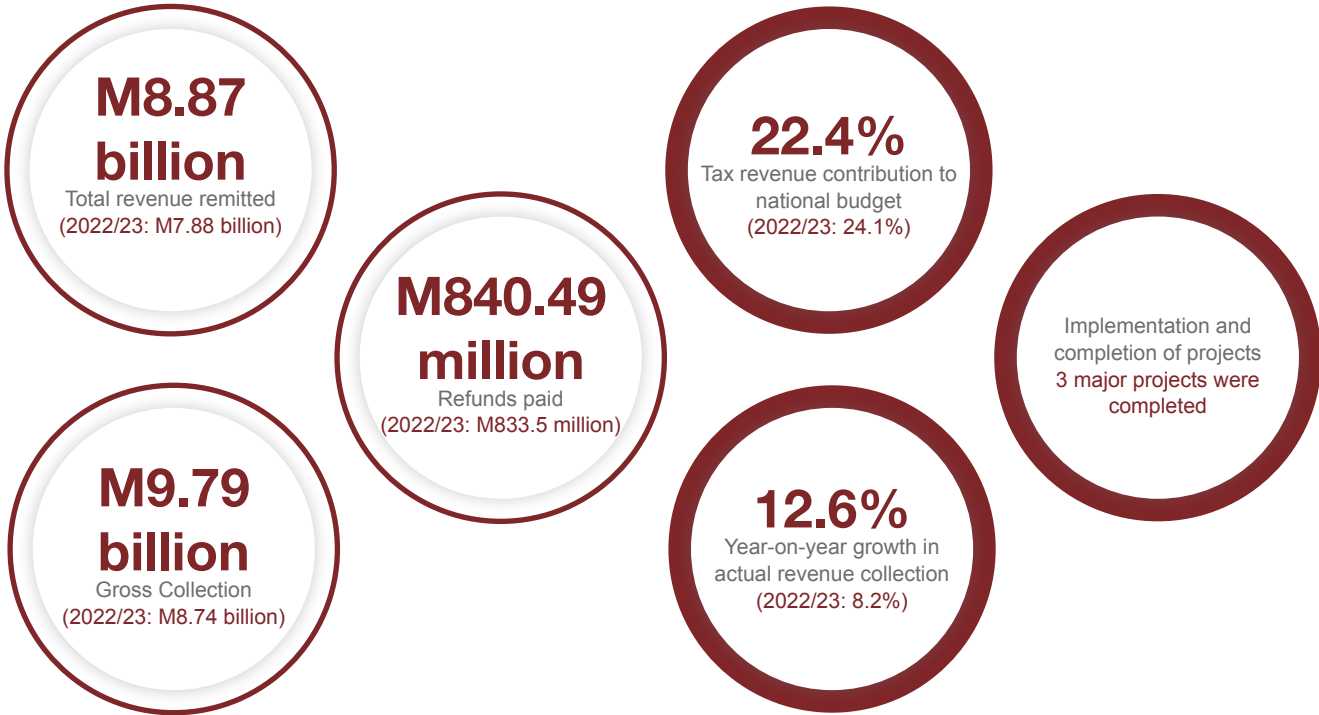
Board Chairperson



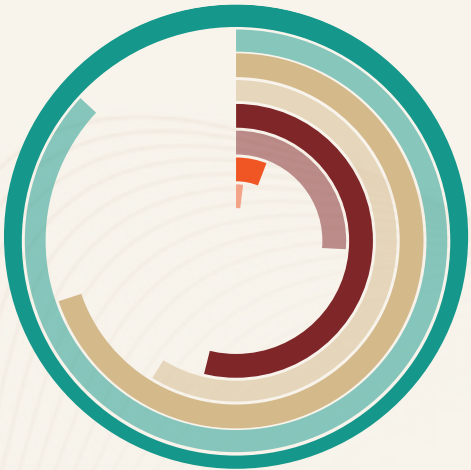
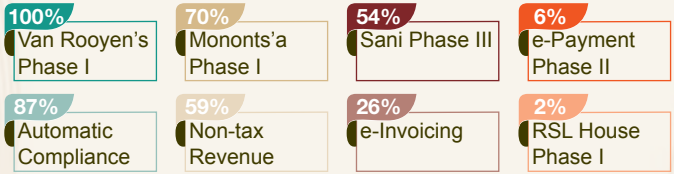




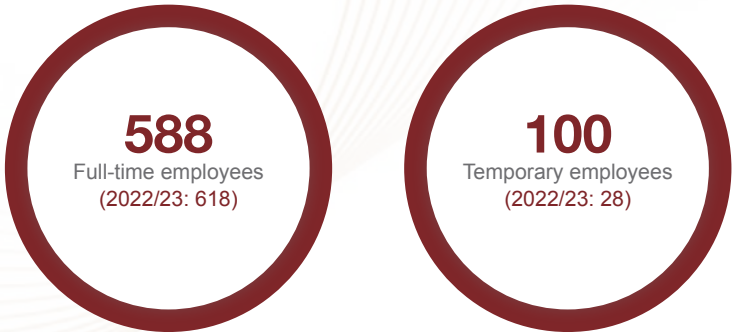
# RSL AT A GLANCE



## Project status



# RSL AT A GLANCE

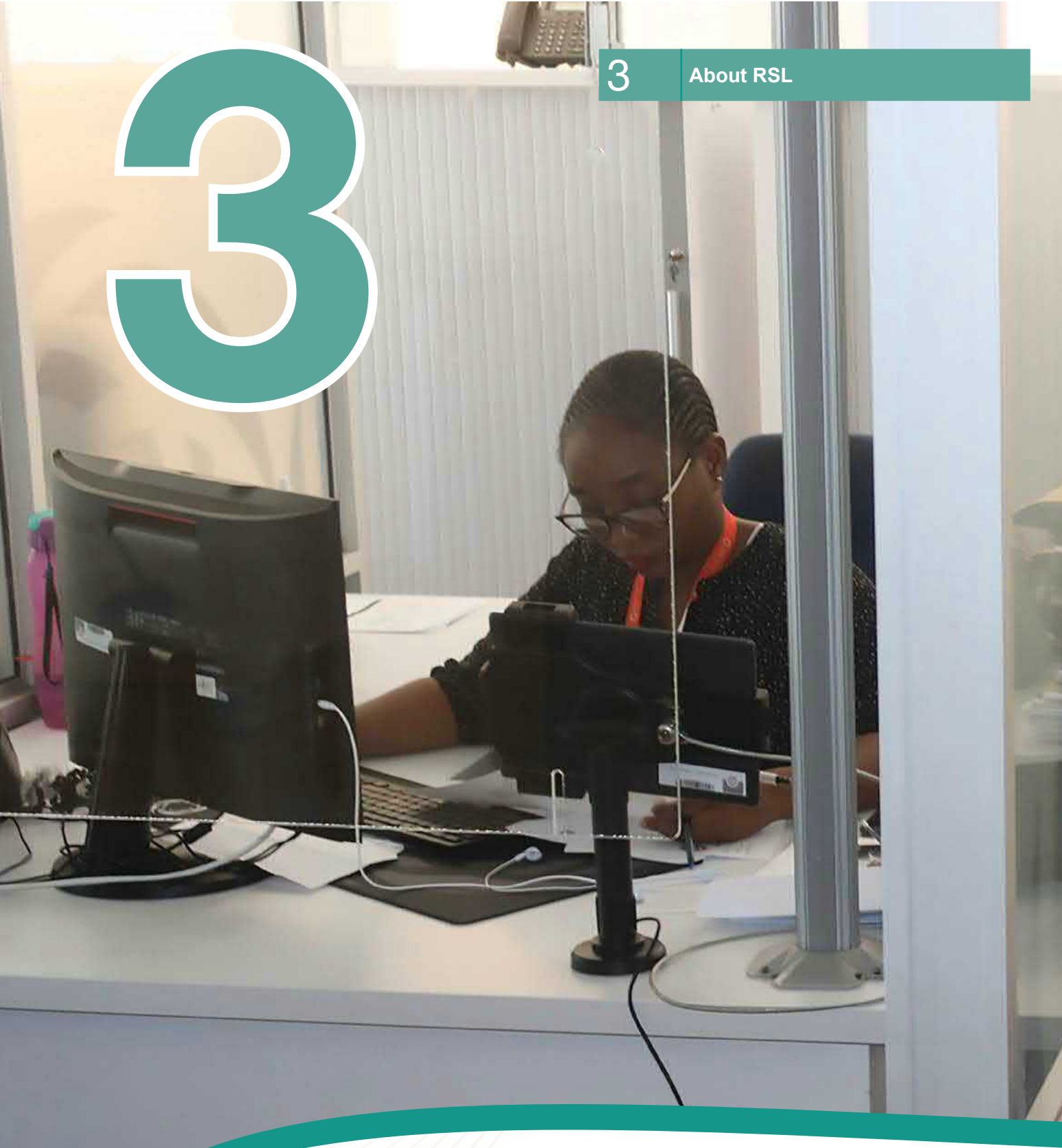




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3

About RSL



ORGANISATIONAL OVERVIEW

ORGANISATIONAL OVERVIEW

About RSL

It was established by the Revenue Services Lesotho Act No. 14 of 2001 (as amended) to enhance the efficiency and effectiveness of revenue collection to enable the Government in delivery of public goods and service. RSL operates under the overall policy direction of the Minister of Finance and Development Planning and is fully accountable to Parliament.

The organisation became operational in January 2003, and incorporates the functions of the former Income Tax, Customs and Excise, and Sales Tax Departments.

RSL is headquartered in Maseru and has three service centres around the country.

“  
The Revenue Services Lesotho (RSL) is an autonomous body whose mandate is to assess and collect revenue on behalf of the Government of Lesotho.  
”





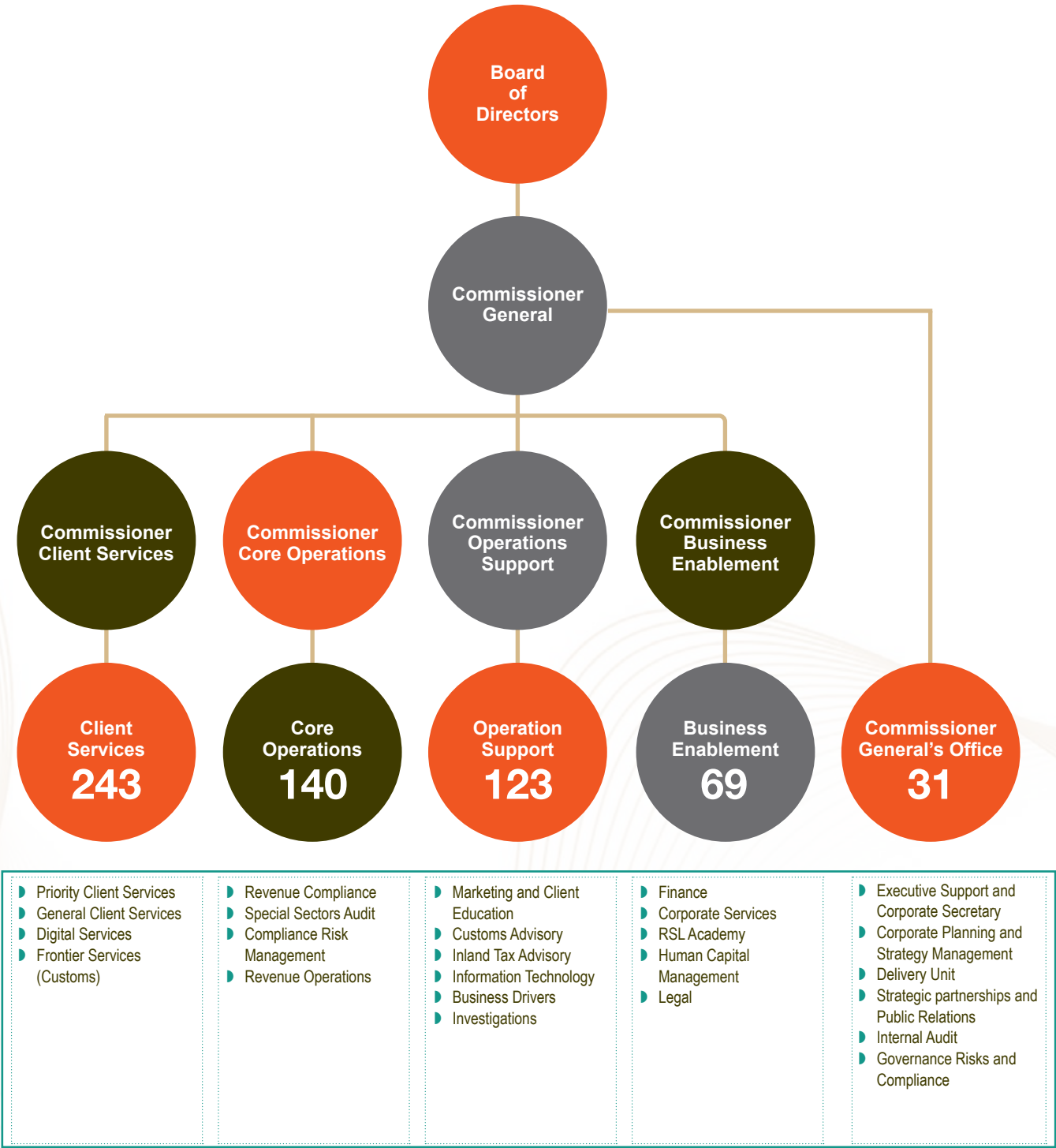


- 4Our Operating Structure
- 5Our Footprint
- 5Our Guiding Policy, Vision and Values
- 5Our Five Sources of Capital

# OUR OPERATING STRUCTURE

## OUR OPERATING STRUCTURE

### Our Operating Structure



OUR OPERATING STRUCTURE

continued

Our Footprint



1 PORTS OF ENTRY AND EXIT	DISTRICT	WORKING HOURS
Maseru Bridge Border Post	Maseru	24hrs
Maputsoe Bridge Border Post	Leribe	24hrs
Van Rooyen's Gate	Mafeteng	06h00–22h00
Qacha's Nek Gate	Qacha's Nek	06h00–22h00
Maseru Railway Station	Maseru	06h00–17h00
Moshoeshoe 1 International Airport	Maseru	06h00–18h00
Caledonspoort Border Post	Butha-Buthe	06h00–22h00
Tele Bridge	Quthing	06h00–22h00
Makhaleng Bridge	Mohale's Hoek	08h00–16h00
Ramatseliso's Gate	Qacha's Nek	06h00–16h00
Sani Top Pass	Mokhotlong	06h00–19h00
Peka Bridge	Leribe	08h00–16h00
Maseru Post Office	Maseru	08h00–16h00

2 SERVICE CENTRE	DISTRICT	WORKING HOURS
Maseru Service Centre	Maseru	08h00–17h00
Leribe Service Centre	Leribe	08h00–17h00
Mohale's Hoek Service Centre	Mohale's Hoek	08h00–17h00

3 SERVICE CENTRE	DISTRICT	WORKING HOURS
Finance House	Maseru	08h00–17h00
Oblate House	Maseru	08h00–17h00
RSL Academy	Maseru	08h00–17h00
State Warehouse	Maseru	08h00–17h00

Our Guiding Policy, Vision and Values

OUR GUIDING POLICY

"Building automatic compliance by harnessing strategic partnerships and developing business acumen"

OUR MISSION

To contribute to the economic development of Lesotho through:

- An environment that encourages our clients to voluntarily comply
- Collaborative leadership
- Capable, service-oriented and motivated staff
- Continuous improvement in everything that we do

OUR VISION

To be a leader in service delivery in Lesotho and beyond, putting the interest of people at the heart of everything that we do

OUR VALUES

- We are responsive
- We care
- Service first
- Shared ownership

Our Five Sources of Capital

Our focus was on the following sources of capital, constituting our Value Creation Capital model, as priorities for our Strategic Plan *Rea Aha 2.0*:

SPC

SPIRITUAL CAPITAL

- Embody a service culture throughout the RSL
- Create a sense of worthy purpose

SC

SOCIAL CAPITAL

- Build internal trust
- Build brand recognition and brand respect by external stakeholders

HC

HUMAN CAPITAL

- Increase staff competencies
- Increase staff motivation

IC

INNOVATION CAPITAL

- Create a continuous improvement culture
- Enhance service delivery

FC

FINANCIAL CAPITAL

- Build financial sustainability
- Establish a culture of voluntary compliance





6	A Productive Partnership
6	A Milestone Year
6	Remarkable Filing Rates
6	Addressing Challenges
7	Performance in Collection of Tobacco and Alcoholic Products Levy
7	Filing of Credit Returns
7	Looking Ahead
7	In Closing
7	Acknowledgements

# MESSAGE FROM THE BOARD CHAIRPERSON

## MESSAGE FROM THE BOARD CHAIRPERSON

“The tangible progress made this year is a source of immense pride, and I am honoured to present the Revenue Services Lesotho’s integrated annual report for the financial year ended 31 March 2024, on behalf of the Board.”

It was an eventful year, characterised by the successful execution and culmination of our *Rea Aha* 2.0 Strategy, alongside the launch of the *Lesokoana* Strategy 2024–2027, designed to propel RSL into a new phase of business evolution.

[Read more about our strategy on page 11.](#)

**A Productive Partnership**  
We benefitted from working with the Minister of Finance and Development Planning in the review of Lesotho’s tax policy landscape for a prosperous future for all Basotho, we look forward to a continued productive partnership in the years ahead and are confident that the healthy relationship established has laid a solid foundation that will facilitate our future aspirations.  
Another partnership that contributed to the growth of the RSL in the year under review was technical assistance from the IMF through Tax Administration Diagnostic Assessment Tool (TADAT) and Tax Inspectors without Borders from the African Tax Administration Forum (ATAF) to help strengthen our audit capacity and direct our focus in tax administration.  
We further enjoyed fruitful relations with our other strategic partners who joined hands with the RSL in various ways in improving the RSL service offering to our taxpayers.

**A Milestone Year**  
FY 2023/2024 was a major milestone for RSL as we celebrated 20 years in business. Over this period, we began collection of the Tobacco and Alcoholic Products Levy following the enactment of the Tobacco and Alcoholic Products Levy Act.  
In the final quarter, RSL commissioned the successful closure of the following three critical projects: the Structure Alignment to Strategy (SAS) Project, Lesotho Tax Modernisation Project and Oracle Fusion Project. We also began to explore funding for the construction of the RSL House, to create a home for the RSL family, improve employee experience and for ease of access facilitating efficiency of services to our valued taxpayers and stakeholders.

[Read more about our projects on page 24.](#)

Risk management and accounting remained sound, underpinned by a robust governance framework that promotes transparency, accountability and ethical behaviour.

[Read more about governance on page 11.](#)

**Remarkable Filing Rates**  
Generally, there was improved performance in the filing rate, with 99% filing rate recorded for monitored clients in March 2023/2024.

[Read more about our performance on page 13.](#)

**Addressing Challenges**  
The year yielded significant victories but also presented considerable challenges, the first of which was a delay in several infrastructure projects due to financial constraints and the Non-Tax Revenue initiative, which was also financially constrained. Nevertheless, these projects have been carried over to the new year and remain a priority.  
Additionally, slow economic recovery post-COVID-19, alongside the misalignment of revenue targets with economic activity that forms the underlying tax base, remained a persistent issue.  
Furthermore, inflation during the year surpassed the Central Bank of Lesotho’s historical target (3%–6%) and reached its highest in January by 8.2%, easing to 7.4% in March 2024, adversely affecting our VAT collection rate. The economy was projected to grow by 2.0% but instead the growth was only 0.9%.



MESSAGE FROM THE

BOARD CHAIRPERSON

continued

Performance in Collection of Tobacco and Alcoholic Products Levy

Collection of tobacco and alcoholic products levy met resistance from day one of its introduction, leading to Government reducing the Tobacco and Alcoholic Products Levy rate by 50%. The sin tax was intended to curb excessive consumption of alcohol and tobacco products, and lower-than-expected compliance and sudden reduction of rates by half lead to negative performance.

Filing of Credit Returns

During the last two quarters, a trend of filing credit returns which remains a source for concern to us was observed among large taxpayers, who typically contribute around 80% to the fiscus.

Tackling all these issues is crucial to both the short- and long-term performance of RSL, and we will continue to strengthen our relationships with all stakeholders to address these challenges effectively.

At the same time, we recognise the need for appropriate funding mechanisms to support RSL in its mandate and for policy direction that sustains national development and economic stability.

Looking Ahead

The informal sector is booming due to high unemployment rates and a sluggish economic recovery, yet it remains outside our current revenue tax base. We therefore aim to expand our tax base by incorporating this growing sector in the future.

This approach reflects our unequivocal commitment to realising our mission and the ultimate goal of *Lesokoana*: to positively impact the livelihoods of Basotho through strategic investments in our four strategic pillars looking at people, processes, technology and combined assurance.

Read more about our value creation model on page 11.

In Closing

We firmly believe that the *Lesokoana* Strategy has the potential to generate immense economic value for both the country and our people. We feel confident in our ability to achieve our strategic objectives and are excited about the journey that lies ahead.

Acknowledgements

I would like to extend my sincere thanks to the Board, the Commissioner General and her executive team for their invaluable advice and support in bringing our mission to life.

To the Honourable Minister of Finance and Development Planning, Dr Retšelisitsoe Matlanyane, I am grateful for your leadership and guidance during the year.

I also want to express my gratitude to management and all RSL employees, for your hard work and dedication, and for your contribution to the RSL's success. Thank you.

We deeply appreciate the support of the Government of Lesotho, on whom we depend to realise our goals.

Lastly, I would like to thank our taxpayers and stakeholders. We have endeavoured to foster a culture of voluntary compliance over the past several years, and we appreciate your high levels of adherence to the tax requirements.

I am proud of what the RSL has achieved and look forward to the RSL's continued success in the year ahead.

Advocate Lindiwe Sephomolo KC  
Board Chairperson



Advocate Lindiwe Sephomolo KC  
Board Chairperson



# 6

8	Economy at a Glance
8	Water Project Expansion
8	Rise in Execution Rates
8	Legislative Delays Impact on Improved Revenue Collection
9	Operating Context and Key Achievements
10	Outlook
10	Acknowledgements

## COMMISSIONER GENERAL'S REVIEW AND OPERATING CONTEXT

“  
RSL has distinguished itself this year, growing revenue by a commendable 12.5%, despite the many challenges facing us not only as an organisation, but in the broader operating environment as well.  
”

**Economy at a Glance**  
RSL is facing several major hurdles in our operating environment that are extremely worrying: the declining economy; spiralling national debt and its consequent threats on liquidity.  
  
Lesotho's economy was slow to recover following the relaxation of COVID-19 restrictions, and many businesses struggled to rebound, impacting revenue collection. Global conflicts further exacerbated this situation, creating additional economic strain to the already suffocating economic environment.  
  
Furthermore, crucial tax policies that should have been enacted to help the RSL to improve both its efficiencies and the mechanisms on revenue collection were delayed and ultimately not enacted, thus causing the RSL to fall short of achieving its critical goals.

**Water Project Expansion**  
Encouragingly, Phase II of the Lesotho Highlands Water Project to export water to South Africa commenced last year, with construction of a dam, tunnel, major bridges and roadworks underway. The project is expected to boost job creation and stimulate the economy significantly.

**Rise in Execution Rates**  
Whereas we had anticipated economic growth of 2.1%, the economy only moved by 0.9%. This compounded with a high rate of inflation has had a devastating effect on the economy and opportunities for growth. Investments are more limited than before.

 Read more about our performance on page 13.

Despite the challenges we faced during the year under review, we grew our remittances by 12.5% year-on-year, from M7.88 billion in 2022/23 to M8.87 billion in 2023/24. Although we grew our revenue year-on-year, our annual target was missed by 9.3%. The growth in our revenue collection was made possible in part by our improved strategy execution rate. Initiating international dialogues to better understand global international opportunities, leveraging data and digital technologies aided in swift decision making and informed the simplification of complex tax processes thus enabling easy access of our services by our taxpayers. All these factors immensely shaped our overall good performance.

**Legislative Delays Impact on Improved Revenue Collection**  
The Tax Administration Bill (TAB), the Value Added Tax (VAT) Amendment Bill and the Income Tax Amendment Bill were not enacted into law as anticipated. Their enactment would have had a positive impact on revenue collection, improved the revenue collection landscape and also unlocked our administrative efficiencies and capabilities.

Our growth is testament to our resilience and commitment to excellence, and I am proud to present our performance review for this milestone year during which RSL celebrated its 20<sup>th</sup> anniversary.

A primary challenge, however, was the absence of a substantive Commissioner General for a large portion of the year under review. Rotating oversight among the Commissioners ensured continued operations but also led to a sense of inconsistency and instability that impacted overall momentum and productivity, and put us under a great deal of pressure.

Nevertheless, with my appointment as Commissioner General on 1 September 2023, I focused our efforts to impact productivity and execution to the financial year-end. The year under review also saw the completion of the *Rea Aha* 2.0 Strategy and the launch of a new three-year strategy.

The *Lesoakana* 2024-2027 Strategy, that emphasises primarily to invest in people and technology, was rolled out to the members of staff and the business community, and has fostered mutual understanding and appreciation of our interdependence as the RSL to the entire business community in driving economic growth in Lesotho. This realisation sets a positive tone for the coming year.

# COMMISSIONER GENERAL'S REVIEW AND OPERATING CONTEXT



# COMMISSIONER GENERAL'S REVIEW AND OPERATING CONTEXT

CONTEXT *continued*


## Legislative Delays Impact on Improved Revenue Collection

*continued*

The enactment of these bills would support the revenue collection strategies and enable the RSL to effectively mitigate some major corporate risks that would otherwise cripple the organization. We are aware of the risks posed by the effects of high inflation on performance of VAT, cybersecurity risks and inefficient funding of capital projects. Having the necessary legislative backup to address some of these major challenges remain key priority for the RSL.

While the RSL can access funds to enhance digital processes and remain competitive, lack of the relevant legislation to support the administrative efforts to increase domestic mobilisation of revenue puts Government expenditure at risk including the liquidity of the nation as the servicing of national debt amongst other remain at critical risk. This has a knock-on effect on costs, operational efficiency and employee job satisfaction and security.

We have considered measures to maintain liquidity of the RSL but these may come at the risk of reduced human resources or constrained budgets. Shifts to digitalisation demand specific expertise and the revenue lines that were intended to manage debt associated with changes in structure and digitalised processes have not yet been fully implemented, thus contributing to ever-increasing national debt.



Read more about our performance on page 13.

## Operating Context and Key Achievements

### Lesotho Taxation Modernisation Project

The Lesotho Taxation Modernisation Project (LTMP) sought to reform the country's tax system by introducing an e-Tax system that allows taxpayers to access online services to register and digitally file monthly VAT and PAYE taxes for the first time. This advancement was followed by an e-Payment channel that enables direct electronic payment transactions of the taxes through mobile money or banking system. So far, an integration has been achieved with one Mobile Network Operator (MNO) on the RSL e-Payment platform, while the second MNO and the commercial banks are under the testing phase of software development.

Although the RSL is still finalising the e-payment interface development with the commercial banks for large amounts, we are thrilled about the success of first e-filing cycle and the ease at which our taxpayers are able to adhere to their legal obligations and access our services.

By strengthening tax administration and modernising revenue-collection, the LTMP aims to fundamentally increase the footprint towards domestic revenue mobilisation by promoting economic growth, expanding the tax base and ultimately increasing tax revenues.

Moreover, our accelerated efforts for introducing auto-compliance capability starting with PAYE will reduce tax compliance and collection costs in years ahead.

## Structure Alignment to Strategy Project

The RSL has successfully completed the SAS organisational development and restructuring project this reporting year. Although this endeavour took five years, it has presented our staff with opportunities for professional growth and development as they took on new roles or were transferred from one functional responsibility to another. In addition, new managers have received the leadership, management and compliance management training as part of the transitional support for effective execution as new leaders.

The conclusion of SAS has effectively enabled the RSL to recruit externally thus impacting positively the talent pool and organisation's competitiveness in the labour market, an option that was not available to the RSL for the past five years due to the protracted restructuring process.

## Oracle Fusion Project

Additionally, the Oracle Fusion Project (OFP) underwent the closure phase this year. OFP predominantly focused on internal efficiencies and digitalisation of internal processes therein. This is in-line with our digital transformation agenda which ensures that as the taxpayer facing processes and services are digitalised, we should not leave the RSL internal processes behind. Human Resources and Finance departments worked closely to ensure that the financial processes such as budgets and Human Resources processes including but not limited to leave, recruitment, and other modules are managed and monitored digitally through the Oracle system self-service capability. Furthermore, the OFP modernised the Supply Chain processes, thus, showing the RSL's commitment to invest in both people and technology.

The OFP has promoted a paper-less environment and streamlined the implementation of RSL processes in the Finance, Human Capital and Supply Chain departments. This is a major contribution to the environment which shows commitment to the Environmental Social and Governance (ESG) initiatives.

## Wildly Important Goal

Guided by the Four Disciplines of Execution framework, a wildly important goal (WIG) was identified to improve revenue collection.

Several initiatives were undertaken that collectively demonstrated our efforts to enhance tax compliance, improve service delivery, combat fraud, and strengthen partnerships with relevant stakeholders. These initiatives included efforts to enhance tax compliance by increasing the registration of economically active entities, monitoring strategic projects such as LHDA Phase II, and enhancing client experiences of online services.

We further developed a data science solution to detect fraudulent VAT refunds, and strengthened strategic partnerships with licensing and registration authorities. This helped us to identify new clients and implement new types of tax registration. Lastly, inspections targeted illicit activities, audits were intensified, and we made headway with PAYE return automation.

## Investments in Human Capital

RSL has established a talent management and succession framework to bridge the gap between rapidly-changing technological advances and human capacity in the organisation.

During the year under review, RSL engaged temporary employees sourced from the old Youth Development Programme. This was due to the suspension of recruitment due to the SAS Project. As a result, the temporary employees were used to alleviate organization productivity inefficiencies that resulted from the inability to externally recruit permanently and fill the vacant

positions. This pool of employees now has experience of RSL work, have received critical training and have fully acquired the necessary skills for our unique environment and thus forming an important base for our talent base.

## Building a Talent Pipeline

The emotional and psychological effects of the protracted restructuring are of critical concern, as are fears of digitalisation wherein technology is viewed as replacing people. Many employees are nearing retirement age, and the biggest challenge is to build a talent pipeline to close that gap, as it takes years to acquire the skills set essential to our business.

Our staff in the core business were prepared for transitioning and effectively working in the digital age using the appropriate technologies and data with the support of the IMF AFRITAC South. Accordingly, the RSL is transitioning from manual to automated core functioning processes including acquisition of skills in digital auditing and all the fundamentals of an effective core tax compliance functionality in the digital age.

Furthermore, the lengthy restructuring process, coupled with the digitalisation of services had created uncertainty among staff, and amplified the risk of corruption. This situation necessitated strategic interventions that led to consequence management interventions pertaining to staff retention and separation with the RSL. Consequently, what appears to be a high staff turnover is, in fact, a healthy restructuring of human capital that has facilitated improved ethical service delivery.





# COMMISSIONER GENERAL'S REVIEW AND OPERATING CONTEXT

CONTEXT *continued*

## Managing Performance

An integral part of our human resource strategy was to improve dialogue and staff engagement. We implemented the GUBA (Good, Ugly, Bad and Awesome) methodology to facilitate culture change and gain insights into staff concerns and success stories. A productive corporate culture and psychologically healthy work environment where staff feel safe to speak openly is crucial to the success of the RSL. However, the organisation simultaneously continues to demand accountability from our staff.

The RSL has therefore implemented tools to measure performance and ensure that the members of staff understand their contribution to our strategy and are aligned with organisational goals. Our transparency in implementing the new strategy while keeping staff engaged has supported higher levels of ownership of the strategy and thus boosting the productivity and staff morale.

Read more about human capital on page 16.

## RSL House

To improve productivity and enhance the quality of service provided to our clients, the members of staff who have been working remotely since the COVID-19 pandemic have returned to the offices where they are closer and easily accessible to the clients. The RSL has secured the Minister's approval to source funding through a public bond for the construction of RSL House, which will establish a centralised, easily accessible and productive work environment. We are hoping to break ground in the coming financial year.

## IMF Diagnostic Assessment

The IMF's TADAT was used to assess our performance in the core functions of tax administration and to ensure adherence to international standards.

The results highlighted a poor culture of compliance and fragmented and siloed processes. Addressing these issues will require significant IT investments, fundamental to our ability to serve taxpayers efficiently, despite the high costs involved.

The outcome of the TADAT evaluation has strengthened our understanding of the taxpayers' lifecycle (registration, filing, declaration and payment), and was instrumental in shaping the *Lesokoana* Strategy.

## Compliance Culture

During the year under review, we worked on finalising the Automatic Compliance Project, achieving 87% project completion rate as at the end of the 2023/2024 financial year. Once fully implemented, the project will enable us to pre-populate PAYE returns and Resident Individual Income Tax (RIIT) returns through systems integration with identified stakeholders. Taxpayers are encouraged to comply, to improve efforts in voluntary compliance and adhere to our compliance programme which is aligned to our compliance model.

## Corporate Social Investments

The RSL contributed to several corporate social responsibility initiatives during the year and we will continue to make meaningful investments in environmental sustainability projects and underprivileged communities across the country in the year to come.

Read more about our corporate social responsibility on page 24.

## Increased Engagement and Integration with Stakeholders

During the year under review, the RSL held a Tax and Customs International Instruments Symposium under the RSL '*Mphahlolle*' which amongst others educated traders on the benefits which may be derived by them from the tax treaties and other international instruments, creating a valuable opportunity for growth to businesses and trading community within the country.

We continued to forge ties with our strategic partners aimed at enabling compliance of our taxpayers. Amongst others we signed a memorandum of understanding with the Lesotho Highlands Development Authority (LHDA) and a cooperation agreement with the Ministry of Natural Resources aimed at promoting tax education, providing compliance advisory services and facilitating sharing of information and data of contractors, consultants, professionals and other service providers involved in the implementation and execution of the multi-billion Maloti Phase II of the Lesotho Highlands Water Project. The collaboration with Eswatini Revenue Services (ERS) remained a significant milestone which will enable creating a centre of excellence between the ERS and the RSL, partnering effectively to improve the revenue collection and effective trade facilitation within our countries and beyond.

## SAIRAG Boosts Morale

In March 2024, the RSL hosted the Southern African Inter-Revenue Administrations Games (SAIRAG) in Maseru. Six revenue administrations participated in this sporting event that offered an informal platform for tax administrations to share technical expertise on improving revenue administration in the region. The event had an unexpectedly positive outcome for the RSL by fostering collaboration and providing a much-needed morale boost for employees who have been deeply affected by the restructuring.

Read more about stakeholder engagement on page 26.

## Outlook

In the short term, we would like to achieve seamless, end-to-end integration of our core tax and customs processes through a compliance risk system that will use artificial intelligence functionality to inform better decision-making and improved service to our taxpayers.

We envisage a one-stop capability from a systems perspective in the future and, while this is not feasible right now, we are actively working towards it.

Coupled with this, it is crucial for the RSL to integrate with and exchange information with other stakeholders, such as the SACU community. As a data-driven organisation, this integration will assist us to predict sources of tax revenue, effectively allocate resources and improve the bottom line.

From an employee perspective I would like to see our members of staff well-being improved, impacting positively their quality of personal lives, been responsible citizens in their communities and thus improving overall productivity within the RSL. As a brand, we are already back in the competitive space in the labour market and the RSL should secure its number one spot as the top employer within the country.

## Acknowledgements

Our thanks, first and foremost, go to our taxpayers, who have been valuable partners, remaining compliant amid the challenging economic conditions of slow economic growth and high inflation.

We are also grateful to the Minister of Finance, Dr Retšelisitsoe Matlanyane, and the entire government for their unwavering support and policy direction. It would be remiss not to appreciate and acknowledge with gratitude the valued support from our stakeholders and the development partners.

To my Board Chair and Board members, your support, direction and oversight in ensuring that the RSL continues to fulfil its commitments remain the cornerstone of our success and I am therefore always grateful.

Lastly, I would like to extend my heartfelt thanks and gratitude to the RSL leadership and the members of staff for continuing to work as a team towards a common goal, despite numerous challenges. You have been instrumental in making sure that we deliver on our objectives on behalf of the people of Lesotho. I am grateful to the Almighty God always, for the incredible RSL team!



**'Mathabo Mokoko**  
Commissioner General







11 Our Business Model

12 Relation Between our Strategy Objectives Under Each Capital and Strategic Outcomes

# STRATEGY AND BUSINESS MODEL

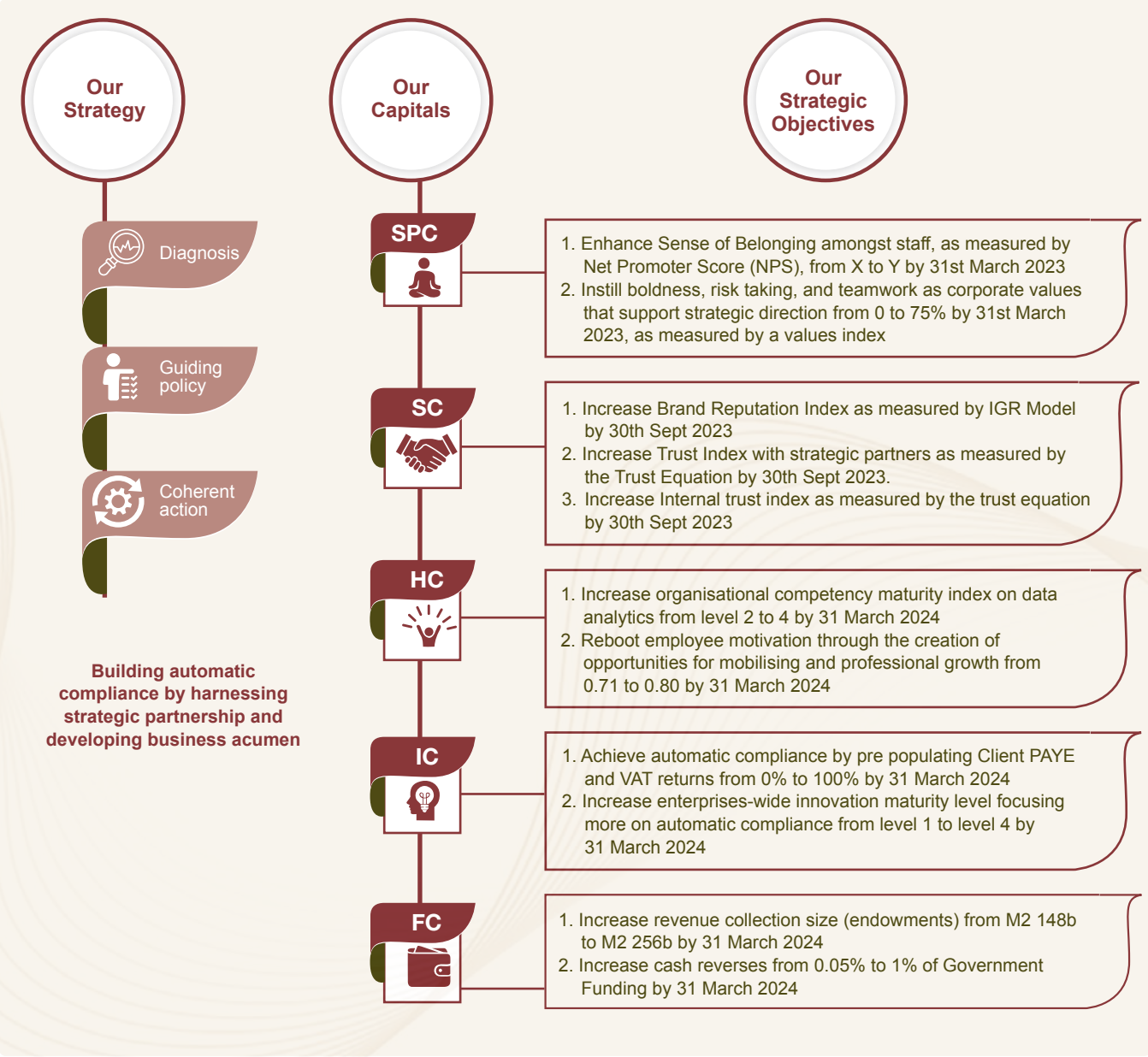
## STRATEGY AND BUSINESS MODEL

### Our Business Model

The year under review marked the end of our five-year strategy, whose business model prioritized not just financial gain, but also the creation and nurturing of various forms of capital which were considered critical towards contributing to our long-term success and value creation. Our strategy delivery was informed by an assessment of our business problem, which revealed a need for business acumen. Consequently, our strategy was essentially coherent actions backed by an effective mix of thought and action, aimed at delivering on the strategic objectives related to each of our five key capitals identified with below.

### Rea Aha 2.0 Strategy

The *Rea Aha* 2.0 Business Model has been augmented by the adoption of a Value Creation Capital Model (VCCM) which struck a balanced approach of investing in the human, spiritual, social, innovation and financial sources of capital, towards the achievement of our objectives.





STRATEGY AND BUSINESS MODEL

continued

Relation Between our Strategy Objectives Under Each Capital and Strategic Outcomes

Rea Aha 2.0 Strategy

Our strategy objectives under each capital were intended to deliver on the following four strategic outcomes:

Strategic outcomes

1

Improved revenue performance

2

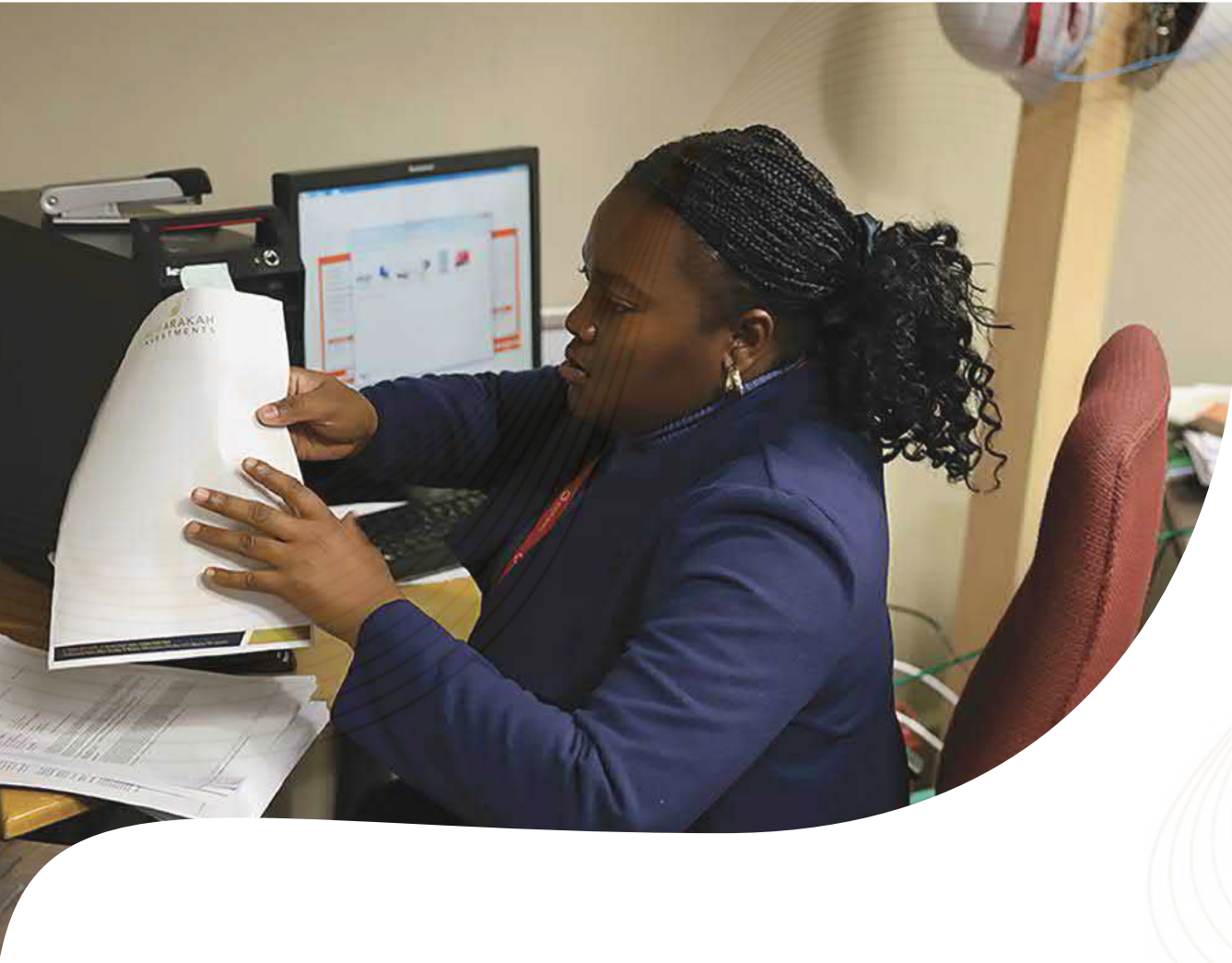
Improved quality of service

3

Reduced cost of collection

4

Automatic compliance





8

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- 14 Year-on-Year Growth: Remittances vs Targets
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OUR PERFORMANCE

OUR PERFORMANCE

Improved Revenue Performance

Our performance continued its upward trend of recent years, delivering robust growth in remittances of 12.6% year-on-year.

Although we fell short of the annual remittance target of M9.78 billion by M907.85 million (9.3%), the overall annual remittance of M8.87 billion surpassed the M7.88 billion recorded in the 2022/23 financial year.

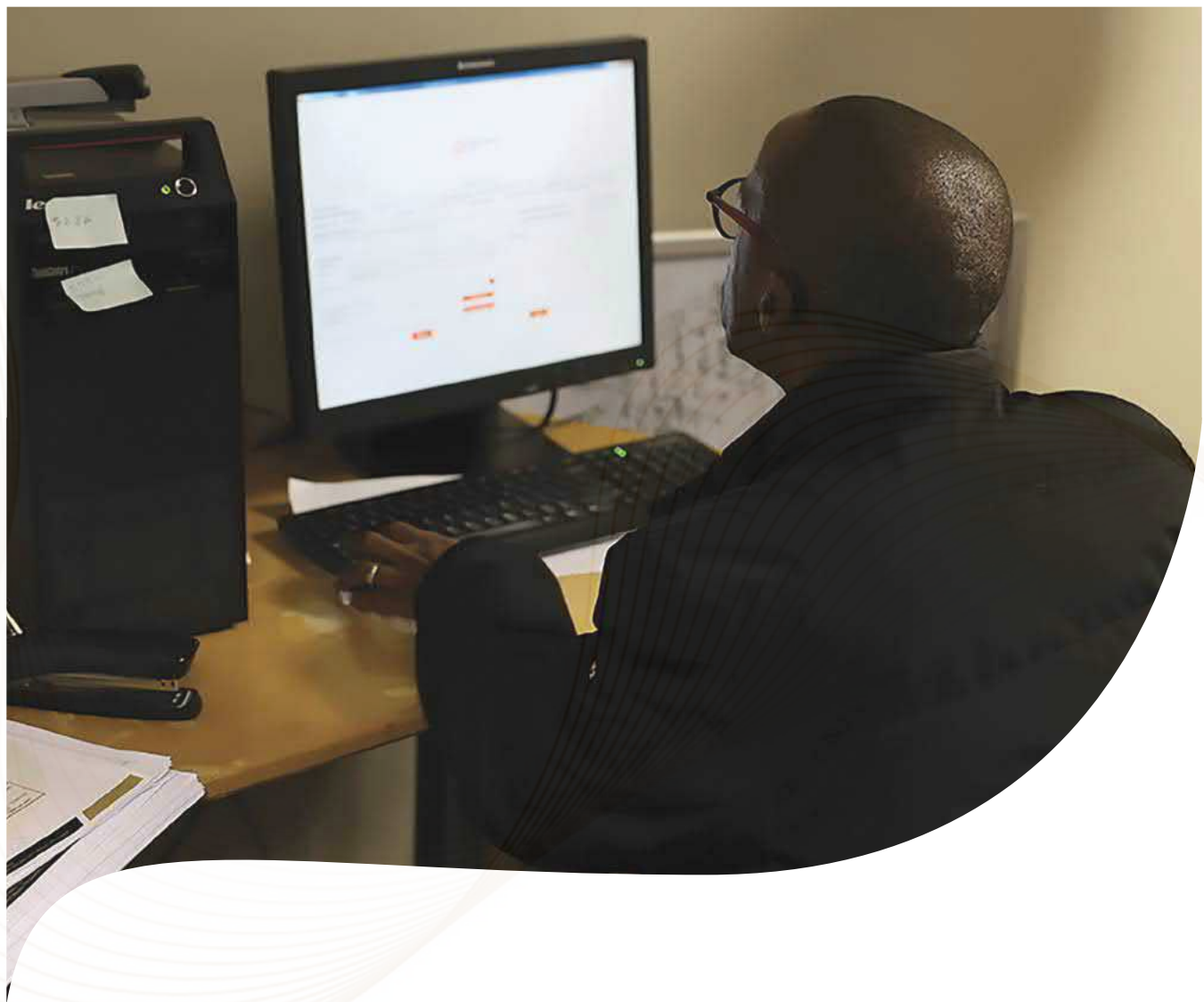
**Contributors to Revenue**

Income tax remained the largest contributor to the government revenue at 53%, followed by VAT at 44%. Nevertheless, both sources declined marginally compared to the 2022/23 figures. The Tobacco and Alcoholic Products Levy Act, introduced for the first time in the 2023/2024 financial year, bolstered remittances by a further M194.1 million, which translates to 3%.

Annual Remittance Performance

Target	M9.78 billion
Remittances	M8.87 billion
Deficit	M907.85 million
Variance	9.3%

Table 1.1 Annual Remittance Performance





OUR

PERFORMANCE

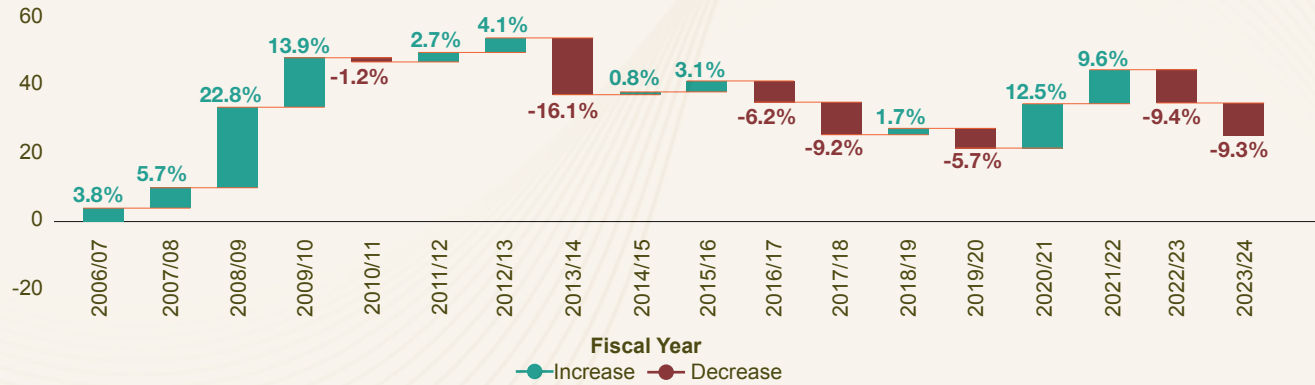
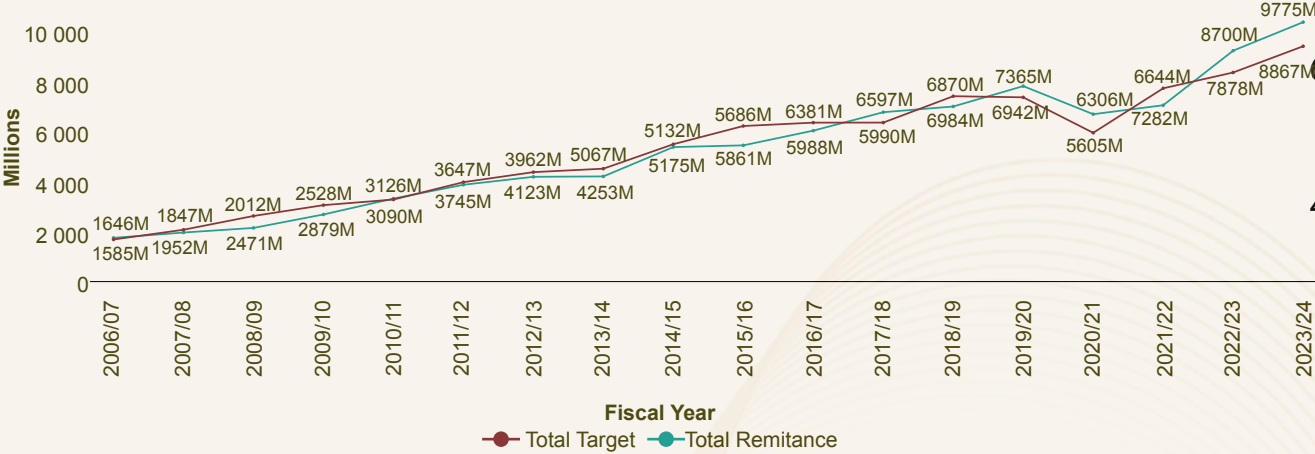
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Year-on-Year Revenue Growth

Year-on-Year Revenue Growth



Remittance vs Target (Year-on-Year)



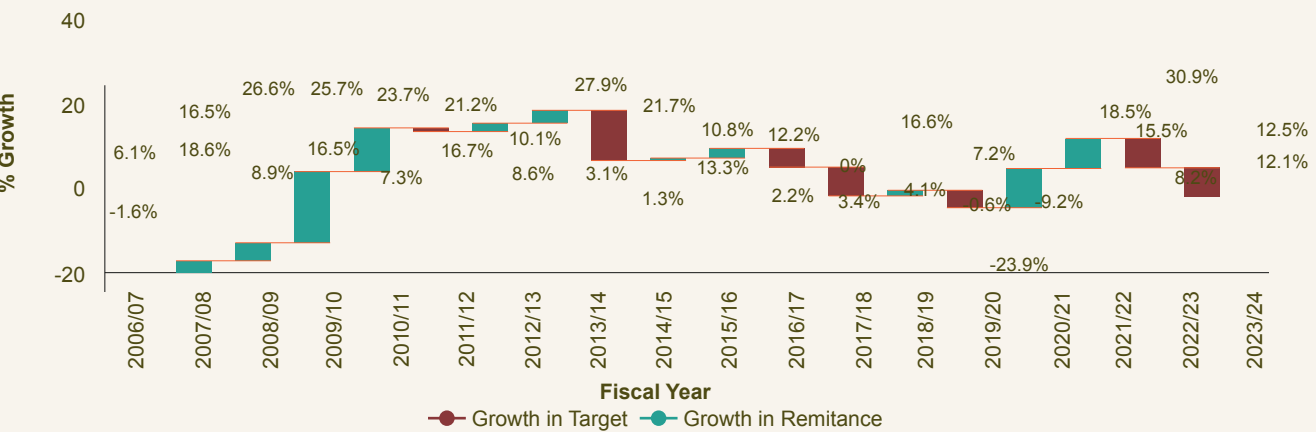
The target was increased by 12.1%, while total remittances achieved 12.6% growth reaching M8.87 billion. Revenue target in recent years has been growing at a higher rate than the growth in remittances, indicating a need for improvement in revenue forecasting to reduce the margin of error between remittances and target.

Year-on-Year Growth: Remittances Vs Targets

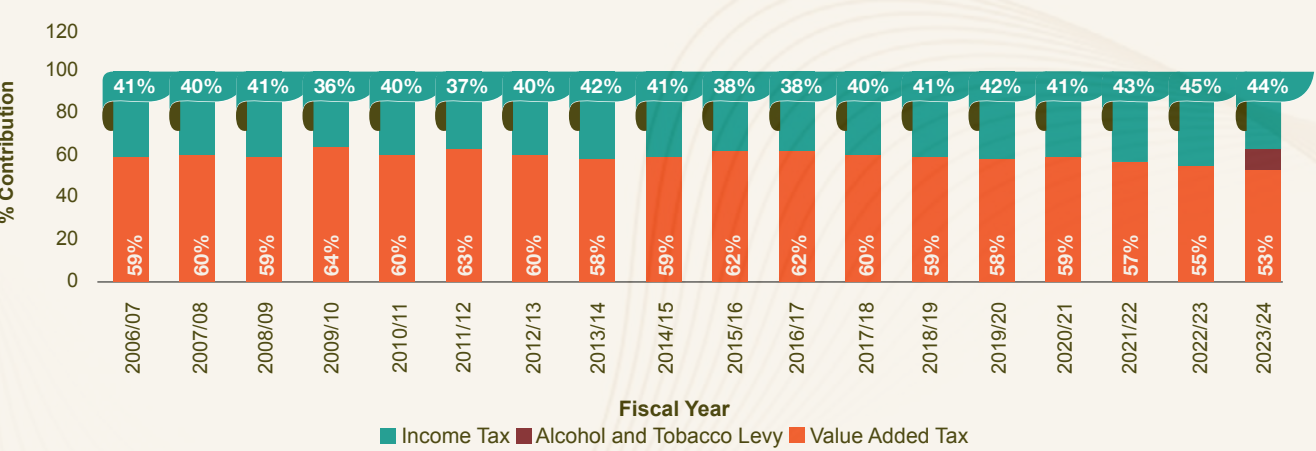
Year-on-Year Revenue Growth



Year-on-Year Growth: Remittance Vs Target



Remittance Share by Tax Type (Year-on-year)





OUR

PERFORMANCE

continued

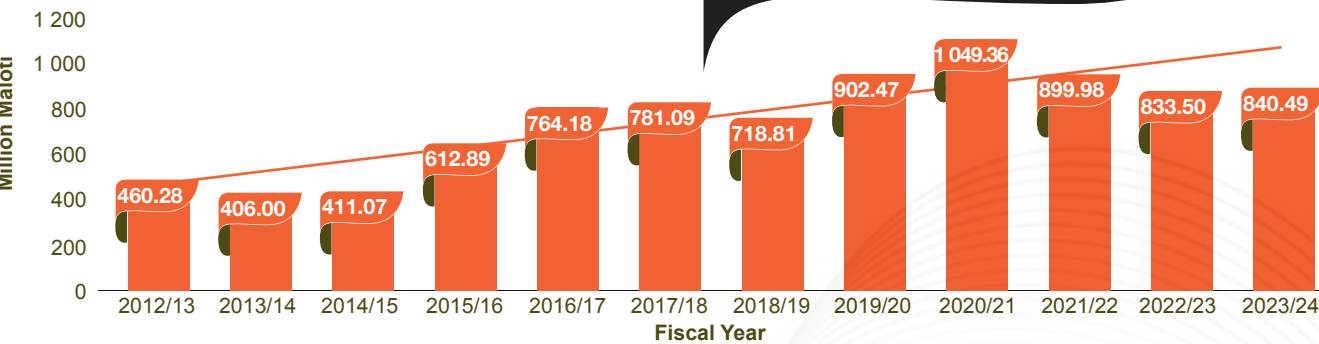
Growth in Refunds

Total refunds grew by 1% compared with the previous period, where M833.5 million was paid out to taxpayers. In FY 2023/24, a total of M840.49 million was made in annual refunds.

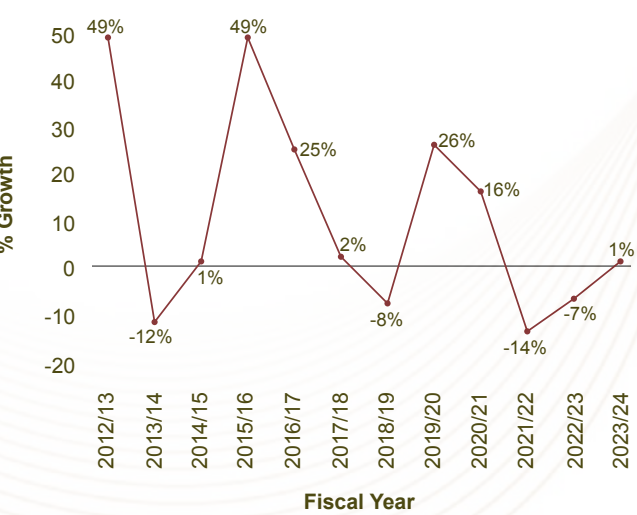
Revenue leakages remain a critical concern, however, and the RSL made a strategic decision to introduce verification steps before processing refund payments this year. We are confident this will help to curb overstated and fraudulent refund claims.

Refunds Paid Out Year-on-Year

Year-on-Year Refunds Payout



Year-on-Year Refunds Growth



Sluggish Economic Recovery

The global trend of slower-than-expected economic recovery was also evident in Lesotho.

Economic growth of just 0.9% could not sustain the targeted revenue growth of 12%, which impacted our overall performance. During the year under review, inflation reached a record 7.3%, surpassing the historical 6.4% average.



This increase adversely affected VAT collections and underscores the challenging economic environment.

Furthermore, a significant decline in mining sector's contribution to gross domestic product (GDP) put a further strain on the operating environment, negatively affecting the Income Tax collections.

Compliance Challenges

Compliance remains one of our greatest challenges. We missed our withholding tax target by 82% largely due to a low rate of compliance on withholding taxes.

The Tobacco and Alcoholic Product Levy (T&AL) encountered significant resistance from the business community, with only 25% of relevant businesses complying to the required obligations of the new law. Further to that, the import of illicit tobacco products presented a huge risk to an efficient collection of the T&AL. We are therefore actively addressing the challenge putting in place the necessary mitigations and mechanism to ensure compliance and safeguard revenue streams.

Nevertheless, there was improved performance in the filing rate, with 99% filing rate recorded for monitored clients for March 2023/2024. Nonetheless, credit returns remained a challenge for monitored taxpayers, both large taxpayers and some medium taxpayers, a new trend which has informed careful collection and compliance strategies which will be implemented in the next financial year.

Taxpayer Registrations

Registration of new taxpayers continued during the 2023/2024FY with a total of 4,941 businesses registered, the majority of which 3,010 were sole traders. A total of 11,606 individual taxpayers registered for the year.

Improved Quality of Service

We are proud to report significant strides in transforming our service delivery and fostering a culture of continuous improvement. By prioritizing taxpayer convenience and employee satisfaction, we have achieved a remarkable year in enhancing the overall quality of service.

- Interim e-Filing: The introduction of an online filing system has revolutionized the way taxpayers interact with us. This user-friendly platform allowed convenient and secure filing of tax returns, reducing waiting times and streamlining the filing process.
- Improvement in e-tax clearance certificates and VAT 11 certificates has eliminated the need for physical visits to obtain these crucial documents. During the year under review, the security features of these documents were enhanced to curb unauthorised duplication. This innovation saves taxpayers valuable time and ensures faster access to essential services.
- We implemented an employee Net Promoter Score (eNPS) program to gauge employee sentiment and identify areas for improvement within our organization. This program allows us to foster a culture of open communication and address employee concerns promptly, leading to a more engaged, focused and motivated workforce. Indeed, a satisfied and engaged workforce directly translates to a more positive experience for taxpayers.
- Another programme that was publicised for the benefit of the employees of the RSL was the Employee Value Proposition (EVP) meant to make them aware of the benefits that accrue to them as RSL employees. The initiative impacted positively on the morale of our staff.

The combined effect of the above initiatives has demonstrably improved the quality of our services. Taxpayers have benefited from faster filing times, easier access to tax clearance certificates, and a more responsive and efficient tax administration. Internally, a more engaged workforce translates to higher levels of service quality and a commitment to continuous improvement.

We have not fully achieved our target with improved service delivery. We still have challenges we need to surmount to improve our service offering to our taxpayers. We are committed to building upon this progress. We will continue to refine our online services, invest in employee development, and explore new avenues to enhance taxpayer convenience and satisfaction.

Automatic Compliance

We have made significant headway on our Automatic Compliance Project, a transformative initiative aimed at pre-populating employers' PAYE (Pay As You Earn) returns. Of the two organisations that were prioritised 87% progress in solution development has been achieved. Additionally, the project will have a spill-over effect in terms of employees' Taxpayer Identification Number (TIN) Registration and thus increasing the tax net. This will facilitate pre-population of employees' RIIT. This project represents a major step towards simplifying tax filing and reducing the burden of compliance on the taxpayer as well as improving revenue collection.

We acknowledge that the project remains ongoing. Our aim for the coming year will be to focus on completion of the project, training and go-live. We intend to conduct rigorous pilot tests of the pre-population functionality with a select group of taxpayers to allow us to refine the system and ensure its effectiveness before roll-out. We further intend launching targeted informational campaigns to educate taxpayers about the Automatic Compliance Project and its benefits.

The Automatic Compliance Project holds the potential to revolutionize tax filing. By pre-populating returns, we anticipate significant benefits for taxpayers, our organization and the public at large.

Reduced Cost of Collection

While quantifying the precise impact on cost reduction remains a challenge, we are committed to implementing initiatives which will lay a strong foundation for long-term financial sustainability. We are committed to continuous improvement and remain focused on refining our measurement methodologies. As we gather more data on the impact of our initiatives, we will be able to quantify the cost-reduction benefits with greater precision in future reports. We remain confident that our ongoing commitment to operational efficiency will translate to long-term financial gains.





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# HUMAN CAPITAL

## HUMAN CAPITAL

### Investing in our most Valuable Asset

“ Our people are key to RSL’s success and we recognise the role that capable, customer-focused and motivated employees coupled with collaborative leadership has in all that we do. ”



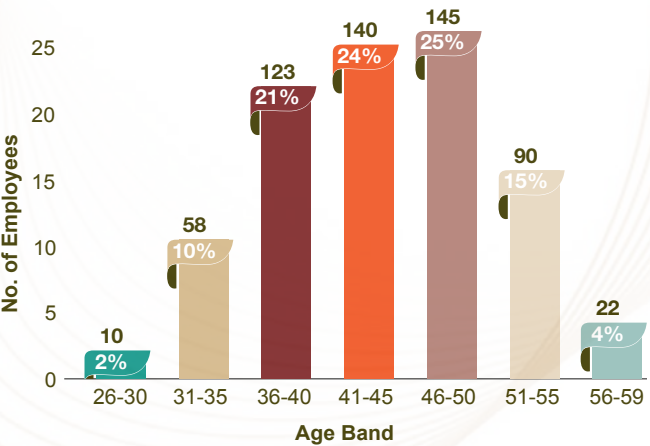
588  
Permanent staff

#### Permanent Staff

	Client Services		Core Operations		Operations Support		Business Enablement		CG's Offices		Total	
Permanent	231	▲14	143	▼15	121	▼4	60	▲2	33	▲4	588	▲1
Temporary	43		46		5		8		1		100	▲47
YDP	0		0		0		0		0		0	
	274		189		126		68		34		688	

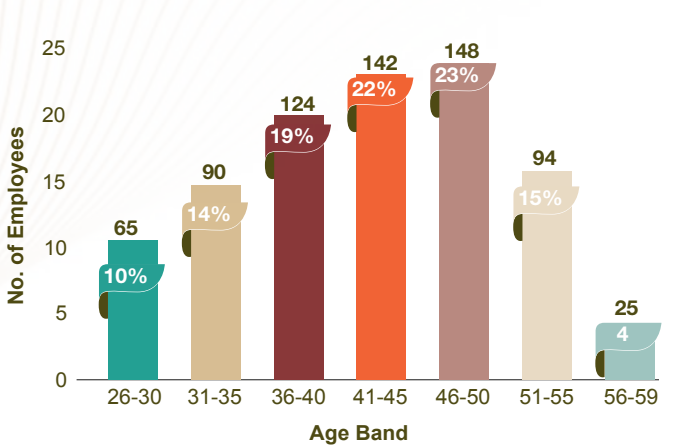
#### All Staff by Employment Status and Age

Permanent Staff by Age



\*Including temporary staff

All Staff By Age\*





HUMAN CAPITAL

continued

Investing in our most Valuable Asset continued

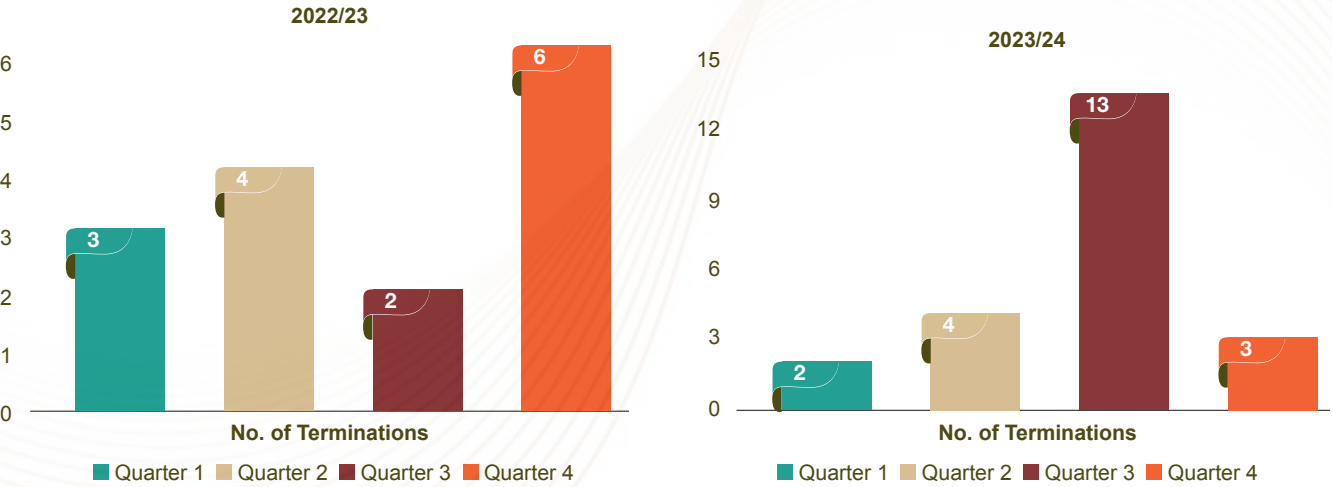
Permanent Staff continued

All Staff by Employment Status and Age continued

Diversity



Staff Turnover



Employee Development

We see training and development as fundamental to the long-term viability of our business.

The prolonged restructuring process negatively impacted our staff. The restructuring was completed in February 2024, and the RSL introduced a new talent management strategy to attract new talent and retain competent staff. We are confident that this will result in improved performance and productivity.

The RSL has prioritised continuous investments in employee growth and development through succession planning, executive and leadership development, as well as technical training. This approach will expand our talent pipeline, while simultaneously empowering our people to deliver on our business objectives.

The RSL Academy is pivotal to enhancing employee skills and competencies by offering a range of programmes including the Annual Corporate Training Plan, Data Practitioners' Training Plan, and collaborations with international development partners to leverage global expertise and best practices. Significant funding was allocated to employee development this financial year.

These initiatives highlight our commitment to ongoing professional development and capacity building to meet the evolving demands of a revenue administration, and reinforce RSL's determination to become a leader in service delivery in Lesotho.

Annual Corporate Training Plan

Of the 321 staff targeted to participate in the Annual Corporate Training Plan, 305 were trained (95%).The training plan covered a whole range of training interventions informed by a training needs analysis which was done at the beginning of the financial year. The training interventions were aimed at supporting strategic initiatives and at improving efficiencies in the delivery of daily operations.

Annual Corporate Training Plan Interventions

Planned	Implemented	In progress	Not implemented
58	44	4	10

Table 1.2 Annual Training Plan

Data Practitioners' Training Plan

In line with our strategic objectives, the Academy developed a comprehensive two-year Data Practitioners' Training Plan to boost our data analytics capabilities. The plan has been a resounding success, with 93 of the 110 targeted staff attending training. This represents an 85% participant reach and an 82% intervention success rate.

Data Practitioners' Training Plan Interventions

Planned	Implemented	In progress	Not implemented
11	9	1	1

Table 1.3 Data Practitioners' Training Plan

Affiliations and International Development Partners

In May 2023, four managers attended a train-the-trainer middle management development programme facilitated by the World Customs Organization (WCO), and they subsequently trained 25 newly appointed managers and team leaders.

Further interventions enhanced employee capabilities in data analytics, customs border dialogue, advanced transfer pricing, and uncovering Base Erosion and Profit Shifting (BEPS) in the extractive sector. BEPS strategies involve shifting profits from higher- to lower-tax jurisdictions by exploiting gaps in the tax rules, effectively eroding the tax base.

	Number of interventions	Number of people	Percentage
Affiliations/ International development partners	13	59	100%

Table 1.4 Affiliations/ International Development Partners





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- 18 Delivering on Promises: Project Implementation Highlights
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- 18 Data-driven Decision Making
- 18 Trade Facilitation

# INNOVATION CAPITAL

## Delivering on Promises: Project Implementation Highlights

We focused on implementation of several key projects aimed at modernizing our tax administration and improving the taxpayer experience. These projects represent our commitment to continuous improvement and innovation in tax collection and service delivery.

## Online Filing and Payment of Taxes and Duties

Our investment in emerging digital technologies such as artificial intelligence, and big data has been rewarding. By enabling e-filing we have created ease of access of our services to the taxpayers and eliminated a significant portion of the compliance costs as these services are white listed and all taxpayers can access them free of charge. The RSL with the introduction of the auto compliance capability, we hope to achieve 30% of pre-populated returns without queries in our next reporting period.

Additionally, tax information and education material are now freely available countrywide on the RSL website and social media platforms.

## Data-driven Decision Making

By introducing data analytics practice and capability throughout the organisation, we have been able to reduce the cost of collection and enhanced operational efficiencies. RSL now has a Centre of Excellence with 10 Data Science Practitioners, 10 Data Owners, and 15 Data Stewards. Over 600 people have already received training on data literacy.

We further acquired and implemented Data Management and Business Intelligence technologies through African Development Bank (AfDB) support and are now able to automatically share data with key stakeholders through the integration of systems.

## Trade Facilitation

Negotiations at ministerial level to designate Tele Bridge and Sani Pass as commercial ports were initiated. We are assessing the possibility of establishing a one-stop border between South Africa and Lesotho under the Bi-national Commission.

In partnership with the Southern African Development Community (SADC), the Lesotho Ministry of Trade, Industry and Business Development and the private sector negotiated, developed and finalised a SADC Customs to Business Forum (RCBF) that was launched in February 2024 wherein the RSL played a significant role. The goal of the RCBF is to promote smooth cross border trade and trade facilitation measures that encourage private sector participation in export-oriented value chains and implementation of trade agreements such as the African Continental Free Trade Area (AfCFTA).



# INNOVATION CAPITAL





# 11

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19	Risk Register 2023/24
19	RSL Risk Assessment Matrix
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## MANAGING RISK AND OPPORTUNITY


## MANAGING RISK AND OPPORTUNITY

### Material Matters

Our material matters are those factors with the potential to significantly impact, either positively or negatively, our ability to create value in the short, medium, and long term.

Each year, in close consultation with stakeholders, the RSL conducts a comprehensive review of the material issues that could affect our ability to deliver on our mission and strategic objectives, to guide our overall risk and opportunity management. We assess the potential impact of each risk and rank each one based on the likelihood of it occurring and the severity of the potential impact. This risk assessment allowed us to prioritise our corporate plan, ensuring that high-impact initiatives receive the necessary attention and resources.

During the year under review, RSL identified 10 material risks that could substantively impact our ability to meet our goals and create value over time.

 Read more about our strategy and how we create value on page 11.

The risk register is reviewed annually to evaluate the effectiveness of our risk management strategy and is updated where necessary, taking any emerging risks into consideration. A quarterly assessment of performance against the risk register is done. This year, 11 emerging risks were identified.

 Read more about emerging risks on page 21.

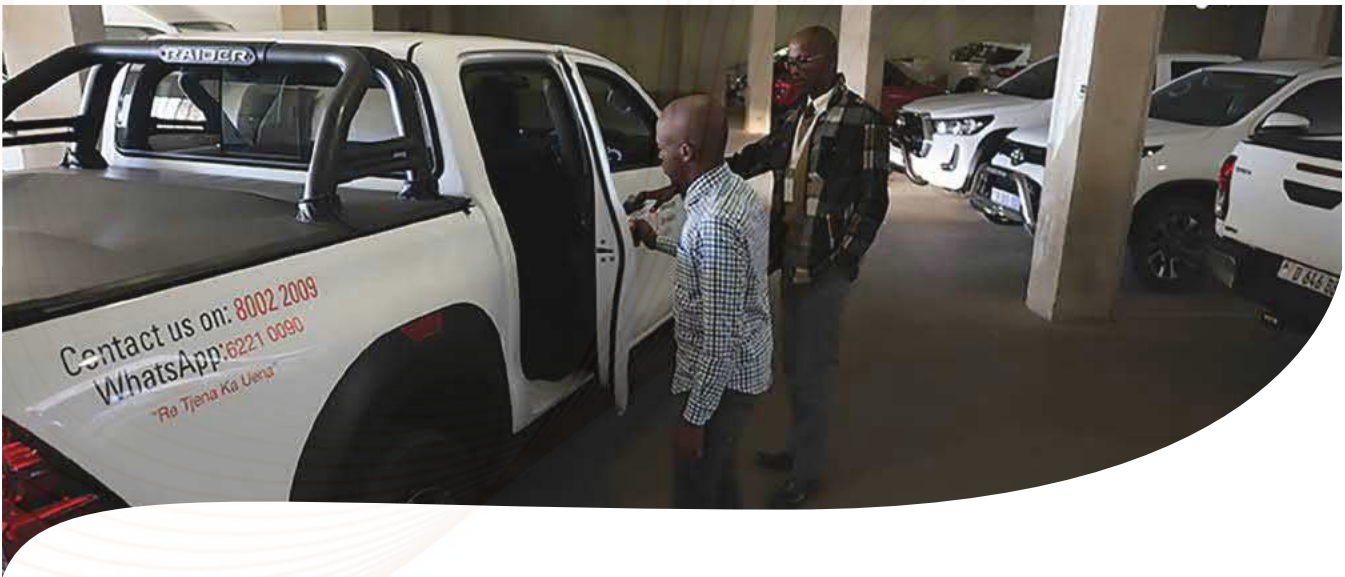
### Risk Register 2023/24

The risk assessment matrix in Table 1.5 was used for grading of the risk event's likelihood and impact of risks identified in the corporate risk register in Table 1.6 below. Table 1.6 reflects the status of identified risks as at the beginning of the FY 2023/2024.

### RSL Risk Assessment Matrix RSL Corporate Risk Criteria

		VH	H	M	L		
Impact	Catastrophic	5	5	10	15	20	25
	Critical	4	4	8	12	16	20
	Major	3	3	6	9	12	15
	Significant	2	2	4	6	8	10
	Negligible	1	1	2	3	4	5
			1	2	3	4	5
			Very Unlikely	Unlikely	Likely	Very Likely	Inevitable
			Likelihood				

Table: 1.5 RSL Corporate Risk Criteria















MANAGING RISK













AND OPPORTUNITY

continued

RSL Risk Assessment Matrix continued

Corporate Risk Register for 2023-2024

Ranking	Risk	Root cause	Objective	Mitigation	Capital	Risk rate
1	Disengaged staff	1. Possible changes to leadership within a short period of time (risk/opportunity).	Improve employee's sense of belonging from -1 to 8, as measured by net promoter score (NPS).	Include informal communication and staff views (including criticism) in communication platforms, including official social media platforms.		
		2. Not including staff in decision-making.		Review and implement new policies related to staff matters (e.g. workplace harassment).		
		3. Inconsistent application of organisational policies affecting staff interests.	Increase the internal trust index as measured by the trust equation from 2.92 to 5.84.	Reintroduce work from the office.		
2	Poor service delivery	4. Victimisation.		Encourage Good, Ugly, Bad and Awesome methodology for inviting ideas.		
		5. Working from home.		Roll-out the net promoter programme.		
		1. Silo mentality.	Increase brand reputation index as measured by intergovernmental relations (IGR) model from average rating of 0.6 to 0.9.	Develop/Review service delivery standards (in-house) to align to corporate service delivery standards.		
3	Inability of a core tax management system (PRSM) to provide expected value	2. Inadequate coordination between offices.		Develop/Review service level agreements (SLAs).		
		3. Non-availability of SLAs.		Review change management framework.		
		4. Ineffective change management/ Poor communication of critical changes.		Develop service organogram.		
2	Poor service delivery	5. Inadequate collaboration with external stakeholders.				
		6. Ailing service culture.				
		7. Absence of RSL House				
3	Inability of a core tax management system (PRSM) to provide expected value	8. Unreliable systems.				
		1. Inability to source funding.	Implement automatic compliance by pre-populating client PAYE and VAT returns from 0% to 100%.	Upgrade the Risk Management with Public Sector Revenue Management (PSRM) system to the latest version.		
		2. Outdated system				

Ranking	Risk	Root cause	Objective	Mitigation	Capital	Risk rate
4	Not rewarding risk-taking and boldness	1. Culture of punishing mistakes.	Encourage boldness, risk-taking and collaboration as shared values that support the strategic direction from 0.7 to 0.9, as measured by NPS.	Introduce robust change management processes.		
		2. Lack of confidence in management.		Implement Awareness, Desire, Knowledge, Ability & Reinforcement (ADKAR) model at all departmental levels.		
		3. National culture.				
5	A lack of collaboration	1. Silo mentality.	Increase external trust index with strategic partners as measured by the Trust Equation from 2.92 to 8.00.	Conduct internal sensitisation sessions.		
		2. Self-focused		Enhance monitoring and evaluation.		
		3. Lack of business acumen.		Implement stakeholder engagement guidelines.		
6	Unstable work environment	4. Pressure				
		1. Slow pace of SAS implementation.	Improve employee sense of belonging from -1 to 8, as measured by NPS.	Expedite implementation and finalisation of SAS.		
				Engage Lesotho Revenue Authority Staff Union (LERASU) to help change/test staff attitudes and establish (opportunity) if there is a sense of belonging in RSL.		
7	Cybersecurity risk			Improve wellness programme and include family members.		
		1. Technological developments.	Achieve automatic compliance by pre-populating client PAYE and VAT returns from 0% to 100%.	Develop and implement cybersecurity strategy and standards.		
				Maintain existing controls.		
8	Delayed integration with third parties (strategic stakeholders).					
		1. Incompatibility of third party and RSL systems.	Achieve automatic compliance by pre-populating client PAYE and VAT returns from 0% to 100%.	Legislation		
		2. Budget constraints.		Develop and implement memorandum of understanding (MoU).		
8	Delayed integration with third parties (strategic stakeholders).	3. Lack of stakeholder buy-in (VAT).		Explore other innovative funding strategies/sources.		
		4. Conflicting interests of partners.				
		5. Political will.		Hold regular engagement sessions with GoL and other key stakeholders.		



MANAGING RISK

AND OPPORTUNITY

continued

RSL Risk Assessment Matrix continued

Corporate Risk Register for 2023-2024 continued

Ranking	Risk	Root cause	Objective	Mitigation	Capital	Risk rate
9	Lack of capacity (resources/skills) to deliver data analytics.	1. Lack of dedicated internal resources (trainer, infrastructure & technology).	Increase organisational competency maturity index on data analytics from level 2 to level 3.	Build capacity on delivery of data analytics.	HC	H
10	Negative publicity in mainstream and social media.	1. Poor attitude of staff towards stakeholders. 2. Fraud and corruption. 3. Uncoordinated initiatives. 4. Poor service delivery. 5. Nature of RSL business. 6. Misconceptions about RSL and its operations. 7. Unprofessional appearance.	Increase brand reputation index as measured by IGR model from average rating of 0.6 to 0.9.	Amplify RSL social media presence (implement social media strategy).  Publicise RSL success stories.  Engage social media influencers.  Conduct stakeholder engagement sessions.  Implement CSI initiatives.  Develop and/or review service delivery standards (in-house) to align with corporate service delivery standards.  Communicate and enforce HR Policy on dress code.  Hold regular media briefings	SC	H

Table: 1.6 Corporate Risk Register for 2023-2024

Emerging Risks 2023/2024

Management of risk involves a continuous process of scanning the environment to identify changes that could affect achievement of objectives. This is because changes in the environment can affect or bring new risks to the revenue service's business. During the year under review the following risks emerged in our operational landscape. Based on their impact and likelihood they will be addressed differently as shown.

#	Risk	Consequences	Outcome
1	Credit and loss returns	Target not met.  Tax due was not collected.  Erosion of Basotho's wealth.	The risk will be recorded in the corporate risk register.
2	SAS guidelines amendment	Negative impact on staff morale.  Restructuring project not completed.  Target not met.  Delivery of services suffer.	The risk has been managed within the appetite of the RSL.
3	Corruption	Target not met.  Tax money is diverted to individuals.  Reputation of RSL is tarnished.	Management launched a campaign to change the culture that has eroded the fabric of RSL. The risk associated with a poor ethical culture has been included in the combined assurance plan.
4	Staff turnover in projects	Projects take too long to deliver intended benefits.  Project budget overruns.  Projects are overtaken by events.	Projects are one of the ways in which RSL implements strategy, but over the past financial year, RSL lost project human resources to some stakeholders in a matter of months.  A plan to address resource constraints in projects has been put in place.
5	Incomplete SACU data	Negative effect on Lesotho's share of SACU revenue	RSL's Frontier Division has identified a process to collect the data.  Collaboration with stakeholders such as the Central Bank of Lesotho (CBL) and Bos will help to further mitigate this risk.
6	Possible change of Government	Loss of traction on stakeholder agreements reached.	This risk cannot be managed in a coalition Government.
7	High inflation due to the war(s)	Low economic growth.  Low spending.  VAT target missed.	High inflation is directly correlated with VAT performance. When there is limited disposable income, spending on essentials is prioritised, most of which are either zero-rated or VAT-exempt.  E-invoicing is intended to mitigate this risk to safeguard VAT collection and address any gaps. The system is scheduled to go live in October 2024.



MANAGING RISK AND OPPORTUNITY

continued

Emerging Risks 2023/2024

continued

#	Risk	Consequences	Outcome
8	<b>FDI from expanded BRICS (and elsewhere)</b>  *An intergovernmental organisation comprising Brazil, Russia, India, China, South Africa, Iran, Egypt, Ethiopia, and the United Arab Emirates	A potential opportunity to expand the tax base if properly managed and not exploited.  Erosion of Lesotho's income.	While foreign direct investment (FDI) can benefit the economy by creating jobs and stimulating the economy, there is the risk of tax concessions that could result in a loss of tax revenue.  RSL should take proactive steps to prevent this from happening by engaging with the Ministry of Finance and Development Planning.
9	<b>Erosion of disposable cash due to a lack of food (due to drought)</b>	Target missed.  Strategy not achieved.	Many families are expected to face severe food insecurity due to the drought forecast in the second quarter of 2023. As with inflation, food insecurity affects VAT performance as households prioritise the purchase of essential items that are VAT-exempt.  It is imperative to ensure that all VAT due is collected through the e-invoicing system.
10	<b>Cybersecurity risk</b>	Reputational risk.  Access to taxpayers' data.  Denial of service.  Ransom payment.	RSL should take lessons from the experience of CBL cyber-attack. The implementation of COBIT 2019 for cybersecurity will help RSL identify and address gaps. Training on the governance of digitalisation was a step in the right direction.  The risk has been recorded in the corporate risk register already.
11	<b>Erratic funding from the Ministry</b>	Day Zero, where RSL had no funds.  Inability to finance RSL operations.  Ultimately GoL unable to finance delivery of services to the nation.	The current mitigation measure is proving effective and is essential to prevent RSL from once again facing funding challenges.

Table 1.7 Emerging Risks 2023/2024

Mitigation Gains Momentum

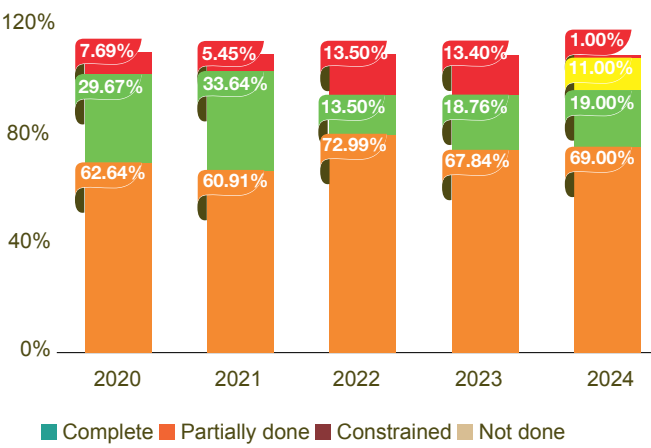
The implementation of risk mitigation got off to a slow start but gained momentum to deliver a completion rate of 69%, by year-end.

Protracted timelines, coupled with the size and complexity of our mitigation efforts, indicate that a project-based approach would better suit the RSL risk mitigation implementation. Simpler and potentially more effective solutions will be explored in the following financial year as will an earlier start.

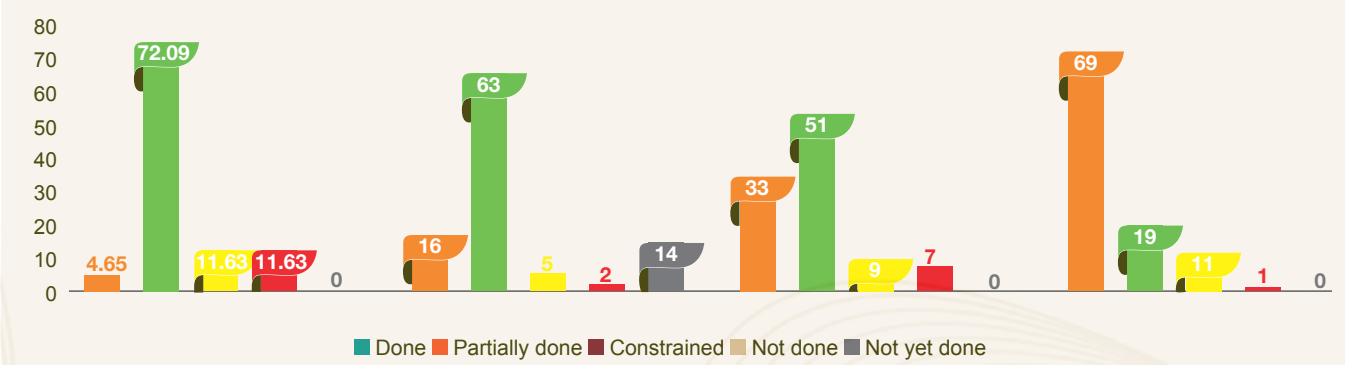
Overall Moderate Performance

RSL's 2023/24 mitigation performance in the high sixties is almost on par with that of FY2022/23. Our highest most recent rate was 73%, attained in FY2021/22 in the aftermath of COVID-19. Unfortunately, performance has since dipped, as illustrated below.

Comparative Performance



2023/2024 Implementation of Risk Mitigations



Addressing Corruption

Management has demonstrated its willingness to address the scourge of corruption in the RSL which has required a concerted effort to fight it, instil ethical culture and safeguard the interest of the revenue administration.

Our focus for tomorrow is to conduct a mid-year risk assessment of the RSL's risks and review of our risk mitigation plans. This will provide valuable insight into the efficacy of our mitigation efforts and allow time for adjustment where necessary.





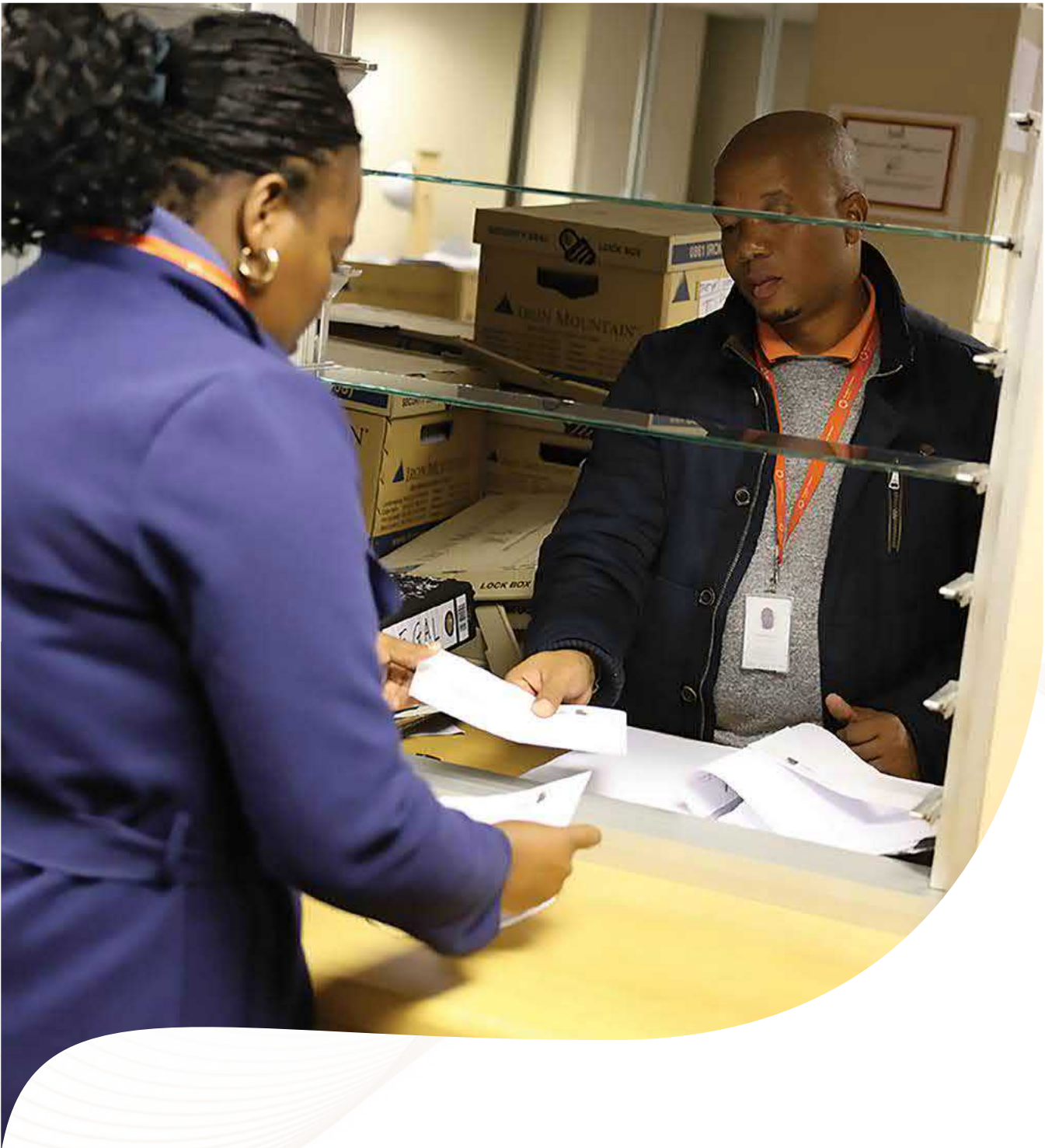


# SUSTAINABILITY

## SUSTAINABILITY

Aware of the growing need to align our organisational strategy with ESG, we have decided to be more deliberate on issues of ESG. Our new strategy lays special emphasis on pursuing ESG issues under our Natural capital. Our future report will contain more detailed content on initiatives undertaken under ESG.

This however does not mean that no activities aimed at pursuing the ESG initiatives were not undertaken during the year under review. In October 2023, we planted 20,000 trees in five villages around the Maseru district to contribute in the national fight against climate change and control soil erosion.





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24	Tree Planting Initiative
25	Hlokomela Banana Campaign
25	Miss Lesotho
25	Bacha Entrepreneurship Project
26	Operation Hloekisa Lesotho
26	Orphanage visits
26	Engaging with Stakeholders
27	Our Stakeholders at a Glance

# CORPORATE SOCIAL RESPONSIBILITY

As a leading contributor to Lesotho's economy and the country's development, the RSL is actively involved in various community initiatives.

This year our corporate social responsibility programmes contributed all in all M1.8 million to support youth empowerment, job creation, environmental sustainability and other corporate social responsibility initiatives.

**Tree Planting Initiative**

As part of our commitment to environmental and climate issues, and to celebrate 20 years in business, RSL planted 20,000 trees in five villages around the Maseru district.



# CORPORATE SOCIAL RESPONSIBILITY



CORPORATE SOCIAL RESPONSIBILITY

continued

Hlokomela Banana Campaign

We continued to support Her Majesty Queen Masenate Mohato Seeiso's Hlokomela Banana *“Their freedom, our future”* campaign by donating towards sanitary towels for 788 underprivileged girls in 14 high schools around the country.

The project advocates menstrual hygiene and enhances female learners' access to their learning environments. It also restores the girls' dignity and confidence, helping them to become strong young women and leaders.



Miss Lesotho

The RSL was the main sponsor of the Miss Lesotho Beauty Pageant; a collaboration that provided us with an opportunity to contribute to youth empowerment.



Bacha Entrepreneurship Project

The RSL sponsored the Bacha Entrepreneurship Project (BEP), a seed capital initiative that assists young unemployed Basotho graduates between the ages of 21 and 35; aspiring entrepreneurs without access to higher education, to find employment and become drivers of economic growth.

Our sponsorship helped to establish four new businesses this year.





CORPORATE SOCIAL RESPONSIBILITY

continued

Operation Hloekisa Lesotho

As an environmentally conscious organisation, the RSL supported the Operation *Hloekisa* Lesotho cleaning campaign by adopting premises near the Government Complex and Maseru Bridge taxi rank area, extending to the Lesotho Tractors traffic lights.

We ran monthly campaigns where employees cleaned these adopted areas, and also installed the RSL branded garbage bins to promote a clean environment.



Orphanage Visits

As part of our 20 year celebrations, we visited children in need at orphanages, providing them with items to meet their basic needs.

Engaging with Stakeholders

The RSL's success hinges on our ability to engage with, understand and meet the needs of those we serve, and we recognise that cultivating and nurturing healthy and enduring relationships with key stakeholders is essential to our ability to create value and fulfil our mandate.

As part of stakeholder engagement efforts, we launched the “*Mphahllolle*” Programme, a taxpayer education programme to raise awareness of the RSL's services and how they can be easily accessed.

We also ran webinars to offer taxpayers insight into our digital platforms in addition to our traditional taxpayer education programmes on radio and in print media. Furthermore, we partnered with prominent social media influencers to extend our reach.

We remain committed to improving our stakeholder engagement in an effort to better understand their needs and ensure that we meet stakeholder expectations.

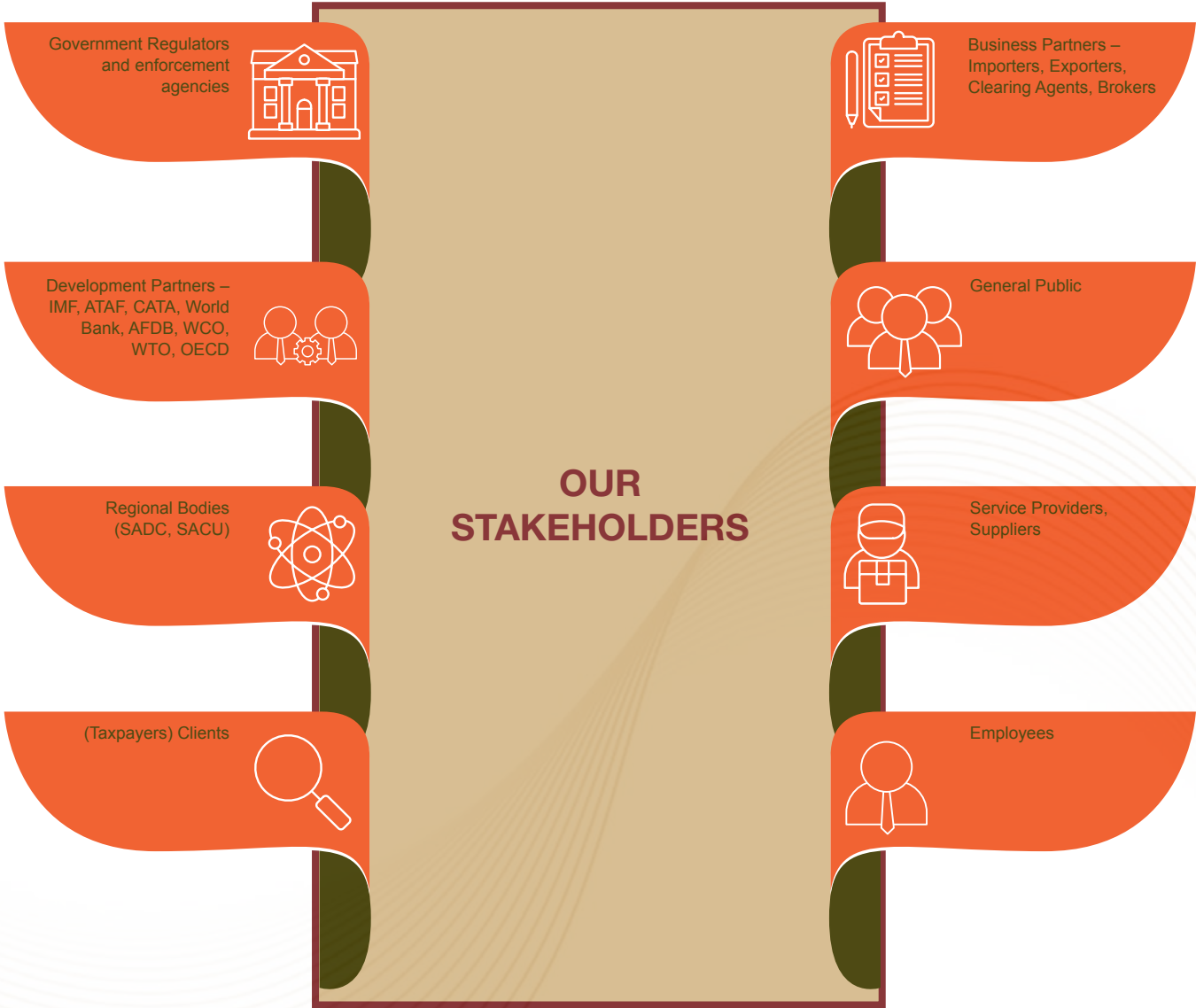




CORPORATE SOCIAL RESPONSIBILITY

continued

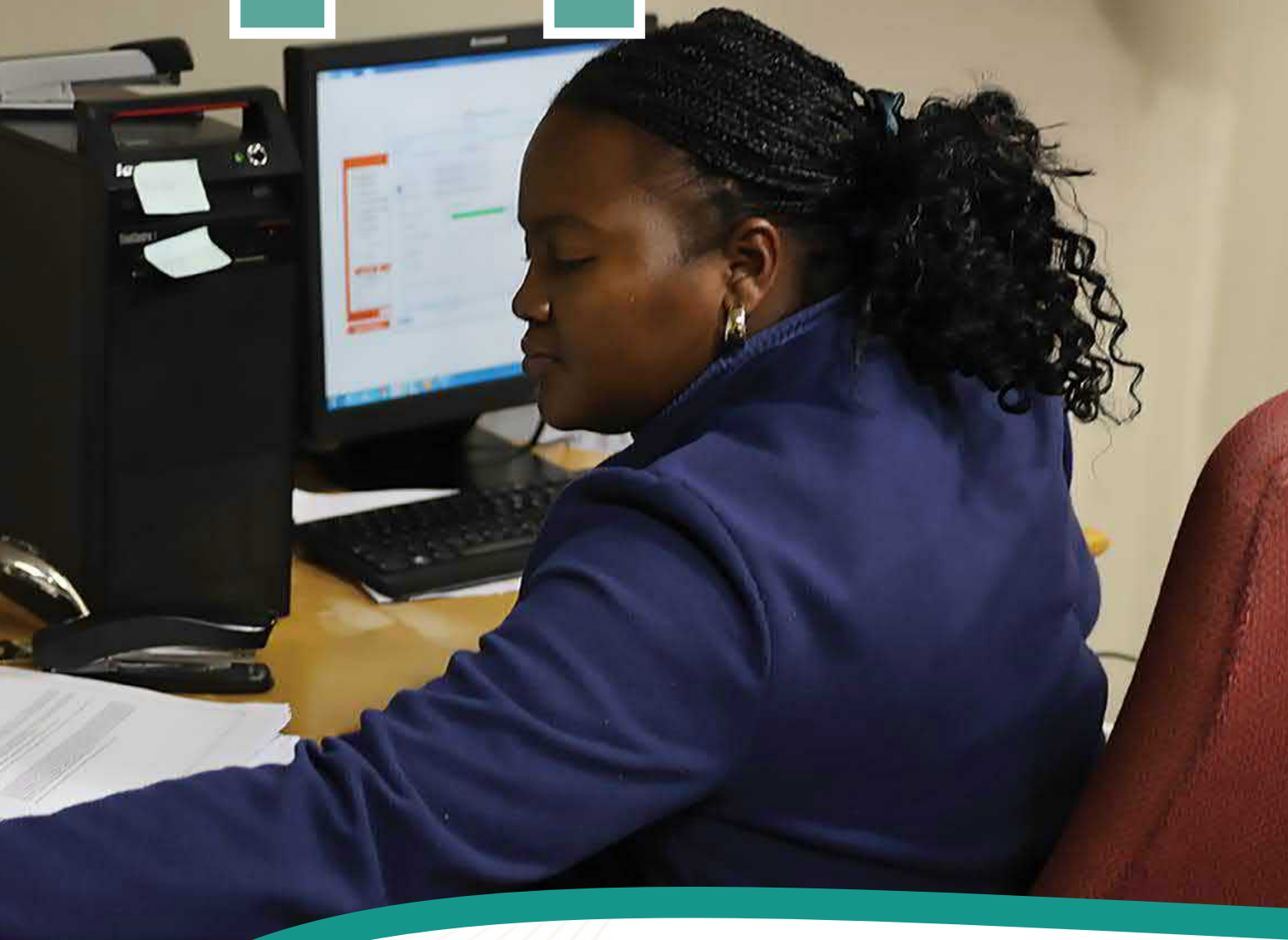
Our Stakeholders at a Glance





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## OUR GOVERNANCE

### OUR GOVERNANCE

**Governance Framework**  
Transparency, accountability, ethical practices, and robust corporate governance are the bedrock of our business, and we understand that a regular assessment and revision of our governance framework is necessary to ensure that the RSL consistently meets the demands of an evolving landscape.

Our Five Governance Principles	
Principle	
Transparency	We maintain open communication with all stakeholders by ensuring that our financial statements, annual reports, and other relevant information is accessible.
Accountability	The Board and Management are responsible for the RSL's performance and are committed to utilising resources efficiently and effectively, to achieve revenue collection targets.
Integrity	We uphold ethical standards at all times, ensure fair and equitable treatment for all taxpayers, and are unwavering in our resolve to combat corruption.
Competency	We strive to maintain a skilled and professional workforce with the expertise to flawlessly fulfil our mandate. We promote continuous learning and development to ensure our team is at the forefront of knowledge and best practices.
Compliance	We diligently comply with the laws and regulations governing our industry, fostering a culture of ethical conduct and responsible stewardship of public resources, that strengthens public trust.

**Alignment with Governance Codes**  
The RSL adopted the Mohlomi Corporate Governance Code, a nationally recognised code promoting good governance principles in Lesotho's public institutions, as well as with other internationally recognised codes of governance. Both our Board of directors and EXCO were further capacitated through training on the Mohlomi Corporate Governance Code and undertaken induction of the full governance issues as underpinned in all relevant international governance codes.

During the year under review, the Board approved the Combined Assurance Framework and its Guidelines to be implemented in the next financial year.

“  
We are unwavering in our commitment to the highest standards of corporate governance and recognise its critical role in contributing to the efficient and effective revenue collection for the Kingdom of Lesotho and in building public trust.  
”



OUR

GOVERNANCE

continued

Governance Structure

Board of Directors

The Board of Directors provides RSL with strategic direction and oversight. It is responsible for appointing the Commissioner-General, approving key policies and budgets, and monitoring performance. The Board is appointed on a three-year term.

The Board consists of a chairperson and independent directors with the appropriate skills, expertise and qualifications to effectively execute its duties, and is appointed by the Minister of Finance and Development Planning in terms of the Revenue Services Act No.14 of 2001 (as amended). The Commissioner General serves as an *ex officio* member of the Board. The Board meets quarterly.

The new RSL Board was appointed in November 2023 to strengthen the organisation's governance and leadership, and to extend collaboration, transparency and innovation.

“

RSL is guided by well-defined governance structures with clear lines of accountability.


”



Adv. Lindiwe Sephomolo  
Chairperson



Dr. Lerato Lerato  
Director



Morongoenyane Nyakane  
Director




Mathabo Mokoko  
Commissioner General



Tsireletso Mojela  
Director



Mamonaheng Koenane  
Director



Libako Leisanyane  
Director



Matumelo Ralebakeng  
Director

Board Committees and Mandates

Three sub-committees assist the Board in the execution of its oversight duties. The committees are integral to enabling effective governance, and report on their activities at each board meeting. The committees were established in accordance with the Revenue

Services Act No.14 of 2001 (as amended) which envisages establishment of such number of Committees as the Board may deem appropriate and each has clearly defined roles and responsibilities.

Information, Communication and Technology Committee (ICTC)



Dr. Lerato  
Lerato



Mamonaheng  
Koenane



Mathabo  
Mokoko



Tsireletso  
Mojela



Morongoenyane  
Nyakane

Human Resources and Remuneration Committee (HRRC)



Libako  
Leisanyane



Mamonaheng  
Koenane



Mathabo  
Mokoko



Tsireletso  
Mojela



Matumelo  
Ralebakeng

Finance and Audit Committee (FAC)



Dr. Lerato  
Lerato



Libako  
Leisanyane



Mathabo  
Mokoko



Morongoenyane  
Nyakane



Matumelo  
Ralebakeng



OUR

GOVERNANCE

continued

Governance Structure continued

Board Committees and Mandates continued



Internal Audit

The role of the Internal Audit Function is to provide the Board with independent assurance that the control, risk, and governance framework within RSL is effective and supports the achievement of its strategic objectives. The Internal Audit Function focuses on areas within the RSL that are most likely to impact its ability to achieve its strategic objectives.

The purpose, authority and responsibility of the Internal Audit Function are defined in the Internal Audit Charter, which has been approved by the Board. The charter aligns with the definition of Internal Auditing, the Code of Ethics, and the International

Professional Practices Framework (IPPF). Functionally, RSL's Internal Audit Function reports to the Finance and Audit Committee and administratively to the highest level within the organisation, the Commissioner General (CG).

RSL Internal Audit Findings Performance

Management's attitude towards implementation of Internal Audit recommendations has been generally good for the period under review compared to 2022/2023 Financial year. The implementation rate of 2022/2023 FY was 43% compared to 68% for the year under review.

Executive Committee



The Commissioner General is appointed by the Board to lead the RSL's day-to-day operations. The four-person executive management team is responsible for executing the Board's directives and for monitoring implementation of the RSL's strategic objectives.

The Executive Committee has four sub-committees identified herein below:

EXCO Sub-Committee Membership

Strategic Management Committee	Position	Name
Commissioner Business Enablement	Chairperson	Mr. Obed 'Nete
Head - Delivery Unit	Member	Mrs. Puseletso Ntene
Head - Corporate Planning and Strategy	Member	Ms. Lineo Ts'eua
Acting Chief Information Officer	Member	Mr. Ntellane Motsamai
Head - Finance	Member	Ms. Kabanyane Tladi
Head - Human Capital	Member	Mr. Khopotso Liphoto
Head – Governance, Risk and Compliance	Member	Mrs. Ntefeleng Tsiboho



OUR

GOVERNANCE

continued

Governance Structure

continued

Executive Committee

continued

EXCO Sub-Committee Membership

continued

Revenue Compliance Committee Members	Position	Name
Commissioner Core Operations	Chairperson	Mr. Obed 'Nete
Commissioner Operations Support	Member	Mr. Norman Mapetla
Commissioner Client Services	Member	Mr. Rakokoana Makoa
Head - Legal	Member	Adv. Rabahlakoana Ntema
Permanent Attendees		
Deputy Commissioner – Priority Clients (Chairman of the Revenue Management Committee)	Attendee	Mr. Paul Khanare
Manager Internal Audit	Attendee	Mr. Liteboho Mokuena
Head – Governance, Risk and Compliance	Attendee	Mrs. Ntefeleng Tsiboho
Deputy Commissioner – Compliance Risk and Intelligence	Secretariat	Mr. Bahlakoana Shelile

Tender Adjudication Committee	Position	Name
Commissioner Business Enablement	Chairperson	Mrs. Ninie Mopeli/ Mr. Obed 'Nete
Head - Corporate Services	Member	Mrs. 'Mamaretha Mokuena
Head - Legal	Member	Adv. Rabahlakoana Ntema
Manager Supply Chain	Secretariat	

Ethics Committee Members	Position	Name
Executive Support and Corporate Secretary	Chairperson	Mr. Moutloatsi Dichaba
Head – Governance, Risk and Compliance	Member	Mrs. Ntefeleng Tsiboho
Manager Ethics and Anti-corruption	Member	Mr. Sehleka Sehleka
Head - Legal	Member	Adv. Rabahlakoana Ntema
Head - Human Capital	Member	Mr. Khopotso Liphoto
Ethics Officer	Secretariat	Ms. Mats'eliso Monts'o

Composition of the Board

Advocate Lindiwe Sephomolo KC (53)

(Association of Lesotho Employers and Business)

Board Chair

Appointed: 6 November 2023

Advocate Lindiwe Sephomolo KC is Chief Executive Officer of the Association of Lesotho Employers and Business (ALEB). She was appointed to the RSL Board in 2015 and served as the Chairperson of the Human Resource and Remuneration Committee (HRRC) and a member of the ICTC. She currently serves as the Chairperson of the Board.

She is an advocate of the Courts of Lesotho, a specialist in labour law, a seasoned negotiator and a policy professional with over 25 years' experience. She is passionate about business development and trade. Her postgraduate studies include courses in labour law, trade and policy, lobbying and advocacy and corporate governance.

Advocate Sephomolo is an active spokesperson for employers at national, regional and international levels.

Mrs Tšireletso Mojela (56)

(Ministry of Trade, Industry & Small Business)

Deputy Chair

Appointed: 6 November 2023

Mrs Mojela was appointed to the RSL Board in 2015 and served on both the FAC and the Human Resource and Remuneration Committee. She is currently serving a second term on the RSL Board.

She has served on numerous other boards, including as Chairperson of the Basotho Enterprises Development Corporation (BEDCO) and Land Administration Authority (LAA).

She has extensive experience in trade and industry development issues and strategic planning, her previous roles include Director of Industry, Chief Industry Development Officer and Deputy Director of the Lesotho Manufacturers Association. She is currently the Deputy Principal Secretary at the Ministry of Trade and Industry. In her position as Business Counsellor at the Business Advisory and Promotion Services Centre, she provided training and advisory services to small businesses.

Throughout her career, Mrs Mojela has demonstrated a commitment to enhancing industry operations, supporting economic development, and fostering international trade relations.

Mrs Libako Leisanyane (57)

(Ministry of Finance and Development Planning)

Member

Appointed: 6 November 2023

Mrs Leisanyane was appointed Deputy Chair of the LRA Board in November 2017. She is also on the Board of the Lesotho Petroleum Fund, and previously served as Chair of the Audit and Risk Committee on the Council of Lerotholi Polytechnic.

Mrs. Leisanyane has extensive experience in economics, statistics and corporate governance. She is currently the Director of the Department of Macroeconomic Policy and Management in the Ministry of Finance.

Mrs Mathabo Mokoko (45)

(Commissioner General of RSL)

Member

Appointed: 1 September 2023

Mrs Mathabo Mokoko is an admitted Advocate of the High Court and Court of Appeal of Lesotho. She graduated with a Bachelor of Laws from the University of Lesotho and was awarded her Masters' of Taxation at the University of Pretoria. Prior to this, she was a practising advocate at a private law firm and taught taxation as a part-time lecturer at the University of Lesotho.

Her previous roles include: Legal Officer, Legal Officer Law Interpretation and Senior Manager, Policy Procedures and Law Interpretation at the then Lesotho Revenue Authority (now RSL).

During the course of her career, Mrs Mokoko worked at the United Nations Head Quarters in New York as the Inter-Regional Advisor on International Tax Matters, as the Head Legal and Board Secretary at the Water and Sewerage Company in Lesotho and as the Manager Legal Affairs at Vodacom Lesotho, and later as Company Secretary.

She joined RSL as Commissioner Operations Support, before being appointed first as Commissioner Client Services, and then as Commissioner General on the 1 September 2023.

Mrs Matumelo Rebecca Ralebakeng (46)

(Central Bank of Lesotho)

Member

Appointed: 6 November 2023

Mrs Ralebakeng is an experienced finance professional and Director of Finance at the Central Bank of Lesotho, where she oversees the Finance Department with functions including ensuring the preparation and auditing of annual financial statements, oversees budget planning and performance, ensures compliance with tax laws, and manages the procurement and payroll functions.

A team player, with excellent analytical and problem-solving skills, Mrs Ralebakeng is actively involved in mentoring young leaders, and aims to drive economic, financial, and social progress through innovative initiatives.

She previously held the position of Head of the Accounting Division, and Senior Accountant at the Central Bank of Lesotho, as well as Senior Financial Analyst at the Financial Intelligence Unit. Additionally, she is the Immediate Past President of the Lesotho Institute of Accountants.

A Chartered Accountant (CA) and an ACCA affiliate, Mrs Ralebakeng is currently completing her MSc in Professional Accountancy from the University of London.



# OUR GOVERNANCE

continued

## Governance Structure continued

### Composition of the Board continued

**Ms Morongoenyane Florinah Nyakane (41)**  
*(Lesotho Institute of Accountants (LIA))*

**Member**  
*Appointed: 6 November 2023*

Ms Nyakane is an experienced finance professional with a background in accounting and external and internal auditing. She has exceptional strategic financial planning, governance, risk management, and control environment and holds a Bachelor of Commerce in Accounting and an ACCA qualification. Ms Nyakane is currently pursuing her Certified Internal Auditor (CIA) certification and is committed to continuous professional development and excellence in the finance sector.

Ms Nyakane has held several key positions during her career, and currently, she is Head of the Division, the Internal Audit Department at the Central Bank of Lesotho. She is actively involved in professional associations, having served as a Council Member and chaired various committees at the Lesotho Institute of Accountants (LIA) and Institute of Internal Auditors Lesotho (IIA). Her involvement in developing the Mohlomi Code, a governance framework for Lesotho, highlights her commitment to ethical standards and best practices in the financial industry.

Ms. Nyakane possesses exceptional leadership and supervisory abilities. With extensive experience in accounting and auditing systems, she has honed her expertise through professional training in accounting, auditing, fraud, ethics, governance, risk management, information technology, and business continuity management.

**Mrs Mamonaheng Koenane (41)**  
*(Lesotho Chamber of Commerce and Industry)*

**Member**  
*Appointed: 6 November 2023*

Mrs Koenane has a background in Computer Science and a wealth of international experience and expertise. She holds a Higher Diploma in Computer Science from Griffith College, Dublin, and a BSc (Hons) in Financial Economics and Computer Science from the University College Cork, Ireland. She worked in the European tech and start-up communities for over 15 years, where she gained valuable experience in Ireland, Denmark, Germany and Portugal. Mrs Koenane is multilingual, proficient in German and Portuguese, and a native speaker of Sesotho and English. Mrs Koenane's commitment to advancing education and technology in Lesotho is evident in the various initiatives she has spearheaded. She founded the Impact School in Lesotho, introducing advanced technology programs such as electronics, coding, robotics, space technology, and the Robot Operating System (ROS), the first-of-its-kind in the country.

She also established Holberton School, Lesotho, a collaboration with Holberton School in Silicon Valley, providing in-demand computer science and software engineering programs to local youth. This initiative has been a game-changer, enabling Basotho youth to access global tech opportunities.

In addition to her expertise, she serves as the Ambassador for Lesotho at Mission ShakthiSAT, a pioneering initiative to construct the world's first lunar satellite built by 108 students from 108 different countries. Mrs Koenane is recognised internationally. She has been a panelist at the UN's Workshop on Space Technology and is an active participant in the Space Generation Advisory Council.

She also serves on the steering committee for the Lesotho Research and Network (LesREN), contributing to the strategic direction of research and education in the country.

Furthermore, she has been invited by the Ministry of Information, Communication, Science, Technology & Innovation to review and validate key national documents: The National Digital Policy and the Digital Transformation Strategy.

**Dr Lerato Lerato (49)**  
*(Private sector)*

**Member**  
*Appointed: 6 November 2023*

Dr Lerato has been involved in governance and advisory roles throughout his career. He has been a member of the Risk and Information Technology Governance Committee at the Central Bank of Lesotho since 2018, served on the 11th Council of the National University of Lesotho from 2009 to 2012, and has served on the university's ICT Steering Committee. His contributions extend to evaluating IT curricula and consulting for ICT directorship appointments.

Dr Lerato holds a PhD in Electronics from the University of Stellenbosch, and an MSc. Eng (Electrical) from the University of Cape Town. He is a Senior Lecturer in Computer Science at the National University of Lesotho, where he teaches courses in VoIP communications, machine learning, and multimedia systems. Prior to his academic career, Dr Lerato was a Speech Scientist and Software Developer at Intellecta Voice and Mobile in Johannesburg, where he designed speech technology components for Interactive Voice Response (IVR) systems.

He was awarded the 2010 African Union-TWAS National Young Scientist Award (Lesotho) and the best academic paper at the Southern Africa Telecommunication Networks and Applications Conference (SATNAC) in 2002.

Dr Lerato is a published author, whose extensive research has significantly advanced the field of electronics and computer science.

## Executive Management

### Mr Rakokoana Makoa (47)

**Commissioner Client Services and Head of Customs**  
*Appointed: 1 January 2024*

Mr Makoa served as RSL's Chief Information Officer for four years, before being appointed as Commissioner Client Services and Head of Customs on 1 January 2024.

With almost two decades of experience in tax and customs revenue administration, Mr Makoa has expertise in IT, modernisation, project management, and strategy development.

He worked as a part-time expert at the IMF from 2017 to 2019 supporting tax reform and modernisation initiatives in Seychelles and Mozambique, and has a wealth of experience in software development and project management.

Mr Makoa holds a Master's degree in Technology Management, an Honours in Management of Technology from the University of Pretoria, South Africa, and a Bachelor's Degree in Computer Science and Physics from the National University of Lesotho.

He is certified in the governance of enterprise IT by the Information Systems Audit and Control Association (ISACA) and currently serves on the Board of the African Customs Policy Network.

**Mr Obed 'Nete (55)**  
**Commissioner Business Enablement**  
*Appointed: 11 November 2019*

Mr 'Nete is a Chartered Accountant (CA(SA)). He holds a Bachelor of Science from the National University of Lesotho, a Masters of Commerce (South African and International Taxation) from the University of Johannesburg, a BCom Honours (Accounting) from Rand Afrikaans University (now University of Johannesburg) and a BCom (Accounting) from the University of Cape Town.

As a requirement for his CA(SA) accreditation, he served the South African Institute of Chartered Accountants, completed his TOPP articles with Standard Bank Group and was seconded to Standard Bank, London, for three months.

Mr. 'Nete was a Tax Manager for STANLIB Ltd and worked for Standard Bank Group in senior finance roles in Lesotho and Standard Bank Africa Head Office in Johannesburg for over eight years. He then joined Standard Bank South Africa, Personal and Business Banking Credit Division as Senior Credit Manager responsible for the Diners Club personal credit portfolio. He was appointed as Head of Finance for Lihobong Mine in August 2016 before joining RSL on 11 November 2019 as Commissioner Business Enablement Division.

**Mrs Ninie Manneheng Mopeli (54)**  
**Commissioner Core Operations**

*Appointed: 1 September 2019*

As Commissioner Core Operations Mrs Mopeli oversees numerous departments in RSL, including Taxpayer Registrations, Declarations Management (Returns and Goods Clearance), Refunds Processing, Debt and Enforcement Management, Compliance Risk Management and Intelligence, Audit and Financial Analysis.

She has held several executive positions during her ten-year tenure at RSL, including Chief Corporate Services Officer, Commissioner Business Enablement, and Commissioner Operations Support.

Prior to joining the Tax Administration, she was Director Finance and Corporate Services at the National AIDS Commission for five years, and Chief Executive for three years. Her extensive career also encompasses roles as Financial Controller and later Internal Auditor at the Road Fund, Management Accounting Manager at the Lesotho Electricity Company and City Treasurer for the Maseru City Council.

Mrs Mopeli is a General Accountant (Lesotho Institute of Accountants), a Certified Director with the Institute of Directors of South Africa (IoDSA), a Chartered Public Relations Practitioner with the Public Relations Institute of Southern Africa (PRISA), and a Certified Mediator with Conflict Dynamics. In addition, she serves on the Lesotho Casino Board.

**Mr Norman Mosuoë Mapetla (58)**  
**Commissioner Operation Support**

*Appointed: 1 October 2019*

Mr Mapetla graduated with a B.Eng (Hons) in Chemical and Bio-Process Engineering from the University of Bath, United Kingdom, and is a Graduate Member of the Institute of Chemical Engineers, United Kingdom. He later completed a Master of Business Administration (MBA) from the University of Cape Town.

He began his career as an Analyst in Research and Development at the Lesotho Pharmaceutical Corporation, before joining the Maluti Mountain Brewery as Sales and Marketing Director, where he moved up the ranks to become Corporate Affairs Director. Mr Mapetla expanded his commercial expertise in various roles at Telecom Lesotho and Econet Telecom Lesotho.

Mr Mapetla held the position of Managing Director at Loti Brick, before joining RSL as Commissioner Client Services in October 2019. He was appointed Commissioner Operations Support in July 2021.



OUR

GOVERNANCE

continued

Governance Structure

continued

Key Board Focus Areas

During FY2023/2024, the Board focused on strategy and business performance; risk and regulatory issues; financial decisions; technology; and finalising the restructure of the organisation to ensure stability and promote employee wellness.

Capitals Impacted	
Business and manpower plans	
The Board approved several key initiatives, including the business and manpower plans for the 2023/2024 financial year intended to implement the <i>Rea Aha</i> 2.0 Strategy, the 2023/2024 business plan budget and the RSL Strategic Plan 2024/25–2026/27.	HC
It also approved the Succession Policy and Guidelines to facilitate succession planning at an executive, management, and strategic level, along with the appointments of a new Commissioner Client Services and new Executive Support and Corporate Secretary.	FC
Data and IT management	IC
	SC
The Board approved the data management policy to guide all aspects of data management, as well as the IT policy, based on the COBIT-19* Governance Framework aimed at ensuring effective enterprise governance of information and technology.	HC
Risk and Assurance	FC
	HC
Additionally, the Board approved the Corporate Risk Register 2024/25 that identified potential risks and proposed mitigation measures and the risk appetite statements defining the amount of risk that RSL was willing to take to realise its objectives. Notably, it flagged cyber security as a significantly high risk given the anticipated impact of digitalisation on strategy.	IC
	SC

Board and Committees’ Meetings

Composition of the 7th RSL Board and Board Committees: 1 April 2023–3 November 2023

Board of Directors  
The Board met nine times during FY 2023/24

Name	Meeting Attendance
Mr Robert Likhang* (Chairman)	100%
Mrs Tsireletso Mojela* (Deputy Chairman)	100%
Mrs Libako Leisanyane*	100%
Mr Lefu Mokaoane*	100%
Adv Lindiwe Sephomolo KC*	100%
Mr Chabeli Ramolise*	100%
Mr Mookameli Fuma*	100%
Mr Norman Mapetla+	100%
Mrs Manneheng Mopeli+	100%
Mr Obed 'Nete+	100%
Mrs Mathabo Mokoko+	100%

\*Full term  
+Part period, in the absence of substantive CG

Information and Communication Technology Committee

The committee met three times during FY 2023/24

Name	Meeting Attendance
Mr Chabeli Ramolise (Chairman)*	100%
Mrs Libako Leisanyane*	66%
Mr Lefu Mokaoane*	66%
Mrs Tsireletso Mojela*	100%
Mr 'Mope Lephoto~	
Mr Lekulana Kolobe~	
Mr Norman Mapetla+	100%
Mrs Mathabo Mokoko+	100%

\*Full term  
~ Invitee, permanent ICT advisor  
+ Part period, as acting CG

Human Resource and Remuneration Committee

The committee met six times during the year

Member	Meeting Attendance
Adv Lindiwe Sephomolo KC (Chairman)*	100%
Mr Chabeli Ramolise*	100%
Mrs Tsireletso Mojela*	100%
Mr Mookameli Fuma*	100%
Mr Norman Mapetla+	100%
Mrs Manneheng Mopeli+	100%
Mrs Mathabo Mokoko+	100%

\*Full term  
+ Part period, as acting CG

Finance and Audit Committee

The committee met five times during the year

Member	Meeting Attendance
Mr Lefu Mokaoane (Chairman)*	100%
Mrs Libako Leisanyane*	100%
Adv Lindiwe Sephomolo KC*	100%
Mr Mookameli Fuma*	100%
Mr Norman Mapetla+	100%
Mrs Manneheng Mopeli+	100%
Mrs Mathabo Mokoko+	100%

\*Full period term  
+Part period, as acting CG

Composition of the 8th RSL Board and Committees: 3 November 2023–31 March 2024

Board of Directors  
The Board met three times during the year

Name	Meeting Attendance
Adv Lindiwe Sephomolo KC (Chairman)	100%
Mrs Tsireletso Mojela (Deputy Chairman)	100%
Mrs Mamonaheng Koenane	100%
Mrs Libako Leisanyane	100%
Dr Lerato Lerato	100%
Mrs Mathabo Mokoko	100%
Ms Morongoenyane Nyakane	100%
Mrs Matumelo Rebecca Ralebakeng	100%

Information and Communication Technology Committee

The committee met once during the year

Name	Meeting Attendance
Dr Lerato Lerato (Chairman)	100%
Mrs Tsireletso Mojela	100%
Mrs Mamonaheng Koenane	100%
Ms Morongoenyane Nyakane	100%
Mrs Mathabo Mokoko	100%

Human Resource and Remuneration Committee

The committee met three times during the year

Name	Meeting Attendance
Mrs Tsireletso Mojela (Chairman)	100%
Mrs Mamonaheng Koenane	100%
Mrs Libako Leisanyane	100%
Mrs Mathabo Mokoko	100%
Mrs Matumelo Rebecca Ralebakeng	100%

Finance and Audit Committee

The committee met two times during the year

Name	Meeting Attendance
Mrs Libako Leisanyane (Chairman)	100%
Dr Lerato Lerato	100%
Mrs Mathabo Mokoko	100%
Ms Morongoenyane Nyakane	100%
Mrs Matumelo Rebecca Ralebakeng	100%

Board Expertise and Experience

Strategy	Human Capital	Risk Management
Corporate Governance	Finance	Technology
Finance	Operations management	Auditing
International trade	Economics	Sustainability
Leadership	Digital and IT	Legal



# 15

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## FINANCIAL STATEMENTS

### Directors' Statement of Responsibility and Approval

The Board of Directors of the Revenue Services Lesotho (RSL) is required to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in the report. It is the Board's responsibility to ensure that the financial statements fairly present the state of affairs of the RSL at the end of the financial year and the results of its operations and cash flows for the year then ended, and in conformity with International Financial Reporting Standards (IFRS) and in the manner required by the Revenue Services Lesotho (RSL) (previously Revenue Services Lesotho Act No. 14 of 2001).

The financial statement statements are prepared in accordance with the IFRS and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Board of Directors acknowledge that it is ultimately responsible for the system of internal controls established by the RSL and places considerable importance on maintaining a strong control environment. To enable to meet these responsibilities, the Board sets standards for internal controls aimed at reducing the risk of error or loss in a cost-effective manner. The standard include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of deputies to an acceptable level of risk. These controls are monitored throughout the RSL and all employees are required to maintain the highest ethical standard in ensuring the RSL's business is in a manner that in all reasonable identifying, assessing, managing and monitoring all known forms of risk across the RSL. While operating risk cannot be fully eliminated, the RSL endeavors to minimise it by ensuring that appropriate infrastructure, control, systems and ethical behaviours are applied and managed within predetermined procedures and constraints.

The Board is of the opinion that the system of internal control provides reasonable assurance that the financial records may be relied on for the presentation of the financial statements. However, any system of internal financial control can only provide reasonable assurance and not absolute assurance against material misstatements or loss.

The Board reviewed the RSL's cash flow forecast for the year to 31 March 2025 and is satisfied that the RSL has access to adequate resources to continue in operational existence for the foreseeable future. This is based on the understanding that the minister of finance will secure adequate funding for the RSL to meet its operational needs. The external Auditors are responsible for independently reviewing and reporting on the RSL's financial statements.

The financial statements set out on pages 37 to 47 which have been prepared on the going concern basis, and were approved by the Board of Directors on the 25th July 2024 and signed on its behalf by:

  
Board Chairperson

  
Commissioner General

## FINANCIAL STATEMENTS



FINANCIAL STATEMENTS

continued

FOR THE YEAR ENDED 31 MARCH 2024

Directors' Report

1. Nature of Business

Revenue Services Lesotho (RSL) is a semi-autonomous statutory body established by an Act of Parliament in terms of the Revenue Services Lesotho (previously Lesotho Revenue Authority Act No: 14 of 2001). RSL is charged with the mandate of a) assessing and collecting tax on behalf of the Government, and b) administering and enforcing the revenue laws, which include the Customs and Excise, Income Tax and Value Added Tax. The RSL therefore collects inland taxes, duties and excise on behalf of the Government of Lesotho and transfers the said to the GOL on a weekly basis.

For financial reporting purposes, the financial statements of the RSL are reported as RSL Own Accounts. The RSL Own Accounts cover those operational revenues, such as funding received from Government, which are managed by RSL and utilised in running the organisation. The amounts in the collection accounts which were not transferred to the GOL accounts as at 31 March 2023 are included as part of cash and cash equivalents and as liability i.e. amounts to be remitted to GOL. The purpose of the distinction is to facilitate, among other things, the assessment of the administrative efficiency of RSL in achieving its mandate.

2. Financial Performance

The recurring expenditure for the year amounted to M497,401,961 (2023 M441,262,025). The RSL incurred capital expenditure of M33,484,627 (2023 M24,001,296) on property, plant and equipment.

Full details of the financial results are set out on pages 42 to 47.

3. Cashflow for the Year

Own Cash and cash equivalents at the end of the financial year were M591,670,139 (2023 M380,981,777).

A detailed statement of cash flows is on page 38.

4. Transfer of Fixed Assets to the Authority by Government

In terms of the Memorandum of Understanding between the Government of Lesotho (Ministry of Finance) and the Revenue Services Lesotho provided for the transfer of all assets (non-movable and movable) free of charge, previously held by the Departments for Customs and Excise, Sales Tax and Income Tax to the Revenue Services Lesotho. These assets have been revalued by Lethola Cost Associate.

5. Corporate Governance Issues

Corporate Governance:

In compliance with good corporate governance principles, the RSL has operated and maintained the following Board Committees: Finance and Audit Committee, Human Resource and Remuneration Committee and Information and Communications Technology Committee.

Social Responsibility:

The RSL is totally committed to putting back into the community it serves. This is done through the implementation of its Corporate Social Responsibility programme.

6. Board and committees

Composition of the 7th RSL Board and Board Committees: 1 April 2023 to 3 November 2023

Board of Directors

Members

Mr Robert Likhang\* (Chariman)  
Mrs Tsireletso Mojela\* (Deputy Chairman)  
Mrs Libako Leisanyane\*  
Mr Lefu Mokaoane\*  
Adv Lindiwe Sephomolo KC\*  
Mr Chabeli Ramolise\*  
Mr Mookameli Fuma\*  
Mr Norman Mapetla+  
Mr Mannebeng Mopeli+  
Mr Obed 'Nete+  
Mrs Mathabo Mokoko+

\*Full term  
+ Part period, in the absence of substantive CG

Information and Communication Technology Committee

Member

Mr Chabeli Ramolise (Chairman)\*  
Mrs Libako Leisanyane\*  
Mr Lefu Mokaoane\*  
Mrs Tsireletso Mojela\*  
Mr 'Mope Lephoto~  
Mr Lekulana Kolobe~  
Mr Norman Mapetla+  
Mrs Mathabo Mokoko+

\* Full term  
~ Invitee, permanent ICT advisor  
+ Part period, as acting CG

Directors' Report

6. Board and committees

Human Resource and Remuneration Committee

Member

Adv Lindiwe Sephomolo KC (Chairman)\*  
Mr Chabeli Ramolise\*  
Mrs Tsireletso Mojela\*  
Mr Mookameli Fuma\*  
Mr Norman Mapetla+  
Mrs Manneheng Mopeli+  
Mrs Mathabo Mokoko+

\* Full term  
+ Part period, as acting CG

Finance and Audit Committee

Member

Mr Lefu Mokaoane\* (Chairman)  
Mrs Libako Leisanyane\*  
Adv Lindiwe Sephomolo KC\*  
Mr Mookameli Fuma\*  
Mrs Manneheng Mopeli+  
Mr Norman Mapetla+  
Mrs Mathabo Mokoko+

\* Full period term  
+ Part period, as meeting CG

Composition of the 8th RSL Board and Committees: 3 November 2023 - 31 March 2024

Board of Directors

Member

Adv Lindiwe Sephomolo KC\* (Chairman)  
Mrs Tsireletso Mojela (Deputy Chairman)  
Mrs Mamonaheng Koenane  
Mrs Libako Leisanyane  
Dr Lerato Lerato  
Mrs Mathabo Mokoko  
Ms Morongoenyane Nyakane  
Mrs Matumelo Rebecca Ralebakeng

Information and Communication Technology Committee

Member

Dr Lerato Lerato (Chairman)  
Mrs Tsireletso Mojela  
Mrs Mamanaheng Koenane  
Ms Morongoenyane Nyakane  
Mrs Mathabo Mokoko

Human Resource and Remuneration Committee

Member

Mrs Tsireletso Mojela (Chairman)  
Mrs Mamonaheng Koenane  
Ms Libako Leisanyane  
Mrs Mathabo Mokoko  
Ms Morongoenyane Nyakane  
Mrs Matumelo Rebecca Ralebaleng

Finance and Audit Committee

Member

Mrs Libako Leisanyane (Chairman)  
Dr Lerato Lerato  
Mrs Mathabo Mokoko  
Ms Morongoenyane Nyakane  
Mrs Matumelo Rebecca Ralebakeng

7. Bankers

The following financial institution was the investment manager of the RSL during the year:

Business address	Postal address
Standard Lesotho Bank	Lesotho Bank Building, Kingsway, Maseru
Nedbank	Head Office 115 – 117 Griffith Hill Kingsway Street P.O. Box 1001 Maseru 100
First National Bank	Pioneer Road Maseru
Lesotho Post Bank	Post Office Building, Kingsway Road, Maseru Lesotho

8. Investment Managers

The following financial institution was the investment manager of the RSL during the year:

Business address

Stanlib Lesotho  
Ground Floor, MCG Office Park

9. Business Postal address of RSL

Ground Floor, Government Complex  
P.O. Box 1085 Maseru 100

10. Auditors

The Auditors of the RSL are:  
New Dawn Chartered Accountants on behalf of the Auditor General of Lesotho Thetsane Office Park 2nd Floor, Thetsane Industrial Area  
P.O. Box 15369, Maseru 100, Lesotho



FINANCIAL STATEMENTS

continued

FOR THE YEAR ENDED 31 MARCH 2024

Audit Report on the Financial Statements of Revenue Services Lesotho

FOR THE YEAR ENDED 31 MARCH 2024

Opinion

New Dawn Chartered Accountants, under Section 24(1) of the Audit Act 2016, have audited the financial statements of Revenue Services Lesotho (RSL) set out on pages 42 to 47, which comprise the statement of financial position as at 31 March 2024, the statement of comprehensive income, the statement of changes in capital and reserves, cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. In my opinion, the other accompanying financial statements present fairly, in all material respects, the financial position of Revenue Services Lesotho as at 31 March 2024, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Revenue Services Lesotho Act, 2001 as amended.

Basis for Opinion

I conducted my audit in accordance with the International Standards on Audit (ISA). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of RSL in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for the Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to my audit of the financial statements in Lesotho, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. There were no key audit matters identified during the course of the audit.

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRS, and for such internal control as management determines 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, management is responsible for assessing the RSL's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis for accounting, unless management either intends to liquidate RSL or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing RSL's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 audit report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA, 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 ISA, I exercise professional judgement and maintain professional skepticism throughout the audit. I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls 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 RSL's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management'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 RSL's ability to continue as a going concern. If I conclude a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the RSL to cease to continue as a going concern.

Audit Report on the Financial Statements of Revenue Services Lesotho

continued

FOR THE YEAR ENDED 31 MARCH 2024

Opinion

continued

Auditor's Responsibilities for the Audit of the Financial Statements

continued

- 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. I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that I identify during my audit. I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, relates safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report, because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



**Mathabo Gail Makenete (MS)**  
Auditor-General  
Date: 30 July 2024





FINANCIAL

STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2024

Statement of Financial Position

AS AT 31 MARCH 2024

		2024	2023
	Notes	March M	March M
Assets			
Tangible Assets			
Property Plant And Equipment	2.1	287,297,792	277,968,756
Intangible Assets			
Software	2.2	—	—
Intangible Assets Under Development	2.2	166,209,107	152,361,307
Right of Use Assets			
Rented Property	2.3	—	881,816
Current Assets			
Accounts Receivable	3	1,686,749	1,486,150
Bank And Cash	4	251,575,713	89,089,098
Collections Bank Account Balances	5	340,094,424	291,892,677
Total Current Assets		593,356,887	382,467,925
Total Assets		1,046,863,785	813,679,803
Capital and Liabilities			
Capital and Reserves			
Accumulated Surplus		322,066,654	56,706,021
Revaluation Gain		—	123,742,492
Total Capital and Reserves		322,066,654	180,448,513
Non-Current Liabilities			
Gol Projects Funding (Grants)	6	163,829,927	155,319,542
Trust Account	7	7,088,675	6,241,028
Provisions For Terminal Benefits	8.1	73,553,103	52,918,177
Ltmp Afdb	9	98,714,377	92,207,195
Ltmp Afdb Supplementary Loan	9	16,599,502	16,599,502
Right Of Use Liability	9	—	881,816
		359,785,583	324,167,259
Current Liabilities			
Provision For Leave Pay	8.2	4,740,108	3,917,084
Collections Account Balances Remitable	5	340,094,424	291,892,677
Accounts Payable And Accruals	11	20,177,019	13,254,271
Total Current Liabilities		365,011,551	309,064,033
Total Capital and Liabilities		1,046,863,785	813,679,804

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2024

		2024	2023
	Notes	March M	March M
Income			
Operating income			
Government funding		597,706,662	422,982,212
Interest received		13,316,758	5,131,198
Tollgate fees Income		4,740,104	3,954,054
Storage Income		319,811	20,414
Commission received		420,535	391,134
Gaming fees		35,000	–
Other Income		762,027	175,443
Amortisation Project Funds	17	1,835,039	1,838,486
Total Operating Income		619,135,896	434,492,940
Expenditure			
Staff related expenses		377,602,627	331,465,130
Administration expenses		100,850,924	96,682,852
Compliance costs		13,850,655	9,040,158
Vehicle running cost		5,097,756	4,073,885
Total expenditure		497,401,962	441,262,025
Surplus/(Deficit) for the period		121,733,934	(6,769,085)

Statement of Changes in Capital and Reserves

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	Accumulated Surplus M
<b>Balance as at 31<sup>st</sup> March 2020</b>		44,102,673
Prior year adjustment		12,322,422
Surplus for the period		28,832,551
<b>Balance as at 31<sup>st</sup> March 2021</b>		85,257,645
Prior year adjustment		9,119,686
Deficit for the period		(36,245,928)
<b>Balance as at 31<sup>st</sup> March 2022</b>		58,131,403
Prior year adjustment	16	5,343,703
Deficit for the period		(6,769,085)
<b>Balance as at 31<sup>st</sup> March 2023</b>		56,706,021
Prior year adjustment	16	19,884,207
Surplus for the period		121,733,934
Revaluation reserve		123,742,492
<b>Balance as at 31<sup>st</sup> March 2024</b>		322,066,654



FINANCIAL STATEMENTS

continued

FOR THE YEAR ENDED 31 MARCH 2024

Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH 2024

	2024	2023
	March M	March M
Notes		
Cash flows from operating activities		
Surplus for the year	121,733,934	(6,769,085)
Adjustments for item not involving cash movement:		
Interest (received)/paid	(13,316,758)	(5,131,198)
Depreciation	5,599,427	10,533,893
(Decrease) /Increase in provisions	21,457,950	(5,368,217)
Prior year adjustments	19,884,207	5,343,703
(Gain)/Loss on fixed asset disposal	(357,309)	(24,364)
Surplus /(deficit) before changes in working capital	155,001,450	(1,415,268)
(Increase)/Decrease in accounts receivable	(200,599)	(239,931)
(Decrease) /Increase in accounts payable	12,548,113	(6,330,564)
(Decrease)/Increase in Collection accounts	48,201,747	(77,421,662)
Net cash inflow from operating activities	215,550,711	(85,407,425)
Cash flows from investing activities		
Interest received	13,316,755	5,131,198
Purchase of property, plant and equipment	28,466,504	(24,001,296)
Movement from PPE to operating sales	520,000	–
Proceeds on disposal of assets	520,000	524,539
Net cash outflow from investing activities	(14,220,381)	(18,345,559)
Cash flows from financing activities		
GOL capital funding	8,510,385	4,930,648
Funds Account	847,647	1,041,605
	9,358,032	5,972,253
Increase/(Decrease) in cash and cash equivalents	210,688,362	(97,780,732)
Cash and cash equivalents at beginning of the year	380,981,777	478,762,508
Cash and cash equivalents at end of the period	591,670,139	380 981 777

Statement of Accounting Policies

FOR THE YEAR ENDED 31 MARCH 2024

1.0 Business Activity

Revenue Services Lesotho (RSL) is a semi-autonomous statutory body established by an Act of Parliament in terms of the Revenue Services Lesotho (previously Lesotho Revenue Authority Act No: 14 of 2001). RSL is charged with the mandate of a) assessing and collecting tax on behalf of the Government, and b) administering and enforcing the revenue laws, which include the Customs and Excise, Income Tax and Value Added Tax. The RSL therefore collects inland taxes, duties and excise on behalf of the Government of Lesotho and transfers the said to the GOL on a weekly basis.

1.1 Accounting Policies

The annual financial statements incorporate the principal accounting policies set out below:

1.2 Basis of Preparation

Statement of compliance

The financial statements are consistent with International Financial Reporting standards (IFRS), as adopted by the International Accounting Standards Board and in compliance with the Revenue Services Lesotho (previously Lesotho Revenue Authority Act No: 14 of 2001).

Basis of measurement

The financial statements have been prepared on the historical cost basis.

Functional and presentation currency

These financial statements are presented in Maloti, which is the authority's functional currency. All financial information presented in Maloti has been rounded to the nearest loti.

Use of estimates and Judgements

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following note:

Note 11 - Plant and equipment (useful lives)

Note 21 - Receivables impairment allowance

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the RSL's next financial statements are included in the notes.

Measurement of fair value

A number of the RSL's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The RSL has established a control framework with respect to the measurement of fair values.

When measuring the fair value of an asset or a liability, the RSL uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1
- quoted prices (unadjusted) in active markets for identified assets or liabilities.
- Level 2
- Inputs other than quoted prices included under Level 1 that are observable for the asset or liability, either directly (i.e. As prices) or indirectly (i.e. Derived from prices).

Level 3

Inputs from assets and liabilities that are not based on observable market data (on-observable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that 1s significant to the entire measurement.

The RSL recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about assumptions made in measuring fair values is included in note 15.5



FINANCIAL STATEMENTS

continued

FOR THE YEAR ENDED 31 MARCH 2024

Statement of Accounting Policies

continued

FOR THE YEAR ENDED 31 MARCH 2024

1.3 Adoption of Standards in Future Financial Periods

(a) Standards amendments and interpretations which are relevant to The RSL's operations

**IFRS 16 - 'Leases'** - effective 1 January 2019 and replaces IAS 17. The new standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance leases.

The new standard could have a material impact on the RSL's financial statements and may be applied with full retrospective effect or under a modified retrospective approach with an adjustment made to the opening balance of retained income. Early adoption is permitted. The RSL has not yet quantified the potential impact of the new standard on The RSL.

**IFRS 15, 'Revenue recognition'** - effective 1 January 2018. IFRS 15 replaces IAS 18 Revenue and provides a single, principles based five-step model to be applied to all contracts with customers. The steps involve identifying the contract, identifying the performance obligations under the contract, determining the transaction price, allocating the transaction price to the performance obligations in the contract, and recognising revenue when the entity satisfies a performance obligation.

The new standard could have a material impact on the RSL's financial statements and may be applied with full retrospective effect or under a modified retrospective approach with an adjustment made to the opening balance of retained income. Early adoption is permitted.

**IFRS 13, 'Fair value measurement'** - aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.

**IFRS 9, 'Financial Instruments'** - effective 1 January 2018 replacing IAS 39. The standard requires financial assets to be measured either at amortised cost or fair value depending on the business model under which they are held and the cash flow characteristics of the instrument.

The standard contains new hedge accounting requirements aimed at better aligning the accounting treatment with the risk management strategy. In addition, the standard replaces the incurred loss impairment model in IAS 39 with an expected loss model. It will no longer be necessary for a credit event to have occurred before credit losses are recognised.

The new standard could have a material impact on the RSL's financial statements. The RSL has not yet quantified the potential impact of the new standard on The RSL. Management is currently assessing the impact of the application of these new standards, amendments and interpretations on The RSL's financial statements in the period of initial application. At this time, the adoption of these standards and interpretations is only expected to have an impact on the classification and disclosure of items in the RSL's financial statements.

**Amendments to IFRS 7, 'Financial instruments: Disclosures'**- on derecognition this amendment will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets.

(b) Standards, amendments and interpretations which are not relevant to The RSL's operations

**IFRS 11- 'Joint arrangements'** - is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

**IAS 27 (revised 2011), 'Separate financial statements'** - IAS 27 (revised 2011) includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.

Statement of Accounting Policies

continued

FOR THE YEAR ENDED 31 MARCH 2024

1.3 Adoption of Standards in Future Financial Periods

(c) New standards, amendments and interpretations which are not relevant to the Authority's operations

continued

**IAS 19, 'Employee benefits'** - was amended in June 2011. The impact on the RSL will be as follows: to eliminate the corridor approach and recognise all actuarial gains and losses in OCI as they occur; to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset).

**Amendment to IFRS 1, 'First time adoption'** - on fixed dates and hyperinflation - These amendments include two changes to IFRS 1, 'First-time adoption of IFRS'. The first replaces references to a fixed date of 1 January 2004 with 'the date of transition to IFRSs', thus eliminating the need for entities adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation.

**Amendment to IAS 12, 'Income taxes'** - on deferred tax- IAS 12, 'Income taxes', currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40, 'Investment property'. This amendment therefore introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, 'Income taxes - recovery of revalued non-depreciable assets', will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn

**Amendment to IAS 1, 'Financial statement presentation'** - regarding other comprehensive income - The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

1.4 Property, Plant and Equipment

Owned assets recognition and measurement

Items of property, plant and equipment are stated at cost, or deemed cost, less accumulated depreciation and impairment losses. Where parts of an item of furniture and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the Authority.

Depreciation

Depreciation is charged to comprehensive income on the straight-line basis over the estimated useful lives of each part of the relevant asset.



FINANCIAL STATEMENTS

continued

FOR THE YEAR ENDED 31 MARCH 2024

Statement of Accounting Policies

continued

FOR THE YEAR ENDED 31 MARCH 2024

1.4 Property, Plant and Equipment

continued

Rate of depreciating assets

The rates that assets are depreciated at on a monthly basis are as follows:-

Category	Useful Life (in years)
Tangible Assets	
Motor vehicles	5
Furniture & fittings	10
Office equipment	3 to 7
Specialised Equipment	5
Security Measures	5 to 10
Bins and Containers	5
Emergency Equipments	5 to 20
Buildings	50

The residual value, if not insignificant, is re-assessed annually on tangible assets.

Category	Useful Life (in years)
Intangible Assets	
Software(PRSM/ETPM and ASYCUDA)	5

The residual value, if not insignificant, is re-assessed annually.

The carrying amount of the RSL's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated. The recoverable amount is the higher of its net selling price and its value in use.

In assessing value in use, the expected future cash flows from the asset 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. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

1.5 Financial Instruments

Non-derivative financial assets

The RSL initially recognises loans and receivable deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the RSL becomes a party to the contractual provisions of the instrument.

The RSL derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in transferred financial assets that is created or retained by the RSL is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the RSL has a legal right to offset the amounts and intends either to settle on a net basis or to realise the assets and settle the liability simultaneously. The RSL has the following non-derivative financial assets:

Trade and other receivables

Trade and other receivables are financial assets with fixed determinable payments that are not quoted on an active market. Such assets are recognised initially at fair value plus any directly attributed transactions costs. Subsequent to initial recognition trade and other receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the RSL's cash management are included as part of cash and cash equivalents for the purposes of the statement of cash flows.

Non-derivative financial liabilities

Non-derivative financial liabilities are recognised initially on the trade date at which the RSL becomes a party to the contractual provisions of the instrument.

The RSL derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The RSL has the following non-derivative financial liabilities: loans and borrowings, and trade and other payables, accruals and collection accounts at their nominal value.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

Statement of Accounting Policies

continued

FOR THE YEAR ENDED 31 MARCH 2024

1.5 Financial Instruments

continued

Impairment

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be reliably measured.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount owing to the Authority on terms that the RSL would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security.

The RSL considers evidence of impairment for receivables at both a specific and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics. In assessing collective impairment, the RSL uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected as an allowance account against receivables. Interest on impaired assets continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of the impairment to decrease, the decrease in impairment loss is reversed through profit or loss.

1.6 Income

Income comprises the fair value of the consideration received or receivable for services in the ordinary course of the RSL's activities.

The RSL recognises income when the amount of income can be reliably measured, it is probable that future economic benefits will flow to the RSL and specific criteria have been met for each of the RSL's activities as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the transaction have been resolved. The RSL bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Income comprises of funds received from the Government of Lesotho, interest on investments, storage income, grants and commission received during the period. Income is accounted for using the accrual basis of accounting and taking into the terms of relevant agreements. The GoL funded some of the projects which the RSL needed to implement in the current financial year whereas some needed donor assistance.

1.7 Provisions

Provisions are recognised when the RSL has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amount of the obligation. Where the effect of discounting is material, provisions are discounted.

1.8 Finance Income and Finance Costs

Interest income is recognised as it accrues in profit or loss, using the effective interest rate method. Finance costs comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.



FINANCIAL STATEMENTS

continued

FOR THE YEAR ENDED 31 MARCH 2024

Statement of Accounting Policies

continued

FOR THE YEAR ENDED 31 MARCH 2024

1.9 Employee Benefits

Short term employee benefits

The costs of all short term employee benefits is recognised during the year in which the employee renders related service. The provision for employee entitlements to wages, salaries, and annual sick leave represents the amount which the organisation has a present obligation to pay as a result of employees' services provided to the balance sheet date. The provisions have been calculated at undiscounted amounts based on wage and salary rates.

Long term employee benefits

The RSL is bound to two long term benefits:

- ▶ The severance pay entitlement provided by Section 79 of the Labour Code 1992.
- ▶ The gratuity granted to contract staff on completion of their contracts.

The respective provisions for the above employees entitlements have been accounted for progressively under non-current liabilities at undiscounted amounts. Gratuity payable within 12 months has been accounted for under current liabilities.

1.10 Foreign Currency

Foreign currency translation

Transactions in foreign currencies are translated to the functional currency at exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currency at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency differences arising on translation are recognised in profit or loss.

1.11 Border Post Refurbishment

These are funds that the Government of Lesotho has set aside for the refurbishment of other Border Posts. The money has been deposited into the RSL's accounts as it is the one which is leading the refurbishment project. The refurbishment costs have been capitalised as work in progress in the assets, and the funds received are treated as capital injection.

1.12 Government Grant/Assistance

Government Grants/Assistance are recognised when there is reasonable assurance that the entity will comply with the attached conditions, these grants are amortised over the useful live of the respective assets. Property, plant and equipment acquired from the proceeds of grants are depreciated in accordance with the RSL's property, plant and equipment accounting policy. Grants utilised to acquire property; plant and equipment are initially recognised as deferred grant and subsequently recognised in the statement of comprehensive income on a systematic and rational basis over the useful lives of the assets. Grants received to defray operating expenditure are recognised in the statement of comprehensive income when the expenditure has been incurred.

1.13 Financial Risk Management

The Board Members have overall responsibility for the establishment and oversight of the RSL's risk management framework. The Authority's risk management policies are established to identify and analyse the risks faced by the RSL, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the RSL's activities. The RSL, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Board Members oversee how management monitors compliance with The RSL's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the RSL.

Statement of Accounting Policies

continued

FOR THE YEAR ENDED 31 MARCH 2024

1.13 Financial Risk Management

continued

The RSL has exposure to the following risks from its use of financial instruments:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. RSL is exposed to credit-related losses in the event of non-performance by counterparties to financial instruments as follows: Cash and cash equivalents - all deposits and cash balances are placed with reputable financial institutions. Staff debts are recovered in terms of the applicable policy and procedures directly from the employee's salary The RSL does not have significant credit risk exposure.

Liquidity risk

Liquidity risk is the risk that the RSL will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The RSL manages its liquidity to ensure it is able to meet expenditure requirements. This is achieved through prudent liquidity risk management which includes maintaining sufficient cash resources. Since the RSL is funded through Government subvention, it does not regard the liquidity risk to be high,

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the RSL's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates The RSL may utilise foreign currencies in its operations and consequently may be exposed to exchange rate fluctuations that have an impact on cash flows and financing activities However, at year-end there were no significant foreign currency exposures.

Interest rate risk

Financial Instruments that are sensitive to interest rate risk are bank balances and cash. A 1% increase in interest rates would result in an additional surplus for the year while a decrease in interest rates by a similar margin would result in an equal opposite effect.

1.14 Leases

Determining whether an arrangement contains a lease

At inception of an arrangement, the RSL determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Authority the right to control the use of the underlying asset. At inception or upon re-assessment of the arrangement, the RSL separates payments and other considerations required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the RSL concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the RSL's incremental borrowing rate.

Leased assets

Leases of property, plant and equipment that transfer to the RSL substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset. Assets held under other leases are classified as operating leases and are not recognised in the Authority's statement of financial position.

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance element is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.



FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 MARCH 2024

Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2024

2. Property, Plant and Equipment

2.1 Tangible Assets

	2024			2023		
	Cost M	Accumulated Depreciation M	Carrying Amount M	Cost M	Accumulated Depreciation M	Carrying Amount M
<b>Owned Assets</b>						
Land	184,238,882	–	184,238,882	184,238,882	–	184,238,882
Motor Vehicles	16,174,016	(9,024,100)	7,149,916	9,822,998	(9,030,481)	792,517
Furniture and Fittings	14,731,420	(13,530,619)	1,200,801	14,356,863	(13,128,706)	1,228,157
Office Equipment	65,796,917	(61,296,489)	4,500,427	65,185,951	(59,950,241)	5,235,709
Specialised Equipment	38,628,124	(34,744,997)	3,883,127	38,628,124	(34,735,968)	3,892,156
Security Measures	1,533,004	(1,435,181)	97,824	1,533,004	(1,413,443)	119,562
Buildings	146,004,027	(75,734,969)	70,269,058	145,178,814	(73,479,911)	71,698,903
Bins and Containers	544,779	(544,779)	–	544,779	(544,779)	–
Emergency equipment	6,820,772	(6,026,544)	794,228	6,590,330	(5,758,987)	831,343
<b>Managed Assets</b>						
Work -In- Progress-						
Border Refurbishment	4,923,749	–	4,923,749	4,923,749	–	4,923,749
LRA Housing	160,883	–	160,883	157,237	–	157,237
Assets Work in Progress	1,705,788	–	1,705,788	1,705,788	–	1,705,788
Border Refurbishment - Asset Clearing	2,874,053	–	2,874,053	2,874,053	–	2,874,053
Security Measures - Asset Clearing	1,889,271	–	1,889,271	270,701	–	270,701
Office Equipment - Asset Clearing	577,060	–	577,060			
Motor Vehicle Asset Clearing	(50,000)	–	(50,000)			
Office Furniture - Asset Clearing	54,218	–	54,218			
Buildings - Asset Clearing	–	–	–			
	486,552,745	(202,337,678)	284,215,067	476,011,273	(198,042,516)	277,968,757



Notes to the Financial Statements *continued*

FOR THE YEAR ENDED 31 MARCH 2024

2. Property, Plant and Equipment *continued*

The carrying amounts of property, plant, and equipment can be reconciled as follows:

2.1 Tangible Assets *continued*

	2024					
	Carrying Amount at 04/01/2023 M	Additions during the year M	Disposal/ reclassification during the year M	Depreciation for the year M	Revaluation of assets M	Carrying amount at 31/03/2024 M
<b>Owned Assets</b>						
Land	184,199,478	–	–	–	39,404	184,278,286
Motor Vehicles	792,517	6,768,123	–	410,723	–	7,149,916
Furniture and Fittings	1,228,157	374,557	–	401,913	–	1,200,801
Office Equipment	5,235,709	610,966	–	1,346,248	–	4,500,427
Specialised Equipment	3,892,156	–	–	9,029	–	3,883,127
Security Measures	119,562	–	–	21,738	–	97,824
Buildings	71,698,903	825,213	–	2,255,058	–	70,269,058
Bins and Containers	–	–	–	–	–	(1)
Emergency equipment	831,343	241,500	(5,713)	272,901	–	794,228
Border Refurbishment - Asset Clearing	2,874,053	3,028,506	–	–	–	5,902,559
Security Measures - Asset Clearing	270,701	1,618,569	–	–	–	1,889,271
Office Equipment - Asset Clearing	–	577,060	–	–	–	577,060
Motor Vehicle Asset Clearing	–	5,014,468	(5,064,468)	–	–	(50,000)
Office Furniture - Asset Clearing	–	54,218	–	–	–	54,218
Buildings - Asset Clearing	–	–	–	–	1	1
<b>Managed Assets</b>						
Work -In- Progress:						
Border Refurbishment	4,923,749	–	–	–	–	4,923,749
IRMS(EDRMS&Data Cleansing)	–	–	–	–	–	–
DCS Customs	–	–	–	–	–	–
LRA Housing	157,237	3,646	–	–	–	160,883
Assets Work in Progress	1,705,788	–	–	–	–	1,705,788
	277,968,756	19,116,827	5,070,181	4,717,611	39,405	287,337,197



FINANCIAL STATEMENTS*continued*

FOR THE YEAR ENDED 31 MARCH 2024

Notes to the Financial Statements*continued*

FOR THE YEAR ENDED 31 MARCH 2024

2. Property, Plant and Equipment*continued*

The carrying amounts of property, plant, and equipment can be reconciled as follows

2.1 Tangible Assets*continued*

	2023					
	Carrying Amount at 04/01/2022 M	Additions during the year M	Disposal/ reclassification during the year M	Depreciation for the year M	Movement between asset types M	Carrying Amount at 31/03/2023 M
<b>Owned Assets</b>						
Land	60,496,390	3,919,800	(3,900,196)	–	123,722,888	184,258,882
Motor vehicle	1,611,929	–	(480,573)	338,839	–	792,517
Furniture and fittings	1,703,935	–	–	476,778	–	1,228,157
Office Equipment	4,392,676	3,602,737	–	2,709,704	–	5,235,709
Specialised Equipment	3,858,298	45,144	–	11,284	–	3,892,156
Specialised Equipment	350,329	–	–	230,767	–	119,562
Security Measures	73,431,934	857,944	–	2,590,975	–	71,698,903
Buildings	–	–	–	–	–	(1)
Bins and containers	872,972	320,747	–	362,376	–	831 343
Border refurbishment	1,394,636	1,479,417	–	–	–	2,874,053
(IRMS) EDRSM & Data Cleansing	(11,058)	3,968,628	3,979,685	–	–	–
DSC Customs	270,701	–	–	–	–	270,701
LRA Housing	3,068,586	–	(3,068,586)	–	–	(0)
Tax modernisation at cost SL	(629,249)	–	629,249	–	–	–
Motor vehicle asset clearing	–	(3,900,196)	3,900,196	–	–	–
<b>Managed Assets</b>						
<b>Work-in-progress Border</b>						
Refurbishment	4,923,749	–	–	–	–	4,923,749
(IRMS) EDRSM & Data Cleansing	–	–	–	–	–	–
DCS Customs	–	–	–	–	–	–
LRA Housing	157,257	–	–	–	–	157,237
Assets work-in-progress	2,772,769	473,365	(1,540,348)	–	–	1,705,788
	158,665,854	2,830,333	(480,573)	6,769,726	123,722,888	277,968,756

Notes to the Financial Statements*continued*

FOR THE YEAR ENDED 31 MARCH 2024

2. Property, Plant and Equipment*continued*

2.2 Intangible Assets

	2024			2023		
	Cost M	Accumulated Depreciation M	Carrying Amount M	Cost M	Accumulated Depreciation M	Carrying Amount M
<b>2.2.1 Software</b>						
<b>Owned Assets</b>						
Software(ETPM)	83,419,305	83,419,306	(1)	83,419,305	83,419,306	(1)
Software (EDRMS)	2,595,481	2,595,481	–	2,595,481	2,595,481	–
Software(ASYCUDA)	21,956,087	21,956,087	–	21,956,087	21,956,087	–
Software Clearing	–	–	–	–	–	–
	107,970,874	107,970,874	–	107,970,874	(107,970,874)	–

The carrying amounts of Intangible assets can be reconciled as follows:

	2024					
	Carrying Amount at 04/01/2023	Additions during the year	Disposal/ reclassification during the year	Depreciation for the year	Movement between Asset types	Carrying Amount at 31/03/2024
<b>Owned Assets</b>						
Software						
Software (EDRMS)	–	–	–	–	–	–
Software(ASYCUDA)	–	–	–	–	–	–
Software Clearing	–	–	–	–	–	–
	–	–	–	–	–	–

The carrying amounts of Intangible assets can be reconciled as follows:

	2023					
	Carrying Amount at 04/01/2020	Additions during the year	Disposal/ reclassification during the year	Depreciation for the year	Movement between Asset types	Carrying Amount at 31/03/2021
<b>Owned Assets</b>						
Software						
Software (EDRMS)	–	–	–	–	–	–
Software(ASYCUDA)	–	–	–	–	–	–
Software Clearing	–	–	–	–	–	–
	–	–	–	–	–	–



FINANCIAL STATEMENTS*continued*

FOR THE YEAR ENDED 31 MARCH 2024

Notes to the Financial Statements*continued*

FOR THE YEAR ENDED 31 MARCH 2024

2. Property, Plant and Equipment*continued*

2.2 Intangible Assets*continued*

	2024			2023		
	Cost M	Accumulated Depreciation M	Carrying Amount M	Cost M	Accumulated Depreciation M	Carrying Amount M
<b>2.2.2 Development Costs</b>						
<b>Owned Assets</b>						
Tax Modernisation Project	98,907,221	–	98,907,221	92,400,039	–	92,400,039
LTMP CounterPart	25,646,255	–	25,646,255	18,305,637	–	18,305,637
Oracle Upgrade	25,056,129	–	25,056,129	25,056,129	–	25,056,129
Tax Modernisation at cost SL	16,599,502	–	16,599,502	16,599,502	–	16,599,502
<b>Total</b>	<b>166,209,107</b>	<b>–</b>	<b>166,209,107</b>	<b>152,361,307</b>	<b>–</b>	<b>152,361,307</b>

The carrying amounts of Development costs can be reconciled as follows:

	2024					
	Carrying Amount at 04/01/2023 M	Additions during the year M	Disposal/ reclassification during the year M	Depreciation for the year M	Movement between Asset types M	Carrying Amount 31/03/2024 M
<b>Owned Assets</b>						
Tax Modernisation Project	92,400,039	6,507,182	–	–	–	98,907,221
LTMP CounterPart	18,305,637	7,340,618	–	–	–	25,646,255
Oracle Upgrade	25,056,129	520,000	520,000	–	–	25,056,129
Tax Modernisation at cost SL	16,599,502	–	–	–	–	16,599,502
<b>Total</b>	<b>152,361,307</b>	<b>14,367,800</b>	<b>520,000</b>	<b>–</b>	<b>–</b>	<b>166,209,107</b>

The carrying amount of Intangible assets can be reconciled as follows:

	2023					
	Carrying Amount at 01/04/2022 M	Additions during the year M	Disposal/ reclassification during the year M	Depreciation for the year M	Movement between Asset types M	Carrying Amount 31/03/2023 M
<b>Owned Assets</b>						
Tax Modernisation Project	80,027,690	12,372,349	–	–	–	92,400,039
LTMP CounterPart	13,054,800	5,250,836	–	–	–	18,305,637
Oracle Upgrade	24,411,329	644,800	–	–	–	25,056,129
Tax Modernisation at cost SL	13,696,525	2,902,977	–	–	–	16,599,502
<b>Total</b>	<b>131,190,344</b>	<b>21,170,963</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>152,361,307</b>

Notes to the Financial Statements*continued*

FOR THE YEAR ENDED 31 MARCH 2024

2. Property, Plant and Equipment*continued*

2.3 Right-of-use Assets (Rental)

The carrying amount of Right-of-Use assets can be reconciled as follows:

	2024					
	Carrying Amount at 2023/01/04	Additions during the year	Disposal/ reclassification during the year	Depreciation for the year	Movement between Asset types	Carrying Amount at 31/03/2024
<b>Rented Assets</b>						
	881,816	–	–	881,816	–	–
<b>Total</b>	<b>881,816</b>	<b>–</b>	<b>–</b>	<b>881,816</b>	<b>–</b>	<b>–</b>

The carrying amounts of Right of Use assets can be reconciled as follows:

	2023					
	Carrying Amount at 2022/01/04	Additions during the year	Disposal/ reclassification during the year	Depreciation for the year	Movement between Asset types	Carrying Amount at 31/03/2023
<b>Rented Assets</b>						
	4,645,983	–	–	3,764,167	–	881,816
<b>Total</b>	<b>4,645,983</b>	<b>–</b>	<b>–</b>	<b>3,764,167</b>	<b>–</b>	<b>881,816</b>





FINANCIAL STATEMENTS*continued*

FOR THE YEAR ENDED 31 MARCH 2024

Notes to the Financial Statements*continued*

FOR THE YEAR ENDED 31 MARCH 2024

3. Accounts Receivable

	2024	2023
	March M	March M
Deposit	282,611	282,611
Prepayments	848,214	820,198
Accrued income	425,696	350,001
Accounts receivable	124,128	27,239
Other debtors	6,100	6,100
	1,686,749	1,486,150

4. Bank and Cash

LRA Operating account	690,554	156,061
88 day deposit account - Nedbank	31,672,756	800,518
Other short term deposits	67,896,834	38,958,268
LRA Call account	9,561,320	5,824,763
Money Market	134,612,591	36,878,280
Border refurbishment project account	(233)	–
Tax Modernazation Project	–	130
Tax Modernazation Counter Part	95,345	93,928
LTMP Counter Current	31,336	60,304
Cash on hand	32,064	77,683
Mascon development Fund	6,983,144	6,239,164
	251,575,713	89,089,098

5. Collection Accounts

LRA refund account	10,053,279	(5,849,733)
VAT call account	178,170	86,832
VAT current account	833,722	632,176
Income Tax call account	408,804	77,837
Income Tax current account	2,00,311	13,276,688
Income Tax refund account	3,179,855	930,305
Toll Fees Current account	6,747,513	5,374,173
Mpesa account	358,694	235,196
	23,763,346	14,763,473
Alcohol and tobacco levy	37,495	343,135
Gaming	3,144,797	
<b>SACU Accounts</b>		
Current account	4,471,314	59,068,071
Customs call account	264,677,472	217,717,998
	313,148,786	276,786,069
<b>Net Balance</b>	<b>340,094,424</b>	<b>291,892,677</b>

The above accounts represent monies collected on behalf of GOL and SACU and their transferred to the respective institutions.

Notes to the Financial Statements*continued*

FOR THE YEAR ENDED 31 MARCH 2024

6. GOL Capital Injection and Projects Funding

The Memorandum of Understanding between the Government of Lesotho (Ministry of Finance) and the Revenue Services Lesotho provided for the transfer of all assets (non-movable and movable) free of charge , previously held by the Departments for Customs and Excise, Sales Tax and Income Tax to the Lesotho Revenue Authority. These assets have been revalued by Lethola Cost Associate. GOL is currently funding the LTMP (Lesotho Taxpayer Modernisation Project) which will form part of Government grants upon completion of the project. The grants are armotised on a monthly basis per the lifespan of the capitalized asset categories.

Reconciliations of GOL - 2024

	2024				
	Opening Balance M	Additions M	Reversal of Funds during the year M	Armotization Charge during the year M	Closing Balance M
GOL Project Funding	155,319,542	10,345,424	–	(1,835,039)	163,829,927
	155,319,542	10,345,424	–	(1,835,039)	163,829,927

Reconciliations of GOL - 2023

	2023				
	Opening Balance M	Additions M	Reversal of Funds during the year M	Armotiza-tion Charge during the year M	Closing Balance M
GOL Project funding	150,388,894	6,769,133	–	(1,838,486)	155,319,542
	150,388,894	6,769,133	–	(1,838,486)	155,319,542

7. Trust Account (Rental Income Mascon)

This is rental income received from the Maseru Station and Container Terminal site(MASCON). Ministry of Works and LRA agreed to charge one of the occupants of the site rent. The rent is put in a trust account which will be used to develop that site

Reconciliations of Trust Account - 2024

	2024			
	Opening Balance M	Additions M	Usage during the year M	Closing Balance M
Mascon Trust Account	6,241,028	847,647	–	7,088,675
	6,241,028	847,647	–	7,088,675

Reconciliations of Trust Account- 2023

	2023			
	Opening Balance M	Additions M	Usage during the year M	Closing Balance M
Trust Account	5,199,423	1,041,605	–	6,241,028
	5,199,423	1,041,605	–	6,241,028



FINANCIAL STATEMENTS*continued*

FOR THE YEAR ENDED 31 MARCH 2024

Notes to the Financial Statements*continued*

FOR THE YEAR ENDED 31 MARCH 2024

8. Reconciliations of Provision - 2024

		2024				
		Opening Balance M	Additions M	Utilised during the year M	Reversal during the year M	Closing Balance M
8.1	<b>Gratuity</b>	14,987,962	31,374,535		24,962,747	24,962,747
	Severance pay	37,930,215	8,015,535		48,590,356	48,590,356
	<b>Total</b>	52,918,177	39,389,890	–	73,553,103	48,590,356
8.2	<b>Leave</b>	3,917,084	19,304,753		18,481,729	9,274,557
	<b>Total</b>	3,917,084	19,304,753	–	18,481,729	9,274,557
	<b>Reconciliations of Provision - 2023</b>					
	Gratuity	24,149,988	31,374,535	–	40,536,562	14,987,962
	Severance pay	34,294,878	8,015,355	–	4,380,017	37,930,215
	<b>Total</b>	58,444,866	39,389,890	–	44,916,579	52,918,177
	Leave	3,758,612	15,181,154	–	15,022,683	3,917,084
	<b>Total</b>	3,758,612	15,181,154	–	15,022,683	3,917,084

Notes to the Financial Statements*continued*

FOR THE YEAR ENDED 31 MARCH 2024

9. Long term Liability

	2024	2023
	March M	March M
LTMP AfDB	98,714,377	92,207,195
Right of Use Liability	–	881,816
LTMP AfDB Supplementary Loan	16,599,502	16,599,502
	115,313,879	109,688,513

10. Accounts Payable and Accruals

Creditors	1,231,071	1,057,636
Accruals	17,443,446	12,132,821
Other creditors	1,502,502	63,814
	20,177,019	13,254,271
<b>Total</b>	135,490,898	122,942,785

11. Contingent Liabilities

A number of companies and individuals have sued the Revenue Services Lesotho over the last several years for various matters. Management has made an assessment of the possible liability as a result of these pending cases. The total exposure has been estimated at M 50.3 million at 31st March 2024.

12. (Deficit)/Surplus for the Year

	2024	2023
	March M	March M
Surplus/(Deficit) for the year is stated after charging the following:		
Depreciation	4,717,611	6,769,726
Board fees and expenses	3,674,426	2,537,407
	8,392,037	9,307,134

13. Material-related Party Transactions

Government of Lesotho

	2024	2023
	March M	March M
Government Funding	597,706,622	422,982,212
Board fees and expenses	3,674,426	2,537,407
	601,381,048	425,519,620



FINANCIAL STATEMENTS

continued

FOR THE YEAR ENDED 31 MARCH 2024

Notes to the Financial Statements

continued

FOR THE YEAR ENDED 31 MARCH 2024

14. Financial Instruments

Exposure to currency, interest rate and credit risk arises in the normal course of the Authority's business.

14.1 Currency Risk

At the balance sheet date there were no balances that were exposed to exchange rate fluctuations.

14.2 Interest Rate Risk

The Authority does not limit its risk in respect of interest rate changes. Accordingly, interest rate fluctuations will directly impact on the Authority's results. At the balance sheet date, however, there were no significant balances that were exposed to interest rate fluctuations.

14.3 Credit Risk

No collateral is required in respect of financial assets. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the balance sheet date there were no concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

14.4 Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of any netting agreements:

	31 March 2024			
	Carrying Amount M	Contractual cash flow M	Within 1 year M	Between 2 and 5 years M
Financial Liabilities				
Borrowings	–	–	–	–
Trade and other payables	482, 673,996	482,673,996	482,673,996	–
	482, 673,996	482, 673,996	482, 673,996	–

	31 March 2023			
	Carrying Amount M	Contractual cash flow M	Within 1 year M	Between 2 and 5 years M
Financial Liabilities				
Borrowings	–	–	–	–
Trade and other payables	420,194,674	420,194,674	420,194,674	–
	499,141,128	499,141,128	499,141,128	4,645,983

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at a significantly different amount.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2024	2023
	M	M
Loan and receivables	1,686,749	1,486,150
Cash and cash equivalents	591,670,139	380,981,777
	593,356,888	574,997,952

Notes to the Financial Statements

continued

FOR THE YEAR ENDED 31 MARCH 2024

14. Financial Instruments

continued

14.5 Fair Values

The fair values of all financial instruments are substantially identical to the carrying amounts reflected in the balance sheet.

The fair value of financial assets and financial liabilities together with the carrying amounts shown in the statement of financial position are as follows:

	31 March 2024			
	Carrying Amount M	Contractual cash flow M	Within 1 year M	Between 2 and 5 years M
Financial Liabilities				
Borrowings	–	–	–	–
Trade and other payables	482, 673,996	482,673,996	482,673,996	–
	482, 673,996	482, 673,996	482, 673,996	–

	31 March 2024			
	Loans and recievables M	Other financial Assets M	Total carrying amount M	Fair value M
Financial Liabilities				
Trade and other receivables	1,686,749	–	1,686,749	1,686,749
Cash and cash equivalents	591,670,139	–	591,670,139	591,670,139
	593,356,888	–	593,356,888	593,356,888

15. Prior Year Adjustments

M19,884,207

Being clearing of long outstanding accruals which had been paid through expense accounts in the previous years and clearing of over stated provision for leave.

16. Grants Amortised

RSL capitalized the projects that were government funded namely ETPM, ASYCUDA, EDRMS and Border Refurbishment (Caledonspoort Border)which were under work in progress before they were capitalized, and the monies received is being amortised over the useful lives of the assets, below relates to current year charge

Category	M
Amortization charge monthly(April '23-Mar'24)	1,835,039
Total	1,835,039





# ABBREVIATIONS

## ABBREVIATIONS

ADKAR	Awareness, Desire, Knowledge, Ability & Reinforcement
A&TPL	Alcohol and Tobacco Products Levy Act
ASYCUDA	Automated Systems for Customs Data
BEPS	Base Erosion and Profit Shifting
CBL	Central Bank of Lesotho
CG	Commissioner General
CIT	Company Income Tax
CSI	Corporate Social Investment
e-Tax	e-Taxation
EXCO	Executive Committee
FBT	Fringe Benefit Tax
FC	Financial Capital
GDP	Gross Domestic Product
GUBA	Good, Ugly, Bad and Awesome
HC	Human Capital
IC	Innovation Capital
IGR	Intergovernmental Relations
IT	Information Technology
LAA	Land Administration Authority
LCCI	Lesotho Chamber of Commerce and Industry
LERASU	Lesotho Revenue Authority Staff Union
LNSW	Lesotho National Single Window
LRA	Lesotho Revenue Authority
MNO	Mobile Network Operator
MOU	Memorandum of Understanding
NPS	Net Promoter Score
NTR	Non-Tax Revenue
NUL	National University of Lesotho
OBFC	One Stop Business Facility Centre
OFP	Oracle Fusion Project
OSAS	Organisational Structure Alignment to Strategy
PAYE	Pay-As-You-Earn
PSRM	Public Sector Revenue Management
RIIT	Resident Individual Income Tax
RSL	Revenue Services Lesotho
SACU	Southern African Customs Union
SADC	Southern African Development Community
SAIRAG	Southern African Inter-Revenue Administrations Games
SC	Social Capital
SLA	Service Level Agreement
SPC	Spiritual Capital
TADAT	Tax Administration Diagnostic Assessment Tool
VAT	Value Added Tax
WCO	World Customs Organization
WHT	Withholding Tax
WIG	Widely Important Goal (from 4DX - "The 4 disciples of Execution: Achieving Your Widely Important Goals")