



Revenue Services  
Lesotho



## NAVIGATION ICONS

### Our capitals

- Financial capital
- Human capital
- Social and relationship capital
- Intellectual capital
- Natural capital
- Manufactured capital

RSL's prioritised SDGs include:



Reading references are used throughout this report.

For more information, see pages 01 and 02

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## ABOUT THIS REPORT

Our 2024/25 Integrated Annual Report describes how the Revenue Services Lesotho (RSL) created value for our stakeholders and clients during the year. It further outlines our achievements in assessing, collecting, and remitting revenue, fulfilling our vital mandate to the Government of Lesotho. It also provides insights in the plans and strategic direction of the RSL for the coming financial year and foreseeable future.

Our report demonstrates how we have delivered on our strategy in its first year of execution, largely influenced by our vision or purpose of positively impacting Basotho's livelihoods.

We use icons throughout this report to highlight how integrated thinking underpinned our strategy and business model. We invite you to delve deeper into the specifics of our strategy and business model on pages 21 and 26 respectively, to fully appreciate our journey of value creation.

### 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

This is the fifth consecutive year the RSL publishes an Integrated Annual Report. The report aligns 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 66) were prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Lesotho Revenue Authority Act No. 14 of 2001 (as amended).

### Forward-looking statements

Forward-looking statements about potential risks and opportunities are included in this report, based on information available at year-end. These statements cannot be guaranteed since they may be affected by emerging risks, unforeseen events and factors beyond our control.

The Board does not undertake 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

Material matters are issues that may impact our ability to fulfil our mandate in the short (less than one year), medium (between one and three years), and long term (three years and beyond). Our materiality determination process identified three material themes. These were validated by the Board and inform the content of this report.

## Board statement of responsibility

The RSL's Board of Directors (the Board) is responsible for the integrity of this report. Executive Management, assisted by the reporting team, was responsible for its preparation.

The Board, having reviewed this report and considered the RSL's risks and opportunities, material matters and operating environment, believes it to be an accurate and comprehensive reflection of how the organisation creates and preserves stakeholder value in the short, medium and long term.

The Board accordingly approved the RSL Integrated Annual Report 2024/25 on 26 June 2025.



Adv. Lindiwe Sephomolo KC  
Board Chairman

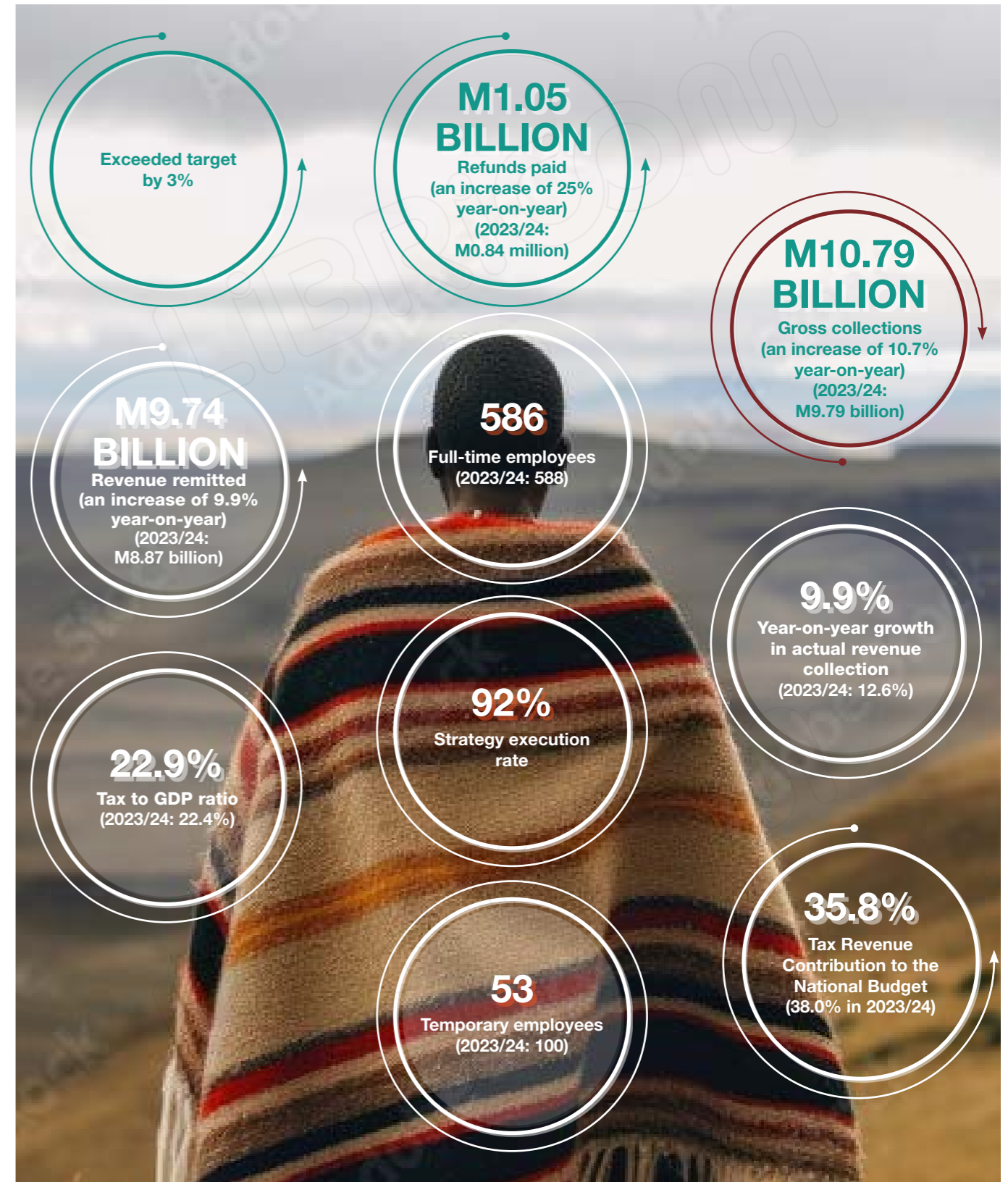


# 02

## RSL AT A GLANCE



### RSL AT A GLANCE



# 03

## ORGANISATIONAL OVERVIEW



### ORGANISATIONAL OVERVIEW



Revenue Services Lesotho (RSL) is an autonomous body established with the core purpose of maximising the efficiency and effectiveness of revenue collection on behalf of the Government. This crucial function directly equips the Government with the financial resources needed to provide vital public goods and services, thereby fostering the socio-economic prosperity of Lesotho.



The RSL is established by the Lesotho Revenue Authority Act No.14 of 2001 (as amended), and operates under the policy direction of the Minister of Finance and Development Planning and is fully accountable to Parliament.

The organisation became operational in January 2003, consolidating the former Income Tax, Customs and Excise, and Sales Tax Departments into a single revenue administration.

RSL's head office is located in Maseru, with three digital service centres across the country.

#### Our mandate, purpose, mission and values

Our mandate	Our purpose	Our mission	Our values
To operate as a designated agency of the Government responsible for the assessment, collection and receipt of specified revenue and for the administration and enforcement of laws related to such revenue.	To positively impact Basotho's livelihoods	<ul style="list-style-type: none"> <li>› Enabling government funding,</li> <li>› Fighting corruption,</li> <li>› Fostering a fair tax environment,</li> <li>› To be the best employer; and</li> <li>› To be financially stable</li> </ul>	<ul style="list-style-type: none"> <li>› Teamwork</li> <li>› Innovation</li> <li>› Professionalism</li> <li>› Integrity</li> <li>› Empathy</li> </ul>

# ORGANISATIONAL OVERVIEW


## Our six sources of capital




**Human capital**  
Skills, capabilities, and experiences of people. It includes, among others, motivation to innovate, governance and risk management frameworks, and ethics



**Financial capital**  
Funds available to use in the production of goods and provision of services. Financial capital increases when additional funds are injected into the organisation



**Social and Relationship capital**  
Derives from the relationship between the organisation and the society from which it secures its license to operate. Communities, stakeholders, our brand and reputation



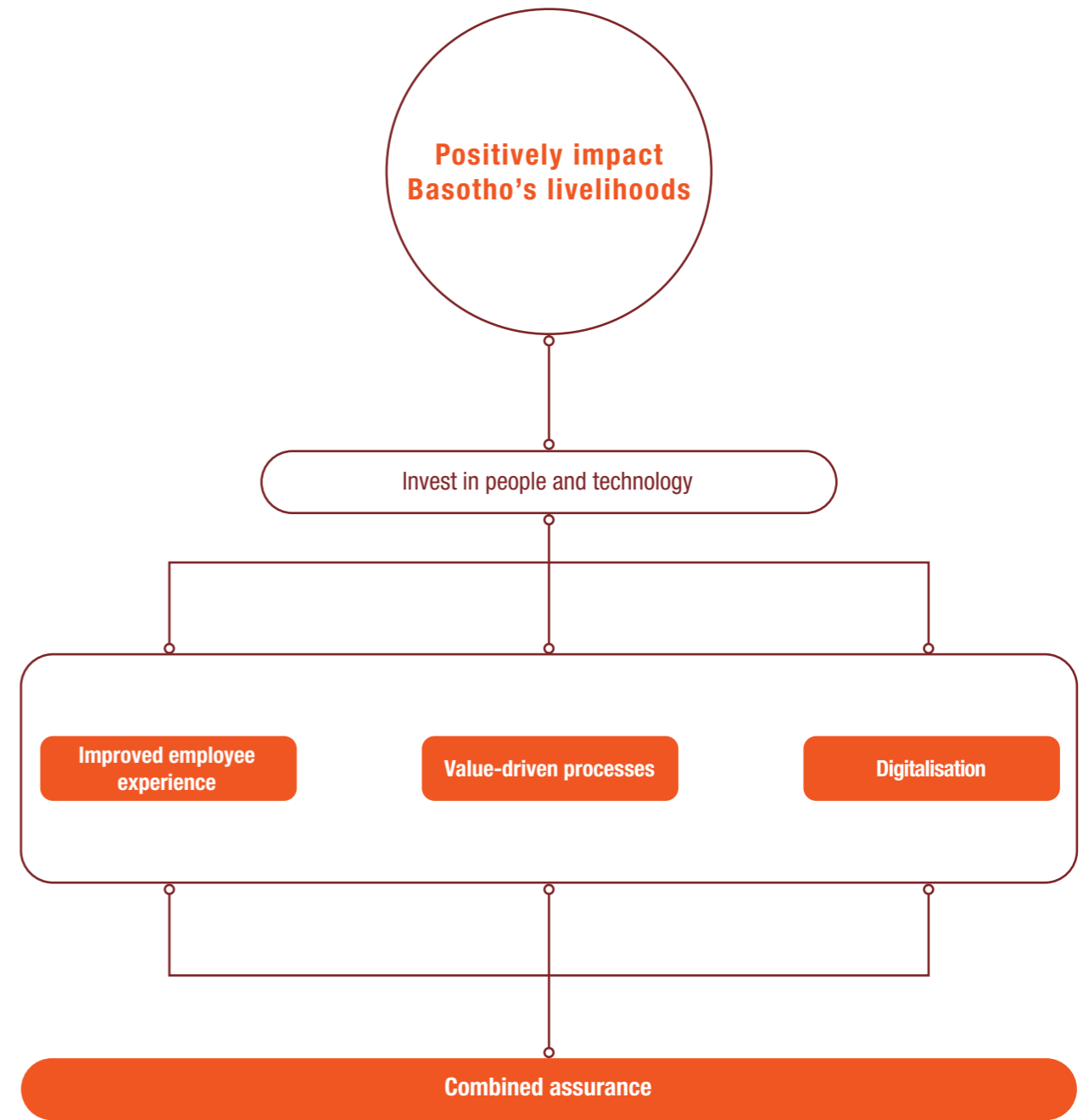
**Intellectual capital**  
Results from employees' efforts that generate intangible assets, e.g. patterns, copyrights, software, knowledge, procedures and systems.



**Manufactured capital**  
Manufactured physical objects available for use in the production of goods or provision of services. It includes manufactured assets, property and infrastructure.



**Natural capital**  
The renewable and non-renewable natural and environmental resources such as air, water, land, forests, and minerals that provide goods or services supporting the past, current, or future prosperity of the organisation.

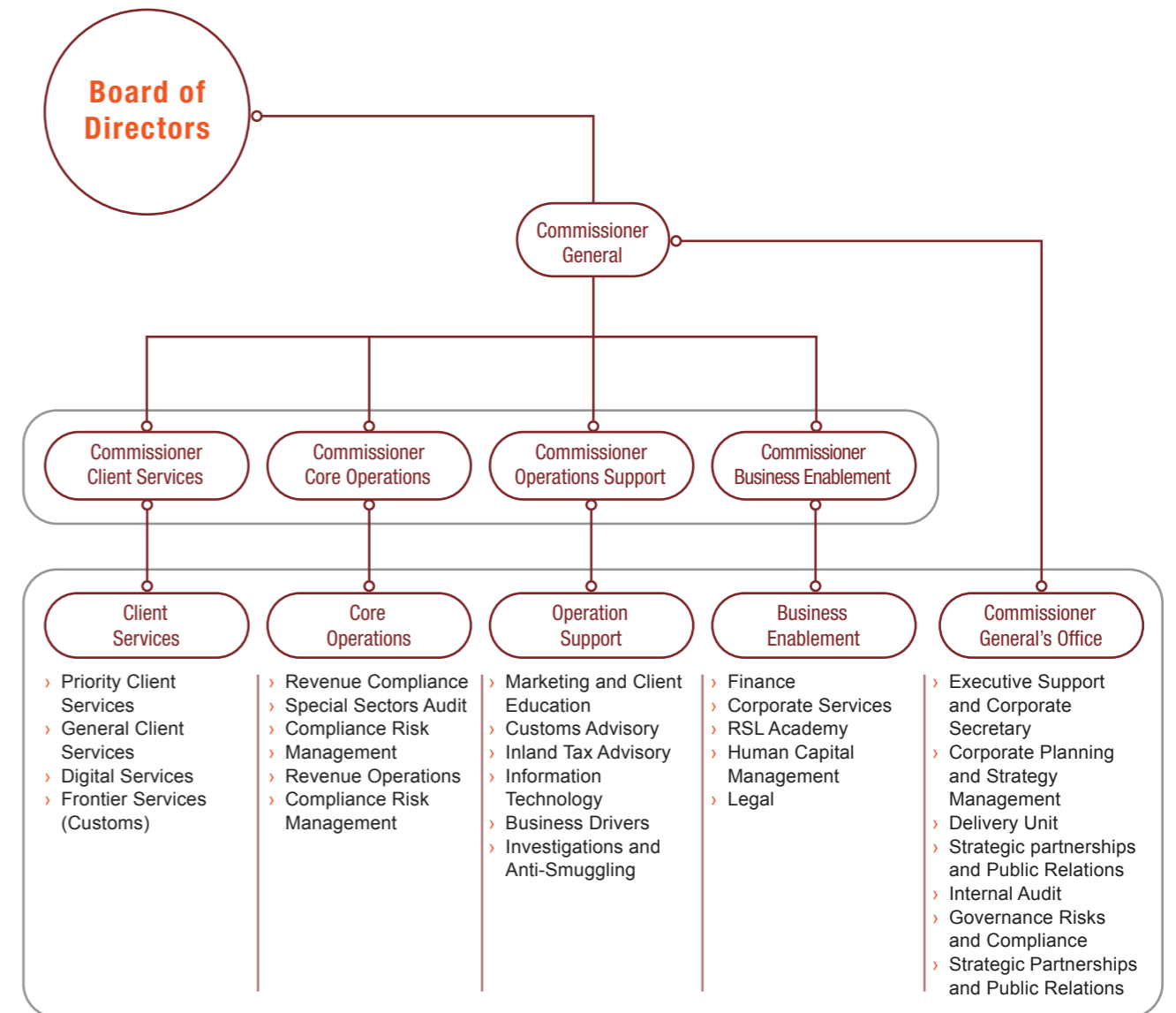


# 04

## OUR OPERATING STRUCTURE

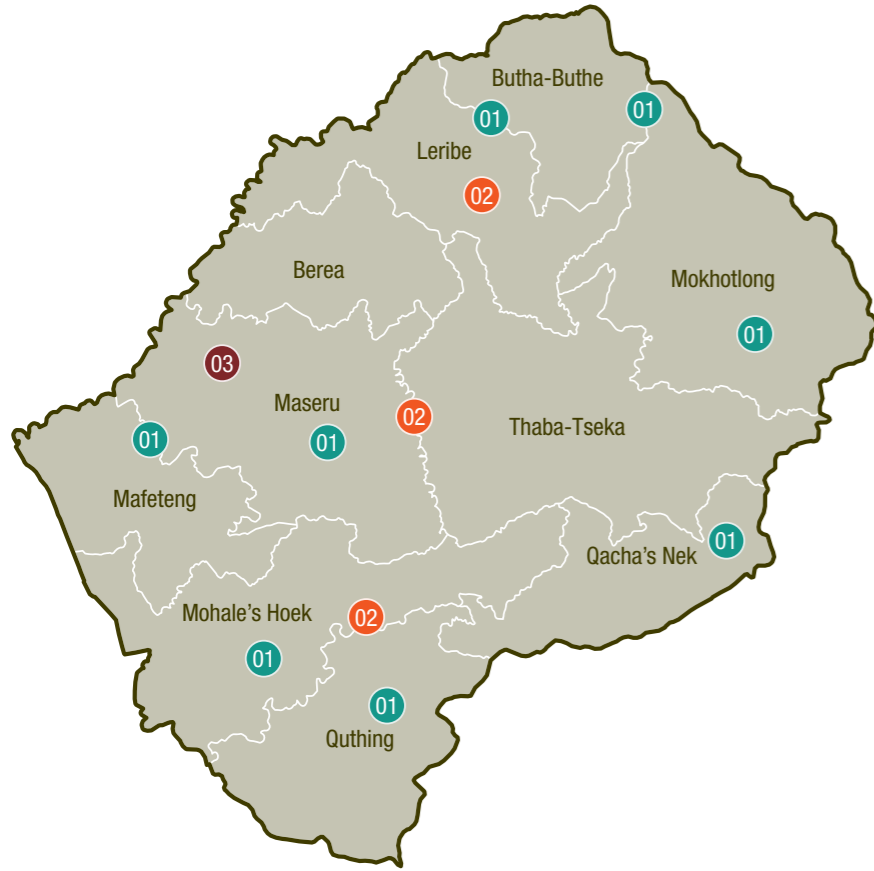


## OUR OPERATING STRUCTURE



# OUR OPERATING STRUCTURE

## Our footprint



### 02 SERVICE CENTRES

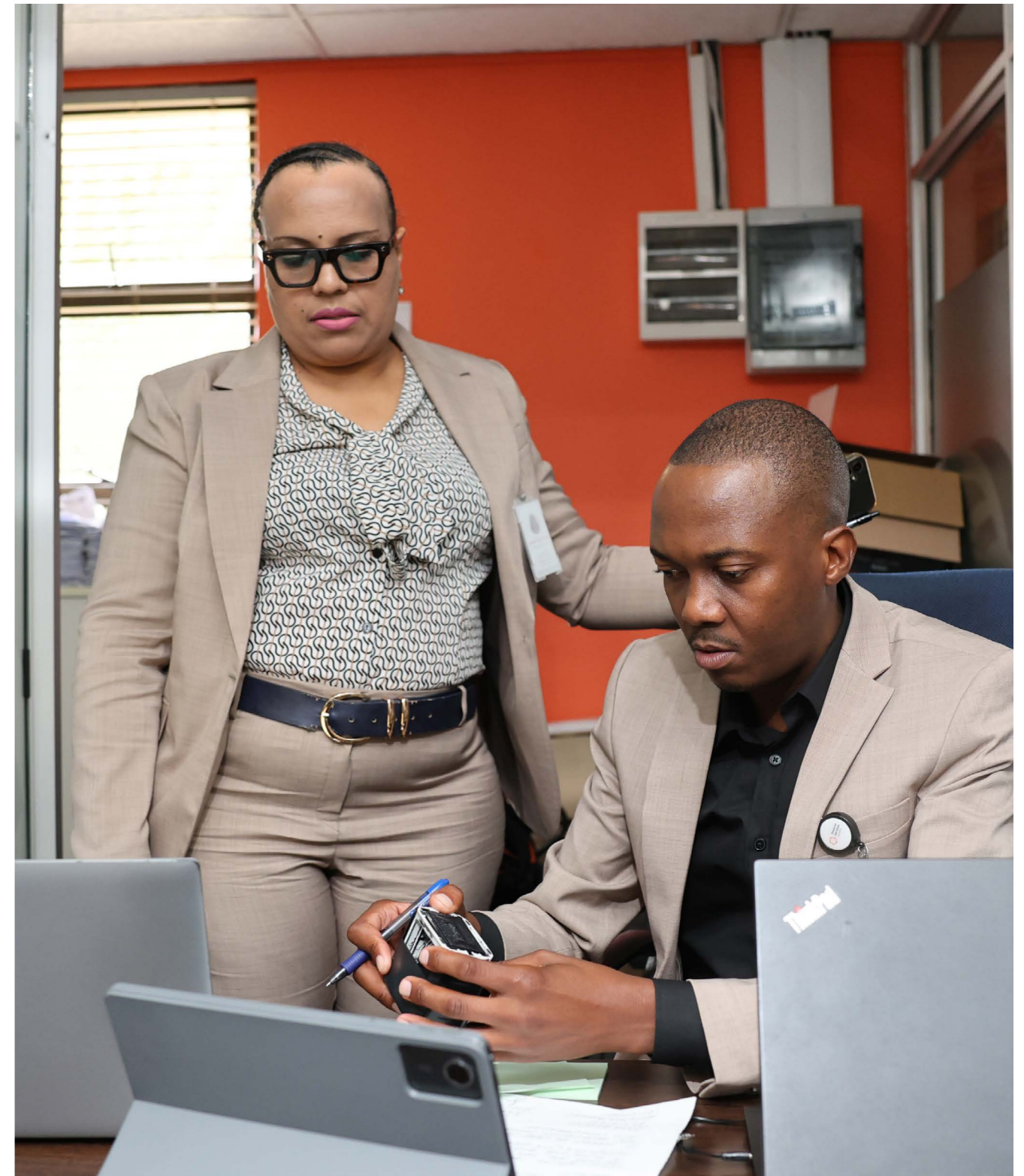
<b>Maseru Service Centre</b> District: Maseru	<b>Working hours:</b> 8am-5pm
<b>Leribe Service Centre</b> District: Leribe	<b>Working hours:</b> 8am-5pm
<b>Mohale's Hoek Service Centre</b> District: Mohale's Hoek	<b>Working hours:</b> 8am-5pm

### 03 RSL OFFICES

<b>Finance House</b> District: Maseru	<b>Working hours:</b> 8am-5pm
<b>Oblate House</b> District: Maseru	<b>Working hours:</b> 8am-5pm
<b>RSL Academy</b> District: Maseru	<b>Working hours:</b> 8am-5pm
<b>State Warehouse</b> District: Maseru	<b>Working hours:</b> 8am-5pm
<b>MGC Park</b> District: Maseru	<b>Working hours:</b> 8am-0pm

### 01 PORTS OF ENTRY AND EXIT

<b>Maseru Bridge Border Post</b> District: Maseru	<b>Working hours:</b> 24hrs	<b>Tele Bridge</b> District: Quthing	<b>Working hours:</b> 6am-10pm
<b>Ficksburg Bridge</b> District: Leribe	<b>Working hours:</b> 24hrs	<b>Makhaleng Bridge</b> District: Mohale's Hoek	<b>Working hours:</b> 8am-4pm
<b>Van Rooyen's Gate</b> District: Mafeteng	<b>Working hours:</b> 6am-10pm	<b>Ramatseiso's Gate</b> District: Qacha's Nek	<b>Working hours:</b> 8am-4pm
<b>Qacha's Nek Gate</b> District: Qacha's Nek	<b>Working hours:</b> 6am-10pm	<b>Sani Top Pass</b> District: Mokhotlong	<b>Working hours:</b> 6am-7pm
<b>Maseru Railway Station</b> District: Qacha's Maseru	<b>Working hours:</b> 6am-5pm	<b>Peka Bridge</b> District: Leribe	<b>Working hours:</b> 8am-4pm
<b>Moshoeshoe 1 International Airport</b> District: Maseru	<b>Working hours:</b> 6am-6pm	<b>Maseru Post Office</b> District: Maseru	<b>Working hours:</b> 8am-4pm
<b>Caledonspoort Border Post</b> District: Butha-Buthe	<b>Working hours:</b> 6am-10pm		



# 05

## MESSAGE FROM THE BOARD CHAIRMAN



### MESSAGE FROM THE BOARD CHAIRMAN



**Adv. Lindiwe Sephomolo KC**  
Board Chairman

“We are proud to report a strong start, with a 92% execution rate against target, an impressive foundation that sets the tone for future gains. This solid operational performance contributed to RSL surpassing its revenue target of M9.48 billion, remitting M9.74 billion to Government and recording a positive variance of M261.19 million (3%).”

This result underscores not only focused execution, but the dedication of our people toward continuous improvement, the growing strength of our processes, and the impact of our digital and assurance capabilities.

Read more about our performance on page 28.

#### Valued and supported employees

I am pleased to report significant strides in boosting employee well-being, elevating job satisfaction, and expanding our leadership capabilities through various interventions which were pursued. Quarterly culture-building and feedback sessions created space for open communication and strengthened our sense of community and boosted productivity.

Executive leadership was empowered through executive leadership coaching to enhance capability to lead in the digital age to foster amongst others a positive, psychologically safe, and exciting work environment. We revitalised our employee value proposition (EVP) to position RSL as an employer of choice and updated our onboarding programme to promote an ethical, patriotic, and service-driven culture. The Board also approved a flexible working hours policy to support work-life balance.

“The 2024/25 financial year marked an important milestone for RSL with the rollout of the Lesokoana strategy. Built on four strategic pillars and supported by eight ambitious objectives, Lesokoana reflects our determination to become a modern, ethical, and high-performing organisation.”

## MESSAGE FROM THE BOARD CHAIRMAN

In an effort to drive our employee net promoter score (eNPS) up to 30%, a new reward and recognition scheme was launched, together with quarterly “Know Your Employer Brand” campaigns to build staff engagement and advocacy.

Read more about human capital on page 36.

### Driving value-added processes

To address TADAT findings, the organisation invested heavily in improving organisational efficiency by removing manual processes across key tax and customs processes. Greater efforts will be applied in the coming financial year to further improve the organisational digital footprint towards achieving Tax Administration 3.0 in the coming years.

Our customer feedback mechanism enabled real-time improvements in service and was successfully rolled out at all border posts. Additionally, automation of the bank reconciliation process dramatically reduced turnaround times, improving overall operational efficiency.

### Boosting compliance and operational capability through technology

We continued to leverage technology to encourage taxpayer compliance and improve operational capabilities. The development of data science models provided deeper behavioural insight, helping us to make smarter, more informed decisions, and creating certainty for taxpayers by eliminating non-technical disputes.

We also put a comprehensive cybersecurity roadmap in place to strengthen RSL’s digital defences, and cybersecurity posture, safeguard assets, and build resilience through ongoing monitoring and risk management.

Read more about how we’re leveraging technology on page 42.

### Fostering collaboration and integration

As part of our drive to build a resilient and sustainable organisation, we prioritised integration and collaboration across all functions responsible for risk management and assurance.

Key achievements included the launch of a staff platform for reporting intelligence incidents, the introduction of two toll-free numbers for reporting ethical breaches and tax or customs evasion, along with a digital reporting channel on the RSL website, making it easier for stakeholders to report concerns.

### An ethical culture

The Board is steadfast in our commitment to fostering a culture of integrity and ethical leadership. With this in mind, we rolled out initiatives to embed an ethical culture across the organisation, backed by processes and performance measures that track progress in providing assurance and building a values-driven, sustainable institution.

Read more about key Board decisions on page 52.

These ongoing enhancements are central to achieving our strategic objectives and delivering long-term value for stakeholders.

### Board Charter updated

The Board revised its Charter during the year, aimed at optimising governance and enhancing its strategic oversight of RSL.

### Outlook

RSL is on track to realise its strategic ambitions and deliver sustainable value for stakeholders while upholding the highest standards of integrity and service. We have made solid progress in improving the employee experience, modernising

client service processes, accelerating technology uptake, and deepening risk and assurance systems.

The current global landscape, however, characterised by escalating trade tensions and major shifts in policy, including the US withdrawal of donor funding, presents significant hurdles for revenue collection. The situation will undoubtedly exert negative pressure on revenue in the short to medium term, and possibly longer, unless swift and decisive interventions are made.

In addition, the anticipated decline in SACU receipts will further constrain government revenue, and limit its capacity to fund essential public services and critical development needs. This means that improving tax efficiency and effectiveness for improved revenue collection is no longer an option, but an imperative for RSL.

We remain optimistic that long outstanding proposed tax bills will be presented before Parliament for enactment, giving RSL the tools it needs to boost revenue collection and further modernise tax administration, ultimately supporting economic growth.

RSL will have to leverage internal strengths to bolster domestic revenue mobilisation. Moreover, a strong and stable partnership with Government is essential in this environment, and policymakers will need to be agile and adopt a long-term view of national development as a generational effort. After all, taxation is the only practical and sustainable way of funding government expenditure.

I look forward to the year ahead in the knowledge that the foundations are in place and that RSL will continue to go from strength to strength in service of the Basotho nation.

### Acknowledgements

On behalf of the Board, I would like to extend my sincere thanks to everyone who contributed to RSL’s success during the 2024/2025 financial year.

Our deepest appreciation goes to the RSL management team for their unwavering focus and perseverance in implementing the corporate strategy and executing the RSL’s statutory mandate. We also commend all RSL employees for their exceptional dedication and hard work; without their commitment, we would not have achieved so much.

Our thanks also go to RSL’s strategic partners for their support and invaluable contributions that were instrumental in helping us to meet our strategic objectives and overcome hurdles.

Finally, we would like to thank all the taxpayers whose contributions made this performance possible. A special note of gratitude goes to the Government of Lesotho and our parent ministry, the Ministry of Finance & Development Planning.



**Adv. Lindiwe Sephomolo KC**  
Board Chairman

# 06

## COMMISSIONER GENERAL'S REVIEW AND OPERATING CONTEXT



### COMMISSIONER GENERAL'S REVIEW AND OPERATING CONTEXT

“This represents 9.9% increase over last year and demonstrates a proportional sustained improvement in tax collection.”

#### A good year overall

Implementation of the Lesokoana 2024-27 Strategy, designed to improve employee wellbeing, develop leadership capabilities, and boost operational efficiency through data and technology is progressing well. With 92% of strategic initiatives successfully delivered it has been a good year, overall.

Nevertheless, it has been a challenging year, marked by stagnant global economic growth. IMF projections place GDP growth at 3.3% in 2025 and 2026, only slightly up from 3.2% in 2024, but still well below the pre-pandemic 3.7% average.

RSL exceeded its annual revenue collection target, underpinned by a strong tax buoyancy of 1.7. This means that tax revenues grew at a significantly faster rate than the economy, reflecting enhanced compliance, efficient tax administration, and the continued effectiveness of revenue collection strategies.

Additionally, the withdrawal of USAID funding dramatically shrunk the revenue base, as many of the projects it once supported face closure.

Given the current economic climate, with prospects for new revenue streams or major business growth unlikely in the short term, we were compelled to shift our focus to driving operational efficiencies to sustain performance.



**Mathabo Mokoko**  
Commissioner General

“ RSL successfully exceeded Government’s combined annual revenue target of M9.48 billion for the 2024/25 financial year, remitting M9.74 billion and recording a positive variance of M261.19 million (3%). ”

## COMMISSIONER GENERAL'S REVIEW AND OPERATING CONTEXT

### Increase in VAT refunds

RSL processed refunds of M1.05 billion, with VAT refunds at M914.60 million and income tax refunds of M134.34 million; a concerning substantial increase of 25% of refunds paid out in the previous financial year.

Inflation, however, has eroded purchasing power, shifting consumer spending to lower-taxed goods and services. At the same time, taxable imports declined by 3% and non-taxable imports increased by a similar margin, both of which contributed to lower VAT collections.

Read about our performance on page 28.

### Growth in annual remittances

Despite a difficult global, regional and domestic operating environment, our tax-to-GDP ratio increased from 22.5% to 22.9%, with an annual remittance growth of 9.9%, largely due to ongoing efforts by RSL to inculcate a culture of tax compliance.

We remain optimistic that the pending tax bills will be presented before Parliament and enacted soon, as this will boost revenue collection and support the modernisation of tax administration.

### Plastic levy

We made good progress with non-tax revenue this year, and are collaborating with the Ministry of Environment & Forestry to implement and enforce the plastic levy, introduced on 1 December 2024.

Read more about sustainability on page 48.

### A culture of compliance

We are pleased to see increasing compliance among taxpayers, with a growing number of individuals and businesses registering for tax, filing returns, and paying on time.

This growing sense of responsibility is encouraging, and we were proud to hold Taxpayer Appreciation Awards for the first time, affirming the benefits of compliance. The awards recognised taxpayers from a range of sectors, as well as our strategic partners whose support has helped us deliver on our mandate.

However, we are concerned about tax evasion, under-declaration of income (read more about challenges with compliance on page 32), and failure to honour payment arrangements. Although isolated, these practices cannot continue unabated.

Non-compliance robs the country of its ability to provide for its citizens and undermines the very purpose of taxation: to enable Government to invest in much-needed infrastructure, healthcare, education, job creation and social support.

### Domestic mobilisation of resources essential

We are at a critical juncture as a nation, and it is up to every Mosotho to play their part in building a better, more self-reliant nation.

The road ahead is rocky. SACU receipts, which typically constitute over 50% of the national budget, have been declining steadily and are expected to drop further in the short-to-medium term. Moreover, with changes in global political landscape and policies, we can no longer depend on foreign aid. Domestic mobilisation of resources to meet the needs of our people is no longer optional, it is essential.

### Infrastructure projects

We made headway with several infrastructure projects during the year, the most significant being the pre-construction phase of the new RSL House. The first phase being the appointment of a project management consultant to oversee the design and construction supervision.

A border refurbishment programme is underway at three of our border posts, with construction at the one border, Monontša Border Post largely complete.

### Streamlining the client experience

To strengthen our auto-compliance capabilities, RSL rolled out a number of digital solutions during the year, including e-registration and e-payment systems on the already existing e-Tax platform, making it easier for taxpayers to meet their obligations. Similarly, the e-receipting functionality, allows taxpayers to generate their own receipts, reducing queues and the need for manual processing at service points.

Tax Clearance Certificates are now also auto-issued via our e-services platform (e-Tax), slashing processing times from 24 hours to near real-time for compliant taxpayers.

### e-invoicing

The RSL also piloted e-invoicing as part of broader - tax modernisation effort, however, progress was delayed by pending legislative amendments. We anticipate the enactment of the Tax Administration Bill will enable the full roll-out in the coming financial year.

The new PAYE Automatic Compliance System launched with pilot employers is running smoothly, with plans to extend the system to employees to allow for pre-populated Resident Individual Income Tax (RIIT) returns.

In addition, we introduced a customer experience feedback mechanism at border posts, with ratings generally revealing good satisfaction levels and a small portion of feedback being negative.

### Seamless service delivery

By integrating with five partner institutions, RSL successfully streamlined its tax collections and boosted compliance. This move has allowed us to verify taxpayer registration, automate PAYE returns and tax payment receipting. The process of bringing a further two institutions onboard was well underway by year-end, and reflects our commitment to innovation and seamless service delivery.

Finally, our newly developed data science models will deepen understanding of client needs and strengthen decision-making, while our comprehensive cybersecurity strategy and implementation roadmap will safeguard our data, digital assets and improve our cybersecurity posture.

Read more about technology advancements on page 42.

### Outlook

We are driven by continuous improvement. In the year ahead, we will continue working towards becoming a stronger, more effective organisation, focused on creating long-term sustainable value for the people of Lesotho. With a powerful

new strategy and the right people in place, we are well positioned to achieve our goals and positively impact the livelihoods of Basotho.

### Acknowledgements

To all the taxpayers who contributed during the 2024/25 financial year – Thank you. Your growing commitment to compliance, filing, and payment is building a stronger, more self-reliant Lesotho.

I would also like to thank all our employees for their dedication and commitment, and our development partners, law enforcement and security agencies, government departments, financial institutions, tax and customs agents, and other strategic partners for their unwavering support, especially during trying times.

To the RSL Board, your ongoing guidance and leadership has been instrumental in our achievements.

Lastly, we would like to extend our sincere appreciation to the Government of Lesotho, and particularly the Ministry of Finance & Development Planning, for its continuing support.

Re Tjena Ka Uena

We are, because of you.



**'Mathabo Mokoko**  
Commissioner General

# 07

## STRATEGY AND BUSINESS MODEL



### STRATEGY AND BUSINESS MODEL

“ Integrated thinking is embedded in our strategy and business model, and shapes how RSL creates sustainable value for our stakeholders across our six sources of capital. Our purpose guides how we balance the interconnected needs of our business, society and environment. ”

#### Our strategy

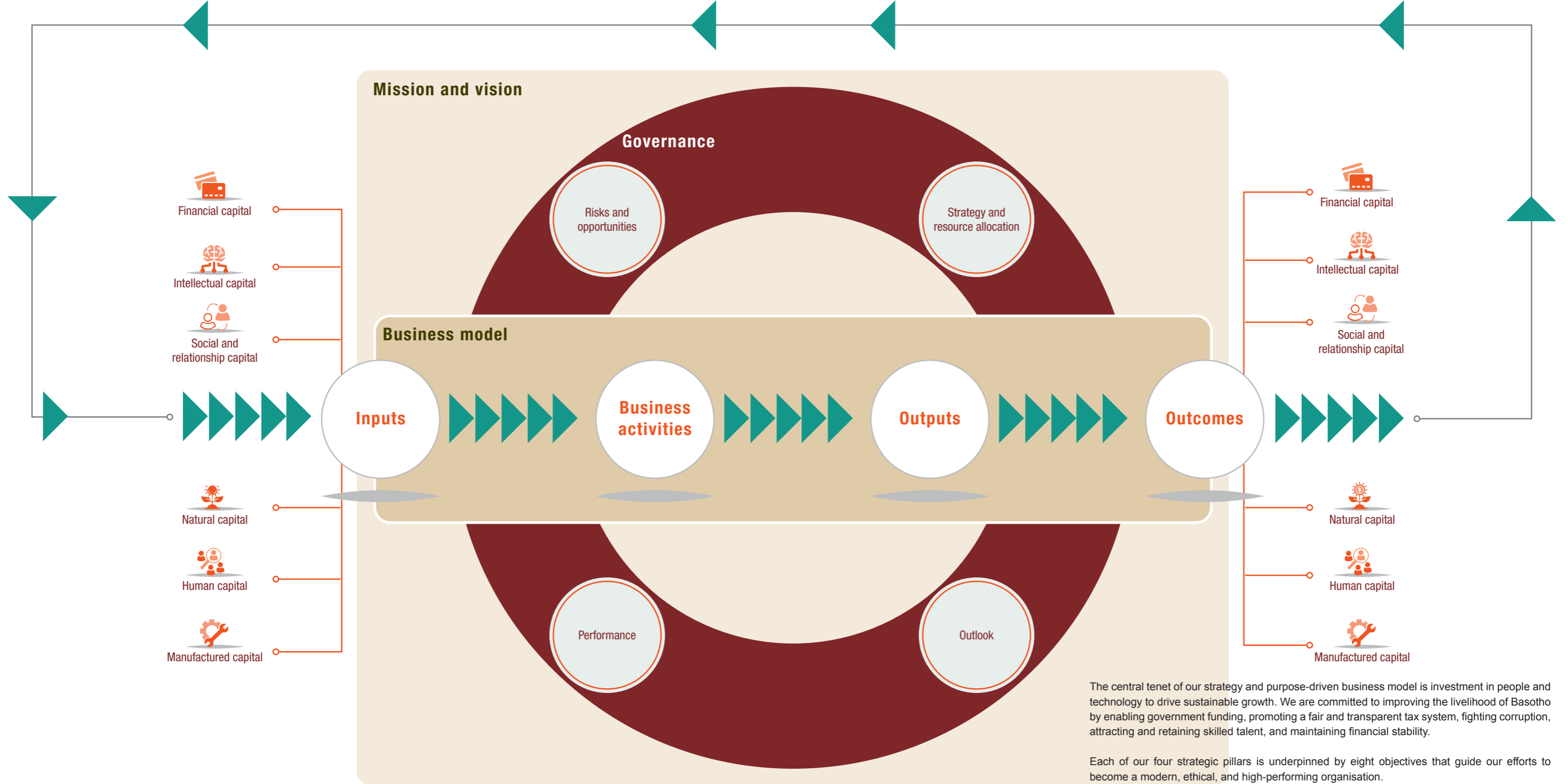
Our Lesokoana Strategy sets out clear priorities for the years ahead, drawing on the lessons learnt and successes of the past. This new strategy not only focuses on growing tax revenue and expanding the tax base, but on increasing revenue's contribution to GDP, strengthening domestic revenue mobilisation, and reducing reliance on the volatile SACU revenue stream.

With the groundwork laid and bold plans in place, we are confident the future holds great promise for the Basotho.



# STRATEGY AND BUSINESS MODEL

Our strategy continued  
Integrated thinking lies at the heart of our strategy

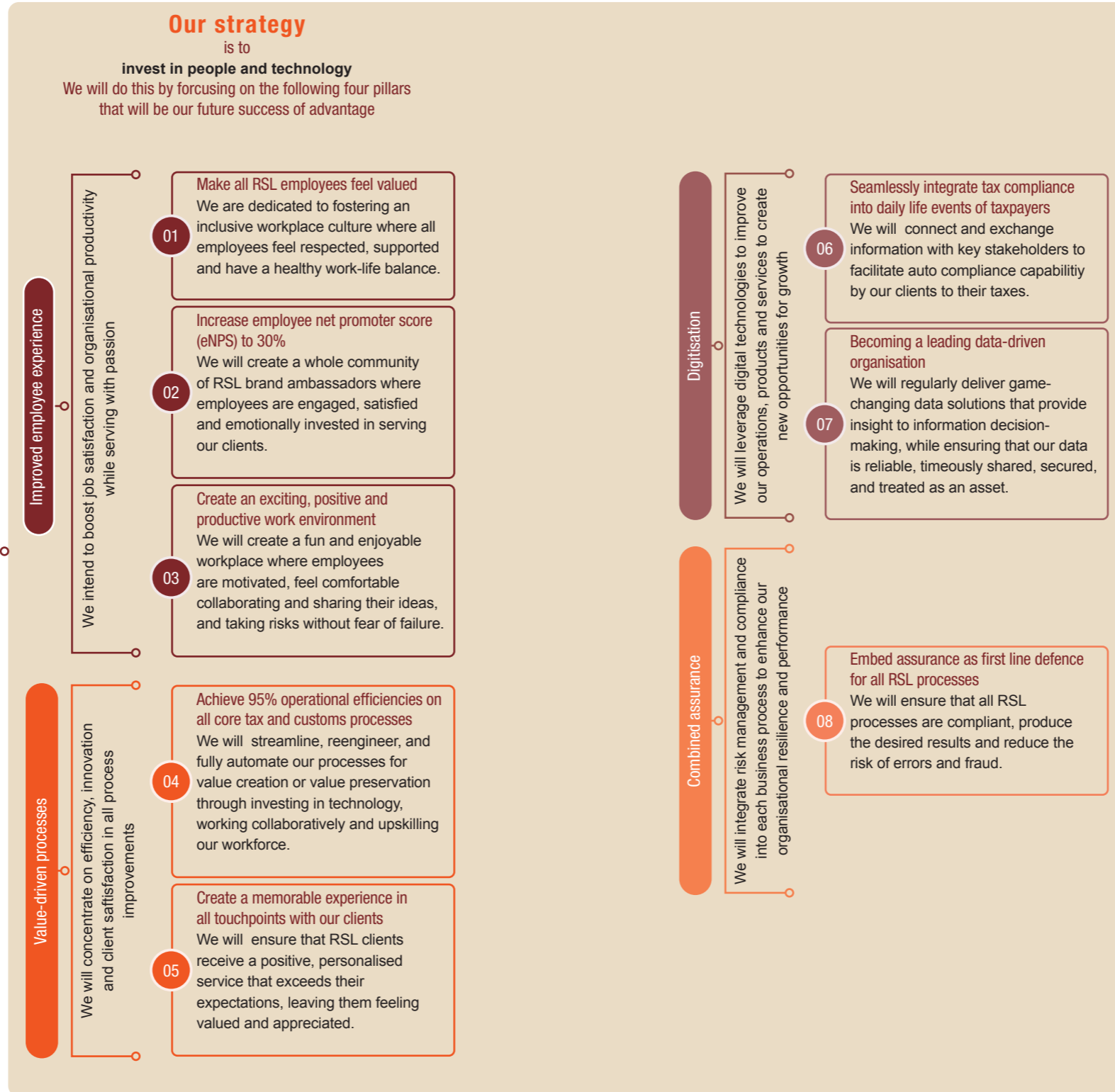
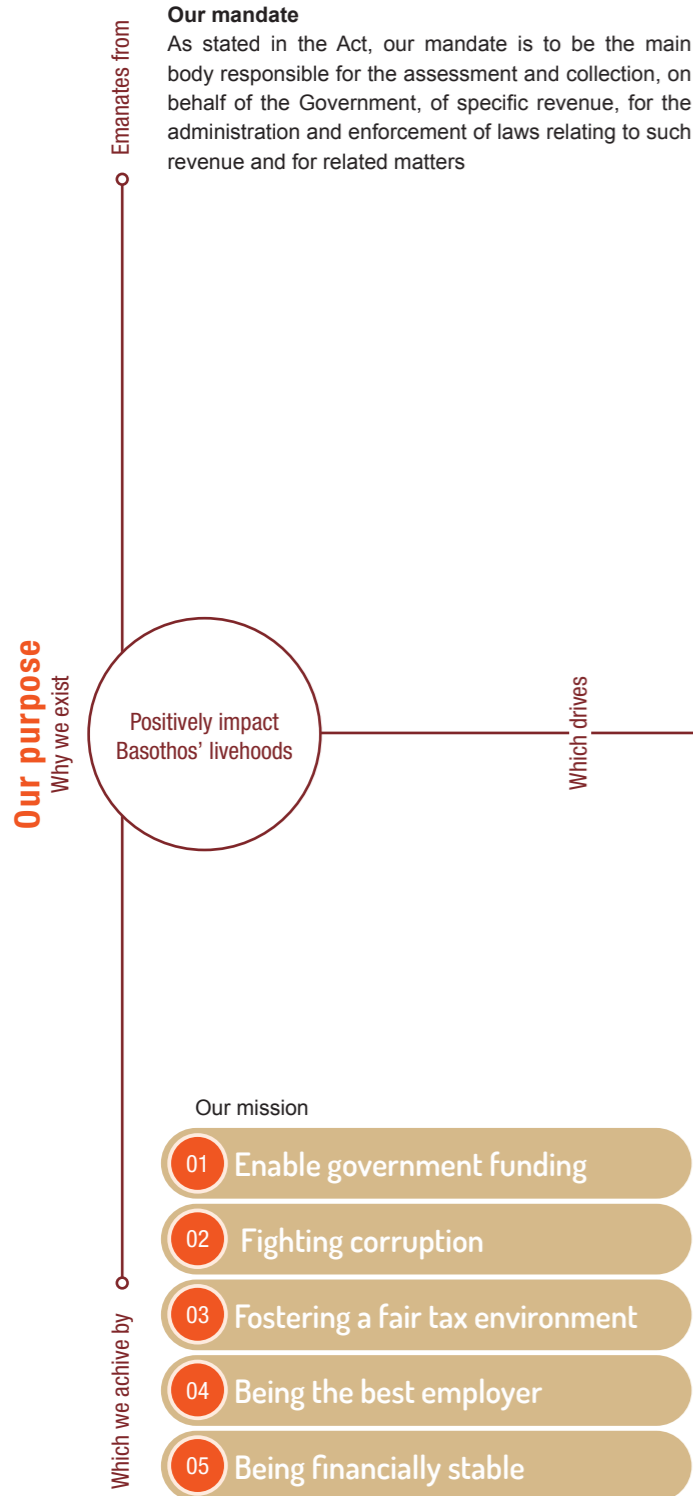


The central tenet of our strategy and purpose-driven business model is investment in people and technology to drive sustainable growth. We are committed to improving the livelihood of Basotho by enabling government funding, promoting a fair and transparent tax system, fighting corruption, attracting and retaining skilled talent, and maintaining financial stability.

Each of our four strategic pillars is underpinned by eight objectives that guide our efforts to become a modern, ethical, and high-performing organisation.

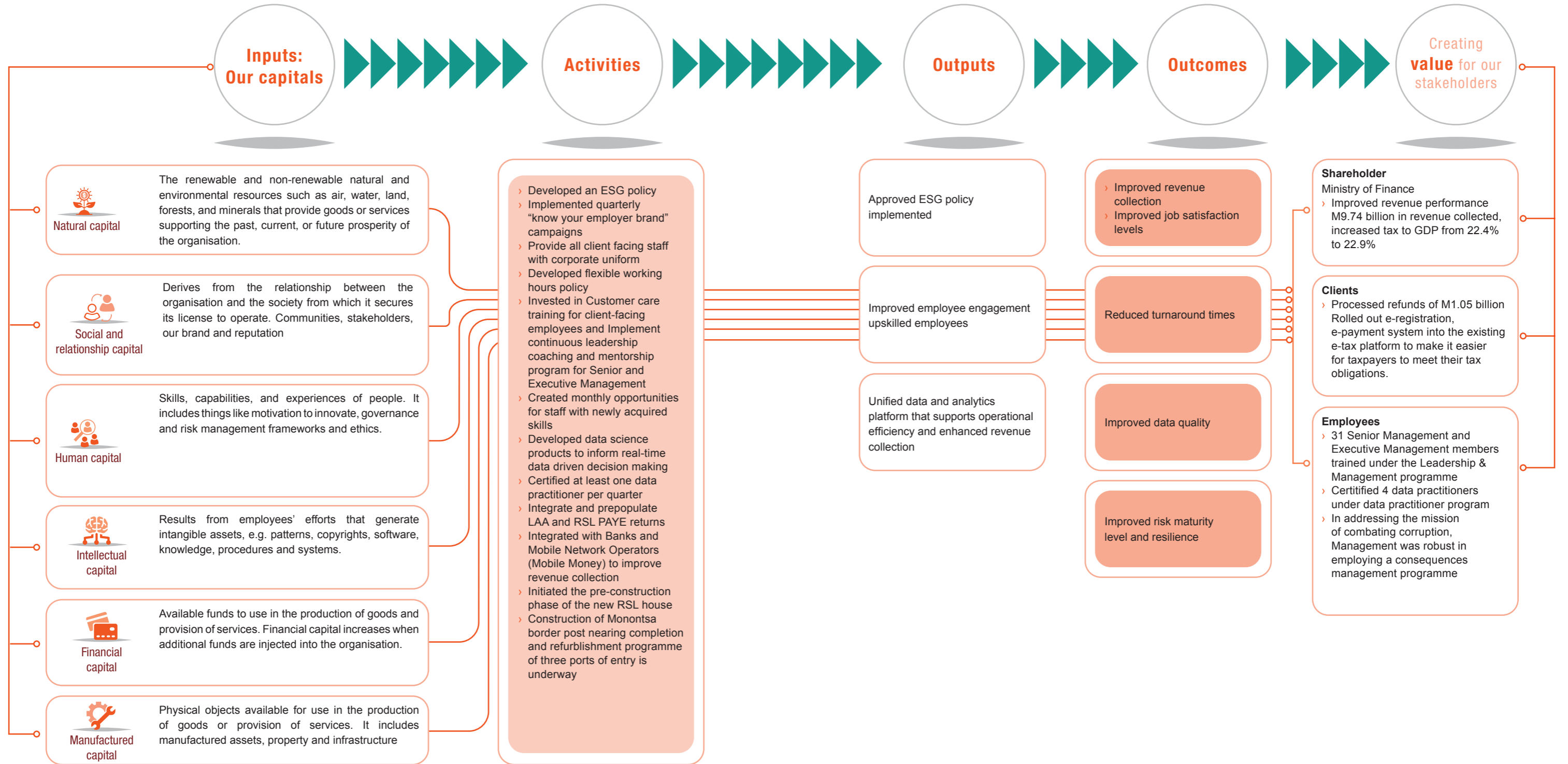
# STRATEGY AND BUSINESS MODEL

## Our strategy continued



# STRATEGY AND BUSINESS MODEL

## Our business model



# 08

## OUR PERFORMANCE

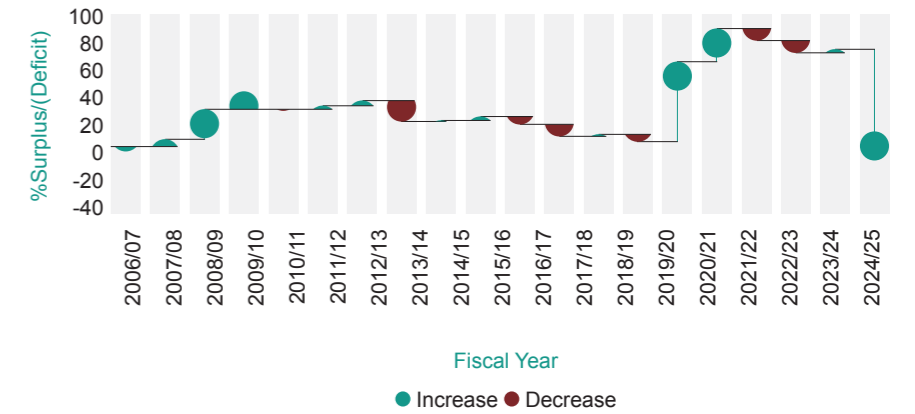
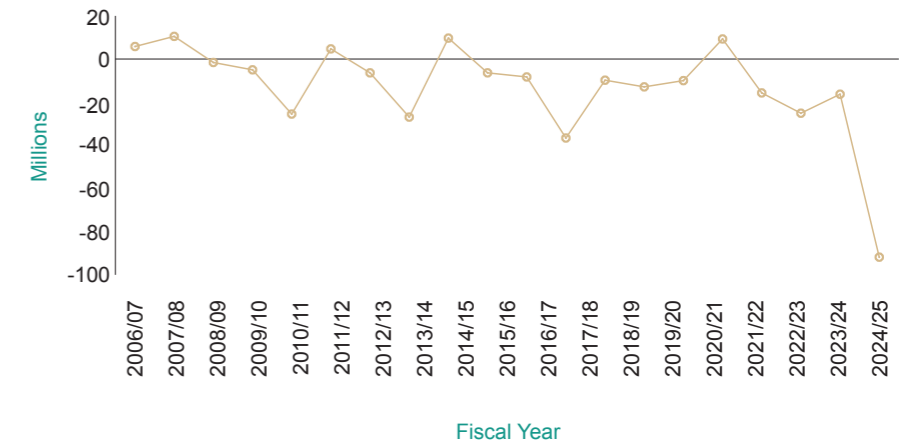


“  
Year 1 of RSL’s Lesokoana 2024-27 strategy delivered mixed results. The year began on a high note, with performance exceeding expectations by 17% in Q1.  
”

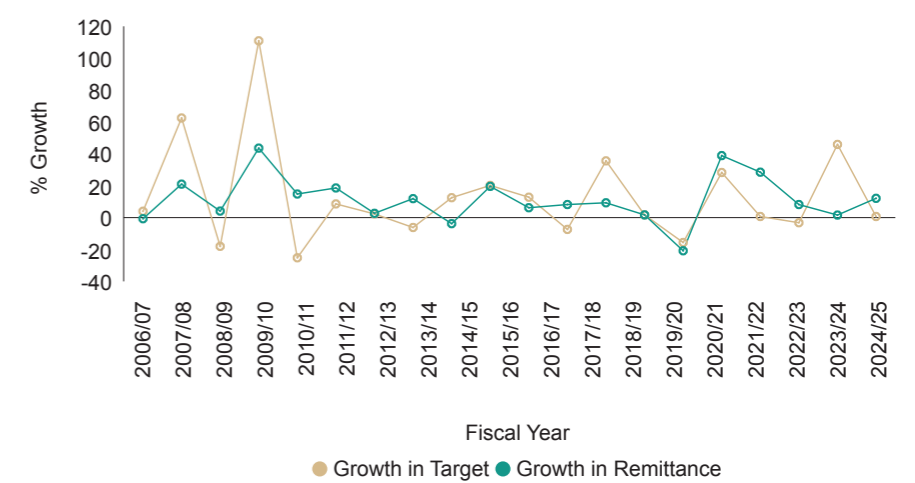
## OUR PERFORMANCE

Although performance dipped by 10% and 11% in Q2 and Q3, respectively, indicating potential shortcomings in execution, we recovered in the final quarter, ending just 8% below target. Thus, RSL’s overall annual strategy performance of 92% suggests that we will need to step up execution as we begin our second year of implementing the Lesokoana strategy.

### Remittance vs target (year-on-year)

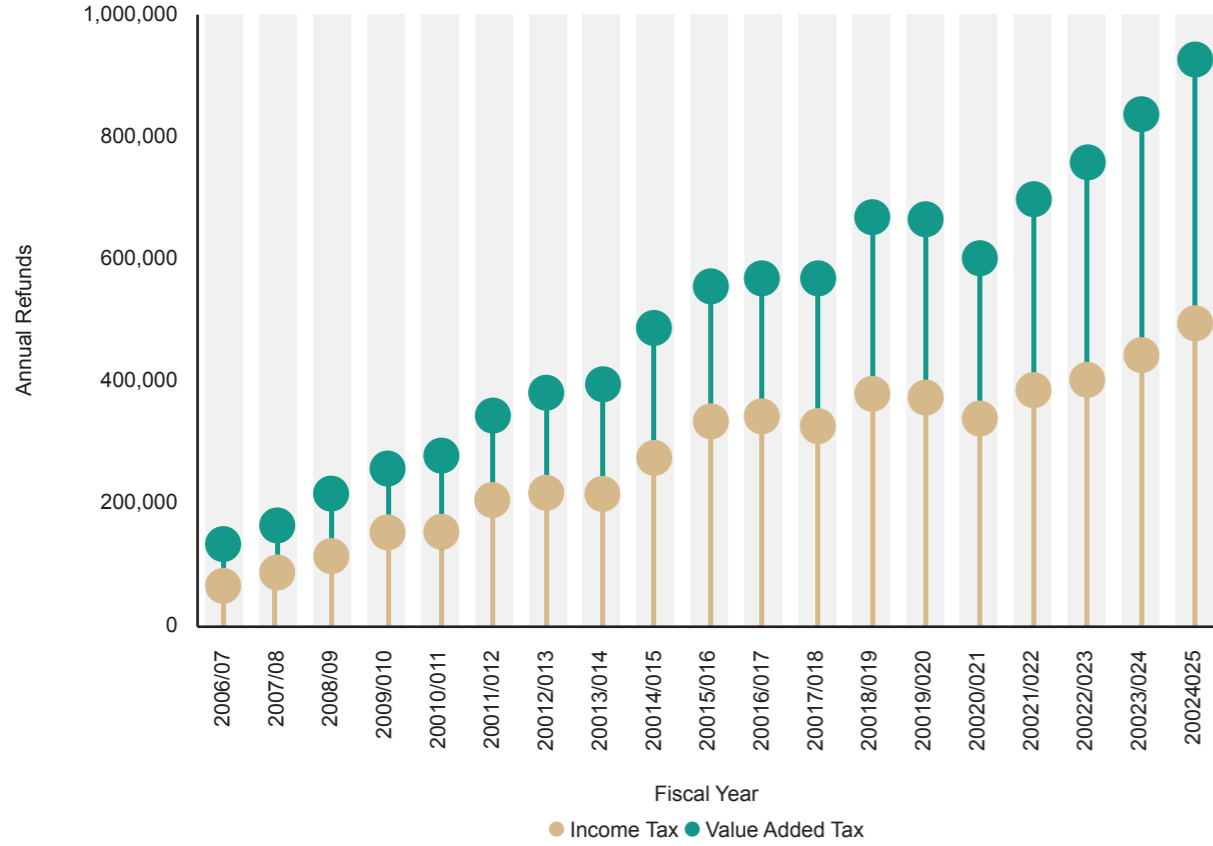


### Year-on-year growth (remittance vs target)



# OUR PERFORMANCE

## Remittance share by tax type (year-on-year)



## Filing and payment compliance

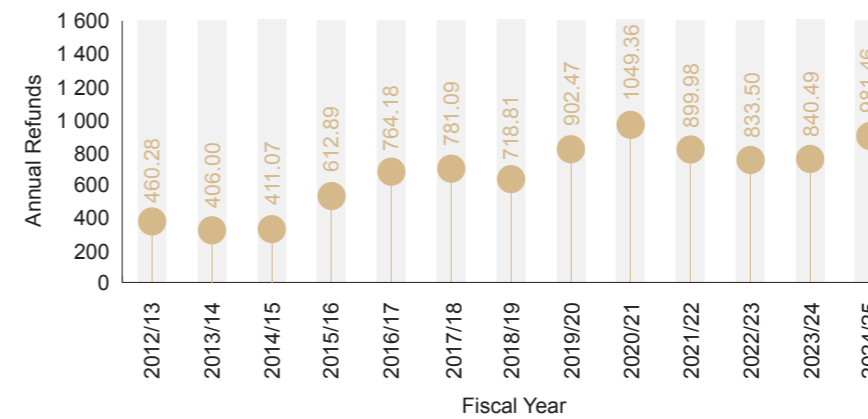
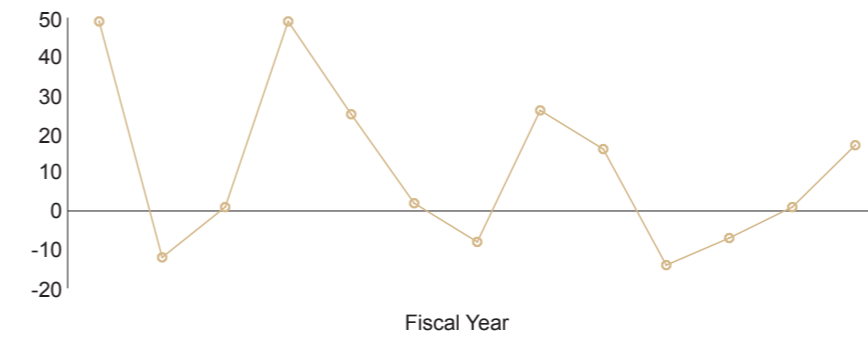
Progress on filing and payments showed both gains and setbacks. In Q4, filed returns increased by 16% year-on-year, with total returns up 11%. However, the payment-to-filing ratio dropped to 22%, down 15% compared to the same period the previous year. Paid returns fell by 34%, with notable drops across PAYE, VAT, and fringe benefits tax (FBT) categories.

## Revenue performance by tax type

VAT filings rose 16% year-on-year, coupled with a 13.2% increase in payable VAT returns and fewer refundable returns. However, VAT collections fluctuated significantly, before easing to an average of M1.044 billion. Q1 2025/26 collections are expected to reach approximately M1.25 billion, with a slight upward trend projected in imports during April and May.

PAYE filings in contrast declined sharply by 35.4% year-on-year, with a corresponding 19.5% drop in payable PAYE. Similarly, nil returns made up 20.4% of VAT and 20.6% of PAYE submissions, underscoring persistent compliance challenges.

## Refunds growth (year-on-year)



Measures such as mass de-registrations, digitising refunds, and enhanced refund fraud detection are now in place to counter the rise in nil returns and improve compliance.

## Collection growth by sector

The following sectors showed significant growth during the financial year under review, particularly Arts and Industry following compliance improvement and support programs, recorded a significant growth as indicated below:

- > Art, entertainment and recreation
- > Activities of extraterritorial organisations and bodies\*
- > Education
- > Information
- > Water supply

\*NGOs

## Income tax as the largest revenue contributor

Income tax remained the strongest contributor to revenue, accounting for 53% of collections and exceeding its target by 6.6% and achieving year-on-year growth of 11% supported by favourable economic conditions and job growth.

# OUR PERFORMANCE

## Annual tax performance

	Annual target	Remittances	Result	Contribution to revenue
Income tax (collections from personal income tax, corporate income tax, withholding tax, and fringe benefits tax)	M4.93 billion	M5.25 billion	Exceeded by M325.89 million (6.6%)	54%
VAT	M4.35 billion	M4.3 billion	Missed by M49.64 million (1.1%)	44%
Alcohol and Tobacco products levy	M168.45 million	M160.80 million	Missed target by M7.65 million (4.5%)	2%
Gaming levy	M7.13 million	M16.40 million	Exceeded by M9.27 million (130%)	

Customs duties are excluded as these form part of the SACU pool.

Income tax growth was largely driven by the construction industry, particularly road maintenance projects. However, the delay in enactment of the Income Tax (Amendment) Bill and The VAT (Amendment) Bill hampered the appropriate implementation of the small business tax regime.

Gaming revenue surpassed its target by an impressive 130%, likely due to increased activity, while the inclusion of previously exempt gaming facilities presents opportunities to boost collection.

## Alcohol and Tobacco levy trends upwards despite shortfall

VAT collections fell short of target by 2.3%, reflecting ongoing gaps in compliance, filing and collection processes. These issues also affected the Alcohol and Tobacco levy (A&T), which missed its target by 10.5%, largely due to non-compliance.

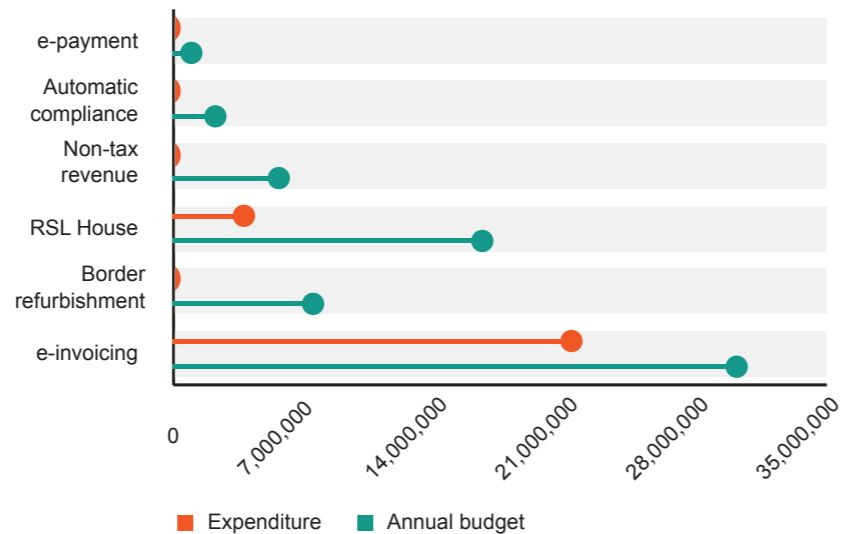
Despite these shortfalls, A&T trended upwards, growing from M35.99 million in Q1 to M43.70 million in Q4, and averaging M40.95 million. A&T collections are predicted to reach M45 million in the first quarter of the new financial year, and are likely to outstrip the M39.14 million target by M5.86 million, driven by revised rates and a 5.5% inflation rate.

## Outlook for revenue

Revenue performance in FY2025/26 is expected to remain under pressure due to a variety of adverse economic conditions, global and domestic. The termination of USAID support, the escalation of global and regional tensions, and the heightening of tariff barriers are anticipated to constrain economic activity and dampen both and investment spending.

The Central Bank of Lesotho has confirmed that the economy contracted by 5.3% between January and March 2025. This contraction signals a significant decline in consumer demand and business activity, with negative implications for tax revenue performance. Specifically, VAT collections are expected to underperform due to weakened consumer spending, while income tax revenues are likely to be negatively affected by reduced business profits and job losses.

## Performance by project: budget vs expenditure



# OUR PERFORMANCE

## Delivery on strategic pillars

### Improved employee experience

#1

**Objective 1**  
Make all RSL employees feel valued

**Progress**



**Activity**

- › Culture building sessions were held to instil RSL Values and ethics
- › One-on-one and team sessions were conducted to build relationships and create a psychologically safe environment
- › Opportunities were created for staff to practice new skills
- › Team building sessions were conducted to boost team morale and improve teamwork
- › Staff culture survey was conducted

**Objective 2**  
Increase employee net promoter (eNPS) score to 30%

**Progress**



Implementation rate towards achieving the eNPS score

**Activity**

- › New employee reward and recognition scheme was launched
- › Quarterly “Know Your Employer Brand” campaigns were delivered to build staff engagement and advocacy

- › Employees shared positive work experience stories as a means of showing gratitude and appreciation to each other and to the employer

- › Flexible Working Hours policy was developed to support work-life balance and to address the issues experienced during working from home era

**Objective 3**  
Create an exciting, positive and productive work environment

**Progress**



**Activity**

- › Coaching and mentoring of executive and senior was kick-started
- › Onboarding programme was reviewed to offer on improved experience to new recruits and for re-orientation to the current employees

### Value-driven processes

#2

**Objective 4**  
Achieve 95% operational efficiencies on prioritised core tax & customs processes

**Progress**



**Activity**

- › Alignment of bank reconciliations, returns processing, revenue collection, and refund payments was kick started
- › Bank auto reconciliations was achieved leading to attainment of more than 95% of operational efficiencies in this regard

**Objective 5**  
Create a memorable experience in all touchpoints with our clients

**Progress**



**Activity**

- › Auto-issuance of Tax Clearance
- › Certificates via e-Services platform reduced turnaround time from 24 hours to near real-time for compliant taxpayers
- › Integration with five institutions streamlined tax payment collection, taxpayer verification, and PAYE returns

### Digitalisation

#3

**Objective 6**  
Seamlessly integrate tax compliance into daily life events of taxpayers

**Progress**



**Activity**

- › Systems integrations were delivered for the purposes of sharing real-time data to facilitate Taxpayer registration, on-time filing and tax/customs payments. Taxpayers can now file and pay taxes anytime, anywhere at the comfort of their home/offices. Thus, we have broken the barriers introduced by time and space

**Objective 7**  
Become a leading data-driven organisation

**Progress**



**Activity**

- › A comprehensive cybersecurity strategy and implementation roadmap was finalised to protect digital and improve the cybersecurity posture of the organisation
- › Data science products were developed and socialised to detect non-compliance and these data products are as follows:

- **VAT Verification Tool** whose purpose is to assist business

in validating VAT refund claims submitted by taxpayers, supporting accurate, fair, and timely refund processing while reducing the risk of fraud and non-compliance

- **VAT Anomaly Detection Tool** which is mainly for supporting RSL's CRM office in detecting and investigating abnormal patterns in VAT return submissions. The tool is ultimately designed to enable early identification of suspicious transactions, prioritise high-risk cases, and streamline the review process

- **Fraudulent Invoice Detection Tool** whose purpose is to detect and prevent cross-border VAT fraud on imports by analysing invoice data, customs records, and taxpayer profiles to identify under-invoicing, fictitious suppliers, and other suspicious patterns. The tool supports improved VAT compliance and targeted audits

- **Filing Predictive Analysis Tool** for assisting Client Services in identifying unmonitored clients that are likely not to file in the upcoming filing period and notify them via SMS and/or email. This will assist Client Services to enhance taxpayers' compliance thus optimising their operations

- › Inter-connectivity between the Ministry of Home Affairs and the Land Authority Administration (LAA) was achieved to share compliance data.

### Combined assurance

#4

**Objective 8**  
Embed assurance as first line of defence for all RSL processes

**Progress**



**Activity**

- › Two toll-free numbers for reporting ethical issues and tax/customs evasion, as well as a digital reporting platform on the RSL website, made it easier for stakeholders to report concerns

- › Ethics programmes were introduced to instil an ethical culture

- › Performance measurement process metrics were put in place and process health checks were monitored monthly

- › Environment, Social and Governance (ESG) policy, the first of its kind within the RSL, was developed

# 09

## HUMAN CAPITAL



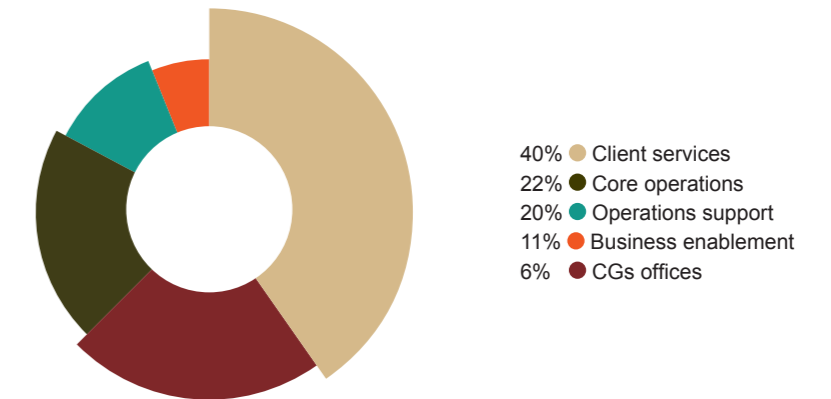
“ Investing in our people is a fundamental aspect of the Lesokoana 2024-27 Strategy and we have made considerable progress with our first strategic pillar – improved employee experience. ”

### HUMAN CAPITAL

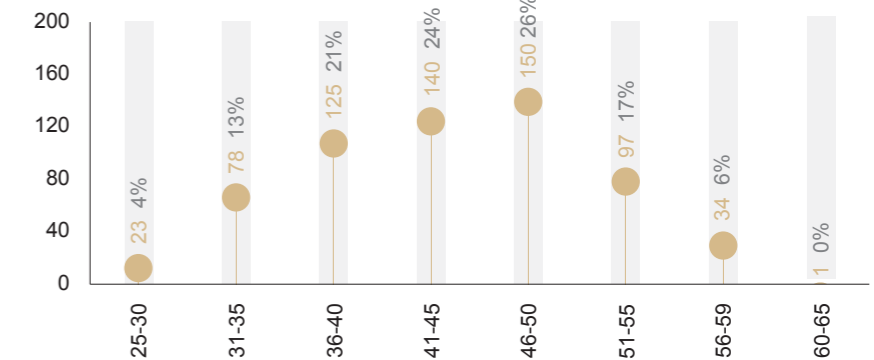
#### Human capital at a glance Staff composition by division

	Client services	Core operations	Operations support	Business enablement	CGs office	Total
Permanent	240	129	114	66	37	586
Temps	35	6	8	6	7	62
YDP	0	0	0	0	0	0
	275	135	122	72	44	648

#### Headcount distribution



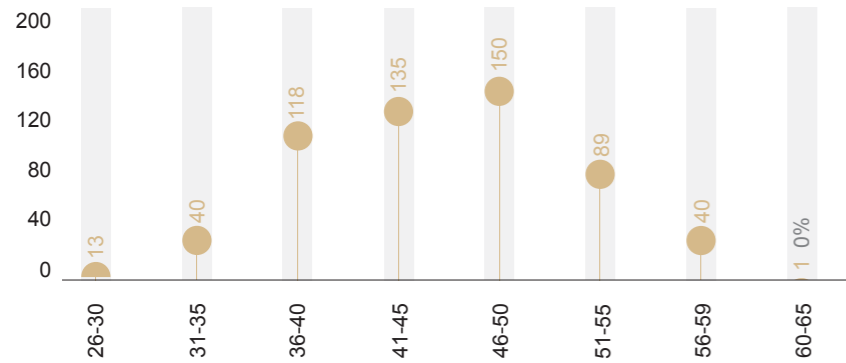
#### Staff composition by age (including temps)



Headcount, including temporary staff, presents a good bell shape with the majority of staff ranging in the middle age. This indicates a strong presence of both mid-career professionals and aging workforce who are entering the last decade of professional life within the RSL. 17% of the workforce is above 50 years of age, which signals a need for succession plans for critical positions. Only one person is above the retirement age due to the retention of valuable skills, and must be leveraged to build future talent pipeline.

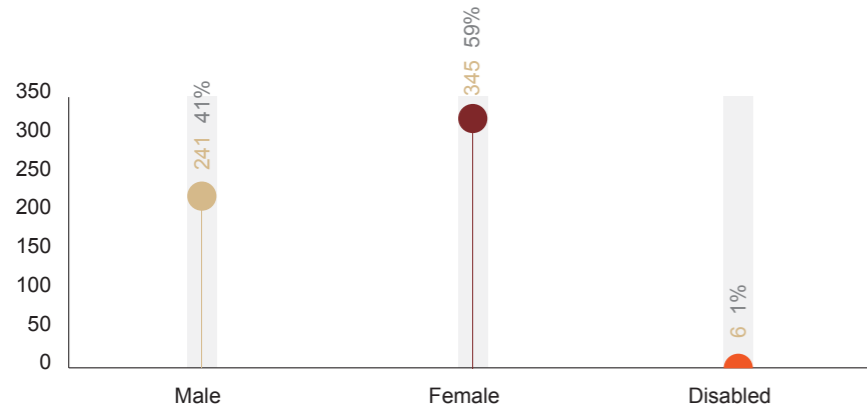
# HUMAN CAPITAL

## Permanent staff population by age

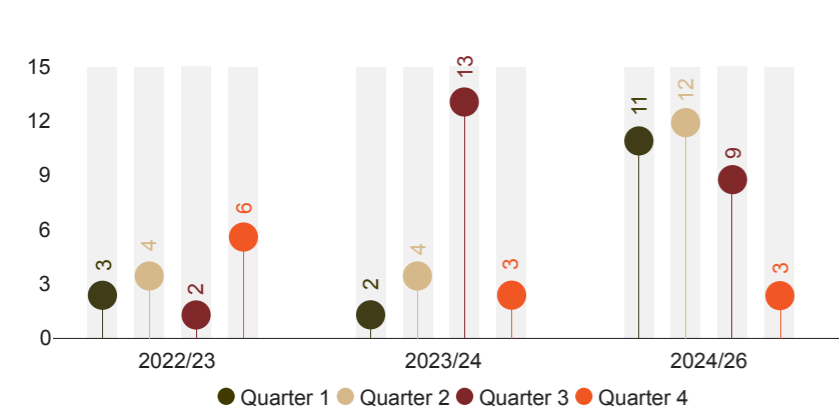


Permanent employees between the ages of 46 and 60 make up 47% of our workforce, reflecting an ageing employee profile. Once temporary staff are included, however, the overall age distribution shows a healthy balance, with most employees falling in the middle-age range.

## Diversity



## Staff turnover



In addressing the mission of combating corruption, management was robust in employing consequence management, resulting in 35 terminations during the reporting period.



Empowering staff at all levels, we're building leadership, wellbeing, and a values-driven, positive workplace.



Our culture change programme is boosting employee wellbeing and developing the leadership skills of non-managerial staff, while executive and senior leaders receive coaching and mentoring to enhance leadership capabilities in digital age, assisting in nurturing a safe, productive, and positive work environment.

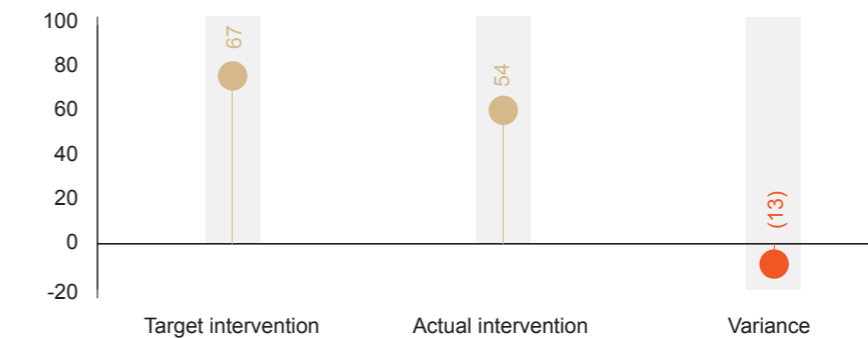
We also revamped our onboarding programme to improve employee experience, and ensure a more integration of processes and launched the CADET programme aimed at enhancing leadership capabilities and inspiring employees to live our core values of Teamwork, Integrity, Professionalism, Innovation, and Empathy.

## RSL Academy

At the RSL, we regard training and development as essential to achieving our strategic objectives and, each year, 2% of staff-related costs are allocated to learning and development initiatives that provide employees with the knowledge and skills to competently perform their functions. This year, we achieved an 81% training implementation rate.

## Training targets vs implementation rates

	Target interventions	Actual interventions
Strategic training plan	34	28
Daily operations training plan	33	26
<b>Total</b>	<b>67 (100%)</b>	<b>54 (81%)</b>

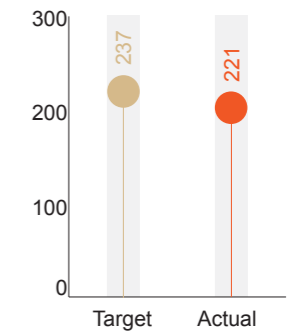


## Leadership and management development

	Number of employees trained
Executive Management	5
Senior Management	26

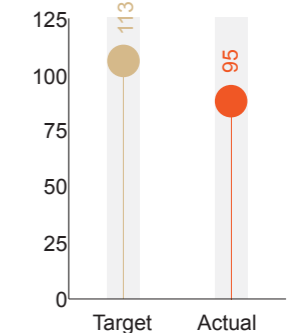
## Behavioural change and mental wellbeing

### Number of staff trained



### Data practitioners capacitation

### Number of person attendances



We further collaborated with regional and international organisations and engaged in peer learning with sister revenue administrations.

## HUMAN CAPITAL

### Climate survey overall positive

The recent culture survey, conducted at the close of the 2024/2025 fiscal year, reveals a significant leap in RSL's ethical standing. Compared to our 2022 survey, the results demonstrate that RSL is not just ethically aware, but actively transitioning towards ethical maturity. This positive shift underscores our commitment to fostering a deeply ingrained ethical culture.

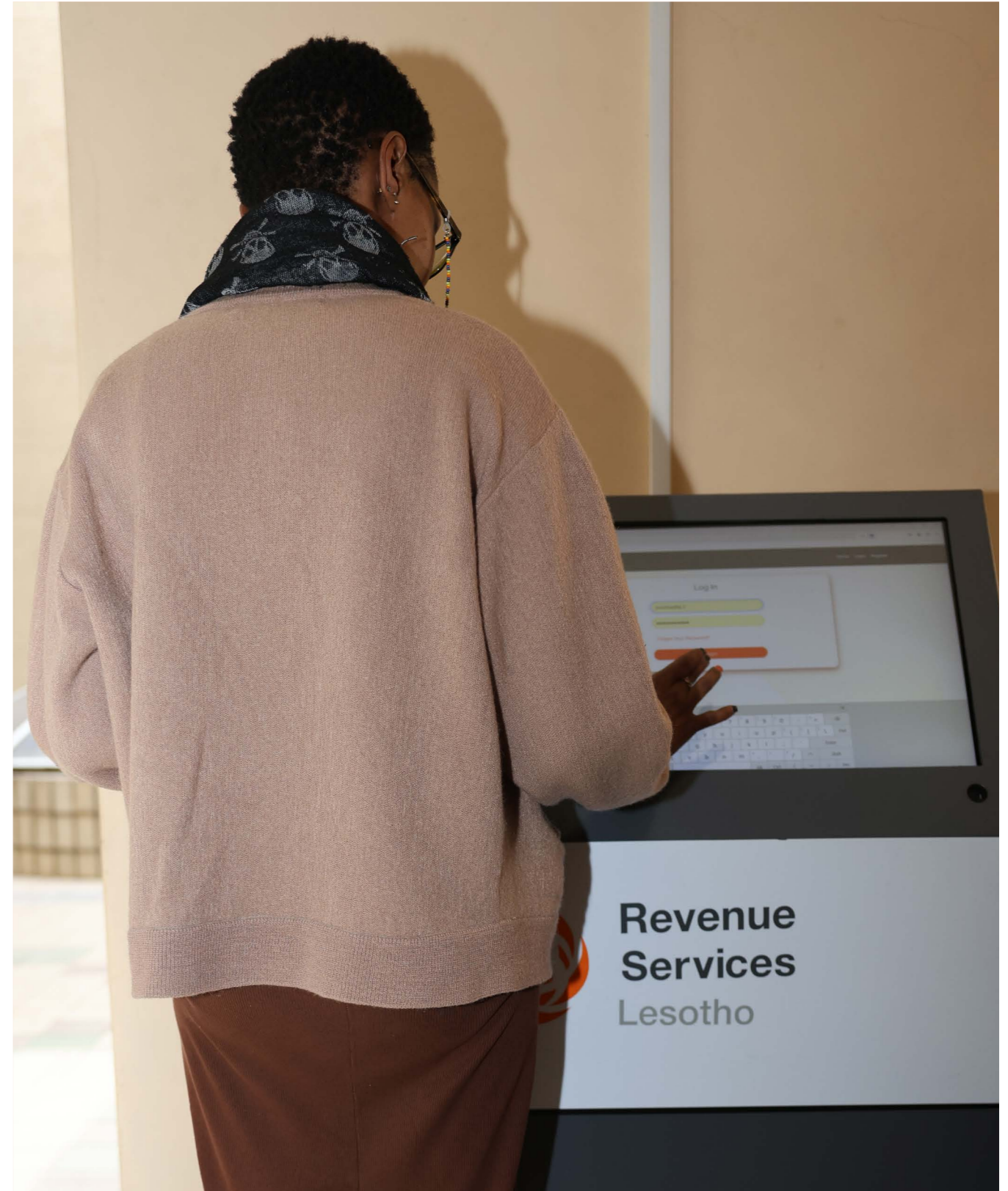
A resounding majority of RSL employees, across all levels and divisions, affirmed the critical importance of ethics in fulfilling our mandate. They strongly believe that high ethical standards are well-internalised throughout the organisation. Employees recognise their individual roles in driving ethical behaviour and widely appreciate the Code of Ethics as an invaluable guide. Furthermore, the survey highlighted strong support for ongoing ethics awareness sessions and small-team discussions as effective methods for reinforcing ethical conduct.

Our core values are clearly resonating. Most respondents confirmed their agreement with RSL's core values, identifying **professionalism, teamwork, empathy, and integrity** as key drivers of performance. This indicates a strong alignment between individual values and RSL's foundational principles.

While the survey results are largely positive, they also illuminate crucial growth opportunities to embed ethical practices even deeper into RSL's daily operations. To prevent complacency and continuously strengthen our ethical culture, the RSL will focus on several key areas:

- › **Amplify Ethics Training:** We will expand and enhance ethics training for all levels and categories of employment, ensuring everyone has the knowledge and tools to navigate ethical challenges.
- › **Sustain Ethics Discussions:** We'll reinforce and sustain regular ethics discussions within small teams, integrating them into ongoing performance reviews to ensure continuous engagement and accountability.

- › **Implement Targeted Ethics Initiatives:** This includes targeted ethics training addressing specific needs, establishing clear accountability frameworks for ethical conduct, and significantly improving whistle-blower protection to foster a safe environment for reporting concerns.
- › **Strengthen Ethical Leadership:** We will prioritise leadership development focused on ethical leadership, ensuring that ethical standards are our championed at the highest level of leadership.



# 10

## INTELLECTUAL CAPITAL



## INTELLECTUAL CAPITAL

“

RSL's ability to develop new ideas, processes and technologies that foster a culture of continuous improvement and streamline service delivery is integral to creating long-term value for our stakeholders.

”

### Project implementation

This year, the RSL focused on ways of working that strengthen our ability to deliver on our mandate, while strengthening our intellectual capital. We took steps to leverage data and digital platforms, modernise tax administration, mobilise domestic revenue collection, and improve the client experience.

We multiplied our efforts to detect fraudulent invoices, an essential step in improving VAT compliance and curbing refund fraud. Moreover, uncovering irregularities like this not only protect revenue but also builds confidence in the integrity of the system.

We also developed a predictive model for PAYE returns, improving monitoring of on-time filing and detecting non-filers rates in line with the TADAT standards. We further introduced the VAT refunds verification tool removing a critical manual step in the verification of VAT refunds process and improving efficiencies.



# 111

## NAVIGATING THE 2024-25 CORPORATE RISK LANDSCAPE

“ With the roll-out of the Lesokoana Strategy underway, RSL concentrated on identifying and addressing risks and opportunities that could impact our strategic goals.

”

The 2024-2025 financial year presented a dynamic corporate risk landscape for RSL, with several key areas demanding our attention and strategic response. Our focus remained on mitigating risks that could impede our ability to achieve strategic objectives and deliver on our mandate.

### Internal Environment and Human Capital

Staff morale was significantly impacted by the uncertainty and disruptions stemming from multiple restructuring processes in recent years. This led to a lack of trust between management and employees, identified as a critical risk to our objective of ensuring all RSL staff feel valued – a crucial aspect, given their role as the first point of contact with clients. To address this, we proactively held one-on-one and team feedback sessions. These sessions aimed to strengthen relationships, promote a shared understanding of the Lesokoana Values, and rebuild trust. By the end of the financial year, we observed improved relationships and a clearer understanding of the RSL's strategy among staff, indicating positive progress in this area.

### Operational Resilience and Efficiency

On the Information Technology front, cyber-attacks were flagged as a critical risk due to our increasing reliance on technology for core operations. To bolster our defences and guide future improvements, we commissioned an external audit to thoroughly review our cybersecurity processes. This independent assessment provides a roadmap for strengthening our digital infrastructure.

Another core objective for the year was to achieve 95% operational efficiency across all core tax and customs processes. The primary risks identified were poorly synchronised workflows and gaps in systems integration. To mitigate these, our efforts focused on aligning key processes, including bank reconciliations, returns processing, revenue collection, and refund payments. The goal was to significantly reduce turnaround times and eliminate manual interventions in these critical tax functions. By year-end, this project was 80% complete and is firmly on track to deliver the desired efficiency outcomes early in the next financial year.

### Strategic Risk Management

Midway through the year, a comprehensive review of our risk register was undertaken, identifying three additional risks deemed critical to RSL's mandate and strategy:

- › Credit and nil returns from large taxpayers
- › Low data quality
- › High staff turnover due to ill discipline

To mitigate these, we initiated targeted interventions. We conducted audits and verifications on nil and credit returns, successfully converting some into payable returns. We also established data quality standards to enhance the reliability and integrity of our information. Furthermore, we accelerated recruitment efforts to fill staffing gaps resulting from turnover. By year-end, while these risks remained elevated, they were successfully brought down from a critical level, demonstrating the impact of our proactive measures.



## NAVIGATING THE 2024-25 CORPORATE RISK LANDSCAPE

### Revenue Collection and Compliance

A low level of compliance was recognised as a significant risk to our objective of revenue collection. Our initial mitigation strategy involved using a compliance model to direct resources where they are most needed. However, during the implementation phase, it became evident that the effectiveness of this model is heavily dependent on data quality. As we continue to improve the quality of our data, it will clearly indicate areas of non-compliance, allowing for the precise deployment of resources for maximum impact. We are also actively considering leveraging technology to further enhance the implementation and effectiveness of our compliance model.

### Emerging risks and opportunities

Looking ahead to the upcoming financial year, the cessation of US funding at the close of the 2024/2025 reporting period on US-funded projects presents a potential challenge, with PAYE anticipated to decline. However, this outlook is likely to be offset by the potential for the textile sector to expand further into the South African market.

### Strategic Partnerships: A Foundation for Future Growth

The 2024-2025 financial year saw the successful formalization of key partnerships with the National University of Lesotho (NUL), the Lesotho Defence Force (LDF), the African Financial and Fiscal Affairs Limited (AFFAL), and the Ministry of Environment and Forestry. These collaborations are already demonstrating a positive impact and hold significant promise for advancing RSL's core mandate. Recognising their immense value, RSL is committed to deepening and expanding these strategic relationships in the upcoming financial year to unlock further opportunities and deliver enhanced outcomes.

New partnerships formalised during the reporting period with NUL yielded a positive impact and show promise for advancing RSL's mandate. This is an opportunity that the RSL intends to pursue further in the next financial year.

### Living the RSL values

Finally, bringing RSL's new values to life has been central to our transformation journey. Executive Management dedicated time to defining what the values mean for RSL, while staff were engaged in exploring what it means to live the values in practice. This marked the first step in creating a new organisational culture. Furthermore, our reputation as an employer of choice is starting to grow. (Read about our values on page 5.)

### Environmental, Social and Governance

Environmental issues have long been a part of RSL's ethos and, with the launch of the new strategy, we also developed a formal environmental, social, and governance (ESG) policy. The Policy was approved by the Board, with components of the Policy implemented during the reporting period.



# 12

## Social and Relationship Capital and Natural Capital

“ At RSL, we’re passionate about changing lives by contributing to the communities where we work. ”

We strive to do business responsibly and are committed to supporting projects that make a sustainable difference in the communities in which we operate, and that drive economic growth.

Through our corporate social investment (CSI) programme, we are actively involved in projects that support education, environmental conservation, entrepreneurship, sports, arts and culture, health, orphanages, and vulnerable communities.

### Tree planting initiative

Building on the success of our 2023 tree-planting campaign to celebrate our 20<sup>th</sup> anniversary, we continued this initiative in 2024 by planting 21,000 trees.

Through a partnership with Mantsopa Rotary Club and the Lesotho Defence Force, RSL planted 5,000 trees at Liphokoaneng, Berea, and 10,000 trees at Makoanyane Barracks.

A further 6,000 trees were planted at schools around the country.

### Bacha Entrepreneurship Project

Five youth-led businesses were awarded capital injection into their businesses under the 2024 Bacha Entrepreneurship Project (BEP).

## SUSTAINABILITY

The entrepreneurship project supports unemployed youth between the ages of 21 and 35, helping them transition from job seekers to job creators, and become drivers of economic growth in Lesotho.

The project is sponsored by RSL, Standard Lesotho Bank, and the Basotho Enterprise Development Corporation (BEDCO), with a combined seed capital of M1 million.

### Hlokomela Banana

RSL continued to support the Hlokomela Banana Adopt-a-School Campaign, established by Her Majesty Queen Masenate Mohato Seeiso’s in 2015 to address the social challenges faced by underprivileged girls in schools, particularly the lack of access to sanitary products. The initiative helps create a more conducive learning environment for girls, restores dignity, and improves school attendance.

This year, RSL adopted 14 schools, contributing M124,310 to provide a year’s supply of sanitary products to 824 girls.

### Academic awards

In line with our strategy of investing in people and technology, RSL supports academic excellence, and presented awards for outstanding performance to three students at National University of Lesotho (NUL) and two at Limkokwing University of Creative Technology.

These awards reflect our ongoing commitment to recognising and nurturing talent in fields that are vital to the future of a digitally empowered economy.

### Miss Lesotho Beauty Pageant

We continued to partner with the Miss Lesotho Beauty Pageant, and offered the newly crowned queen a six-month internship at RSL, giving her hands-on operational experience.

This collaboration allows us to contribute to youth empowerment and promote tax awareness among the younger generation through peer-led initiatives.

### Annual Cancer Walk

RSL again sponsored the annual Cancer Walk aimed at raising awareness about cancer, and also purchased tickets for staff to participate in the event.

### Moshoeshoe Walk

RSL supported the 18<sup>th</sup> Annual Moshoeshoe Walk, with 40 employees participating in the historic event. The 116km walk from Menkhoaneng to Thaba Bosiu aims to rekindle the spirit of unity among Basotho, honouring the legacy of the nation’s founder, Moshoeshoe I.

### Handover of sports ablution facility

As part of our ongoing partnership with the Lesotho Defence Force, RSL handed over a new sports ablution facility at the LDF Airwing Base. This joint effort not only strengthens institutional cooperation, it reinforces our shared commitment to improving infrastructure that supports the wellbeing of LDF personnel and other stakeholders who access the facilities.

### Operation Hloekisa Lesotho

As part of our commitment to environmental stewardship and corporate social responsibility, we adopted the Maseru Bridge-Lesotho Tractor Traffic Lights area at Ha Hoooho, a key entry point into the country from the Republic of South Africa, and a symbol of national pride.

The initiative forms part of Operation Hloekisa Lesotho, a national campaign relaunched by Prime Minister Ntsokoane Matekane in 2023, to promote a cleaner, healthier, and more sustainable Lesotho.



## SUSTAINABILITY

## SUSTAINABILITY

### Engaging with stakeholders

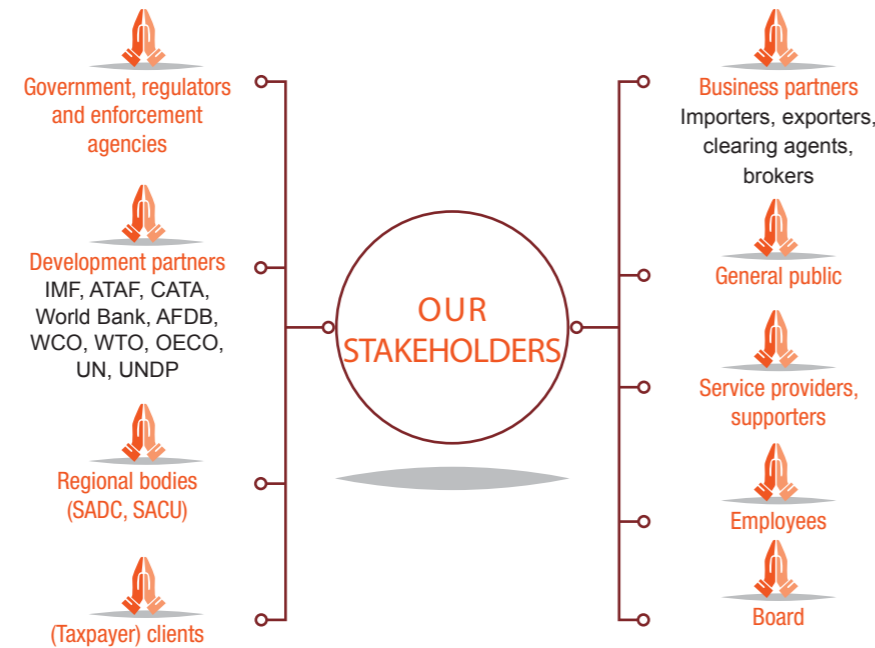


Sound stakeholder relationships are central to RSL's ability to create lasting value and deliver on our mandate.



We regularly engage with key stakeholders, including government and regulatory bodies, to better understand their concerns and needs, and respond to expectations in ways that support our ongoing growth and success.

### Our stakeholders



### Stakeholder management

As part of our drive to deepen stakeholder engagement, we expanded the Mphahlele Taxpayer Awareness campaign launched in 2023 by hosting Tax and Customs International Instruments conferences across Lesotho's three regions. These events provided valuable insights into how international instruments can improve business efficiency, stimulate economic cooperation, and support cross-border compliance.

We continued to strengthen ties with local and regional partners to promote taxpayer compliance and advance shared goals, and are making steady progress in building strategic partnerships and improving cross-border trade facilitation. MoUs signed during the year included agreements with the LDF; the NUL; AFFAL; the Ministry of Environment and Forestry; and Lesotho Postal Services.

In addition, we worked closely with district councils to bridge the information gap between RSL and local communities regarding our initiatives and services.



# 13

## OUR GOVERNANCE

### Governance structure

The RSL Board remains committed to the highest standards of corporate governance and continuously reviews our governance framework to ensure it is robust, responsive, and aligned with best practices that support operational excellence, sustainable growth and ethical leadership.

Read more about key Board decisions and governance milestones on page 64.

### Board of Directors

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

The Board consists of a chairperson and independent directors with the relevant skills, expertise and qualifications to effectively execute its duties. It is appointed by the Minister of Finance and Development Planning in terms of the Lesotho Revenue Act No.14 of 2001 (as amended). The Commissioner General serves as an ex officio member of the Board, which meets quarterly. The current RSL Board was appointed in November 2023.



**Adv. Lindiwe Sephomolo**  
Chairperson



**DR. Lerato Lerato**  
Director



**Morongoenyane Nyakane**  
Director



**Mathabo Mokoko**  
Director



**Tsireletso Mojala**  
Director



**Mamonaheng Koenane**  
Director



**Libako Leisanyane**  
Director



**Matumelo Ralebakeng**  
Director

# OUR GOVERNANCE

## Board committees and mandates

Three sub-committees support the Board in fulfilling its oversight duties. These committees, established in accordance with the Lesotho Revenue Act No.14 of 2001 (as amended), are integral to ensuring effective governance. Each committee has clearly defined roles and responsibilities and report on their activities at each Board meeting.

### Information, Communication and Technology Committee (ICTC)

The committee oversees implementation of ICT and data initiatives, approves IT policies, and supervises the management of cybersecurity risks, data breaches, and system failures. It also ensures that RSL leverages technology to achieve its mission and strategic objectives.



**DR. Lerato Lerato** Director  
**Mamonaheng Koenane** Director  
**Mathabo Mokoko** Director  
**Tsireletso Mojala** Director  
**Morongoenyane Nyakane** Director

### Human Resources and Remuneration Committee (HRRC)

The HRRC is responsible for implementing the human capital management and academy strategy, approving human resource policies; ensuring compliance with labour laws, overseeing the performance incentive scheme, and supporting the retention of motivated, capable staff.



**Libako Leisanyane** Director  
**Mamonaheng Koenane** Director  
**Mathabo Mokoko** Director  
**Tsireletso Mojala** Director  
**Matumelo Ralebakeng** Director

### Finance and Audit Committee (FAC)

The committee safeguards the financial health of RSL, ensures the integrity of its financial reporting, oversees the internal audit function, and advises the Board on significant financial and associated risks.



**DR. Lerato Lerato** Director  
**Libako Leisanyane** Director  
**Mathabo Mokoko** Director  
**Morongoenyane Nyakane** Director  
**Matumelo Ralebakeng** Director

## Key Board focus areas

During FY2024/25, the Board focused on strategy, technology, risk and regulatory issues, financial matters, remuneration and employment policies and technology.

### Human capital

### Capitals affected

The Board approved the revised remuneration policy and procedure manual to support a fair and equitable workplace, and administer payment of annual increases and bonuses.

HC, FC, SC

It also approved the Occupational Safety, Health and Environment (OSHE) policy and implementation framework as well as the flexible working hours policy .

The work from home policy was repealed and a flexible working hours policy was introduced to promote employee wellbeing and adaptability.

### Business and finance

### Capitals affected

The finance policy was updated to align with International Financial Standards (IFRS), improving financial governance and transparency.

FC, IC, HC, SC

The Board approved the closure of the Lesotho Tax Modernisation Project once major improvements to RSL's tax administration and services were complete.

It also approved the 2024/25 budget and business plan and the infrastructural projects compensation policy to regulate payment of compensation for people affected by RSL infrastructural developments.

SAS Project was officially closed in February 2024 with staff Placements at 90%, with the outstanding placements completed as business as usual under the HCM.

### Data and IT mangement

### Capitals affected

The Board approved the RSL's new cybersecurity strategy and roadmap to better safeguard digital assets and sensitive information, along with the revised records management policy to enhance data protection, risk mitigation, and privacy requirements privacy.

HC, FC, SC, IC

### Corporate reporting and charters

### Capitals affected

The Board approved and adopted the compact between the RSL Board of Directors and the Minister of Finance and Development Planning, establishing a framework for quarterly reporting to the Minister on revenue and strategic performance and promoting constructive working relationships.

FC, SC, IC, HC

Additionally, the Board approved and adopted the revised Board Charter and the new Board Committee Charters, to further clarify roles, responsibilities, and operational procedures.

The Board approved the Revised Internal Audit Charter to stregthennn the independence of the internal audit function, as well as the whistleblowing policy.

# OUR GOVERNANCE

## 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 Information and Communication Technology Committee (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 (57)

(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 her third term on the RSL Board.

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

Mrs Mojela has extensive experience in trade and industry development issues and strategic planning, and 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 (59)

(Ministry of Finance and Development Planning)  
Member  
Appointed: 6 November 2023

Mrs Leisanyane was appointed Deputy Chair of the LRA Board in November 2017, and is also on the Board of the Lesotho Petroleum Fund. She 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 (46)

(Commissioner General of RSL)  
Member  
Appointed: 1 September 2023

Mrs 'Mathabo Mokoko is the Commissioner General of Revenue Services Lesotho (RSL). An admitted Advocate of the High Court and Court of Appeal of Lesotho, she is also a member of the Law Society of Lesotho. She graduated with a Bachelor of Law from the University of Lesotho, and obtained her Masters of Taxation at the University of Pretoria.

She previously worked as a Practising Advocate at a private law firm, and taught Taxation as a part-time lecturer at the University of Lesotho. She has held a number of roles at RSL (previously the Lesotho Revenue Authority), first as the Legal Officer, Legal Officer Law Interpretation and as a Senior Manager, Policy Procedures and Law Interpretation.

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

She first joined RSL as Commissioner Operations Support, before becoming Commissioner of Client Services (Commissioner of Customs), and subsequently Commissioner General.

Mrs Mokoko is a passionate leader and devoted citizen, committed to investing in the development and wellbeing of leaders and in the growth of the nation.

### Mrs Matumelo Rebecca Ralebakeng (48)

(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. She previously served as Head Accounting and Senior Accountant. Her professional career includes roles at the Financial Intelligence Unit (FIU), the Lesotho Institute of Accountants and the Lesotho Revenue Authority.

She has held several oversight roles including President of the Lesotho Institute of Accountants and Council Chairperson, and Audit Committee member at Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI). She is the current Chairperson of the Audit Committee of Alliance for Financial Inclusion (AFI), and Alternate Chairperson of the Lehakoe Recreation and Cultural Centre (LRCC) Oversight Committee.

Mrs Ralebakeng is a Chartered Accountant (CA – L). She holds an ACCA qualification and an MSc in Professional Accountancy from the University of London.

### Ms Morongoenyane Florinah Nyakane (43)

(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 is the current Head of the Division, the Internal Audit Department at the Central Bank of Lesotho. She possesses exceptional strategic financial planning, governance, leadership, risk management, and control environment skills.

Ms Nyakane is committed to ongoing professional development and excellence in the financial sector, and has honed her skills through training in accounting, auditing, fraud, ethics, governance, risk management, information technology, and business continuity management.

She is actively involved in professional associations, having served as a Council Member and committee chair at the Lesotho Institute of Accountants (LIA) and the Institute of Internal Auditors Lesotho (IIA). Her contributions in developing the Mohlomi Code, a governance framework for Lesotho, underscore her commitment to ethical standards and best practices in the financial sector.

Ms Nyakane holds a Bachelor of Commerce in Accounting and an ACCA qualification. She is currently pursuing her Certified Internal Auditor (CIA) certification.



# OUR GOVERNANCE

## Composition of the Board (continued)

**Dr Lerato Lerato (50)**  
(Private sector)  
Member  
Appointed: 6 November 2023

Dr Lerato has been involved in governance and advisory roles throughout his career and has been a member of the Risk and Information Technology Governance Committee at the Central Bank of Lesotho since 2018. He previously served on the 11th Council of the National University of Lesotho (2009 to 2012), as well as on the university's ICT Steering Committee. His contributions extend to evaluating IT curricula and consulting on 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 VoIP communications, machine learning, and multimedia systems.

Before entering academia, Dr Lerato worked as a Speech Scientist and Software Developer at Intellica Voice and Mobile in Johannesburg, designing 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.

A published author, Dr Lerato's extensive research has advanced the field of electronics and computer science appreciably.



**Mrs Mamonaheng Koenane (43)**  
(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.

Her 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 programmes such as electronics, coding, robotics, space technology, and the Robot Operating System (ROS), the first-of-its-kind in the country.

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



Mrs Koenane 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 internationally recognised and has been a panelist at the UN's Workshop on Space Technology. She is an active participant in the Space Generation Advisory Council, and serves on the steering committee for the Lesotho Research and Network (LesREN), contributing to the strategic direction of research and education in the country.

She has also 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.

## The Executive Committee

The Commissioner General is appointed by the Board to steer RSL's day-to-day operations. Together with a four-person executive committee, the Commissioner General oversees the execution of Board directives and drives implementation of RSL's strategic objectives.

### EXCO members

Name	Designation	Position
Mrs 'Mathabo Mokoko	Commissioner General	Chairperson
Mr Rakokoana Makoa	Commissioner Client Services	Member
Ms 'Manneheng Ninie Mopeli	Commissioner Core Operations	Member
Mrs Mpono Mosaase	Commissioner Operations Support	Member
Mr 'Nete Obed 'Nete	Commissioner Business Enablement	Member
Mr Rakokoana Makoa	Commissioner Client Services	Member
Ms 'Manneheng Ninie Mopeli	Commissioner Core Operations	Member
Mrs Mpono Mosaase	Commissioner Operations Support	Member
Mr 'Nete Obed 'Nete	Commissioner Business Enablement	Member
Mr Moutloatsi Dichaba	Executive Support and Corporate Secretary	Member
<b>Permanent Invitees</b>		
Mr Thabang Mapetja	Head Legal	Attendee
Mr Khopotso Liphoto	Head Human Capital Management	Attendee
Ms Kabanyane Tladi	Head Finance	Attendee
Mrs Tlali Phoofolo	Chief Information Officer	Attendee
Mrs Puseletso Ntene	Head Delivery Unit	Attendee

# OUR GOVERNANCE

## Executive management

**Mr Rakokoana Makoa (48)**  
Commissioner Client Services  
Appointed: 1 January 2024

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

He possesses a wealth of experience in IT, project management, and strategy development, with close to two decades in tax and customs revenue, and was instrumental in modernising RSL's business processes and technological capabilities for both tax and customs.

Between 2017 and 2019, Mr Makoa served as a part-time expert for the IMF, supporting tax reform and modernisation efforts in Seychelles and Mozambique. He also has vast knowledge of software development, digital transformation, and project management.

Mr Makoa holds a Master's degree in Technology Management, an Honours in Technology Management 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.

**Mrs Ninie Manneheng Mopeli (55)**  
Commissioner Core Operations  
Appointed: 1 September 2019

Mrs Mopeli has over 20 years of executive leadership experience, including 12 years at RSL, first as Chief Corporate Services Officer, and then later as Commissioner Business Enablement, and Commissioner Operations Support. She was appointed Commissioner Core Operations on 1 September 2019.

Before RSL, she held senior executive positions at the National AIDS Commission (NAC), the Lesotho Electricity Company (LEC), UNFPA, and the Highlands Water Venture.

With a background in risk management, governance, FIDIC contracts management and financial management, Mrs Mopeli has served on the Audit and Finance Sub-Committees of the Lesotho Highlands Development Authority and the Metolong Authority.

She holds a Bachelor of Commerce Degree from the National University of Lesotho, is a General Accountant (Lesotho Institute of Accountants), and currently completing her Master's of Commerce in Development Finance at the University of Cape Town.

Mrs Mopeli is 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 in Conflict Dynamics. In addition, she serves on the Lesotho Casino Board.



**Mr Obed 'Nete (56)**  
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 Master's 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 at 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 Mpono Mosaase (49)**  
Commissioner Operations Support  
Appointed: 01 November 2024

Mrs Mosaase is an innovative and seasoned economist, risk and portfolio management executive with a distinguished career spanning over 25 years. This includes 14 years in strategic leadership roles at the Central Bank of Lesotho and the Southern African Development Community (SADC) Secretariat.

Her expertise encompasses enterprise risk management, project management, regional integration, strategic planning, policy development, and financial markets development.

As Director of Enterprise Risk Management (Chief Risk and Portfolio Management Executive), at the Central Bank of Lesotho, Mrs Mosaase spearheaded the transformation of the risk and project management functions through the introduction of robust frameworks and systems, and by fostering a receptive culture. Her efforts elevated the organisation's risk maturity to its highest level, significantly enhanced organisational resilience and ensured alignment with international best practices and regulatory standards.



Prior to this, she served as a Member of the Risk and Audit Committee at the SADC Secretariat. In this capacity, she championed the effective coordination and implementation of institutional reforms, decisions made by the SADC Council of Ministers and Heads of State, while also developing frameworks and facilitating strategic planning, budgeting, monitoring, evaluation, and programme coordination.

Mrs Mosaase is adept at leading diverse, multicultural teams and collaborating with international partners to achieve strategic organisational goals. Committed to continuous learning, she is also a member of the Institute of Directors, South Africa, and Institute of Risk Management, UK.

Mrs Mosaase holds a Master's degree in International and Development Economics from the Australian National University, as well as a Bachelor of Economics from the National University of Lesotho.

## OUR GOVERNANCE

### Committees: 1 April 2024 to 31 March 2025

#### Board of Directors

The Board met 15 times during the year

Name	Meeting attendance
<b>Advocate Lindiwe Sephomolo KC (Chairman)</b>	15/15
<b>Mrs Tšireletso Mojela</b>	14/15
<b>Mrs Libako Leisanyane</b>	14/15
<b>Mrs Matumelo Rebecca Ralebakeng</b>	13/15
<b>Ms Morongoenyane Nyakane</b>	14/15
<b>Mrs Mamonaheng Koenane</b>	15/15
<b>Dr Lerato Lerato</b>	15/15
<b>Mrs Mathabo Mokoko</b>	15/15

#### Information and Communication Technology Committee

The committee met five times during the year

Name	Meeting attendance
<b>Dr Lerato Lerato (Chairman)</b>	5/5
<b>Mrs Tšireletso Mojela</b>	5/
<b>Mrs Mamonaheng Koenane</b>	5/5
<b>Ms Morongoenyane Nyakane</b>	4/5
<b>Mrs Mathabo Mokoko</b>	5/5

#### Human Resource and Remuneration Committee

The committee met nine times during the year

Name	Meeting attendance
<b>Mrs Tšireletso Mojela (Chairman)</b>	7/9
<b>Mrs. Libako Leisanyane</b>	8/9
<b>Mrs Matumelo Rebecca Ralebakeng</b>	8/9
<b>Mrs Mamonaheng Koenane</b>	9/9
<b>Mrs Mathabo Mokoko</b>	8/9

#### Finance and Audit Committee

The committee met eight times during the year

Name	Meeting attendance
<b>Mrs. Libako Leisanyane (Chairman)</b>	6/8
<b>Dr Lerato Lerato</b>	8/8
<b>Ms Morongoenyane Nyakane</b>	7/8
<b>Mrs Matumelo Rebecca Ralebakeng</b>	8/8
<b>Mrs Mathabo Mokoko</b>	8/8

### EXCO sub-committees

Name	Strategic Management Committee	Position
Mr Obed 'Nete	<b>Commissioner Business Enablement</b>	Chairperson
Mrs Puseletso Ntene	<b>Head – Delivery Unit</b>	Member
Ms Itumeleng Lets'olo	<b>Head – Corporate Planning and Strategy</b>	Member
Mr Tlali Phoofofo	<b>Acting Chief Information Officer</b>	Member
Ms Kabanyane Tladi	<b>Head – Finance</b>	Member
Mr Khopotso Liphoto	<b>Head – Human Capital</b>	Member
Mrs Ntefeleng Tsiboho	<b>Head – Governance, Risk and Compliance</b>	Member

Name	Revenue Compliance Committee Members	Position
Mrs Ninie Mopeli	<b>Commissioner Core Operations</b>	Chairperson
Mr Norman Mapetla and Mrs Mpono Mosaase	<b>Commissioner Operations Support</b>	Member
Mr Rakokoana Makoa	<b>Commissioner Client Services</b>	Member
Adv Rabahlakoana Ntema	<b>Head – Legal</b>	Member
Adv Thabang Mapetja	<b>Permanent Attendees</b>	
Mr Ts'epo Raletsoane	<b>Deputy Commissioner – Priority Clients (Chairman of the Revenue Management Committee)</b>	Attendee
Mr Liteboho Mokuena	<b>Manager Internal Audit</b>	Attendee
Mrs Ntefeleng Tsiboho	<b>Head – Governance, Risk and Compliance</b>	Attendee
Mr Bahlakoana Shelile	<b>Deputy Commissioner – Compliance Risk and Intelligence</b>	Secretariat

Name	Tender Adjudication Committee Members	Position
Mr Obed 'Nete	<b>Commissioner Business Enablement</b>	Chairperson
Ms Kabanyane Tladi	<b>Head – Finance</b>	Member
Adv Rabahlakoana Ntema / Adv Thabang Mapetja	<b>Head – Legal</b>	Member
Mamaretha Mokuena	<b>Head – Corporate Services</b>	Member
Motlatsi Mohau	<b>Manager Supply Chain</b>	Secretariat

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

# OUR GOVERNANCE

## Internal Audit

Internal Audit assists RSL to create, protect, and sustain value by providing independent, risk-based assurance and strategic insights that ensure strong governance, effective risk management, and sound internal controls.

The Division reports to the Commissioner General for administrative purposes, and functionally to the Finance and Audit Committee, a sub-committee of the Board

The Internal Audit Charter was updated in January 2025 to align with the revised Global Internal Audit Standards issued by the Institute of Internal Auditors (IIA), and with the Mohlomi Corporate Governance Code. These updates took effect following internal auditor training on the new standards.

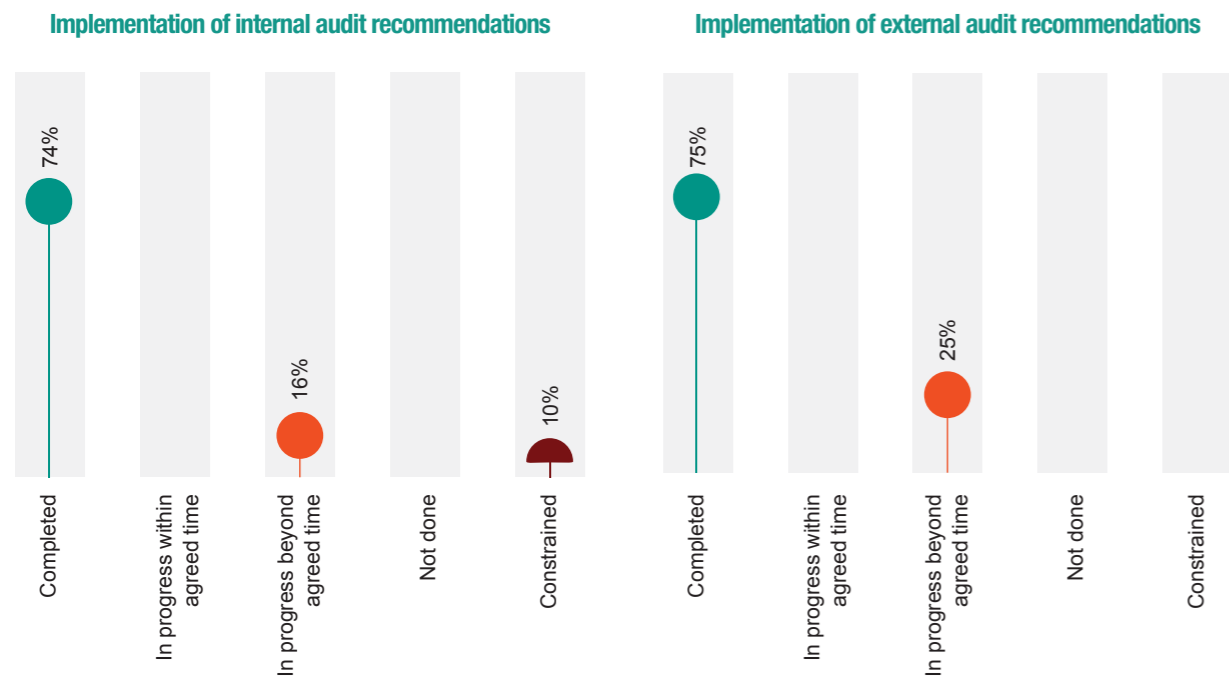
## Audit delivery and focus (2024/25)

Internal Audit completed 88% of its annual plan, up from 68% in the past financial year.

### High-risk areas of plan completed

<b>SACU revenue management</b>	<b>Debt management</b>	<b>Debt security</b>	<b>Customs valuation</b>
<b>Business continuity</b>	<b>Remittances and reconciliations</b>	<b>Taxpayers audit process</b>	<b>Revenue collections</b>

### Implementation of internal and external audit recommendations



Source: Internal Audit and Combined Assurance

## Looking ahead

- In the new financial year, Internal Audit will
- › Strengthen combined assurance reporting
  - › Develop Internal Audit Strategy and align with RSL's strategy
  - › Develop and implement a quality assurance and Improvement Program which is in line with the new Global internal audit standards
  - › Update the internal audit manual

These initiatives aim to advance RSL's strategic goals through credible, independent assurance and stronger controls.

## Combined assurance



FY2025 marks the first year of implementing the combined assurance framework, designed to strengthen risk maturity across the organisation, integrate and optimise assurance-related activities across the organisation, encourage closer collaboration among assurance providers.



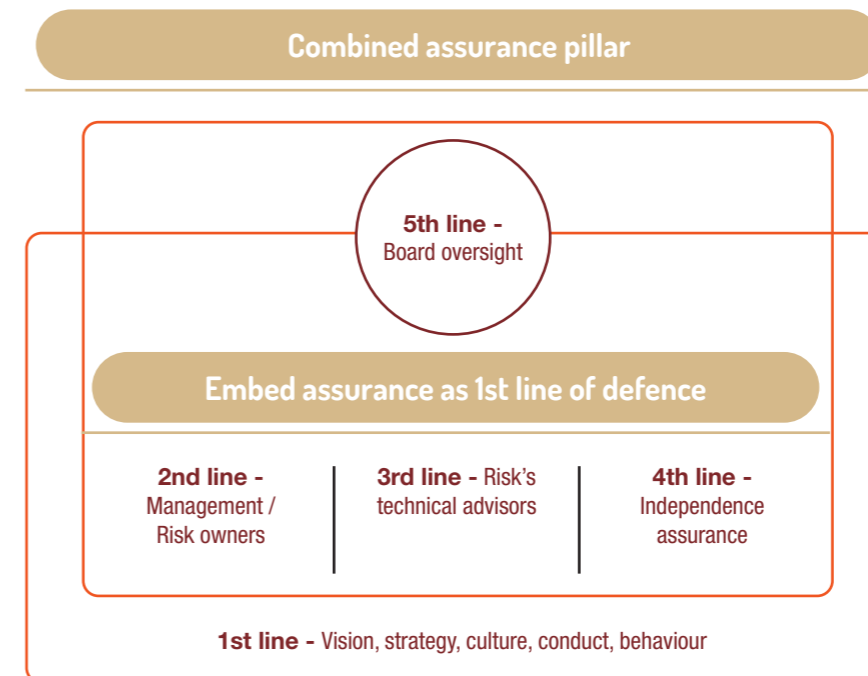
The framework sets out the minimum standards required to fulfil a combined assurance mandate and establishes a foundation for integrating assurance into RSL's governance structure. By aligning the model provides a holistic view of our risk profile, ensures effective mitigation of significant risks, and builds confidence in the overall control environment.

Built on five pillars of assurance, the combined assurance model strengthens governance, risk management, and internal controls, enhancing the quality and reliability of risk and performance information used for decision-making. It further enables a coordinated approach to managing key risks.

### The five pillars of assurance

- › Risk owners and management
- › Enterprise risk management (ERM)
- › IT governance and relationship management
- › Compliance management, including compliance risk management (specifically for taxpayer compliance)
- › Organisational safety, health and environment (OSHE), security, internal audit, and other external assurance providers

### RSL's combined assurance framework



# 14

## FINANCIAL AND MANUFACTURED CAPITAL



## FINANCIAL AND MANUFACTURED CAPITAL

### 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 this 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 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 acknowledges 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 it 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 standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the RSL and all employees are required to maintain the highest ethical standards in ensuring the RSL's business is in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the RSL is on identifying, assessing, managing and monitoring all known forms of risks across the RSL. While operating risk cannot be fully eliminated, the RSL endeavours to minimise it by ensuring that appropriate infrastructure, controls, 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 misstatement or loss.

The Board has reviewed the RSL's cash flow forecast for the year to 31 March 2026 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 66 to 97 which have been prepared on the going concern basis, and were approved by the Board of Directors on 5 February 2026 following the re-opened audit and signed on its behalf by:

Board Chairman

Acting Commissioner General

## FINANCIAL AND MANUFACTURED CAPITAL

### 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 Revenue Services Lesotho 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 2025 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 M632,566,600 (2024 M497,416,605). The RSL incurred capital expenditure of M53,304,754 (2024 M33,484,627) on property, plant and equipment. Full details of the financial results are set out on pages 10 to 35.

#### 3. Cashflow for the year

Own Cash and cash equivalents at the end of the financial year were M502,262,220 (2024 M591,670,139). A detailed statement of cash flows is on page 75.

#### 4. Transfer of Fixed Assets to the RSL by Government

In terms of the Memorandum of Understanding between the Government of Lesotho (Ministry of Finance and Development Planning) 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 8<sup>th</sup> RSL Board and Board Committees: 1 April 2024 to 31 March 2025

##### Board of Directors

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

### Directors' Report *(continued)*

#### Information and Communication Technology Committee

**Member**  
Dr. Lerato Lerato (Chairman)  
Ms. Morongoenyane Nyakane  
Mrs. Mamonaheng Koenane  
Mrs. Tsireletso Mojela  
Mrs. Mathabo Mokoko

#### Human Resource and Remuneration Committee

**Member**  
Mrs. Tsireletso Mojela (Chairman)\*  
Mrs. Libako Leisanyane  
Mrs. Mamonaheng Koenane  
Mrs. Rebecca Ralebakeng  
Mrs. Mathabo Mokoko

#### Finance and Audit Committee

**Member**  
Mrs. Libako Leisanyane (Chairman)\*  
Ms. Morongoenyane Nyakane  
Dr. Lerato Lerato  
Mrs. Rebecca Ralebakeng  
Mrs. Mathabo Mokoko

#### 7. Bankers

The following financial institutions were the bankers of the RSL during the year:

Business address	Postal address
<b>Standard Lesotho Bank</b>	Lesotho Bank Building, Kingsway, Maseru
<b>Nedbank</b>	Head Office 115-117 Griffith Hill Kingsway Street P.O. Box 1001 Maseru 100
<b>First National Bank</b>	Pioneer Road Maseru
<b>Lesotho Post Bank</b>	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 and postal address of The RSL

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

#### 10. Auditors

The auditors of the RSL are:  
PKF Lesotho (Chartered Accountants and Business Advisers) on behalf of the Auditor General of Lesotho  
PKF OFFICE PARK  
Corner. Mejametalana/Letsoapo Street, (Behind Setsoto Stadium)  
Maseru East, Private Bag A296  
Maseru 100  
Lesotho

## FINANCIAL AND MANUFACTURED CAPITAL

### Audit report on the financial statements of the Revenue Services Lesotho for the year ended 31 March 2025

#### Qualified Opinion

**PKF Lesotho**, under Section (24) (1) of the Audit Act 2016, audited the financial statements of Revenue Services Lesotho set out on pages 72 to 97, which comprise the Statement of Financial Position as at 31<sup>st</sup> March 2025, the Statement of Profit or Loss, Statement of Changes in Equity, and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. Section 116 of the Constitution of Lesotho as amended by Act, No.2 of 2025 and the Audit Act, 2016 Section 7 (1) (b) (vi), require me to audit and report on these Statements.

In my opinion, except for the possible effect of the matters described in the basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of Revenue Services Lesotho as at 31<sup>st</sup> March 2025, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

#### Basis for Qualified Opinion

- i. The prior year unresolved balance of accruals amounting to M2,623,575, has increased by M14,642,969 which is 558.13%. These are payments charged to accruals without evidence that the double entry was complete leading to misstatements of liabilities and expenses accounts reported in the financial statements. Consequently, we are unable to place reliance on the accuracy of the accruals and various expenses account balances that have been reported in the financial statements.
- ii. Differences of M3,654,514, between provision for severance disclosed in the financial statements and auditor's recalculations. The client used an approach that deviates from the requirements of Section 136 (1) of the Labour Act, 2024, which stipulates that severance be based solely on the employee's *basic wages*. Furthermore, the principle is in direct contradiction with the opinion expressed by the Lesotho Labour court on the matter. This resulted from the application of an all-inclusive employee remuneration (including medical aid, gym, and cell phone allowances) as basis of computation.

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAI). 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 Revenue Services Lesotho in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for 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 the requirements of 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 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 IFRS, and for such internal controls as management determines are 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 Revenue Services Lesotho's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Revenue Services Lesotho or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process.

### Audit report on the financial statements of the Revenue Services Lesotho *(continued)* for the year ended 31 March 2025

#### 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 ISSAI 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 based on these financial statements.

As part of an audit in accordance with ISSAI, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- a) 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- b) Obtain an understanding of internal controls relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Revenue Services Lesotho's internal controls.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) 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 Revenue Services Lesotho's ability to continue as a going concern. If I conclude that 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.

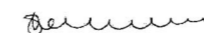
However, future events or conditions may cause Revenue Services Lesotho to cease to continue as a going concern.

- e) 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 control 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, related 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)**

**DATE: 20<sup>th</sup> FEBRUARY 2026**

**AUDITOR-GENERAL**

## FINANCIAL AND MANUFACTURED CAPITAL

### Statement of financial position

as at 31 March 2025

		2025	2024
	Notes	March M	March M
<b>ASSETS</b>			
<i>Tangible Assets</i>			
Property, Plant and Equipment	2.1	321,882,667	287,297,792
<i>Intangible Assets</i>			
Software	2.2	206,500,000	–
Intangible assets under Development	2.2	188,539,923	166,209,107
<i>Right of Use Assets</i>			
Rented Property	2.3	29,178,578	–
<i>Current Assets</i>			
Accounts Receivable	3	2,943,754	1,686,749
Bank and Cash	4	337,012,236	251,575,713
Collections Bank Account Balances	6	165,249,985	340,094,424
<b>Total Current Assets</b>		<b>505,205,974</b>	<b>593,356,887</b>
<b>Total assets</b>		<b>1,251,307,141</b>	<b>1,046,863,785</b>
<b>CAPITAL AND LIABILITIES</b>			
<i>Capital and Reserves</i>			
Accumulated Surplus		353,025,368	322,066,654
Revaluation Gain		212,131,605	–
<b>Total Capital and Reserves</b>		<b>565,156,973</b>	<b>322,066,654</b>
<i>Non-current Liabilities</i>			
GOL projects funding (Grants)	6	169,333,917	163,829,927
Trust account	7	8,120,746	7,088,675
Provisions for Terminal Benefits	8.1	86,687,875	73,553,103
LTMP AfDB	9	98,714,376	98,714,377
LTMP AfDB Supplementary Loan	9	37,706,917	16,599,502
Right of Use Liability	9	29,178,578	–
		<b>429,742,410</b>	<b>359,785,583</b>
<i>Current liabilities</i>			
Provision for leave pay	8.2	5,111,240	4,740,108
Current Liability Gratuity	9	903,848	–
Collections Account balances Remittable	5	165,249,985	340,094,424
Reconciling Items Amount	5	2,539,645	–
Accounts Payable and Accruals	11	74,500,101	20,177,019
<b>Total Current Liabilities</b>		<b>248,304,819</b>	<b>365,011,551</b>
<b>Total capital and liabilities</b>		<b>1,251,307,141</b>	<b>1,046,863,785</b>

### Statement of comprehensive income

for the year ended 31 March 2025

		2025	2024
	Notes	March M	March M
<b>INCOME</b>			
<i>Operating Income</i>			
Government funding		630,888,370	597,706,622
Interest received		19,944,186	13,316,758
Tollgate fees Income		6,908,700	4,740,104
Fidelity Guarantee Claim		441,000	–
Storage income		38,011	319,811
Commission received		412,054	420,535
Gaming Fees		–	35,000
Other income		1,089,813	762,027
Amortisation Project Funds	17	1,835,039	1,835,039
<b>Total Operating Income</b>		<b>661,557,173</b>	<b>619,135,896</b>
<b>EXPENDITURE</b>			
Staff related expenses		419,476,053	377,617,270
Administration expenses		181,771,862	100,850,924
Compliance Costs		22,757,616	13,850,655
Vehicle running costs		8,561,069	5,097,756
<b>Total expenditure</b>		<b>632,566,600</b>	<b>497,416,605</b>
<b>Surplus for the period</b>		<b>28,990,574</b>	<b>121,719,291</b>

## FINANCIAL AND MANUFACTURED CAPITAL

### Statement of changes in capital and reserves

for the year ended 31 March 2025

	Notes	Accumulated Surplus M
Balance as at 31st March 2021		85,257,645
Prior year adjustment		9,119,686
Deficit for the period		(36,245,928)
<b>Balance as at 31st March 2022</b>		<b>58,131,403</b>
Prior year adjustment		5,343,703
Deficit for the period		(6,769,085)
<b>Balance as at 31st March 2023</b>		<b>56,706,021</b>
Prior year adjustment		19,884,207
Surplus for the period		121,733,934
Revaluation Reserve		123,742,492
<b>Balance as at 31st March 2024</b>		<b>322,066,654</b>
Prior year adjustment	16	1,461,041
Surplus for the period		28,990,574
<b>Balance as at 31 March 2025</b>		<b>352,518,269</b>

### Cash flow statement

for the year ended 31 March 2025

	Notes	2025 March M	2024 March M
<b>Cash flows from operating activities</b>			
Surplus for the year		28,990,574	121,733,934
Adjustments for item not involving cash movement:			
Interest (received)/paid		(19,944,186)	(13,316,758)
Depreciation		24,779,135	5,599,427
(Decrease) /Increase in provisions		13,505,904	21,457,950
Prior year adjustments	16	1,461,041	19,884,207
(Gain)/Loss on fixed asset disposal		(700,108)	(357,309)
Surplus /(deficit) before changes in working capital		48,092,232	155,001,450
(Increase)/Decrease in accounts receivable		(1,257,005)	(200,599)
(Decrease) /Increase in accounts payable		107,148,719	12,548,113
(Decrease)/Increase in Collection accounts		(174,844,440)	48,201,747
<b>Net cash inflow from operating activities</b>		<b>(20,860,365)</b>	215,550,711
<b>Cash flows from investing activities</b>			
Interest received		19,944,186	13,316,758
Purchase of property, plant and equipment		(95,613,438)	(28,466,504)
Movement from PPE to Operating Costs		(51,074)	520,000
Proceeds on disposal of assets		636,711	409,364
<b>Net cash outflow from investing activities</b>		<b>(75,083,616)</b>	(14,220,381)
<b>Cash flows from financing activities</b>			
GOL capital funding		5,503,991	8,510,385
Funds Account		1,032,071	847,647
(Decrease)/Increase Payable to loan		–	–
		6,536,062	9,358,032
Increase/(Decrease) in cash and cash equivalents		(89,407,919)	210,688,362
Cash and cash equivalents at beginning of the year		591,670,139	380,981,777
<b>Cash and cash equivalents at end of the period</b>		<b>502,262,220</b>	591,670,139

## FINANCIAL AND MANUFACTURED CAPITAL

### Statement of accounting policies

for the year ended 31 March 2025

#### 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 Revenue Services Lesotho 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). However, The RSL is currently executing the Lesotho Tax Modernisation Project (LTMP) funded by AfDB and the Government of Lesotho (GoL). The accounting principle applied on the LTMP transactions is the Cash basis as required by IPSAS.

#### 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 RSL'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:

### Statement of accounting policies *(continued)*

for the year ended 31 March 2025

#### 1.2 Basis of Preparation *(continued)* Measurement of fair value *(continued)*

- 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 is 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

#### 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.

## FINANCIAL AND MANUFACTURED CAPITAL

### Statement of accounting policies *(continued)*

for the year ended 31 March 2025

#### 1.3 Adoption of standards in future financial periods *(continued)*

##### (a) Standards, amendments and interpretations which are relevant to the RSL's operations *(continued)*

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.

**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.

### Statement of accounting policies *(continued)*

for the year ended 31 March 2025

#### 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 RSL.

##### Depreciation

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

##### Rate of depreciating assets

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

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

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

##### Impairment

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.

## FINANCIAL AND MANUFACTURED CAPITAL

### Statement of accounting policies *(continued)*

for the year ended 31 March 2025

#### 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 amortised cost using the effective interest method.

##### 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 RSL 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.

### Statement of accounting policies *(continued)*

for the year ended 31 March 2025

#### 1.5 Financial instruments *(continued)* Impairment *(continued)*

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 amortised 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.

#### 1.9 Employee benefits Short term employee benefits

The costs of all short term employee benefits are 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.

## FINANCIAL AND MANUFACTURED CAPITAL

### Statement of accounting policies *(continued)*

for the year ended 31 March 2025

#### 1.9 Employee benefits *(continued)* 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 retranslation 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 lives 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 RSL'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.

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

### Statement of accounting policies *(continued)*

for the year ended 31 March 2025

#### 1.13 Financial Risk Management *(continued)* 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 RSL 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.

## FINANCIAL AND MANUFACTURED CAPITAL

### Statement of accounting policies *(continued)*

for the year ended 31 March 2025

#### 1.14 Leases *(continued)* 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 RSL'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.

### Statement of accounting policies *(continued)*

for the year ended 31 March 2025

#### 2. Property, plant and equipment 2.1 Tangible Assets

	2025			2024		
	Cost M	Accumulated Depreciation M	Carrying Amount M	Cost M	Accumulated Depreciation M	Carrying Amount M
<b>Owned Assets</b>						
Land	187,069,278	–	187,069,278	184,199,478	–	184,199,478
Motor Vehicles	14,740,181	(8,784,622)	5,955,558	16,174,016	(9,024,100)	7,149,916
Furniture and Fittings	17,411,924	(13,907,743)	3,504,181	14,731,420	(13,530,619)	1,200,801
Office Equipment	75,997,771	(65,125,287)	10,872,484	65,796,917	(61,296,489)	4,500,427
Specialised Equipment	38,763,953	(34,889,855)	3,874,098	38,628,124	(34,744,997)	3,883,127
Security Measures	4,212,733	(1,599,831)	2,612,902	1,533,004	(1,435,181)	97,824
Buildings	146,004,027	(77,987,383)	68,016,644	146,004,027	(75,734,969)	70,269,058
Bins and Containers	1,773,970	(608,662)	1,165,308	544,779	(544,779)	–
Emergency equipment	13,805,370	(6,647,230)	7,158,140	6,820,772	(6,026,544)	794,228
<b>Managed Assets</b>						
<b>Work-In-Progress</b>						
Border Refurbishment	4,933,881	–	4,933,881	4,923,749	–	4,923,749
IRMS(EDRMS&Data Cleansing)	–	–	–	–	–	–
DCS Customs	–	–	–	–	–	–
LRA Housing	4,455,462	–	4,455,462	160,883	–	160,883
Assets Work in Progress	4,430,749	–	4,430,749	1,705,788	–	1,705,788
Assets WIP Asset Clearing	–	–	–	–	–	–
Border Refurbishment – Asset Clearing	6,478,853	–	6,478,853	5,902,559	–	5,902,559
Security Measures – Asset Clearing	2,415,948	–	2,415,948	1,889,271	–	1,889,271
Office Equipment – Asset Clearing	5,685,666	–	5,685,666	577,060	–	577,060
Motor Vehicle Asset Clearing	(50,000)	–	(50,000)	(50,000)	–	(50,000)
Office Furniture – Asset Clearing	14,283	–	14,283	1,062	–	54,218
Buildings – Asset Clearing	–	–	–	–	–	–
Emergency Equipment – Asset Clearing	–	–	–	–	–	–
RSL Social Club at cost	100	–	100	–	–	–
Specialised Equipment asseet clearing	3,127,803	–	3,127,803	–	–	–
Renovations	161,328	–	161,328	–	–	–
	<b>531,433,280</b>	<b>(209,550,613)</b>	<b>321,882,667</b>	<b>486,513,341</b>	<b>(202,337,678)</b>	<b>284,175,663</b>

## FINANCIAL AND MANUFACTURED CAPITAL

### Statement of accounting policies (continued)

for the year ended 31 March 2025

#### 2. Property, plant and equipment (continued)

##### 2.1 Tangible Assets (continued)

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

2025

	Carrying Amount at 04/01/2024 M	Additions during the year M	Disposal/ reclassifi- cation during the year M	Depreciation for the year M	Revaluation of Assets M	Carrying Amount at 31/03/2025 M
<b>Owned Assets</b>						
Land	184,238,882	–	–	–	2,830,396	187,069,278
Motor Vehicles	7,149,916	130,750	–	1,325,108	–	5,955,558
Furniture and Fittings	1,200,801	2,680,503	–	377,124	–	3,504,181
Office Equipment	4,500,427	9,958,394	242,460	3,828,798	–	10,872,484
Specialised Equipment	3,883,127	–	135,829	8,276	(136,581)	3,874,098
Security Measures	97,824	–	–	164,650	2,679,729	2,612,902
Buildings	70,269,058	–	–	2,252,414	–	68,016,644
Bins and Containers	–	362,816	–	63,883	866,376	1,165,308
Emergency equipment	794,228	1,016,816	–	620,686	5,967,782	7,158,141
Border Refurbishment – Asset Clearing	5,902,559	576,294	–	–	–	6,478,853
Security Measures – Asset Clearing	1,889,271	526,677	–	–	–	2,415,948
Office Equipment – Asset Clearing	577,060	5,494,547	(385,941)	–	–	5,685,666
Motor Vehicle Asset Clearing	(50,000)	–	–	–	–	(50,000)
Office Furniture – Asset Clearing	54,218	(39,935)	–	–	–	14,283
Buildings – Asset Clearing	–	–	–	–	–	–
Emergency Equipment – Asset Clearing	–	–	–	–	–	–
RSL Social Club at cost	–	100	–	–	–	100
Specialised Equipment asset clearing	–	3,127,803	–	–	–	3,127,803
Renovations	–	161,328	–	–	–	161,328
<b>Managed Assets</b>						
Work-In-Progress:						
Border Refurbishment	4,923,749	10,132	–	–	–	4,933,881
IRMS (EDRMS&Data Cleansing)	–	–	–	–	–	–
DCS Customs	–	–	–	–	–	–
LRA Housing	160,883	4 294 579	–	–	–	4,455,462
Asset WIP asset Clearing	–	–	–	–	–	–
Assets Work in Progress	1,705,788	2,724,961	–	–	–	4,430,749
	287,297,792	31,025,765	(7,652)	8,640,939	12,207,701	321,882,667

2024

### Statement of accounting policies (continued)

for the year ended 31 March 2025

#### 2. Property, plant and equipment (continued)

##### 2.1 Tangible Assets (continued)

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

	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 at 31/03/2024 M
<b>Owned Assets</b>						
Land	184,238,882	–	–	–	–	184,238,882
Motor Vehicles	792,517	1,750,000	5,018,123	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)	–	–	–	–	(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	–	1,062	–	–	–	1,062
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	14,045,547	(52,058)	4,717,611	1	287,244 636

## FINANCIAL AND MANUFACTURED CAPITAL

### Statement of accounting policies (continued)

for the year ended 31 March 2025

#### 2. Property, plant and equipment (continued)

##### 2.2 Intangible assets

##### 2.2.1 Software

	2025			2024		
	Cost M	Accumulated Depreciation M	Carrying Amount M	Cost M	Accumulated Depreciation M	Carrying Amount M
<b>Owned Assets</b>						
Software (ETPM)	(1)	–	(1)	83,419,305	83,419,306	(1)
Software (ETPM) 1/ PSRM	161,700,000	2,695,000	159,005,000	–	–	–
Software (EDRMS)	(–)	–	(–)	2,595,481	2,595,481	–
Software (EDRMS) 2	6,300,000	105,000	6,195,000	–	–	–
Software (ASYCUDA)	–	–	–	21,956,087	21,956,087	–
Software (ASYCUDA) 3	42,000,000	700,000	41,300,000	–	–	–
	<b>210,000,000</b>	<b>3,500,000</b>	<b>206,500,000</b>	<b>107,970,874</b>	<b>107,970,874</b>	<b>–</b>

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

	2025					
	Carrying Amount at 01/04/2024 M	Additions during the year M	Disposal/ reclassi- fication during the year M	Depreciation for the year M	Movement between Asset types M	Carrying Amount at 31/03/2025 M
<b>Owned Assets</b>						
Software (ETPM)	(1)	–	–	–	–	(1)
Software (ETPM) 1/ PSRM	–	161,700,000	–	2,695,000	–	159,005,000
Software (EDRMS)	(–)	–	–	–	–	(–)
Software (EDRMS) 2	–	6,300,000	–	105,000	–	6,195,000
Software (ASYCUDA)	–	–	–	–	–	–
Software (ASYCUDA) 3	–	42,000,000	–	700,000	–	41,300,000
	<b>(–)</b>	<b>210,000,000</b>	<b>–</b>	<b>3,500,000</b>	<b>–</b>	<b>206,500,000</b>

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

	2024					
	Carrying Amount at 04/01/2020 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 31/03/2021 M
<b>Owned Assets</b>						
Software						
Software (EDRMS)	(–)	–	–	–	–	(–)
Software (ASYCUDA)	–	–	–	–	–	–
Software Clearing	–	–	–	–	–	–
	<b>(–)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

### Statement of accounting policies (continued)

for the year ended 31 March 2025

#### 2. Property, plant and equipment (continued)

##### 2.2 Intangible assets

##### 2.2.3 Development Costs

	2025			2024		
	Cost M	Accumulated Depreciation M	Carrying Amount M	Cost M	Accumulated Depreciation M	Carrying Amount M
<b>Owned Assets</b>						
Tax Modernisation Project	26,410,594	–	26,410,594	95,906,412	–	95,906,412
LTMP CounterPart	25,515,191	–	25,515,191	25,646,255	–	25,646,255
Oracle Upgrade	98,907,221	–	98,907,221	25,576,129	–	25,576,129
Tax Modernisation at cost SL	37,706,917	–	37,706,917	16,599,502	–	16,599,502
<b>Total</b>	<b>188,539,923</b>	<b>–</b>	<b>188,539,923</b>	<b>163,728,298</b>	<b>–</b>	<b>163,728,298</b>

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

	2025					
	Carrying Amount at 2024/01/04 M	Additions during the year M	Disposal/ reclassi- fication during the year M	Depreciation for the year M	Movement between Asset types M	Carrying Amount at 31/03/2025 M
<b>Owned Assets</b>						
Tax Modernisation Project	25,646,255	764,339	–	–	–	26,410,594
LTMP CounterPart	25,107,955	407,236	–	–	–	25,515,191
Oracle Upgrade	98,907,221	–	–	–	–	98,907,221
Tax Modernisation at cost SL	16,599,502	21,107,415	–	–	–	37,706,917
<b>Total</b>	<b>166,260,934</b>	<b>22,278,989</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>188,539,923</b>

The carrying amounts of Intangible assets 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 at 31/03/2024 M
<b>Owned Assets</b>						
Tax Modernisation Project	92,400,039	3,506,373	–	–	–	95,906,412
LTMP CounterPart	18,305,637	7,340,618	–	–	–	25,646,255
Oracle Upgrade	25,056,129	520,000	–	–	–	25,576,129
Tax Modernisation at cost SL	16,599,502	–	–	–	–	16,599,502
<b>Total</b>	<b>152,361,307</b>	<b>11,366,991</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>163,728,298</b>

## FINANCIAL AND MANUFACTURED CAPITAL

### Statement of accounting policies *(continued)*

for the year ended 31 March 2025

#### 2. Property, plant and equipment *(continued)* 2.3 Right of use assets (rental)

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

							2025
	Carrying Amount at 01/04/2024	Additions during the year	Disposal/reclassification during the year	Depreciation for the year	Movement between Asset types	Carrying Amount at 31/03/2025	
<b>Rented Assets</b>	(-)	41,632,055	-	12,453,477	-	29,178,578	
<b>Total</b>	(-)	41,632,055	-	12,453,477	-	29,178,578	

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

							2024
	Carrying Amount at 04/01/2022	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>	881,816	-	-	881,816	-	(-)	
<b>Total</b>	881,816	-	-	881,816	-	(-)	

#### 3. Accounts receivable

			2025	2024
	March M	March M		
Deposit	897,798	282,611		
Prepayments	1,374,187	848,214		
Accrued income	531,854	425,696		
Accounts receivable	133,814	124,128		
Other debtors	6,100	6,100		
	<b>2,943,754</b>	<b>1,686,749</b>		

### Notes to the financial statements

for the year ended 31 March 2025

#### 4. Bank and cash

	2025	2024
	March M	March M
LRA Operating account	8,246,676	690,554
88 day deposit account - Nedbank	19,158,755	31,672,756
Other short term deposits	128,809,981	67,896,837
LRA Call account	59,807	9,561,320
Money Market	165,173,791	134,612,591
Border refurbishment project account	-	(233)
Tax Modernisation Project	-	-
Tax Modernisation Counter Part	866,619	95,345
LTMP Counter Current	28,735	31336
Non Tax Revenue Project	6,150,198	-
Cash on hand	519,333	32,064
Mascon development Fund	7,998,339	6,983,144
	<b>337,012,236</b>	<b>251,575,713</b>
	<b>(2,539,645)</b>	<b>-</b>

#### 5. Reconciling Items Account

During the financial year ended 31 March 2025, the RSL identified unreconciled deposits and payments reflected in the Bank Statement. These transactions have been recorded in the financial statements due to the following reasons:

- › The origin and nature of these transactions are currently under investigation with the bank and other third parties;
- › The entity has not received sufficient evidence to determine whether these amounts represent income, liabilities, or are just errors; and
- › In line with the principles of prudence and faithful representation under IAS 1 and IAS 37; the RSL has therefore opted to recognize these amounts until the investigation is concluded and there is certainty that they are owned by the RSL.

## FINANCIAL AND MANUFACTURED CAPITAL

### Notes to the financial statements *(continued)*

for the year ended 31 March 2025

#### 6. Collection accounts

	2025	2024
	March M	March M
LRA VAT refund account	19,119,016	10,053,279
VAT call account	–	178,170
VAT current account	17,020,582	833,722
Income Tax call account	1,389,290	408,804
Income Tax current account	8,915,934	2,003,311
Income Tax refund account	8,898,667	3,179,855
Toll Fees Current account	9,364,786	6,747,513
Mpesa and Ecocash account	5,825,162	358,694
	<b>70,533,437</b>	<b>23,763,346</b>
Alcohol and tobacco levy	64,575	37,495
Gaming	989,456	3,144,797
SACU accounts		
Current account	46,320,028	48,471,314
Customs call account	47,342,489	264,677,472
	<b>93,662,517</b>	<b>313,148,786</b>
Net Balance	<b>165,249,985</b>	<b>340,094,424</b>

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

#### 7. 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 Revenue Services Lesotho. 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 amortised on a monthly basis per the lifespan of the capitalised asset categories.

##### Reconciliations of GOL – 2025

	2025				
	Opening Balance M	Additions M	Reversal of Funds during the year M	Amortisation Charge during the year M	Closing Balance M
GOL Project funding	163,829,927	7,339,030	–	(1,835,039)	169,333,917
	<b>163,829,927</b>	<b>7,339,030</b>	<b>–</b>	<b>(1,835,039)</b>	<b>169,333,917</b>

### Notes to the financial statements *(continued)*

for the year ended 31 March 2025

#### 7. GOL Capital Injection and projects funding *(continued)*

##### Reconciliations of GOL – 2024

	2024				
	Opening Balance M	Additions M	Reversal of Funds during the year M	Amortisation Charge during the year M	Closing Balance M
GOL Project funding	155,319,542	10,345,424	–	(1,835,039)	163,829,927
	<b>155,319,542</b>	<b>10,345,424</b>	<b>–</b>	<b>(1,835,039)</b>	<b>163,829,927</b>

#### 8. 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 - 2025

	2025			
	Opening Balance M	Additions M	Usage during the year M	Closing Balance M
Mascon Trust Account	7,088,675	1,032,071	–	8,120,746
	<b>7,088,675</b>	<b>1,032,071</b>	<b>–</b>	<b>8,120,746</b>

##### 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
	<b>6,241,028</b>	<b>847,647</b>	<b>–</b>	<b>7,088,675</b>

#### 9. Reconciliations of Provision – 2025

##### 9.1 Long Term Liability – Gratuity

	2025				
	Opening Balance M	Provision for the year M	Payments made during the year M	Adjustments (Over)/Under provisions M	Closing Balance M
Severance pay	24,058,898	16,732,837	9,328,947	427,070	31,035,718
Current Liability – Gratuity	48,590,356	11,858,277	4,211,130	1,489,195	54,748,309
	<b>903,848</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>903,848</b>
<b>Total</b>	<b>73,553,103</b>	<b>28,591,114</b>	<b>13,540,077</b>	<b>1,916,264</b>	<b>86,687,875</b>

## FINANCIAL AND MANUFACTURED CAPITAL

### Notes to the financial statements *(continued)*

for the year ended 31 March 2025

#### 9. Reconciliations of Provision – 2025 *(continued)*

2025

	Opening Balance M	Provision for the year M	Payments made during the year M	Adjustments (Over)/Under provisions M	Closing Balance M
<b>9.2 Leave</b>	<b>4,740,108</b>	<b>14,496,354</b>	<b>583,215</b>	<b>13,542,007</b>	<b>5,111,240</b>
<b>Total</b>	<b>4,740,108</b>	<b>14,496,354</b>	<b>583,215</b>	<b>13,542,007</b>	<b>5,111,240</b>

#### 10. Reconciliations of Provision – 2024

2024

	Opening Balance M	Additions M	Utilised During the year M	Reversal during the year M	Closing Balance M
Gratuity	14,987,962	14,598,788	–	4,624,003	24,962,747
Severance pay	37,930,215	20,138,998	–	9,478,857	48,590,356
<b>Total</b>	<b>52,918,177</b>	<b>34,737,786</b>	<b>–</b>	<b>14,102,860</b>	<b>73,553,103</b>

	Opening Balance M	Additions M	Utilised During the year M	Reversal during the year M	Closing Balance M
Leave	3,917,084	19,304,753	–	18,481,729	4,740,108
<b>Total</b>	<b>3,917,084</b>	<b>19,304,753</b>	<b>–</b>	<b>18,481,729</b>	<b>4,740,108</b>

#### 11. Long term Liability

2025

2024

	March M	March M
LTMP AfDB	<b>98,714,376</b>	98,714,377
Right of Use Liability	<b>29,178,578</b>	–
LTMP AfDB Supplementary Loan	<b>37,706,917</b>	16,599,502
<b>Total</b>	<b>165,599,871</b>	115,313,879

### Notes to the financial statements *(continued)*

for the year ended 31 March 2025

#### 12. Accounts payable and accruals

2025

2024

	March M	March M
Creditors	<b>12,284,204</b>	1,231,071
Accruals	<b>29,930,885</b>	17,443,446
Salary Control	<b>8,432</b>	–
Other creditors	<b>32,276,580</b>	1,502,502
<b>Total</b>	<b>74,500,101</b>	20,177,019
<b>Total</b>	<b>240,099,972</b>	135,490,898

#### 13. 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 48.3 million at 31st March 2025.

#### 14. (Deficit)/Surplus for the year

2025

2024

	March M	March M
Surplus/(Deficit) for the year is stated after charging the following:		
Depreciation	<b>12,140,939</b>	3,722,192
Board fees and expenses	<b>2,651,908</b>	2,741,563
<b>Total</b>	<b>14,792,847</b>	6,463,755

#### 15. Material related party transactions Government of Lesotho

2025

2024

	March M	March M
Government Funding	<b>630,888,370</b>	517,948,382
Board fees and expenses	<b>2,651,908</b>	2,741,563
<b>Total</b>	<b>633,540,278</b>	520,689,945

## FINANCIAL AND MANUFACTURED CAPITAL

### Notes to the financial statements *(continued)*

for the year ended 31 March 2025

#### 16. Financial instruments

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

##### 16.1 Currency risk

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

##### 16.2 Interest rate risk

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

##### 16.3 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.

##### 16.4 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 2025

2025

	Carrying Amount M	Contractual Cash Flows M	Within 1 year M	Between 2 and 5 years M
Financial Liabilities				
Borrowings	–	–	–	–
Trade and other payables	384,292,125	384,292,125	384,292,125	–
	<b>384,292,125</b>	<b>384,292,125</b>	<b>384,292,125</b>	<b>–</b>

31 March 2024

2024

	Carrying Amount M	Contractual Cash Flows 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	–
	<b>482,673,996</b>	<b>482,673,996</b>	<b>482,673,996</b>	<b>–</b>

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:

	2025 M	2024 M
Loan and receivables	2,943,754	1,686,749
Cash and cash equivalents	502,262,220	591,670,139
	<b>505,205,974</b>	<b>593,356,888</b>

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

### Notes to the financial statements *(continued)*

for the year ended 31 March 2025

#### 16. Financial instruments *(continued)* 16.5 Fair values

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 2025

2025

	Carrying Amount M	Contractual Cash Flows M	Within 1 year M	Between 2 and 5 years M
Financial Liabilities				
Borrowings	–	–	–	–
Trade and other payables	384,292,125	384,292,125	384,292,125	–
	<b>384,292,125</b>	<b>384,292,125</b>	<b>384,292,125</b>	<b>–</b>

31 March 2024

2024

	Carrying Amount M	Contractual Cash Flows 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	–
	<b>482,673,996</b>	<b>482,673,996</b>	<b>482,673,996</b>	<b>–</b>

#### 17. Prior year adjustments M1,460,913

Being payment of hardship allowance and reversals of depreciation for the previous periods because fixed assets revaluation.

#### 18. Grants amortised

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

Category	M
Amortisation charge monthly (Apr-24 to March-25)	1,835,039
<b>Total</b>	<b>1,835,039</b>

# 15

## ABBREVIATIONS



## ABBREVIATIONS

A&TL	Alcohol and Tobacco Products Levy
AFFAL	Agents of Foreign Firms Association of Lesotho
APOS	Automated Point of Sale
BEDCO	Basotho Enterprises Development Corporation
CBL	Central Bank of Lesotho
CIT	Company Income Tax
CG	Commissioner General
CSI	Corporate Social Investment
e-Tax	e-Taxation
EXCO	Executive Committee
FBT	Fringe Benefits Tax
FC	Financial Capital
GDP	Gross Domestic Product
HC	Human Capital
IC	Innovation Capital
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IT	Income Tax
LRA	Lesotho Revenue Authority
LAA	Land Administration Authority
MOU	Memorandum of Understanding
NPS	Net Promoter Score
NTR	Non-Tax Revenue
NUL	National University of Lesotho
PAYE	Pay-As-You-Earn
RSL	Revenue Services Lesotho
SACU	Southern African Customs Union
SADC	Southern African Development Community
SC	Social Capital
SLA	Service Level Agreement
SPC	Spiritual Capital
TADAT	Tax Administration Diagnostic Assessment Tool
VAT	Value Added Tax

## NOTES

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