LESOTHO COMMUNICATIONS AUTHORITY

ANNUAL REPORT 2012/13

www.lca.org.ls

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Corporate Mandate:

Lesotho Communications Authority (LCA) is a statutory body, established in June 2000, with the mandate of regulating the communications sector in Lesotho. This mandate entails: granting licences to operators; promoting fair competition; approving tariffs; managing the radio frequency spectrum; empowering and protecting consumers; type-approving terminal equipment and other related responsibilities.

VISION

To be an efficient and transparent communications regulator

MISSION

LCA facilitates the development and provision of affordable and sustainable communications services while promoting free and fair competition and ensuring consumer protection.

VALUE STATEMENT

LCA shall be resolute at all times whilst maintaining professionalism & integrity in regulatory and corporate aspects.

MOTTO

Fairness to all and allegiance to none

Contents:

Executive summary:

The reporting period witnessed the promulgation and coming into effect of the Communications Act No. 4 of 2012. A number of activities were started to implement the Act in areas such as regulation of the player with significant market power; establishment of the Broadcasting Dispute Resolution Panel and consultations on the Quality of Service.

The Authority completed the recruitment of three new staff members to fill the remaining vacancies in the organisational structure. The staff of the Authority continued to receive training in different areas especially those related to the regulation of the sector. They also participated in workshops, meetings, conferences and seminars affecting the communications sector.

The project of building the Authority's own office complex was started with construction work projected to start in the 2013/14 financial year.

The Authority introduced the new licensing classification and fees through the Legal Notice No. 20 of 2013. The regulatory fees that took effect on the 1st March, 2013 apply to licences for carrying out business in the communications sector, namely, telecommunications, broadcasting and Internet Service Providers. The total number of licences grew from 165 to 179. Seven existing broadcasting licences were renewed while two new broadcasting licences were granted to two radio stations.

The Authority monitored the licensees in the communications sector for compliance with their license conditions, standards and regulatory instruments. Empowerment of consumers was carried out through public education using different forms of media, and individual consumers were acquainted with the procedures of filing complaints to service providers.

Lesotho is seized with the process of migrating her terrestrial television from analogue to digital broadcasting by the deadline of the 17th June 2015 as set by the International Telecommunication Union (ITU). The testing of the digital signal was carried out in selected areas in Maseru. Another global challenge is the threat posed by Cybercrime. Initiatives to address Cybersecurity in Lesotho started with the assistance of the ITU. The Ministry of Communications, Science and Technology is taking the lead in this endeavour in collaboration with the Authority.

The Authority allocated radio frequency spectrum and numbering resources for communication services. It also monitored how the spectrum and numbers were being used. Collaboration with the Republic of South Africa on signal spillage along the border continued.

The number of subscribers to fixed and mobile telephone service grew from 1,350,304 in March 2012 to 1,631,003 as at end of March 2013, with growth being registered in both services. On average, eight in ten people in Lesotho have access to a telephone. Network operators filed for approvals that increased and diversified their product offerings, while also running a number of promotions with reduced tariffs.

The Authority made a landmark determination by setting new interconnection rates which, following a benchmark exercise, were reduced by 19% and set at M0.58 in October 2012. The rates will be reduced by a further 19% per annum for the next two years following the determination to reach M0.38 in October 2014. The Internet increased due to the opening of Internet cafes in urban and semi-urban areas as well as the increase in smartphones. Internet penetration stood at 13% during the period under review. The price on international bandwidth, which constitutes a key input cost to Internet access, remained uncompetitive. However, the situation is expected to change due to connectivity of Lesotho to the East African Submarine System (EASSy) cable and the expected competition being introduced into the sector.

The Authority carried out a number of studies and surveys, and these included the study on Call Centre Business in Lesotho; a survey on the ICTs in business, education, health and accommodation establishments; and the updating of data on Internet cafes. It also participated in the regional research on mobile roaming costs in the Southern African Development Community.

The Universal Service Fund entered its fourth year and carried out five network infrastructure projects benefiting 24,000 inhabitants. To date, the Fund has completed 17 GSM projects in all the ten districts of Lesotho and has provided service to over 57,000 people at a cost of M70 million. The Fund had also provided funding for the Lesotho Internet Exchange Point which aims at keeping domestic traffic within Lesotho and thus lowering the cost on international bandwidth. During the year, a data centre was established to host the Lesotho Internet Exchange Point and the country code Top-level domain (.ls) that identifies Lesotho in the Internet protocol.

The Authority participated in various fora on behalf of Lesotho and some of the notable ones were the Communication Regulators' Association of Southern Africa; World Conference on International Telecommunications; Global Symposium for Regulators; Commonwealth Telecommunications Organisation Forum and Council Meeting; the Commonwealth Broadcasting Association General Conference and the board meetings of the West Indian Ocean Cable Company.

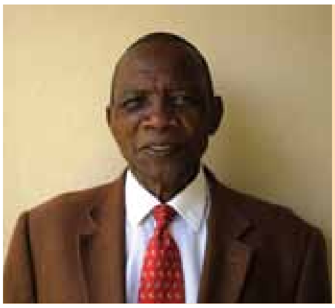
The financial position of the Authority remained sound due to prudent financial management and maintenance of financial systems.

Board of Directors:

Ms. R. Lehohla
Chairman

Mr. P. Khetsi
Member

Mrs. T. 'Mokela
Member



Mr. M. Malie
Member

Mr. M. Letlotlo
Member

Mr. L. Mokotjo
Member

Mr. M. Posholi
Chief Executive Officer

In the reporting period the Board of Directors of the Authority stood as follows:

Ms. Refiloe Lehohla	Chairman
Mr. Paseka Khetsi	Member
Mrs. Teboho 'Mokela	Member
Mr. Mpho Malie	Member
Mr. Molahlehi Letlotlo	Member (since 1st August 2012)
Mr. Lefa Mokotjo	Member (since 1st October 2012)
Mr. Monehela Posholi	Member (Chief Executive Officer)

Board Committees

Members of committees were as follows:

Human Resources and Remuneration Committee

Mrs. Teboho 'Mokela	Chairman
Mr. Mpho Malie	Member
Mr. Morathane Monyamane	Member
Ms. Mamello Phomane	Member
Mr. Monehela Posholi	Member

Finance and Audit Committee

Mr. Mpho Malie	Chairman
Ms. Motšeoa Masheane	Member
Mr. Nkau Matete	Member
Mr. Monehela Posholi	Member

Universal Service Fund Committee

Mrs. Thato Nkhahle*	Chairman
Ms. Refiloe Lehohla**	Member
Mr. Mosito Khethisa	Member
Mrs. 'Mapitso Panyane	Member
Ms. 'Masechaba Mantsoe***	Member

* replaced by Ms. Nonkululeko Zaly
** replaced by Mr. Paseka Khetsi
*** replaced by Mr. Mbele Hoohlo

Chairman's Statement:

The sector continued to grow at a steady rate relative to four percent Gross Domestic Product (GDP) growth for Lesotho.

Lesotho Communications Authority (LCA), attaches high importance to accountability and transparency as yardsticks of organisational performance. It is the end of 2012/13 financial year and the Authority reports on its performance. The report is made in pursuant to Section 18 (1) of the Act. It states the Authority's goals, objectives, and tracks data and trends affecting the business in the sector it regulates and presents activities of the Authority during the financial year 2012/13.

The Authority commenced the year with vigour armed with the new Act which was promulgated by the Parliament in 2012. The Act transforms LCA into a truly converged regulatory body overseeing the regulation of telecommunications, broadcasting and postal sub-sectors. The new law addresses issues of quality of service, competition regulation of dominant licensees, infrastructure sharing, Universal Service Fund and introduces co-regulation and self-regulation in the broadcasting sub-sector.

The promulgation of the Act coincided with the end of the Strategic Business Plan (SBP) 2010/11-2012/13 and the Authority started the process of evaluating the old SBP and developing a new one for the next cycle of three years. The SBP will reflect a new direction in the regulation of the sector and will take on board the emerging challenges such as placing greater emphasis on access to broadband, ensuring that Basotho take an active role in the sector, promoting more competition in the sector, tackling issues of Cybersecurity and encouraging social corporate investment by industry players.

The sector continued to grow at a steady rate relative to four percent Gross Domestic Product (GDP) growth for Lesotho. The success of the Universal Service Fund (USF) has had a positive impact in reaching communities in remote and rural areas. The milestones of the Fund in providing communication access to these communities have been hailed both locally and abroad. Network operators offered new services and the most notable was the expansion of financial services through their network services. The provision of access to Information and Communications Technologies (ICTs) is one target in the Millennium Development Goals (MDGs), which Lesotho is on course to attain.

Despite the regulatory interventions taken by the Authority, prices in some services remained high and this situation hampered efforts to reap rapid economic benefits from the sector. Efforts to address this challenge will continue. The feasibility study on call centre business revealed that Lesotho has a potential to be a hub for call centre business. Lesotho is now connected to the EASSy cable. These offer a huge potential for private sector business. The converged regulatory regime has levelled the playing field by making it easier and relatively affordable for the private sector to take advantage of the business opportunities in the sector. Furthermore, Cybersecurity has emerged as a new threat to national and international communication systems. To promote an increased uptake of communication related applications such as Internet banking and "mobile money", confidence in the networks and their applications has to be assured. Quality of service has become a serious challenge that the Authority needs to address.

On the Governance front, I wish to welcome new members of the Board, Mr. Molahlehi Letlotlo and Mr. Lefa Mokotjo. Their appointment brings the Board to operate at full capacity. We hope to benefit from their vast experience.

Let me conclude by thanking the Honourable Minister of Communications, Science and Technology for his support and contributions, which are most appreciated; my fellow Board and Committee members for their sterling work in discharging their oversight functions in the affairs of the Authority; staff members for their hard work and dedication; licensees and industry players, to whom we are equally indebted and who made our work less onerous as well as the consumers for whom we regulate the sector.

Ms. Refiloe Lehohla
Chairman – LCA Board.

Report on Corporate Governance:

"The Authority has put in place several instruments to guide it to attain high standards of good corporate governance and integrity."


LCA Board Members with Prof. Mervin King

Lesotho Communications Authority subscribes to principles and practices of good corporate governance. It is guided in this endeavour by the Act, its own Board Charter, King Code III, Committee Charters, Code of Ethics, Policies and Rules. which guides it on governance issues. It also subscribes to the principles of good corporate governance as developed under the King III Code. The Authority has put in place several instruments to guide it to attain high standards of good corporate governance and integrity. These include the Board and Committee Charters, Code of Ethics, Policies and Rules.

The Board of Directors

In terms of the Communications Act No. 4 of 2012, the Authority is governed by a unitary Board of Directors consisting of seven members. The Chairman and other members of the Board are non-executive except for the Chief Executive Officer. The selection and appointment of members rests with the Minister of Communications, Science and Technology. Members of the Board represent a diverse range of relevant professional skills, experience and views relevant to the communications sector.

The Board of the Authority is guided by the Act, other pieces of legislation and the Board Charter. The Directors are members of the Institute of Directors of Southern Africa (IoDSA), which subscribes to the King III Code.

Role and functions of the Board

The Board, has the ultimate accountability and responsibility for the performance and affairs of the Authority and is responsible for effectively safeguarding and promoting the interests of the Authority and the communications sector. In addition, the Board has responsibility to the broader community of stakeholders which includes its licensees, consumers, employees and policy makers. Detailed functions of the Board are stated in the Act and elaborated in the Board Charter.

Two members were appointed to the Board to make a full complement of seven members as stipulated in the Act. They are Mr. M. Letlotlo and Mr. L. Mokotjo whose terms of appointment began from the 1st August 2012 and the 1st October 2012, respectively.

During the year, the Board among other things, approved the 2013/14 budget of the Authority and monitored the implementation of the 2012/13 budget, approved the audited financial statements of the Authority for 2011/12 financial year, granted licences and monitored licensees' compliance with licence conditions, approved policies and programmes, made the determination on the interconnection regime, considered and approved the Risk Assessment and Management Plan (RAMP) and reviewed progress reports.

The Board held thirteen meetings during the reporting period, five of which were ordinary and the rest being extra-ordinary meetings. Attendance to these meetings was good. Extra-ordinary meetings were necessitated by the dynamism of the industry, committee reports, and licensing issues.

Report on Corporate Governance:

Board Committees

The Board has three Committees, namely, the Human Resources and Remuneration Committee (HRRC), the Finance and Audit Committee (FAC) and the Universal Service Fund Committee (USFC).

Human Resources and Remuneration Committee

The HRRC was established to assist the Board to ensure that the Authority establishes appropriate human resources strategies and policies consistent with best practices and business requirements. The HRRC makes recommendations on the human resources policies to be adopted by the Board in order to retain and motivate high calibre employees so as to achieve enhanced performance.

The committee worked on the remuneration policy of the Authority as well as the remuneration strategy. It also reviewed the remuneration package of the staff of the Authority. The committee held six meetings which were attended by all members.

Finance and Audit Committee

The role and functions of the FAC are to assist the Board in fulfilling its oversight responsibilities for the financial reporting process; the system of internal control; the audit process; the monitoring of LCA for compliance with laws and regulations, and risk management.

Furthermore, the FAC on behalf of the Board, is responsible for the oversight function on the processes for identification and assessment of the general risk profile, reviewing the outcomes of risk management processes and to advise the Board accordingly. LCA has adopted the Risk Assessment and Management Plan (RAMP) for dealing with its organisational risks.

The RAMP model as an enterprise-wide risk management framework addresses the entire risk profile of the Authority. It entails identification of potential events that may affect the operations of the Authority and the management of risk outcomes in case of occurrence. The process of risk management is based on the Risk Management policy of the Authority. Table 1 summarises the risk profile of LCA.

Table 1: Status of LCA risk profile

Priority Rating in Colour code	Inherent risk (Residual 2011)	Risk status in 2012
Very High	-	1
High	-	8
Medium	-	16
Low	-	0

During the year under review, the Committee considered the LCA management accounts and the annual budget as well as the internal audit plan, the RAMP and audit reports. The Committee held seven meetings which were attended by all members.

Universal Service Fund Committee

The USFC is responsible for the management and administration of the USF; consulting with operators on their annual expansion programmes; selecting areas for infrastructure development under the Fund; allocating funds for specific access projects and ensuring the proper administration of the Fund.

In the reporting period, the Committee approved the budget of the Fund, considered and approved areas earmarked for development of communication services infrastructure under the support of the Fund, awarded projects to the competing network operators, and reviewed progress reports on the activities of the Fund. The committee held three meetings and the attendance was good.

Chief Executive Officer's Report:

"The streamlining of the regulatory framework to ensure consistency, predictability and transparency was embedded in the (SBP) in order to level the playing field and ensuring that competition in the sector reaches healthy levels with more players introduced to the sector. "

- Mr. M. Posholi
Chief Executive Officer

The introduction of the Communications Act No. 4 2012 has been a welcome boost to the work of the Authority. As a result of the Act, new processes had to be put in place in the regulation of the sector. They included the determination on the interconnection rates, identification of an operator(s) with significant market power, the establishment of the Broadcasting Dispute Resolution Panel (BDRP), initiatives towards facilities sharing and infrastructure pricing. The other activity relates to the review and development of regulatory instruments in order to align them with the Act.

With the growing number of mobile subscribers, new challenges emerged. Disruptions of service are becoming a new and recurring occurrence in Lesotho. This has necessitated that urgent attention be placed on Quality of Service (QoS) issues. The Authority undertook consultations with the network operators and is on course to put in place a QoS regime. This entails putting in place the necessary regulatory instruments as well as installation of equipment to independently monitor network performance.

The Strategic Business Plan (SBP) of the Authority for the three year cycle ending in March 2013 had placed emphasis on the development of the sector through extending coverage to areas that did not enjoy communication services. The Universal Service Fund was used as an effective tool to provide subsidy to network operators to extend coverage to areas that they deemed as economically non-viable. The streamlining of the regulatory framework to ensure consistency, predictability and transparency was embedded in the (SBP) in order to level the playing field and ensuring that competition in the sector reaches healthy levels with more players introduced to the sector. The work of the Authority in this regard produced the Lesotho Communications Authority (Licensing Classification and Fees) Rules, 2013 that are expected to simplify the licencing procedure and also embrace a converged licencing regime.

The management of scarce finite resources that are necessary in the provision of communication services, such as radio frequency spectrum and numbers, occupied the technical and engineering division of the Authority. A related area of focus is to ensure that no harmful interference is suffered on the assigned frequencies. This therefore calls for regular spectrum monitoring.

Concerning the overall administration of the LCA, the Authority reviewed its procedures and processes for stricter adherence to good corporate governance principles. Construction of the LCA office complex was identified as a strategic action for ensuring financial sustainability of the Authority. In the reporting period, work started in earnest towards this action and more work will continue in the next reporting period. Strengthening of the human resources remained critical in order that the Authority can ably discharge its mandate. The dynamic nature of the sector made it incum-

Chief Executive Officer's Report:

The Authority's staff engaged in "team-building" exercise during the process of developing the Strategic Business Plan for 2013/14 - 2015/16 at Mohale lodge.

bent upon the Authority to continuously train its staff. During the reporting period, staff members of the Authority participated in a range a training programmes. The Authority is organised into four divisions namely Corporate Services, Licensing, Compliance and Consumer Affairs, Regulatory Resources and Technologies, and Economics and Market Development. The detailed reports from these divisions follow:

Corporate Services

Human Resources Management

There was some addition in the staff complement of the Authority. Three staff members joined the Authority and one staff member resigned. The new staff members are the Manager – Research, the Research Officer and Engineer - Standards and Numbering who are Dr. Dikokole Maqutu, Mr. Maloko Phakisa and Mr. Ntsane 'Mole respectively. With these additions, all the positions that were vacant within the revised organisational structure adopted in 2010/11 have now been filled. The staff complement of the Authority stood at 39.

The project of building the Authority's own office complex is now underway. The Authority has secured a site at Old Europa in Maseru. The project will comprise a three storey concrete frame building. The conceptual building designs were approved and work on the detailed designs was underway. The site had two old buildings which were demolished in order to clear the site for the construction of the new building.

The staff of the Authority participated in training programmes, workshops, meetings, conferences and seminars as part of capacity building initiative as well as representing Lesotho at events on regulation of the communications sector. Some of the areas which received attention during the year include the regulation of communications resources in areas such as telecommunications standards, numbering, interoperability and conformance testing; administrative matters such as corporate governance, human capital building, supervisory skills, procurement, accounting, budgeting, team building, customer care, staff supervision and Geographic Information System; and new technologies such as migration to digital terrestrial broadcasting and Cybersecurity.

The Authority improved its computer systems and network. These included networks between offices at different locations in Maseru. The Geographical Information System (GIS) offers several benefits in relation to the work of the Authority. Following the procurement of the GIS system, a contract was signed with the supplier to develop the system for LCA. GIS will be applied in field applications and work has started to populate it with data as well as training of users.

The Authority employed a variety of communications channels to communicate its mandate. These included the annual report, periodic press releases, radio and television programmes, stakeholder forums, postings and updates on the corporate website, www.lca.org.ls. Furthermore, a number of corporate social investment activities were carried out and these included donations of used computers to St. Peter's primary school in Mokhotlong and Botha-Bothe primary school as well as an award to the best student in the field of ICTs at the National University of Lesotho (NUL).

Licensing, Compliance and Consumer Affairs

The Authority is responsible, among others, for granting licences and authorisations for communications services in Lesotho as well as ensuring that licensees comply with their licence requirements and applicable laws.

Review of the communications legislation

The Act came into effect on the 27th April 2012, repealing the Lesotho Telecommunications Authority Act No. 5 of 2000 (as amended) which established the Authority. The Act integrates the regulation of the telecommunications, broadcasting and postal sectors under a converged regulatory environment. It also introduces reforms in the regulation of the communications sector to facilitate the introduction of new services in the Lesotho market, promotion of competition, introduction and promotion of convergence of networks and facilitating universal service to communication.

Following the enactment of the Communications Act 2012, a number of activities were carried out to inform the relevant stakeholders about the coming into effect of the Act. The operators were advised to submit all agreements they had entered into with other entities to enable the Authority to review the information in readiness for ensuring implementation of a cost based tariff regime.

The Lesotho Communications Authority (Licensing Classification and Fees) Rules, 2013 came into operation on the 1st March 2013 and repealed Legal Notice No. 7 of 2008. The Rules adopted a converged regime and introduced new categories of licence classification, which are content (radio and television), applications (only those using numbering resources), network services, network infrastructure (facilities), unified licence, private networks, short term activities, radio spectrum and numbering resources. An important consideration in developing the new fee structure had been to ensure equity and predictability in the cost of initial licences between current licensees and new entrants under the new regime.

Licensing matters

The number of licensees continued to grow except for major licence holders, which remained unchanged. These are Econet Telecom Lesotho (ETL), Vodacom Lesotho (VCL) and Bethlehem Technologies Lesotho (BTL). ETL and VCL provide converged communications services whereas BTL is licensed to provide international bandwidth through satellite technology. The Lesotho Electricity Company (LEC) was granted a licence in the category of Network Infrastructure (facilities). LEC owns an optic fibre network that can be leased to other service providers. In broadcasting, two more sound broadcasting licences in commercial and private categories were granted.

Table 2 reflects the number of service providers licensed or authorised by the Authority to provide the public with various communications services. During the year, the number of licensees increased from 165 to 179.

Television in Lesotho is in the process of migrating from analogue to digital mode in order to meet the ITU deadline of June 2015

Table 2: Number of Licensees and Authorizations and Registered Communications Providers

Type of Licence or Authorisation	4th Quarter March 2012	June 2012	September 2012	December 2012	March 2013
Public Communications Service Providers	2	2	2	2	2
Data Communications	1	1	1	1	1
Premium Rate Services	13	16	17	17	17
Radio Alarms	3	3	3	3	3
Television Broadcasting	2	2	2	2	2
Sound Broadcasting	11	11	11	13	13
Internet Service Provider (ISP)	6	6	6	6	6
Two way radios	69	70	65	65	65
Radio Amateurs	43	44	49	54	55
Telemetry Stations	3	3	3	3	3
Private networks	1	1	1	1	1
Radio Pagers	2	2	2	2	2
Landing Rights	2	2	2	2	2
Aircraft Stations	6	6	6	6	6
Aeronautical Services Radio Determination	1	1	1	1	1
Grand Total	165	170	171	178	179

Empowerment and protection of consumers

Public education was carried out through various media to educate consumers about their rights and how they could lodge complaints with service providers and the Authority. These were carried out through newspapers, television and radio.

The Authority received copies of complaints filed with different service providers. The complaints ranged from unavailability of mobile services, poor quality of data, voice and text services, disconnections as well as broadcasting complaints. Most of the complaints were solved by the service providers even though some were solved outside the time stipulated in the complaints procedure. The Authority published the complaints procedure and made it available to the public.

Compliance

In addition to compliance issues that the Authority perform on a regular basis, it also established that there was a radio station operating illegally around Botha-Bothe area. An instruction was issued that the radio station should close and remain closed until all licence processes and conditions as well as proper standards are met. Inspections and meetings were carried at Mafeteng Community radio to ensure that the station is complying with its licence conditions of keeping recordings of all broadcasts and that it was broadcasting within the licensed radius area.

A tariff compliance audit was carried out with one of the major network operators in 2012 with an aim of coming up with a working tariff compliance monitoring process. The adopted process or model will lead to the enforcement of tariff regulation. Emanating from the audit report, the Authority would ensure that operators charge consumers tariffs that were filed and approved by the Authority.

Broadcasting

The sound broadcasting licences of the following radio stations were renewed by the Authority after having fulfilled the conditions of the renewal process: Moafrika FM, People's Choice Radio FM, Catholic Radio FM, Harvest FM, Lesotho National Broadcasting Service (Radio Lesotho) and Joy FM. These licences were renewed for a period of ten years except for Joy FM, which was renewed for five years. The National University of Lesotho (NUL) did not seek a renewal for Khotso FM licence. New licences were granted to Lifetime Music Radio (LM Radio) in the commercial broadcasting category and Tšenolo FM, which was licensed in the category of private broadcasting licence. Applications were received for two more community broadcasting licences. Table 3 provides a list of broadcasting licensees by different categories.

Table 3: Radio and television stations in Lesotho

	Broadcaster	Initial licensing	Licensing renewal	Classification
1.	Radio Lesotho	2002	2013	Public
2.	Peoples' Choice FM	2002	2012	Private
3.	Moafrika FM	2002	2012	Private
4.	Catholic Radio FM	2002	2012	Private
5.	Joy FM	2002	2012	Private
6.	Harvest FM	2002	2012	Private
7.	DOPE FM	2004	-	Community
8.	Thaha-Khube FM	2004	-	Private
9.	Jesu ke Karabo FM	2004	-	Private
10.	KEL Radio FM	2004	-	Private
11.	Ultimate FM	2006	-	Commercial
12.	Mafeteng Community Radio	2012	-	Community
13.	Tšenolo FM	2012	-	Private
14.	Lifetime Music (LM) Radio	2012	-	Private
15.	Trinity Broadcasting Network (TBN)	2002	2013	Private
16.	Lesotho Television (LTV)	2002	2013	Public

Migration to digital terrestrial television

Lesotho is committed to the process of replacing her analogue television systems with the digital ones. The decision to migrate from analogue to digital television broadcasting was reached through an international agreement, the ITU GE-06 Agreement, which binds member states to have converted to digital broadcasting systems by the 17th June 2015.. This migration is the largest initiative to affect television broadcasting around the world. Lesotho National Broadcasting Service (LNBS) has installed a digital transmitter and made pilot digital broadcasts to selected households in the Maseru district with the assistance of the Authority. The process is driven by the Ministry of Communications, Science and Technology and LCA provides technical support.

Cybersecurity issues

Cybersecurity is the body of technologies, processes and practices designed to protect networks, computers, programmes and data from attack, damage or unauthorized access. The increased use of information technology and associated communications networks and services in everyday lives, has made Cybersecurity an area of paramount importance.

In order to deal with Cybersecurity issues, Lesotho received assistance from the ITU through its project called "Support for Harmonization of ICT Policies in Sub-Saharan Africa" (HIPSSA). The project objectives are: to develop and promote harmonized policies and regulatory guidelines for the ICT market as well as to build human and institutional capacity in the field of ICT through a range of targeted training, education and knowledge sharing measures. Through this project, three national experts were recruited to work with three international experts to facilitate two workshops in Maseru whose aim was to transpose three SADC model laws into Lesotho laws. The model laws are:

a) Data Protection;
b) Electronic Commerce and Electronic Trans actions, and
c) Computer and Cyber Crime

The workshops were aimed at building capacity and empowering stakeholders so that they could contribute to the adaptation of the model laws. Based on the questionnaire which was completed during the first workshop, the ITU experts were able to understand the need and context of Lesotho concerning issues which the model laws were meant to address. The second workshop incorporated work that was done by the expert teams to transpose model laws into the Lesotho laws.

The ITU also provided an expert mission to Lesotho to assess her readiness to establish a national Computer Incident Response Team (CIRT). The mission consulted and interviewed key stakeholders and also conducted multiple studies and research to gather facts regarding the readiness of the country to establish a national CIRT. A national CIRT would become the focal point for coordinating information flow, respond to cyber-attacks and offer solutions to Cybersecurity incidents for the whole of Lesotho.

Regulatory Resources and Technologies

The Authority carries out spectrum planning, assignment, management and monitoring to determine proper occupancy and use of the radio frequency spectrum. In the reporting period, the following activities were undertaken:

Spectrum planning and management

Radio frequency spectrum was assigned to community broadcasting, amateur radio, two-way radio, public communications and telemetry services. Some of the entities which were allocated spectrum resources include: Moeling Multimedia, LM Radio, Boliba Multi-Purpose, Thakabanna Security Services, Security Unlimited, Adrian McGrath, Ulrich H Steinberg, Letšeng Diamonds, Vodacom Lesotho and the Universal Service Fund sites. The total amount of spectrum that was assigned was 465 MHz.

Spectrum audit

The Authority conducted an audit in order to regularize the annual data of spectrum. The audit examined the amount of spectrum allocated to the service providers during the year; and the amount that has been relinquished and checked if there are services that require re-allocation of spectrum. The reallocation was due to technological developments which necessitated movement of spectrum from one service to the other.

The outcome of the audit was that more allocation of spectrum was required for both network operators. This was as a result of additional services that were introduced during the year. This finding is in line with global trends whereby data traffic is increasing tremendously with its uptake being spurred on by growth in the use of smartphone and widening use in data-based services.

Spectrum monitoring

A series of monitoring activities were carried out to ensure proper use of the radio frequency spectrum. Field measurements were carried out in the broadcasting bands, which are Amplitude Modulation (AM) and Frequency Modulation (FM), as well as frequencies assigned to two-way radios. In general, few illegal emissions were found. However, there were cases where prescribed spectral mask limits were exceeded, content of one radio station was being re-transmitted by another, prescribed power limits were exceeded and interference from faulty equipment was found. These were attended to by ordering the network operators concerned to take corrective measures.

The Authority has signed a Memorandum of Understanding (MOU) with the Independent Communications Authority of South Africa (ICASA), the regulator for the South African communications, broadcasting and postal services sector. Through the MOU both parties jointly monitored the GSM signal spillage between the two countries. The Technical Sub-Committee (TSC) was presented with the status report on spillage for period from August 2010 to March 2012. The report highlighted the achievements and challenges faced in ensuring that reduction in spillage is maintained. Some causal factors which were highlighted in the report were strong winds, which sometimes change the directional alignment of antennas. Other factors were wrong antenna direction and tilt angles on replacement antennas and their inadequate maintenance. In general, the report revealed that there were some areas where spillage reduction had been achieved.

Type-approval of communications equipment

The Authority type-approved or granted certifications to nine applications which met a minimum set of regulatory, technical and safety requirements. The type-approvals were done for short range devises (SRDs) and technical equipment by manufacturers operating in the licensed and unlicensed bands.

Numbering resources

The Authority allocates numbers used by service providers. A numbering usage audit commenced in the reporting period. The audit is undertaken to properly regulate the usage of numbering resources. Information is being collected from service providers for the audit. At the end of the reporting period, collection of data for the audit was underway. Numbers for premium rate message services (PRMS) services were allocated to ten applicants.

Economics and Market Development

Subscriber Base

The number of subscribers for mobile and fixed telephone services continued to grow steadily. As at the 31st March 2013, the fixed telephones had reached 50,290 while the mobile subscribers stood at 1,580,713 bringing the total subscriber base to 1,631,003. It is worth noting that both fixed and mobile connections realised some growth, a pattern which is different from the past where only mobile telephony grew while fixed connections contracted.

In mobile services, prepaid subscribers maintained a larger share of the market when compared with postpaid while in fixed services, postpaid subscribers still constitute a significant share. Table 4 below provides a summary of selected ICT indicators at year-end.

Fixed subscriber performance

The fixed line services experienced a steady increase in the number of subscribers and at the close of the year, fixed subscribers stood at 50,769 increasing from the total of 38,579 at the same time in the last reporting period. This is a turn-around from a global trend where fixed services have experienced disconnections due to stiff competition from mobile services. The contributing factor was an increase in the subscriptions of data services linked to fixed telephone services.

An analysis of fixed service subscribers by prepaid and post-paid users revealed that prepaid subscribers represent 60% while those on post-paid contracts, including corporate subscribers, constituted 40%. There was a slight improvement towards a higher number of post-paid subscribers from the figures of the past reporting period where prepaid subscribers were higher.

Mobile network performance

During the year, mobile subscriber numbers continued to grow steadily. The number of subscribers increased to 1,580,713 in comparison with 1,311,725 in the same period in the past year. Prepaid subscribers continued to dominate the market share of mobile services representing 99% and only 1% being the market share for post-paid subscribers. The market share of prepaid and post-paid mobile subscribers is relatively similar to that of the

Table 4: Summary of selected ICT indicators as at end of March 2013

Indicator	Fixed Services 2011/12	Mobile services 2011/12	Fixed services 2012/13	Mobile services 2012/13	Total 2012/13
Total number of subscribers	38,579	1,311,725	50,769	1,580,713	1,631,482
Teledensity (%)	2	70	3	84	87
Public phones and telebureaus	-	13,690	-	8,103	8,103
Number of BTSs	-	341	-	344	344
Internet subscribers	-	-	84,478	153,399	237,877
Leased line subscribers	382	-	473	-	473

last reporting period.

Filing of retail tariffs and new products

Network operators continued to file their proposals on tariffs with the Authority regarding the introduction of new services; changes, modifications and promotions on existing products. The Authority considered all the applications, most of which were approved with their related terms and conditions. Significant in the non-approvals were the interconnection rates on which the Authority ultimately made an independent determination.

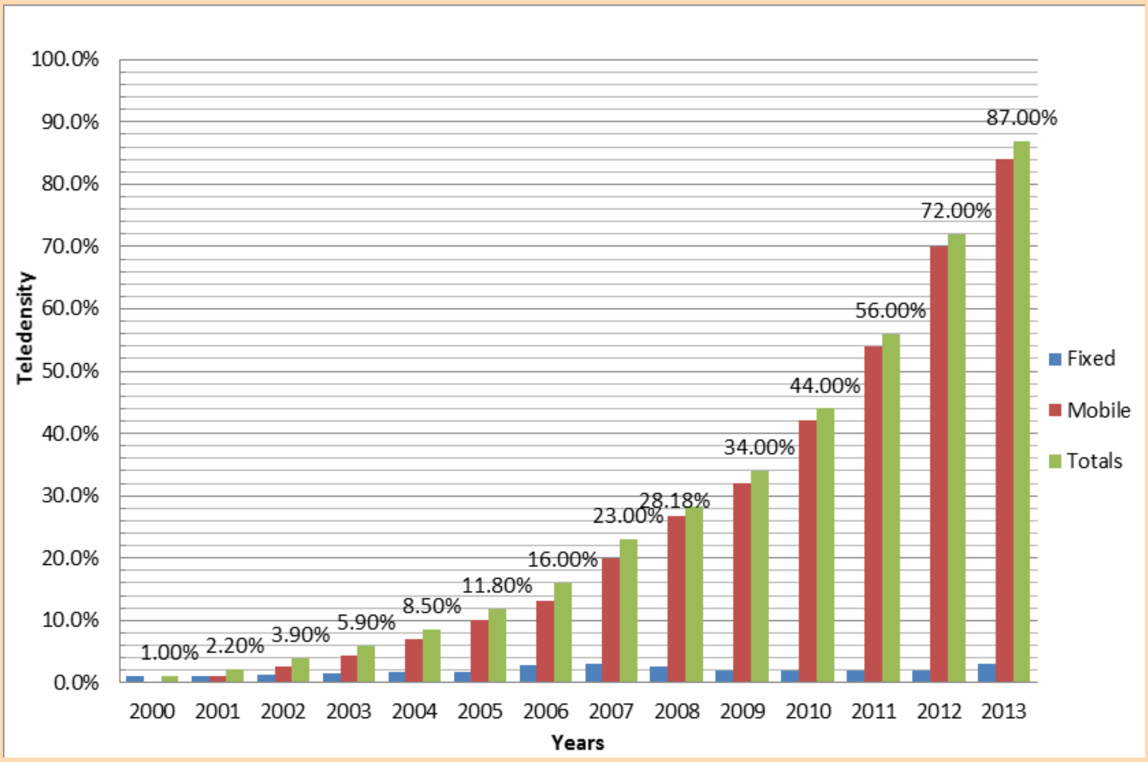
Interconnection rates

The Authority made a determination, setting the interconnection rates for network operators at M0.58 per minute with effect from the 15th October 2012. This followed a benchmarking exercise whose results demonstrated that the interconnection rates in Lesotho were relatively high. The interconnection rates are being implemented using a glide path of three years. In year one, which started on the 15th October 2012, the rates were reduced by 19% from M0.72 per minute. In October, 2013, the rates will be decreased by a further 19% to M0.47 per minute and by another 19% to M0.38 per minute in the third year on the 15th October 2014. These are the rates that the network operators pay to each other for terminating calls on each other's network. The rates form a critical component of the retail tariffs that operators charge to the consumers. The above intervention was, therefore, made to ultimately reduce retail tariffs.

Teledensity trends and network coverage

At the close of the reporting period, the 31st March 2013, the number of subscribers for both fixed and mobile services per 100 inhabitants, also referred to as teledensity, amounted to 87% up from 72% in the previous year. The teledensity from the fixed networks improved slightly to 3% and continued to be overshadowed by the mobile networks at 84%.

Figure 1: Sector teledensity trends 2000-2013



Chief Executive Officer's Report:

Figures 2 and 3 show geographical coverage maps of the two network operators. These maps show areas covered by the voice GSM signal and to some extent, the data services. The maps also show areas which have been developed through the Universal Service Fund which was introduced in 2009, initially targeted at building infrastructure in remote and unserved areas of Lesotho.

Figure 2: Econet Telecom Lesotho coverage map as the 31st March 2013

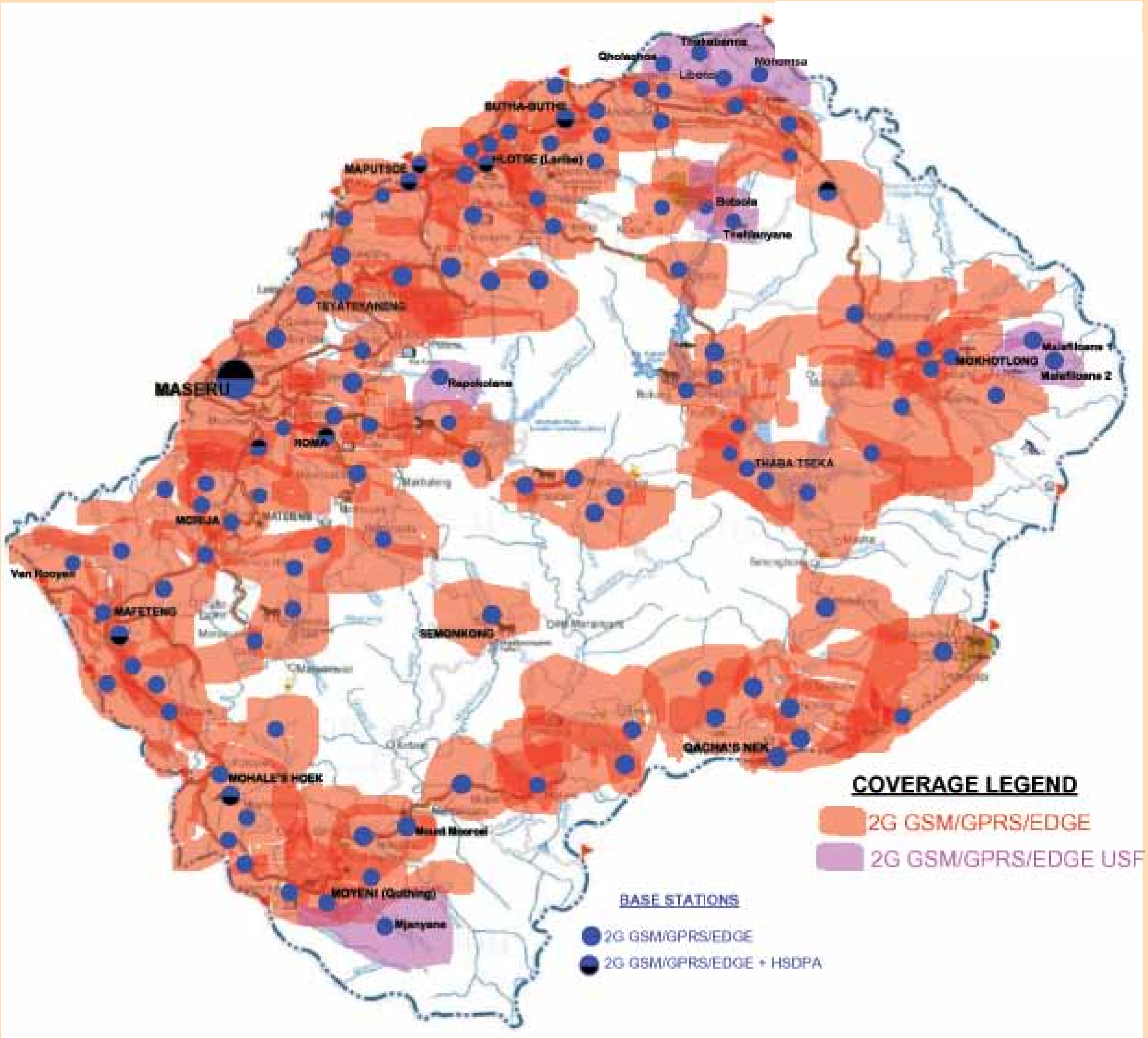
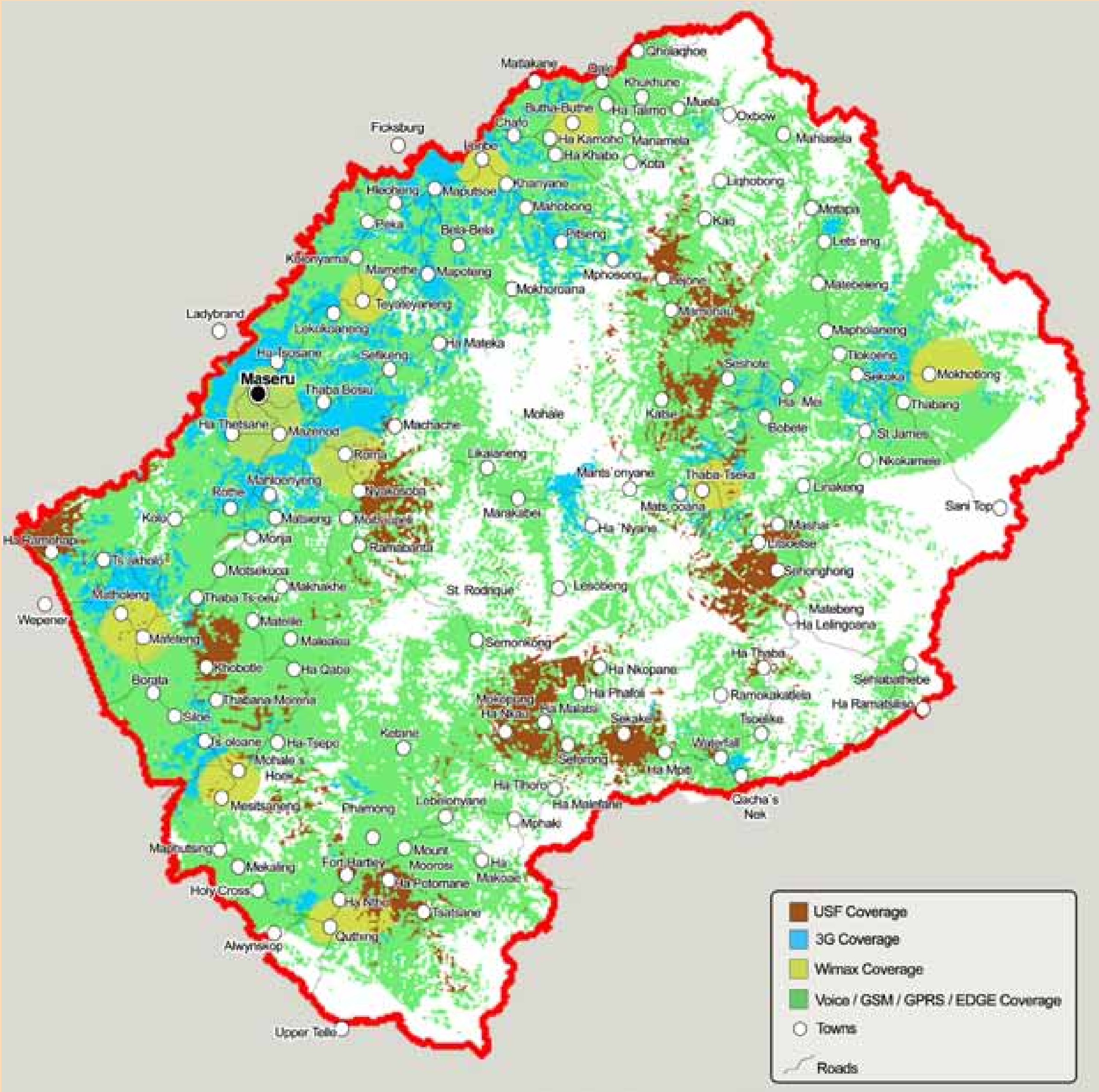


Figure 3: Vodacom Lesotho coverage map as at 31st March 2013



Internet Penetration

The uptake of Internet has been hindered by high cost of bandwidth to users, as well as slow and unreliable connectivity. However, this should change with time now that Lesotho has access to high speed international bandwidth through the EASSy project. The challenge is to have the service providers leasing the capacity and passing on the savings to consumers. The backhaul costs from the landing station in Mtunzini, South Africa to Maseru are also high and will need to be urgently addressed at the level of Government and regulator in order that the country can benefit fully from the low cost of international bandwidth. Internet cafes, as public access points for Internet, continue to show a steady growth, concentrated mostly in the urban areas, especially in Maseru where 40% of them are located (Table 5). In some areas, while their number either increased or remained unchanged from a year ago, there was a decline in Botha-Bothe and Qacha's Nek. During the reporting period, around 13% of the inhabitants used Internet. While there is a gradual increase in Internet usage through different technologies and customer premises equipment, the most prominent usage has been on the mobile devices, including handsets, following the introduction of mobile Internet services and their promotions .

Table 5: Number of Internet Cafès in Lesotho 2009/10 -2012/13

DISTRICT	2009/10	2010/11	2011/12	2012/13
BOTHA-BOTHE	2	4	6	5
LERIBE	5	5	9	12
BEREA	2	2	3	4
MASERU	11	15	23	34
MAFETENG	3	3	3	6
MOHALE'S HOEK	2	3	3	3
QUTHING	0	2	2	2
QACHA'S NEK	2	2	5	2
MOKHOTLONG	1	1	2	6
THABA-TSEKA	0	1	2	2
TOTAL	28	38	58	77

Studies and Surveys

Call Centre Business in Lesotho

The Authority carried out a feasibility study into the call centre business in Lesotho. The main goal of the study was to assess the potential of Lesotho as a hub for call centre business. The study went further to identify the factors that should be considered for attracting investment and to recommend strategies and regulatory measures and processes that will facilitate the establishment of an attractive market environment for establishing call centre businesses in Lesotho.

The key elements of the study were to:

- assess the market and telecommunications environment to identify critical success factors (CSFs) for making Lesotho an attractive destination for investors in the call centre business, without excluding other types of outsourcing venture that rely on ICT infrastructure;

- identify the technical, legal and regulatory requirements for the establishment of call centres, taking into account international best practice;

- provide insights into other requirements that are necessary for a viable call centre market/ industry in Lesotho, and

- recommend strategies to be followed in order to promote investment in the call centre business in Lesotho.

The study identified critical success factors for call centre operations, and assessed Lesotho in the light of these factors and in comparison with the international destinations. The study observed that Lesotho meets many of the critical success factors, while facing challenges in other areas. The competitive wage economy is a major advantage, as are language skills and the potential workforce. Infrastructure is a major area where improvements would be required. Although plans to develop better connectivity look promising, an expensive call centre technology would have to be implemented. However, the financial model suggests that despite these costs, there could be a business case for establishing call centre operations in Lesotho. The study found there were no fundamental reasons why Lesotho should not develop as a hub for call centre businesses.

ICTs in Household Survey in Lesotho

The report for the second ICTs in Household survey in Lesotho was finalized and will be published in the next reporting period. Subsequently, the Authority commenced with of second survey in business, education, health services and accommodation establishments. The data collection exercise for the survey as well as data entry were completed.

Regional Alliance Task Team

The strategic role of regional mobile roaming has been recognised worldwide and various regions are now looking at ways to allow their citizens to enjoy cost-based roaming services. In the Southern African Development Community (SADC), the challenge being faced is that the roaming charges are unusually high compared to the underlying cost of providing the service. Currently, the roaming market is not regulated.

Chief Executive Officer's Report:

New site of the Universal Service Fund under construction in Botha-Bothe district

In order to address this anomaly, SADC is formulating guidelines that will address regulation and transparent pricing and tariffs. In this regard, the SADC Ministers established a working committee, namely, the Regional Alliance Task Team (RATT) in 2008. The main task of the RATT was to investigate mechanisms of reducing the regional roaming tariff in the SADC member countries with the focus of the exercise being to propose an Action Plan. In addition, the RATT was to provide for a better understanding of the roaming market developments and the impact of introducing regulatory interventions. It is also a requirement that RATT ensures that regulators, within the region, can provide incentives to operators and allow for competition, growth and innovation in the roaming market

Universal Service Fund

The Universal Service Fund (USF) was established in 2009 and its objective is to promote universal access to communications services in Lesotho by facilitating the development and expansion of communications network coverage to the unserved, mostly rural, areas deemed to be of low economic viability by the service providers. This is done primarily by providing incentives in the form of subsidies to network operators towards the development of network infrastructure.

Projects in 2012/13

In the reporting period, the Fund supported five network infrastructure projects which gave coverage to areas which have over 24,000 inhabitants in the districts of Mafeteng, Mokhotlong, Quthing, Botha-Bothe and Leribe. Table 6 below outlines details of the projects:

Table 6: 2012/13 Projects

Project	District	Sites	Villages	Population
Bolikela	Mafeteng	1	22	6,095
Matsoku	Mokhotlong	1	15	4,757
Mjanyane	Quthing	1	13	3,310
Monontša	Botha-Bothe	2	15	7,228
Tšehlanyane	Leribe	2	10	2,830
TOTALS		7	75	24,220

Chief Executive Officer's Report:

Infrastructure projects from 2009 to 2013

To date USF has completed seventeen (17) GSM network infrastructure projects comprising of twenty four (24) Base Transceiver Stations (BTSs). Of these, eleven (11) were awarded to VCL and the other six (6) to ETL. Table 7 shows the project areas by district, year and approximate population impact as per 2006 census:

Projects subsidies

The applicable subsidy allocation method of the Fund is the "reverse auctioning" in which the operator requiring the least subsidy is awarded the project. This is implemented through issuance of Requests for Proposals (RFPs) to the two network operators every financial year and each project area is packaged as a stand-alone project.

Table: 7 USF Projects from 2009-2013

District	Site name	Operator	Project year	Number of sites	Estimated impact	
					villages	population
Maseru	Makhaleng	VCL	2009/10	1	26	2,966
	Rapokolana	ETL	2010/11	1	11	1,927
Mafeteng	Malumeng	VCL	2011/12	1	14	3,735
	Bolikela	VCL	2012/13	1	22	2,451
M.Hoek	Hloahloeng	VCL	2010/11	3	28	3,957
Quthing	Tsatsane	VCL	2010/11	1	36	6,796
	Mjanyane	ETL	2012/13	1	13	1,011
Qacha's Nek	Tebellong	VCL	2009/10	2	12	1,982
Thaba Tseka	Litsoetse	VCL	2010/11	1	10	3,363
	Semena	VCL	2012/13	1	24	6,238
Mokhotlong	\`Malefiloane	ETL	2009/10	2	21	4,488
	Matsoku	VCL	2012/13	1	20	1,522
Botha-Bothe	Monontša	ETL	2012/13	2	28	2,627
	Makhunoane	ETL	2010/11	2	13	2,507
Leribe	Malibamatšo	VCL	2011/12	1	20	5,155
	Tšehlanyane	ETL	2012/13	2	12	1,832
Berea	Pulane	VCL	2010/11	1	14	5,390
			Total	24	324	57,947

New USF site at Matsoku

To date, the Fund has allocated about M49 million as subsidies for the 17 projects costing about M70 million. Figure 4 shows the summarized costs and subsidies for the last four financial years.

Subsidy percentages

The subsidy percentage towards the total projects costs for the past four financial years is shown in Figure 5. Due to geographical terrain challenges, the network operators had to construct more than one site to provide coverage to some areas thus resulting in higher costs for project areas.

Figure 4: Cost vs subsidies of USF projects

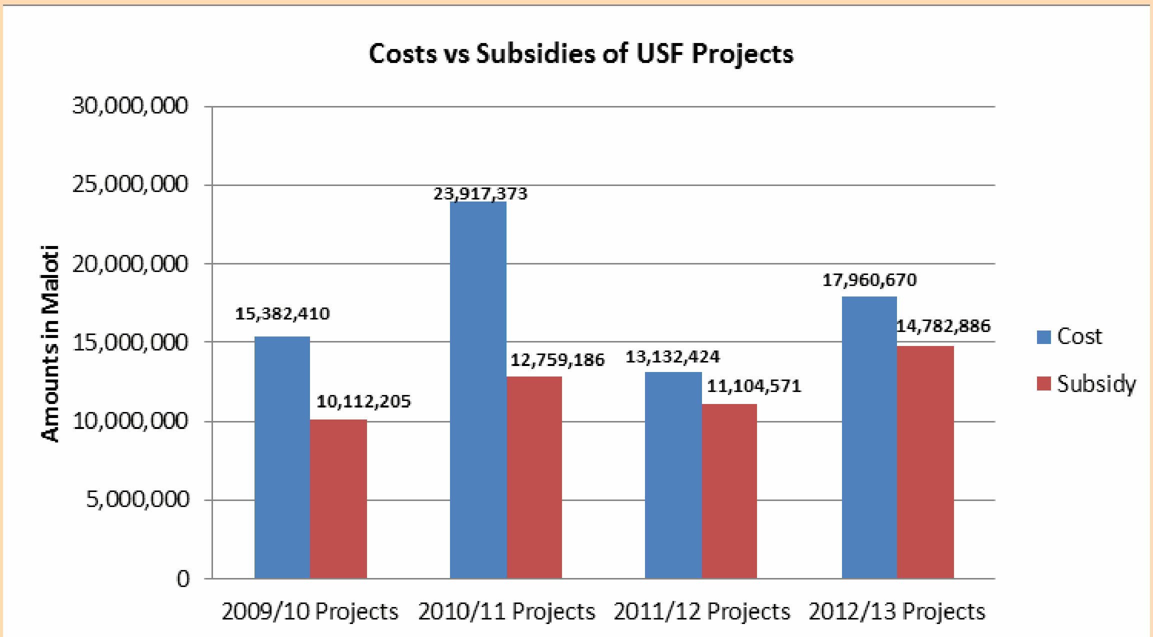
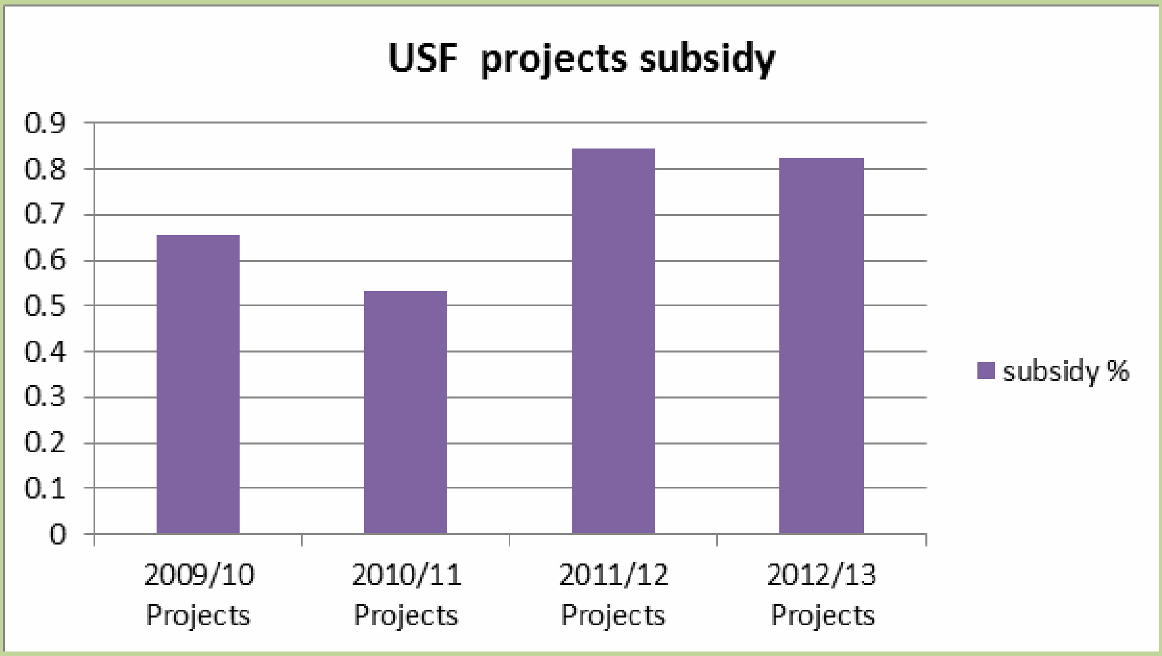


Figure 5: USF project subsidy



Site costing

In supporting the expansion of network coverage to the unserved area the Fund bears further costs towards civil works (making access roads to the sites) and alternative power source (solar power system) which is much higher in cost than commercial power supply. The combined costs for the roads and solar system amount to 28% of the project cost. Table 8 shows the average costing per site from previous projects.

Chief Executive Officer's Report:

Table 8: Average infrastructure costs

Infrastructure	Costs including VAT
40m Lattice tower(Min) with Palisade fencing of 12m x 14m and civil works	M1,300,000.00
Access road (where applicable)	M100,000.00
Power Solution (mostly solar)	M600,000.00
Equipment housing and Radio Frequency work	M100,00.00
Transmission and BTS equipment	M450,000.00
TOTAL	M2,550,000.00

Success Factors

Commissioning of seventeen (17) GSM network infrastructure projects in four financial years can be viewed as a great achievement in fulfilling the mandate of the Fund. This can be attributed to three factors:

i. The enthusiasm of network operators to respond to calls for proposals and their cooperation during the projects execution period.

ii. The decision by LCA to provide subsidies towards capital expenditure for setting up the infrastructure and closely monitoring the execution of the projects. Further providing technical and administrative support to the Fund, and

iii. The Universal Service Fund Committee autonomy: the Committee makes decisions for selecting project areas based on the recommendations from the area profile reports. This ensures that projects are awarded to communities in need of communications services in the underserved and unserved areas of the country.

The Lesotho Internet Exchange Point

The Lesotho Internet Exchange Point (LIXP) is an initiative aimed at establishing critical internet infrastructure in the country. Its objective is to ensure that the local Internet traffic stays within the country without having to use the international bandwidth. This frees up the international links of the domestic traffic resulting in better throughput; it also means that domestic communication is sustained even if international links become unavailable as it sometimes happens. It will also help lower the cost of Internet services as more local content becomes available and there is less reliance on international content and bandwidth.

Work has started to refurbish the space to be used as a data centre for the LIXP in Maseru. The data centre will be hosting, amongst others, the LIXP facilities and the infrastructure for the management of the country code Top-level domain (.ls).

International Cooperation

Southern African Development Community ICT Ministers Meeting

The meeting of the Southern African Development Community (SADC) Ministers Responsible for Communications, ICT and Postal was convened at Balaclava, Mauritius on the 8th November 2012. The meeting deliberated over a number of issues and made a number of decisions including: Consideration of the Regional Alliance Task Team (RATT) Report to the Ministers. The meeting approved that the region should move towards the adoption of the 'Roam like a Local' and that the SADC ICT regulators should engage network operators and ensure that all measures are put in place to effectively implement the recommendation on 'Roam Like a Local' by April, 2014.

Ministers also considered and approved the revised SADC Roadmap on digital terrestrial televising broadcasting migration and directed the Secretariat to expedite the setting up of a DTT Project Management Office, to oversee the implementation of the SADC Roadmap. They also approved the draft SADC Model Laws on Cybersecurity; Cybercrime, Data Protection and Electronic Transactions, which were developed in conformity with the Africa Union Commission (AUC) draft convention on Cybersecurity. The documents were to be submitted to the AUC Summit in January 2013. Ministers

Chief Executive Officer's Report:

further approved the draft e-Commerce Strategy and Action Plan.

The meeting further noted the plans to set up an ICT Observatory and urged SADC Member States to set up, at a national level, their own National Observatories. The meeting further noted that the SADC Summit had adopted the SADC Infrastructure Master Plan. The Ministers also noted the work which is currently ongoing in the SADC with regard to the updating of a number of guidelines to take into consideration technological developments including the review of the SADC Frequency Band Plan; the review of the Framework for Harmonisation of Frequencies for Public Protection (PPDR) for SADC and the development of a Guideline for Accessing the Unlicensed Spectrum Bands.

Ministers also noted and discussed issues related to equitable access to landing stations of submarine cables by the land locked Member States. They urged, Member States with landing stations to continue working together with their landlocked counterparts in order to allow them access to the submarine cables at fair and affordable prices. The meeting of Ministers also approved priority projects to be undertaken during the year 2013/14 pertaining to Infrastructure Development, Policy and Regulatory Framework, Postal Operations and Regulation, Regional Coordination and new priority areas.

The Lesotho delegation at this meeting was led by Hon. Tšeliso Mokhosi, the Minister of Communications, Science and Technology.

World Conference on International Telecommunications 2012

The International Telecommunication Union (ITU) convened the World Conference on International Telecommunications (WCIT) in Dubai, United Arab Emirates, from the 3rd to the 14th December 2012. The conference reviewed the International Telecommunication Regulations (ITRs), which serve as the binding global treaty designed to facilitate international interconnection and interoperability of information and communication services as well as ensuring their efficiency and widespread public usefulness and availability.

Lesotho was amongst the 89 countries, which signed the treaty. The ITRs are the global treaty applied around the world, which establishes general principles relating to the provision and operation of international telecoms; facilitates global interconnection and interoperability and underpins harmonious development and efficient operation of technical facilities. They also promote efficiency, usefulness, and availability of international telecommunication services and treaty-level provisions that are required with respect to international telecommunication networks and services.

One of the most significant outcomes of the WICT-12, was the introduction of Resolution 1 - Special measures for landlocked developing countries and small island developing states for access to international optical fibre networks.

The Communication Regulators' Association of Southern Africa

Communication Regulators' Association of Southern Africa (CRASA) is a regional body of regulators dealing in telecommunications, broadcasting and postal sectors. LCA as a member of this association participated in a number of activities organized under the association and these included the annual general meeting and committee activities of the Human Resources Committee; Legal Committee, and Finance and Audit Committee.

Global Symposium for Regulators

The Authority was represented at the ITU's annual Global Symposium for Regulators (GSR) which was convened in Colombo, Sri Lanka from the 2nd to the 4th October 2012. The focus of the symposium was the challenge of meeting new national broadband goals, promoting affordable access and ensuring safe and secure digital opportunities for all. The symposium endorsed a set of regulatory Best Practice Guidelines designed to provide a framework for innovation, investment and competition in cloud infrastructure and services while at the same time ensuring protection of consumer interests. Innovative infrastructure sharing models based on public-private partnership in driving broadband roll-out in emerging markets and developing countries were identified as an alternative strategy. Ubiquitous broadband was recognized as the essential platform for the growth of cloud services, which by combining low costs and global scalability, can generate substantial economic returns and improved efficiency for government, businesses and individuals.

The guidelines also covered other key regulatory areas such as digital capacity building, net neutrality, regulatory enforcement mechanisms, and measures to promote broadband rollout including shared infrastructure strategies, coordination of civil works across different sectors, and policies to speed rights-of-way access.

Commonwealth Telecommunications Organisation Forum and Council Meeting

The 10th Annual Forum of the Commonwealth Telecommunications Organisation (CTO) and the CTO's 52nd Council meeting were held in Mauritius from the 22nd to the 26th October 2012 and Lesotho was represented in these fora. The Council is the constitutional elective body of the CTO, which meets each year to decide on the strategy of the organisation and its operational plans. Both the Forum and Council Meeting are high level international events with ICT ministers and deputy ministers from the Commonwealth and CEOs of regulatory authorities and telecommunications operators attending. In addition to the traditional conference format, which featured debates on issues such as the spectrum, widespread access to mobile broadband and regulatory enablers for appropriate infrastructure, content and applications, this event also featured a number of innovative activities. These included presentations of applications developed by the local mobile developers and a 30-hour challenge for young developers to create a mobile application for public transportation which could be replicable across the Commonwealth. The forum also discussed the importance of adopting the Internet Protocol version 6 (IPv6), which is the latest revision of the Internet Protocol (IP), the communications protocol that provides an identification and location system for computers on networks and routes traffic across the Internet.

Commonwealth Broadcasting Association's 29th General Conference

The 29th General Conference of the Commonwealth Broadcasting Association (CBA) was held at Brisbane's Southbank, in Australia from the 22nd to the 25th April 2012. The theme of the conference was Media Leadership in Crisis, Disaster and Emergency and the importance of Public Service Broadcasting was emphasised especially during times of disaster. Lesotho was represented by a delegation from LNBS and LCA.

West Indian Ocean Cable Company

The West Indian Ocean Cable Company (WIOCC) is a specially created investment company owned by 14 telecommunications members and is the largest investor in the EASSy. LCA is a shareholder in WIOCC on behalf of Lesotho. EASSy is a 10,000km submarine cable system deployed along the east and south coast of Africa. It links South Africa with Sudan via landing points in Mozambique, Madagascar, the Comoros, Tanzania, Kenya, Somalia and Djibouti. Lesotho is connected to the cable through a terrestrial connection from Mtunzini in South Africa. One network operator has already leased capacity on the cable.

Financial Performance

The Communications Act, No 4 of 2012 stipulates that the Authority shall expend its revenues to meet the cost of its operations and shall use any surplus accrued for the promotion and development of the communications sector.

During the reporting period, the Authority continued with prudent financial management to ensure that it remains financially sustainable in the long-term.

Audited Financial Statements

The audited financial statements for LCA for the 2012/13 financial year and those of the USF for the same period are appended to this report.

Lesotho Communications Authority
Financial Statements for the Year Ended 31 March 2013

DIRECTORS APPROVAL AND STATEMENT OF RESPONSIBILITY

The Communications Act No.4 of 2012 requires the Authority to prepare financial statements for each financial year that present a true and fair picture of the state of its affairs at the end of each financial year. The Board is responsible for taking such steps that are reasonably open to them to safeguard the assets of the Authority and to prevent and detect fraud and other irregularities.

The Board considers that in preparing the financial statements for the year ended 31 March 2013 set out on pages 30-41 the Authority has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The Board also considers that all applicable International Financial Reporting Standards have been followed and confirms that the financial statements have been prepared on the going concern basis.

The Board reviewed the Authority's cash flow forecasts for the year to 31 March 2014, and, in the light of this review and the current financial position, it is satisfied that the Authority has adequate resources to continue in operational existence for the foreseeable future.

The auditors' responsibilities are stated in their report on page 29.

The Board acknowledges that it is responsible for the system of internal control and places considerable importance on maintaining a strong control environment. To enable management to meet these responsibilities, the Board sets internal controls aimed at reducing the risk of error or loss in a cost effective manner. The controls include proper delegation of responsibilities, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

The Authority has made progress with respect to Risk Management. To this end, it has developed a risk profile that identified the risk areas and mitigating factors.

The risk management framework will assist the Authority to identify, assess, manage and monitor all known forms of risk across the Authority. This in turn will assist the Board to assess the risk management process of the Authority. The Authority now conducts risk based internal audits that are intended to provide reasonable assurance to the Board that there are adequate working controls to mitigate and manage the Authority's risks.

Based on information and explanations supplied by management, 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 preparation of the financial statements.

Against this background, the financial statements set out on pages 30-41 which are stated in Maloti, the Lesotho currency, have been approved and authorised for issue on the 12th September 2013 by the Board and signed on its behalf by:

CHAIRMAN	CHIEF EXECUTIVE OFFICER

DIRECTORS' REPORT

Directors

In terms of the Communications Act No.4 of 2012, the Board shall consist of the Chairman and five other members appointed by the Minister. The Chief Executive Officer shall be an ex-officio member. During the period under audit, Board of Directors were:

Ms R. Lehohla (Chair)

Mrs T. 'Mokela

Mr P. Khetsi

Mr M. Malie

Mr M. Letlotlo

Mr L. Mokotjo

Mr M. Posholi (Ex-officio)

Secretary

Ms M. Mokoena

Disclosure of Interest

The Authority is a government regulatory agency for communications sector with no shareholding. The Board of Directors do not hold any financial interest in the Authority.

Auditors' Appointment

In terms of the aforesaid Act, the Auditor General is the Auditor of the Authority and can appoint an independent and qualified auditing firm to audit the annual accounts of the Authority.

Lesotho Communications Authority
Financial Statements for the Year Ended 31 March 2013

Office of The Auditor General
P.O. Box 502, Maseru 100
Lesotho

**REPORT OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF
LESOTHO COMMUNICATIONS AUTHORITY
FOR THE YEAR ENDED 31 MARCH 2013**

I have audited the accompanying financial statements of Lesotho Communications Authority, which comprise the statement of financial position as at 31 March 2013, and the statement of comprehensive income, statement of change in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 30 to 41.

Director's Responsibility for the Financial Statements

The Authority's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit. The audit has been conducted with International Standards on Auditing. Those standards require auditors to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Lesotho Communications Authority as at 31 March 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Communications Act No. 4 of 2012.

OFFICE OF THE AUDITOR-GENERAL
2013 -09- 19
P.O. BOX 502
MASERU 100 LESOTHO

LUCY L. LIPHAFA (MRS)
AUDITOR GENERAL

19 SEPTEMBER 2013

Lesotho Communications Authority

Financial Statements for the Year Ended 31 March 2013

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2013

	Notes	31.03.13 Maloti	31.03.12 Maloti
ASSETS			
Non Current Assets			
Property, Plant & Equipment	7	6,999,618	8,532,849
Intangible Assets			
WIOCC Capacity-Lesotho Portion	8	7,811,712	7,120,100
Investment in WIOCC	9	3,615,100	3,615,100
		11,426,812	**10,735,200**
Current Assets			
Trade and other receivables	10	14,606,203	12,413,053
Cash and cash equivalents	11	65,215,717	53,713,867
		79,821,920	**66,126,920**
Total Assets		**98,248,350**	**85,394,969**
Funds			
Capital Fund	12	2,331,822	2,331,822
Revaluation Surplus		1,542,350	1,854,515
Accumulated Fund		60,810,604	53,011,205
Capital Grant	13	6,748,200	7,230,200
		71,432,976	**64,427,742**
Non-Current Liabilities			
Deferred Income	14	8,424,584	9,761,250
Current Liabilities			
Trade and other payables	15	10,352,557	1,632,669
Bank overdraft		-	102,111
UA Reserve Fund		2,412,193	4,224,938
Provisions		5,626,040	5,246,259
		18,390,790	**11,205,977**
Total Funds and Liabilities		**98,248,350**	**85,394,969**

Lesotho Communications Authority

Financial Statements for the Year Ended 31 March 2013

STATEMENT OF COMPREHESIVE INCOME FOR THE YEAR ENDED 31 MARCH 2013

	Notes	31.03.13 Maloti	31.03.12 Maloti
Income			
Regulatory Fees	2	48,824,494	45,923,373
Other Income	3	-	114,267
Amortisation of Capital Grant		482,000	-
Grant Revenue	4	-	723,020
		49,306,494	**46,760,660**
Expenditure			
Staff Costs	5	23,422,074	18,485,072
Depreciation	7	3,642,646	2,999,064
Directors Emoluments		813,659	290,720
Audit Fees		49,613	47,250
Other Administrative Costs	6	15,104,243	10,794,111
		43,032,235	**32,616,217**
Surplus/Deficit before finance income & cost		**6,274,259**	**14,144,443**
Finance Income		3,374,512	2,755,312
Surplus/Deficit after finance income & cost		**9,648,771**	**16,899,755**
Transfer to USF	16	2,412,193	4,224,939
Retained surplus for the year		**7,236,578**	**13,026,282**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2013

	Capital Fund	Revaluation reserve	Accumulated Funds	Capital Grants
Balance at 31/03/2010	**2,331,822**	**1,854,515**	**27,098,995**	**1,446,849**
Prior Period Adjustments	-	-	(255,036)	-
Amortisation for the year	-	-	-	(1,446,849)
Surplus for the year	-	-	13,026,282	-
Balance at 31/03/2011	**2,331,822**	**1,854,515**	**39,870,241**	**-**
Prior Year Adjustment	-	-	466,150	-
Surplus for the year	-	-	12,674,816	-
Grants received during the year	-	-	-	7,230,200
Balance at 31/03/2012	**2,331,822**	**1,854,515**	**53,011,207**	**7,230,200**
Prior Year Adjustment	-	-	562,819	-
Surplus for the year	-	-	7,236,578	-
Disposal of re-valued assets	-	(312,165)	-	-
Amortisation for the year	-	-	-	(482,000)
Balance at 31/03/2013	**2,331,822**	**1,542,350**	**60,810,604**	**6,748,200**

Lesotho Communications Authority

Financial Statements for the Year Ended 31 March 2013

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2013

	31.03.13 Maloti	31.03.12 Maloti
Surplus for the period	7,236,578	12,674,816
Prior period adjustments	562,819	466,152
Depreciation	3, 642,646	2,999,064
Amortisation of capital grant	(482,000)	-
Increase/(Decrease) in receivables	(2,193,150)	(6,434,444)
Increase/(Decrease) in payables	7,184,816	1,568,730
Profit on sale on assets	-	(79,167)
Net cash inflow/outflow from operating activities	**15,951,709**	**11,195,151**
Investing Activities		
Purchase of Plant, Property and Equipment	(2,109,416)	(4,096,554)
Purchase of intangible assets	(691,612)	(10,735,200)
Proceeds from disposal of assets	-	145,000
Net cash flows from investing activities	**(2,801,028)**	**(14,686,754)**
Financing Activities	-	7,230,200
Capital Grant		
Initial licence fees	(1,336,666)	(1,336,666)
Movement on revaluation surplus	(312,165)	-
Net cash flows from financing activities	**(1,648,831)**	**5,893,534**
Net increase in Cash & cash equivalents	**11,501,850**	**2,401,932**
Cash & cash equivalents at the beginning of the year	**53,713,867**	**51,311,936**
Cash & cash equivalents at the end of the year	**65,215,717**	**53,713,867**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

1. ACCOUNTING POLICIES

1.1 Presentation of annual financial statements

The principal accounting policies of the Authority, which are set out below, have been consistently followed in all material respects and comply with International Financial Reporting Standards (IFRS) and the Communications Act No.4 of 2012. The financial statements are prepared on a going concern basis. The financial statements have been prepared on the historical cost basis except for financial assets, which are stated at fair values and incorporate the principal accounting policies, set out below:

The preparation of financial statements are in accordance with IFRS requires the use of certain accounting estimates and assumptions.

1.2 Adherence of new and revised standards

The Authority adhered to the following revised standards during the year and comparative figures have been restated where applicable. However adherence to these standards did not have any effect on the funds and reserves as at 31 March 2013.

IAS 1	Presentation of financial statements
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
IAS 16	Property, plant and equipment
IAS 17	Leases
IFRS 20	Government grants
IAS 24	Related party disclosures
IAS 37	Provisions, contingent liabilities and contingent assets
IAS 39	Financial instruments: Recognition, measurement
IFRS 7	Financial instruments – disclosures

1.3 Significant judgements

In preparation of financial statements, management is required to make estimates and assumptions that affect the amounts presented in the financial statements and related disclosures. It also requires management to exercise its judgement in applying the Authority's accounting policies. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results in future could differ from these estimates.

Valuation of property, plant and equipment

The estimated useful lives of property, plant and equipment which are translated into depreciation rates are shown in these financial statements. These rates, residual values and possible impairment are reviewed annually.

Provision for impairment of receivables

A provision for impairment of trade receivables is established when there is objective evidence that the Authority will not be able to recover amounts due according to the rules of the Authority which are translated into terms of receivables. The calculation of the provision amount for impairment of receivables requires the use of estimates and judgements.

Contingent liabilities

Management applies its judgement to the facts it receives from advisors and third parties in assessing if an obligation is probable, more likely or remote. Judgement is used to determine if the obligation is recognized as a liability or disclosed as a contingent liability.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

1.4 Recognition of assets and liabilities

Assets are recognized if it is probable that future economic benefits associated with the asset will flow to the Authority and the cost or fair value can be measured reliably.

Liabilities are only recognized if it is probable that future economic benefits associated with the liability will flow from the Authority and the cost or fair value can be measured reliably.

1.5 Derecognition of assets and liabilities

Financial assets are derecognised when the contractual rights to receive the cash flows have been transferred or have expired or when substantially all the risks and rewards of ownership have passed.

All other assets are recognised on disposal or when no future economic benefits are expected from their use.

Financial liabilities are derecognized when the relevant obligation has either been discharged, cancelled or has expired.

1.6 Property, Plant and Equipment

Property, plant and equipment are stated at cost/valuation less accumulated depreciation and adjustment for any impairment losses where applicable. Depreciation is calculated on straight – line basis from the time the property, plant and equipment are available for use, so as to write off their cost over their expected useful lives, taking into account their residual values. The following annual rates are used:

Item	Average useful life
Office Equipment	5 years
Computer Equipment	3 years
Monitoring Equipment	6 years
Motor Vehicles	4 years
Office Furniture	5 years
Land & Buildings	20 years

Consumable items are written off in the period of purchase.

Repairs and maintenance are charged to the statement of comprehensive income in the period in which they are incurred.

1.7 Impairment of Assets

The Authority assesses at each financial year end as to whether there is any indication that an asset may be impaired. If such an indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss is recognized in the income statement immediately.

1.8 Foreign Currency Translation

Transactions in foreign currencies are translated to Maloti at the foreign exchange rate ruling at the date of the transaction. All exchange gains and losses arising on translation are dealt with in the income statement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

1.9 Financial Instruments

Initial recognition and measurement

Initial measurement of financial instruments is at cost, which includes transaction costs. Subsequent measurement of the different classes of financial instruments are dealt with below.

Financial assets

The principal financial assets are cash and bank balances, trade and other receivables. These assets are originated by the enterprise and are accounted for at trade date.

Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. The principal financial liabilities are trade and other payables.

1.10 Trade and other receivables

Trade and other receivables originated by the enterprise are stated at fair value of consideration receivable less impairment for trade receivables if any. A provision for impairment of trade receivables is established when there is objective evidence that the Authority will be able to recover all amounts due according to the rules of the Authority which are translated into terms of receivables.

1.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at hourly call with the banks. Cash and cash equivalents are measured at fair value.

1.12 Trade and other payables

Trade and other payables are stated at their fair values.

1.13 Employee Benefits

The Authority operates a defined contribution pension scheme for its eligible employees. The pension contributions on behalf of its employees are charged to the statement of comprehensive income. The Authority contributes 10.58% of each member's pensionable salary for permanent staff and a 6.04% of each member's pensionable salary for contract employees to a defined contribution fund. The fund is administered by Metropolitan Employee Benefits Scheme.

Terminal gratuities are provided for contract employees as per the terms of their respective employment contracts and 4% for permanent staff.

Severance pay is payable on termination of employment according to the Lesotho Labour Code and it is provided for on an annual basis.

The Authority pays a thirteenth cheque as a Christmas bonus to all eligible employees according to its Human Resources Rules.

1.14 Provisions

Provisions are recognized when the Authority has a present legal or constructive obligation as a result of past events, when it is probable that outflow of resources embodying economic benefits will be required to settle the obligation, and reliable estimate of the amount of the obligation can be made.

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

for estimated leave liability according to the Human Resources Rules of the Authority.

1.15 Revenue Recognition

Regulatory Fees

Regulatory fees comprise service and radio frequency spectrum licences fees charged to communications service providers. Initial fees charged in relation to the issuance of new licences are recognized as deferred income and are transferred to the income and expenditure on the basis of matching them with related costs over the licence period. Annual service and systems licence fees which are recognized in the period to which they relate. Royalty fees are charged as a percentage of the Net Operating Income of a network operator. The basis of the fees is the LCA (Licensing Fees) Rules, 2008.

Interest income

Interest is recognized on a time proportion basis taking into account the effective yield on the financial asset.

Government grants

Revenue grants are recognized as income in the year in which they have been received. Capital grants are recognized as deferred credit and are recognized in the statement of comprehensive income in order to match them with the related costs for which the grants are intended to cover. They are armortised over the useful lives of assets.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under the operating leases are charged to the income statement on a contracted amounts basis over the period of the lease.

Borrowing costs

Borrowing costs are dealt with in the statement of comprehensive income in the period in which they are incurred.

1.16 Comparative Figures

Figures for the previous year have been stated on the second column to allow ease of comparison with the current year and where either in the current or previous year there were no figures a (-) sign has been put.

2. Regulatory Fees	**Maloti**	**Maloti**
Application Fee	143,392	80,053
Licence Fee	2,333,850	1,963,192
Spectrum Fee	16,049,125	16,245,156
Royalty Fee	30,298,127	27,634,972
	48,824,494	**45,923,373**

3. Other Income

This represents:

Profit from disposal of asset during the year	-	79,167
Proceeds from sale of a motor vehicle in the previous year	-	35,100
Amortisation of Capital Grant	482,000	-
Total	**482,000**	**114,267**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

4. Grant Revenue

The Lesotho Government paid M 723,020.00 (USD 100,000.00) on behalf of Lesotho Communications Authority for participation in signing MOU in the Western Indian Ocean Cable Company (WIOCC). This was accounted for in the 2011/12 financial year.

5. Staff Costs

Salaries	13,742,232	11,080,446
Allowances	4,859,594	3,766,925
Pension	1,295,711	1,009,854
Severance Pay	471,832	311,197
Leave Pay	158,800	155,269
Medical Aid	1,355,073	1,034,933
Gratuity	636,947	674,629
Staff Refreshments & Welfare	374,078	102,302
Sports & Recreation	310	13,861
Staff cell phone airtime	400,359	241,219
Fringe Benefit Tax	97,376	78,004
Housing	29,762	16,433

6. Other Administrative Costs

	Maloti	Maloti
Bank Charges	183,719	153,554
Communication	1,368,882	802,750
Postage	14,558	4,454
Stationery	137,112	115,114
Repairs and maintenance	293,687	224,108
Software Licenses	198,593	223,838
Operation and Maintenance (WIOCC)	1,087,350	325,144
Water and Electricity	117,537	96,761
Office Rent	1,055,380	895,743
Insurance	545,797	365,897
Station Maintenance	1,007,690	656,738
Other Expenses	17,817	100,846
Books and Journals	42,133	44,564
Fuel	108,589	85,081
Car Running	66,415	54,863
Staff Uniform	190,120	77,154
Subscriptions	889,154	824,498
Travel and Accommodation	3,008,196	2,379,536
Staff Training	1,590,178	918,574
Business Entertainment	420,778	59,392
Cleaning & Security	107,755	98,658

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

Public Relations	970,785	707,703
Consultancy Fees	397,969	490,223
Board Expenses	19,577	31,099
Legal Fees	459,889	32,080
Research	786,168	988,539
Donations	18,550	37,200
Total Expenses	**15,104,380**	**10,794,111**

7. Plant, Property and Equipment

	Cost at 31.03.12	Additions/ Revision of value	Dis-posal	Cost at 31.03.13	Dep'n at 31.03.12	Dis-posal	Charge this year	Dep'n at 31.03.13	NCV at 31.03.12	NCV at 31.03.13
	Maloti	Maloti	Maloti	Maloti	Maloti	Maloti	Maloti	Maloti	Maloti	Maloti
Office Equip-ment	306,800	34,768	-	341,568	152,064	-	54,094	206,158	154,736	135,410
Computer Equip-ment	5,582,840	957,822	-	6,540,662	3,045,367	-	1,223,836	4,269,203	2,537,402	2,271,458
Motor Vehicles	1,702,591	-	-	1,702,591	700,942	-	340,492	1,041,434	1,001,559	661,157
Office Furniture	1,144,406	61,227	-	1,205,633	731,758	-	187,511	919,269	412,648	286,364
Land & Buildings	3,306,204	321,295	-	3,627,499	308,567	-	118,408	426,975	2,997,724	3,200,524
Monitor-ing Equip-ment	9,667,700	734,304	-	10,402,004	8,238,994	-	1,718,305	9,957,299	1,428,706	444,705
	21,710,412	**2,109,416**	**-**	**23,819,828**	**13,177,637**	**-**	**3,642,646**	**16,820,209**	**8,532,849**	**6,999,618**

8. Western Indian Ocean Cable Company (WIOCC) Capacity-Lesotho Portion

This represents the capacity that LCA holds in WIOCC to date. The amount is made up of M 3,615,100.00 paid by the Lesotho Government on behalf of LCA and M 4,196,612 which was paid by LCA.

9. Investment in Western Indian Ocean Cable Company (WIOCC)

The Lesotho Government paid M 3,615,100.00 (USD 500,000.00) on behalf of LCA for acquisition of 5% shareholding in WIOCC. Therefore, the Authority holds 5% shareholding in the Western Indian Ocean Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

10. Trade and Other Receivables

Trade receivables	8,775,370	10,631,343
Deposits	45,869	45,869
Other Receivables	5,595,098	1,502,353
Staff Loans	189,866	233,488
	14,606,203	**12,413,053**

11. Cash and cash equivalents

Petty Cash	1,082	2,772
Current Accounts	730,808	85,068
Short term deposits	64,483,827	53,626,027
	65,215,717	**53,713,867**

12. Capital Fund

The Government of Lesotho transferred office furniture and equipment and the assets together with the Zozo building at Ha Abia Monitoring Station as part of establishment of LCA and the costs of those assets were capitalised to Capital Fund.

13. Capital Grant

The Lesotho Government paid M 3,615,100.00 (USD 500,000.00) for acquisition of Pre-purchase capacity in the Western Indian Ocean Cable Company (WIOCC) and 5% shareholding in WIOCC for M 3,615,100.00 (USD 500,000.00). The Grant has been amortised over estimated economic useful life of 15 years starting from the financial year 2013.

Amount paid by GOL on behalf of LCA

5% Shareholding in WIOCC (USD 500,000.00)@7.2303	3,615,100	3,615,100
Pre purchase capacity (USD 500,000.00) @7.2303	3,615,100	3,615,100
	___________	___________
	7,230,200	7,230,200
Less: Amortisation of Capital Grant	482,000	-
Total	**6,748,200**	**7,230,200**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

14. Deferred Income

These are initial licence fees for 15 and 20 years:

Bethlehem Technologies	466,667	600,000
Econet Telecom Lesotho	6,791,250	7,661,250
Vodacom Lesotho	1,166,667	1,500,000
	8,424,584	**9,761,250**

15. Trade and other Payables

Trade Payables	998,805	410,230
Fringe benefit tax	27,641	43,112
Other payables	9,326,111	1,179,327
	10,352,557	**1,632,669**

16. Prior Year Adjustments

Donations	700	-
Staff uniform	8,000	-
Creditors	6,817	-
Fringe Benefit Tax	-	(1,746)
Provision for outstanding expenses	235,137	463,750
Sundry Debtors	-	4,147
Revaluation surplus	312,165	-
	562,819	**466,151**

17. Contingent Liabilities

Staff Loans

The Authority is contingently liable to Nedbank Lesotho and Standard Lesotho Bank in respect of vehicle and housing loans respectively provided by the banks to its employees which amount to M 7,624,695.94 at 31 March 2013.

Corporation Tax

The Authority is contingently liable to the Lesotho Revenue Authority (LRA) in respect of corporation tax of M 9,022,627.25.

Value Added Tax (VAT)

The Authority is further contingently liable to the Lesotho Revenue Authority (LRA) with respect to five (5) years VAT which was not charged on issuing invoices to its licensees. The contingent liability is M 16,857,315.44.

18. Universal Service Reserve Fund

In accordance with Lesotho Communications Authority (Universal Access Fund Rules) Rules of 2009, the Authority is required to contribute 25% of its annual surplus into the Universal Service Fund.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

Separate financial statements have been prepared for the Universal Service Fund.

19. Operating Lease

At 31 March 2013 the totals of future minimum lease payments under non – cancellable operating leases were:

	Due:- Within one year	Within five years
	M	M
Land & Buildings	1,285,679	1,413,045

20. Capital Commitments

The Authority is desirous to construct its offices building. It acquired a site adjacent to Manthabiseng Convention Centre. The lease for the site was issued in the name of the Authority during the year ended 31 March 2008. During the preliminary arrangements for construction, it was felt that the site was not ideal for the Authority. The Authority has since been allocated another site in town which has been exchanged for the site next to Manthabiseng Convention Centre. The lease has now been issued to LCA by the Land Administration Authority during the 2011/2012 financial year. LCA has demolished the properties on the site and commenced with preliminary construction works for its office complex in the 2012/2013 financial year. The construction work will be financed by LCA funds and a bank loan.

21. Financial risk management

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

Foreign currency risk

In the normal course of business, the Authority enters into transactions denominated in foreign currency. As a result, the Authority is exposed to fluctuations in foreign currency. However, there were no foreign currency assets or liabilities outstanding at year end.

Interest rate risk

The Authority is exposed to various risks associated with the effect of fluctuations in the prevailing levels of market rates of interest on its cash resources and investments. The cash resources are managed to ensure that surplus funds are invested in a manner that achieves maximum returns while minimizing risks.

Credit Risk

The financial assets of the Authority that are subject to credit risk consist mainly of cash resources, receivables and investments. The cash resources and investments are placed with reputable financial institutions. Where appropriate, adequate provisions for impairment of receivables are made.

Fair values

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

BOARD APPROVAL AND STATEMENT OF RESPONSIBILITY

The Communications Act No.4 of 2012 requires the Authority to prepare financial statements for each financial year that present a true and fair picture of the state of affairs of the Universal Service Fund at the end of the financial year. The Board is responsible for taking such steps that are reasonably open to them to safeguard the assets of the Fund and to prevent and detect fraud and other irregularities.

The Board considers that in preparing the financial statements for the year ended 31 March 2013 set out on pages 45-52, the Universal Service Fund has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The Board also considers that all applicable International Financial Reporting Standards have been followed and confirms that the financial statements have been prepared on a going concern basis.

The auditors' responsibilities are stated in their report on page 44

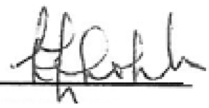
The Board acknowledges that it is responsible for the system of financial internal control and places considerable importance on maintaining a strong control environment. To enable management to meet these responsibilities, the Board sets internal controls aimed at reducing the risk of error or loss in a cost effective manner. The controls include proper delegation of responsibilities, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

The Universal Service Fund has made progress with respect to Risk Management. To this end, it has developed a risk profile that identified the risk areas and mitigating factors for the approval of the Board.

The risk management framework will assist the Universal Service Fund to identify, assess, manage and monitor all known forms of risk across the Universal Service Fund. This in turn will assist the Board to assess the risk management process of the Universal Service Fund. The Fund conducts risk based internal audits that are intended to provide reasonable assurance to the Board that there are adequate working controls to mitigate and manage the Universal Service Fund's risks.

Based on information and explanations supplied by management, the Board is of the opinion that that the systems of internal control provide reasonable assurance that the financial records may be relied on for the preparation of the financial statements.

Against this background, the financial statements set out on pages 45-52 which are stated in Maloti, the Lesotho currency, have been approved and authorised for issue on the **12th September 2013** by the Board and signed on its behalf by:



CHAIRMAN

CHIEF EXECUTIVE OFFICER

Lesotho Communications Authority - Universal Service Fund
Annual Financial Statements for the Year Ended 31 March 2013

DIRECTORS' REPORT

Directors

In terms of the Communications Act No.4 of 2012, the Board shall consist of the Chairman and five other members appointed by the Minister. The Chief Executive Officer shall be an ex-officio member. During the period under audit, Board of Directors were:

Ms R. Lehohla (Chair)

Mrs T. 'Mokela

Mr P. Khetsi

Mr M. Malie

Mr M. Letlotlo

Mr L. Mokotjo

Mr M. Posholi (Ex-officio)

Secretary

Ms M. Mokoena

Disclosure of Interest

The Authority is a government regulatory agency for communications sector with no shareholding. The Board of Directors do not hold any financial interest in the Authority.

Auditors' Appointment

In terms of the aforesaid Act, the Auditor General is the Auditor of the Authority and can appoint an independent and qualified auditing firm to audit the annual accounts of the Authority.

Lesotho Communications Authority - Universal Service Fund
Annual Financial Statements for the Year Ended 31 March 2013

Office of The Auditor General
P.O. Box 502, Maseru 100
Lesotho

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF LESOTHO COMMUNICATIONS AUTHORITY FOR THE YEAR ENDED 31 MARCH 2013

I have audited the accompanying financial statements of Lesotho Communications Authority – Universal Service Fund, which comprise the statement of financial position as at 31 March 2013, and the statement of comprehensive income, statement of change in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 45-52.

Director's Responsibility for the Financial Statements

The Authority's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit. The audit has been conducted with International Standards on Auditing. Those standards require auditors to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Lesotho Communications Authority - Universal Service Fund as at 31 March 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Communications Act No. 4 of 2012.

OFFICE OF THE AUDITOR-GENERAL
2013 -09- 19
P.O. BOX 502

LUCY L. LIPHAFA (MRS)

AUDITOR GENERAL **19 SEPTEMBER 2013**

Lesotho Communications Authority - Universal Service Fund

Statement of Financial Position as at 31 March 2013

	Notes	31.03.13 Maloti	31.03.12 Maloti
ASSETS			
Non Current Assets			
Property, Plant & Equipment	6	71,087	141,643
		71,087	**141,643**
Current Assets			
Trade and other receivables	7	15,600,240	13,924,969
Cash and cash equivalents	8	6,470,953	7,174,550
		22,071,193	**21,099,519**
Total Assets		**22,142,280**	**21,241,162**
Funds			
Accumulated Fund		11,370,240	14,777,754
		11,370,240	**14,777,754**
Non-Current Liabilities			
Trade and other payables		10,772,040	6,240,301
Provisions		-	223,107
		10,772,040	**6,463,408**
Total Funds and Liabilities		**22,142,280**	**21,241,162**

Statement of Comprehensive Income for the Year Ended 31 March 2013

	Notes	31.03.13 Maloti	31.03.12 Maloti
Income			
Fund Contributions	2	12,879,964	12,195,981
		12,879,964	**12,195,981**
Expenditure			
Fund Disbursements	3	15,453,062	11,352,990
Staff Costs	4	502,003	876,569
Depreciation		78,256	81,897
Directors Fees Board Members		60,585	112,566
Other Administrative Costs	5	132,002	197,468
		16,225,908	**12,621,490**
Surplus/(Deficit) before finance income & cost		**(3,345,944)**	**(425,509)**
Finance Income		230,446	316,824
Surplus/(Deficit) after finance income & cost		**(3,115,498)**	**(108,685)**
Retained Surplus/(Deficit) for the year		**(3,115,498)**	**(108,685)**

Lesotho Communications Authority - Universal Service Fund

Statement of Changes in Equity for the Year Ended 31 March 2013

Accumulated Funds

Balance at 31/03/2009	
Surplus for the year	16,199,662
Balance at 31/03/2010	**16,199,662**
Surplus/(Deficit) for the year	(2,846,090)
Balance at 31/03/2011	**13,353,572**
Prior year Adjustment	1,532,864
Balance at 31/03/2012	**14,886,439**
Surplus/(Deficit) for the year	(108,685)
Balance at 31/03/2012	**14,777,754**
Surplus/(Deficit) for the year	(3,115,498)
Prior year Adjustment	(292,016)
Balance at 31/03/2013	**11,370,240**

Statement of Cash Flows for the Year Ended 31 March 2013

	31.03.13	**31.03.12**
	Maloti	**Maloti**
Deficit for the period	**(3,115,498)**	**(108,685)**
Depreciation	78,256	81,898
Increase/(Decrease) in receivables	(1,778,905)	(2,711,259)
Increase/(Decrease) in payables	4,412,266	(3,211,152)
Prior Year Adjustment	(292,016)	-
Net cash inflow/outflow from operating activities	**(695,897)**	4,416,333
Investing Activities		
Purchase of Plant, Property and Equipment	(7,700)	-
Movement in Cash & cash equivalents	**(703,597)**	4,416,333
Cash & Cash Equivalents at the beginning of the year	**7,174,550**	**11,590,883**
Cash & Cash Equivalents at the end of the year	**6,470,953**	**7,174,550**

Notes to the Financial Statements for the Year Ended 31 March 2013

1. ACCOUNTING POLICIES

1.1 Presentation of annual financial statements

The principal accounting policies of the Universal Service Fund, which are set out below, have been consistently followed in all material respects and comply with International Financial Reporting Standards (IFRS) and the Communications Act No.4 of 2012. The financial statements are prepared on a going concern basis. The financial statements have been prepared on the historical cost basis except for financial assets, which are stated at fair values and incorporate the following principal accounting policies, set out below:

The preparation of financial statements are in accordance with IFRS requires the use of certain accounting estimates and assumptions.

1.2 Adoption of new and revised standards

The Universal Service Fund has adhered to the following revised standards during the year and comparative figures have been restated where applicable. However adherence to these standards did not have any effect on the funds and reserves as at 31 March 2013.

IAS 1	Presentation of financial statements
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
IAS 16	Property, plant and equipment
IAS 24	Related party disclosures
IAS 37	Provisions, contingent liabilities and contingent assets
IAS 39	Financial instruments: Recognition, measurement
IFRS 7	Financial instruments – disclosures

1.3 Significant judgements

In preparation of financial statements, management is required to make estimates and assumptions that affect the amounts presented in the financial statements and related disclosures. It also requires management to exercise its judgement in applying the Universal Service Fund's accounting policies. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results in future could differ from these estimates.

Provision for impairment of receivables

A provision for impairment of trade receivables is established when there is objective evidence that the Fund will not be able to recover all amounts due according to the rules of the Universal Service Fund which are translated into terms of receivables. The calculation of the provision amount for impairment of receivables requires the use of estimates and judgements.

Contingent liabilities

Management applies its judgement to the facts it receives from advisors and third parties in assessing if an obligation is probable, more likely or remote. Judgement is used to determine if the obligation is recognized as a liability or disclosed as a contingent liability.

1.4 Recognition of assets and liabilities

Assets are recognized if it is probable that future economic benefits associated with the asset will flow to the Universal Service Fund and the cost or fair value can be measured reliably.

Liability are only recognized if it is probable that future economic benefits associated with the liability will flow from the Universal Service Fund and the cost or fair value can be measured reliably.

1.5 De-recognition of assets and liabilities

Financial assets are de-recognised when the contractual rights to receive the cash flows have been transferred or have expired or when substantially all the risks and rewards of ownership have passed.

All other assets are de-recognised on disposal or when no future economic benefits are expected from their use.

Financial liabilities are de-recognized when the relevant obligation has either been discharged, cancelled or has expired.

1.6 Property, Plant and Equipment

Property, plant and equipment are stated at cost/valuation less accumulated depreciation and adjustment for any impairment losses where applicable. Depreciation is calculated on straight – line basis from the time the property, plant and equipment are available for use, so as to write off their cost over their expected useful lives, taking into account their residual values. The following annual rates are used:

Item	Average useful life
Computer Equipment	3 years
Motor Vehicles	4 years

Consumable items are written off in the period of purchase.

Repairs and maintenance are charged to the income statement in the period in which they are incurred.

1.7 Impairment of Assets

The Universal Service Fund assesses at each financial year end as to whether there is any indication that an asset may be impaired. If such an indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss is recognized in the income statement immediately.

1.8 Foreign Currency Translation

Transactions in foreign currencies are translated to Maloti at the foreign exchange rate ruling at the date of the transaction. All exchange gains and losses arising on translation are dealt with in the income statement.

1.9 Financial Instruments

Initial recognition and measurement

Initial measurement of financial instruments is at cost, which includes transaction costs. Subsequent measurement of the different classes of financial instruments is dealt with below.

Financial assets

The principal financial assets are cash and bank balances, trade and other receivables. These assets are originated by the enterprise and are accounted for at trade date.

Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

The principal financial liabilities are trade and other payables.

1.10 Trade and other receivables

Trade and other receivables originated by the enterprise are stated at fair value of consideration receivable less impairment for trade receivables if any. A provision for impairment of trade receivables is established when there is objective evidence that the Universal Service Fund will not be able to recover all amounts due according to the rules of the Universal Service Fund which are translated into terms of receivables.

1.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at hourly call with the banks. Cash and cash equivalents are measured at fair value.

1.12 Trade and other payables

Trade and other payables are stated at their fair values.

1.13 Employee Benefits

Terminal gratuities are provided for contract employees as per the terms of their respective employment contracts.

The Universal Service Fund pays a thirteenth cheque as a Christmas bonus to all eligible employees according to its Human Resources Rules.

1.14 Taxation

No provision for taxation is required as the Universal Service Fund is exempt from taxation.

1.15 Provisions

Provisions are recognized when the Universal Service Fund has a present legal or constructive obligation as a result of past events, when it is probable that outflow of resources embodying economic benefits will be required to settle the obligation, and reliable estimate of the amount of the obligation can be made.

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for estimated leave liability according the personnel rules of the Universal Service Fund.

1.16 Revenue Recognition

Revenue

Revenue comprises contributions from network operators which represents 1% of their net operating incomes and the Authority which represents 25% of its annual surplus.

Interest income

Interest is recognized on a time proportion basis taking into account the effective yield on the financial asset.

Borrowing costs

Borrowing costs are dealt with in the income statement in the period in which they are incurred.

1.17 Comparative Figures

Figures for the previous year have been regrouped and stated wherever necessary to conform to the current year's presentation.

2. Fund Contributions

	31.03.13	31.03.12
	Maloti	**Maloti**
Annual contributions	12,879,964	12,195,981
	12,879,964	**12,195,981**

3. Fund Disbursements

These are monies paid to the network operators for constructing Base Receiver Stations (BTS).

IXP Equipment	207,723	248,419
Malibamats'o (Leribe)	-	2,290,000
Malumeng (Mafeteng)	-	2,250,000
Pulane (Berea)	-	2,250,000
Semena (Thaba-Tseka)	-	2,450,000
Rapolokoana (Maseru)	-	1,864,571
Mjanyane	2,441,847	-
Monont's'a	5,179,026	-
Ts'ehlanyane	2,152,013	-
Bolikela	2,340,000	-
Matsoku	2,670,000	-
Makhunoane	462,453	-
	15,453,062	**11,352,990**

4. Staff Costs

Salaries	286,131	468,082
Allowances	115,239	197,916
Pension	17,072	26,070
Medical Aid	13,598	33,415
Gratuity	62,176	107,905
Staff Cellphone Airtime	7,787	13,349
Provision for Leave Pay	-	29,833
	502,003	**876,569**

5. Other Administrative Costs		
Staff Uniform	-	-
Bank Charges	2,819	8,292
Communication	-	-
Insurance	11,710	9,870
Stationery	-	1,478
Other Expenses	-	81,625
Fuel	30,829	12,915
Car Running	18,052	1,249

Travel & Accommodation	58,816	51,515
Business Entertainment	702	30,440
Board Expenses	9,074	84
	132,002	**197,468**

6. Property, Plant & Equipment

Cost	Motor Vehicles	Computer Equipment	Total
Balance at 31.03.12	368,704	24,474	393,178
Additions	-	7,700	7,700
Balance at 31.03.13	368,704	32,174	400,878
Accumulated Depreciation			
Balance at 31.03.12	231,576	19,959	251,535
Charge for the year	73,741	4,515	78,256
Balance at 31.03.13	305,317	24,474	329,791
Net Carrying Values			
Balance at 31.03.12	137,128	4,515	141,643
Balance at 31.03.13	63,387	7,700	71,087

7. Trade and Other Receivables

Trade Receivables	15,598,740	13,922,719
Sundry Receivables	-	750
Sundry Deposits	1,500	1,500
	15,600,240	**13,924,969**

8. Cash and cash equivalents

Nedbank Current Account	84,623	528,649
Nedbank 24hr Call Account	6,386,330	6,645,901
	6,470,953	**7,174,550**

9. Trade and Other Payables

Trade Payables	3,542,426	2,178,457
Other Payables	376,318	479,950
Retention	3,342,664	1,864,376
VAT Payable	3,510,632	1,717,518
	10,772,040	**6,240,301**

Retention represents an amount retained from network operator's payments. The amount retained will be paid after one year of commissioning the base transceiver station (BTS).

9. Financial risk management

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

Foreign currency risk

In the normal course of business, the Universal Service Fund enters into transactions denominated in foreign currency. As a result, the Fund is subjected to exposure to fluctuation in foreign currency. However, there are no foreign currency assets or liabilities outstanding at the year end.

Interest rate risk

The Universal Service Fund is exposed to various risks associated with the effect of fluctuations in the prevailing levels of market rates of interest on its cash resources and investments. The cash resources are managed to ensure that surplus funds are invested in a manner to achieve maximum returns while minimizing risks.

Credit Risk

The financial assets of the Universal Service Fund that are subject to credit risk consist mainly of cash resources, receivables and investments. The cash resources and investments are placed with reputable financial institutions. Where appropriate, adequate provisions for impairment of receivables are made.

Fair values

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

Lesotho Communications Authority -

Annex 1

Glossary of Terms

3G: Third-generation mobile communication system. A generic name for mobile network/ service based on the IMT-2000 family of global standards.

Access point: wireless communication hub that allows users to connect to a Wi-Fi network.

Analogue: signal whose value varies continuously over time or communications signal represented by the pitch and the volume of a voice.

Base Transceiver Station: often referred to as cellular tower, contains the equipment for transmitting and receiving radio signals.

Bandwidth: the range of frequencies available to be occupied by signals. In analogue systems it is measured in terms of Hertz (Hz) and in digital systems in bit/s per second (bit/s). The higher the bandwidth, the greater the amount of information that can be transmitted in a given time. High bandwidth channels are referred to as broadband which typically means 1.5/2.0 Mbit/s or higher.

Broadband: transmission capacity with sufficient bandwidth to permit combined provision of voice, data and video. It refers to bandwidth speeds of greater than 128kbps in at least one direction.

Channel: an electrical transmission path between two or more stations. Channels may be furnished by wire, radio, fibre or a combination of all three.

Carrier: a company that owns a transmission medium and rents, leases or sells portions for a set tariff.

Competition: refers to a situation in a market in which firms or sellers independently strive for the patronage of buyers in order to achieve a particular business objective, e.g., profits, sales and or market share.

Convergence: has been defined as the ability of one or different networks to carry different services. Or the bringing together of industries in the communications area, which were previously viewed as separate and distinct in both the commercial and the technological sense.

Converged regulation: refers to a trend in regulation that seeks to define a single regulatory structure for telecommunications, broadcasting and information technology.

Cost-based pricing: the general principle of charging for services in relation to the cost of providing the services.

Coverage: refers to the area on earth capable of effectively receiving transmission of network. Often used for cellular or satellite network.

Digital: any type of information that can be output, transmitted and interpreted as individual bits of binary information (the use of the numbers 0 and 1), using electrical or electromagnetic signals that can be modulated to convey their specific content. A TV picture will be more like a rectangle and have up to 1,080 lines of resolution, producing a crisper picture.

Electronic commerce: also referred as e-commerce, refers to commercial transactions occurring over open networks, such as the Internet. Both business-to-business and business-to-consumer transactions are included.

Frequency: the rate at which an electrical current alternates, usually measured in Hertz. It is also used to refer to a location on the radio frequency spectrum, such as 800, 900 or 1800 Mhz.

FM: stands for frequency modulation, a method of generating sounds from simple wave forms.

Geographical Information Systems (GIS): a geographical information system (GIS) can be seen as a system of hardware, software and procedures designed to support the capture, management, manipulation, analysis, modelling and display of spatially referenced data.

Global Systems for Mobile Communications (GSM): it is the European-developed digital mobile cellular standard.

Information and Communication Technologies (ICT): consists of the hardware, software, networks, and media for the collection, storage, processing, transmission and presentation of information (voice, data, text, images), as well as related services.

Interconnection: the physical connection of telecommunication networks owned by different operators.

Interconnection rate: a charge levied by network operators on other service providers to recover the costs of the interconnection facilities (including the hardware and software for routing, signalling, and other basic service functions) provided by the network operators.

Information Technology (IT): refers to the hardware and software of information collection, storage, processing, and presentation.

Internet Service Provider (ISP): a company which provides a client with an internet connection, either for fixed monthly fee or for the cost of local call charges.

Intranet: has the look and feel of an internet website, and can be explored with a browser such as Internet Explorer or Netscape Navigator. Unlike the web, access is limited to pages on a company's internal network.

Leased line: a telecommunications channel leased between two or more points at a flat monthly rate. Also called dedicated or private line.

MPEG: stands for Motion Picture Experts Group, and describes a method of compressing digital video.

Network: combination of telecommunications resources, for example, exchanges, wire links (copper cable, optical fibre) and terrestrial or satellite radio transmission links.

Penetration: a measurement of access to telecommunications. It is usually calculated by dividing the number of subscribers by the population, and multiplying by 100. Also referred to as density.

Online: being connected to the Internet.

Signal: the combination of waves that travel along a transmission channel and act on the receiving unit.

Spectrum Management: the spectrum or range of radio frequencies available for communication, industrial, and other uses. Frequency bands or segments are assigned to various categories of users for specific purposes, such as commercial radio and television, terrestrial microwave links, satellites and other services.

Tariff: prices that service providers levy to consumers.

Teledensity: a measurement of how many telephones are available, expressed as the number of telephone subscribers for every 100 people in a country.

Country Code Top Level Domain: A top-level domain (TLD) name on the Internet that is reserved for a country or territory.

Type-approval: type-approval or certificate of conformity granted to a product that meets a minimum set of regulatory, technical and safety requirements. Generally, type-approval is required before a product is allowed to be sold in a particular country.

Universal Service: refers to availability and widespread affordability of ICTs services. The level of universal services is statistically measured as the percentage of households with ICTs.

Website: A collection of web pages, normally on a single theme, on the Internet.

Lesotho Communications Authority -

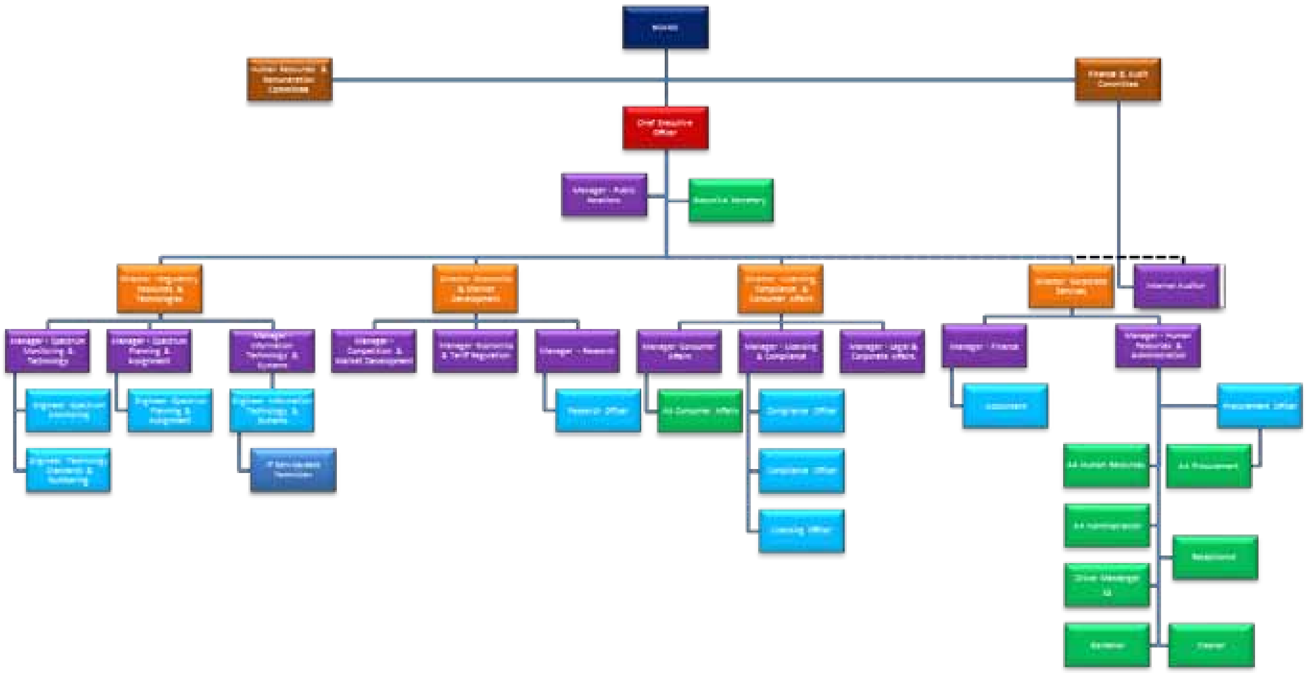
List of Abbreviations

3G	Third Generation Networks
AM	Amplitude Modulation
AGM	Annual General Meeting
AUC	African Union Committee
BDT	Telecommunication Development Bureau
BTL	Bethlehem Technologies Lesotho
BTS	Base Transceiver Station
CRASA	Communications Regulators' Asso ciation of Southern Africa
CEO	Chief Executive Officer
CIRT	Computer Incident Response Team
CBA	Commonwealth Broadcasting Association
CSI	Corporate Social Investment
CSF	Critical Success Factors
CTO	Commonwealth Telecommunica tions Organisation
DOPE	Department of Physics and Engi neering (National University of Lesotho)
DTT	Digital Terrestrial Television
EASSy	East African Submarine System
ETL	Econet Telecom Lesotho
FAC	Finance and Audit Committee
FM	Frequency Modulation
GE-06	Geneva 2006 Agreement
GIS	Geographical Information Systems
GRS	Global Symposium for Regulators
GSM	Global System for Mobile Commu nications
HIPSSA	Harmonization of ICT Policies in Sub-Saharan Africa
HR	Human Resources
HRRC	Human Resources and Remunera tion Committee
ICASA	Independent Communications Authority of South Africa
ICT	Information and Communication Technologies
IoDSA	Institute of Directors of Southern Africa
ISP	Internet Service Provider
ISPC	International Signalling Point Codes
ITR	International Telecommunications Regulations
IP	Internet Protocol
IT	Information Technology
ITU	International Telecommunication Union
KEL	Kereke ea Evangeli Lesotho
LCA	Lesotho Communications Authority
LIXP	Lesotho Internet Exchange Point
LEC	Lesotho Electricity Company
LM	Lifetime Music Radio
LNBS	Lesotho National Broadcasting Services
LTV	Lesotho Television
MCST	Ministry of Communications, Science and Technology
MOF	Ministry of Finance
MHz	Megahertz
MOLG	Ministry Local Government and Chieftainship Affairs
MoU	Memorandum of Understanding
NUL	National University of Lesotho
PMS	Performance Management System
PRMS	Premium Rated Messaging Service
QoS	Quality of Service
RATT	Regional Alliance Task Team
RAMP	Risk Assessment and Management Plan
RF	Radio Frequency
RFP	Request for Proposals
PPDR	Public Protection and Disaster Relief
RSA	Republic of South Africa
SADC	Southern African Development Community
SRD	Short Radio Devices
TBN	Trinity Broadcasting Network
TSC	Technical Sub-committee
USF	Universal Service Fund
USFC	Universal Service Fund Committee
VCL	Vodacom Lesotho
WCIT	World Conference on International Telecommunications
WIOCC	West Indian Ocean Cable Company

Lesotho Communications Authority -

Annex 2

Organisational Structure



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