



LESOTHO COMMUNICATIONS AUTHORITY

CORPORATE MANDATE

Lesotho Communications Authority is a converged national regulatory agency for the communications sector in the Kingdom of Lesotho. Its broad mandate is to license operators, facilitate the development of and regulate the communications sector. The sector is composed of telecommunications, broadcasting and postal services.

Vision

Access to affordable and reliable communications services.

Mission

To facilitate provision and accessibility of quality communications services.

Value statement

The Authority shall maintain integrity, professionalism and transparency in regulatory and corporate affairs.

Motto

Fairness to all and allegiance to none.

Organisational Information

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External auditors: Auditor-General of Lesotho

Bankers: Nedbank Lesotho

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HRRC: Human Resources and Remuneration Committee.
ICASA: Independent Communications Authority of South Africa.
ICT: Information and Communication Technologies.
IFRS: International Financial Reporting Standards.
IMT: International Mobile Telecommunications.
IOTs: Inter Operator Tariffs.
IP: Internet Protocol.
ISDN: Integrated Services Digital Network.
ITU: International Telecommunication Union.
KV: Kilovolt.
LCA: Lesotho Communications Authority.
LEC: Lesotho Electricity Company.
LECC: LEC Communications.
LFS: Labour Force Survey.
LIXP: Lesotho Internet Exchange Point.
LM: Lifetime Music Radio.
LNBS: Lesotho National Broadcasting Service.
LsNIC: Lesotho Network Information Centre.
LTE: Long Term Evolution.
M: Maloti. (Singular: Loti)
MHz: Megahertz.
MNO: Mobile Network Operator.
MoU: Memorandum of Understanding.
MTN: Mobile Telephone Network.
NSDP: National Strategic Development Plan.
NUL: National University of Lesotho.
OPGW: Optical Ground Wire.
PAPU: Pan African Postal Union.
PRMS: Premium Rated Messaging Service.
PSTN: Public Switched Telephone Network.
QoS: Quality of Service.
RSA: Republic of South Africa.
SADC: Southern African Development Community.
SDG: Sustainable Development Goals.
SDO: Standard Development Organizations.
SFN: Single Frequency Network.
SMS: Short Message Service.
Tbps: Terabits persecond.
TCP: Transmission Control Protocol.
TDAB: Terrestrial Digital Audio Broadcasting.
TDMA: Time Division Multiple Access.
TSC: Technical Sub-committee.
TV: Television.
UMTS: Universal Mobile Telecommunications System.

UPU: Universal Postal Union.

USF: Universal Service Fund.

USFC: Universal Service Fund Committee.

USD: United States Dollar.

USO: Universal Service Obligations.

UTRAN: UMTS Radio Access Network.

VAS: Value Added Service.

WHO: World Health Organisation.

WRC-19: World Radiocommunication Conference 2019.

Wi-Fi: Wireless Fidelity.

WiMAX: Worldwide Interoperability for Microwave Access.

WIOCC: West Indian Ocean Cable Company.

3G: Generic name for third-generation networks or services under the IMT-2000 banner, for example W-CDMA and CDMA2000 1x.

4G: A collection of fourth generation cellular data technologies. It succeeds 3G and is also called "IMT-Advanced," or "International Mobile Telecommunications Advanced."

5G: A term used to describe the fifth-generation of mobile networks beyond the 4G LTE mobile networks.

Act: Means the Communications Act No. 4 of 2012.

Active subscriber: A subscriber who is able to make outgoing calls and/or receive incoming calls.

Analogue: Transmission of voice and images using electrical signals.

Authority: Lesotho Communications Authority.

Bandwidth: A range of frequencies available to be occupied by signals. In analogue systems it is measured in 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.

Base station: The common name for all the radio equipment located at one and the same place used for serving one or several cells. Also referred as a **Base Transceiver** a transmission medium for a set tariff.

ccTLD: A country code top-level domain name on the internet that is reserved for a country or territory, such as .ls for Lesotho.

Cell: The geographic area that is covered by a single base station in a cellular network.

Cellular: A mobile telephone service provided by a network of base stations, each of which covers one geographic cell within the total cellular system service area.

Competition: 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.

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

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

Coverage: The range of a mobile cellular network, measured in terms of geographic coverage (the percentage of the territorial area covered by mobile cellular) or population coverage (the percentage of the population within range of a mobile cellular network).

Station.

Broadband: Having instantaneous bandwidths greater than around 1 MHz and supporting data rates greater than 1.5 Mb/s.

Broadcasting: Any unidirectional electronic communications intended for reception by the public or any part thereof, conveyed by means of radio frequency spectrum or any electronic communications system or any combination thereof.

Carrier: An entity that owns a transmission medium and which rents, leases or sells portions of such

- Digital:** Representation of voice or other information using digits 0 and 1. The digits are transmitted as a series of pulses. Digital networks allow for higher capacity, greater functionality and improved quality.
- E-commerce:** Electronic commerce or the term used to describe transactions that take place online where the buyer and seller are remote from each other.
- Fibre optics:** A channel where messages or signals are sent through light rather than electrical signals down a very thin strand of glass. Light transmission enables much higher data rates than conventional wire, coaxial cable and many forms of radio. The signal travels at the speed of light and do not degenerate nor subject to interference.
- Fixed-broadband subscriptions:** Fixed subscriptions to high-speed access public internet (a TCP/IP connection), at downstream speeds equal to, or greater than, 256 kilobits per second (Kbps). This includes DSL, fibre-to-the-home, fixed WiMAX and any other fixed wired-broadband subscriptions and other fixed wireless technologies. It includes both residential subscriptions and subscriptions for business or organizations. This includes cable modem, satellite broadband and terrestrial fixed wireless broadband, where available.
- Fixed line:** A physical line connecting the subscriber to the telephone exchange. Typically, a fixedline network, which is sometimes referred to as PSTN to distinguish it from mobile networks.
- Fixed-telephone subscriptions:** The sum of active number of analogue fixed-telephone lines, voice-over-IP (VoIP) subscriptions, fixed wireless local loop (WLL) subscriptions, ISDN voice-channel equivalents and fixed public payphones.
- FM:** A method of generating sounds from simple wave forms or Frequency Modulation.
- Frequency:** The rate at which an electrical current alternates, usually measured in Hertz (Hz). It is also used to refer to a location on the radio frequency spectrum, such as 800, 900 or 1800 MHz.
- Fund:** Means the Universal Service Fund as established under the Communications Act 2012.
- Geographical Information System:** A system of hardware, software and procedures designed to support the capture, management, manipulation, analysis, modelling and display of spatially referenced data.
- Glide path:** A regulated price control where regulators require operators to reduce prices over time rather than mandate an immediate move to the cost-orientated level.
- Global Systems for Mobile Communications:** A European-developed digital mobile cellular standard.
- Information and Communication Technologies:** 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 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.
- Interconnection:** The physical connection of telephone networks owned by two different operators. Network operators typically charge a-per-minute fee for use of their

network by other network operators (referred to as an “interconnect payment” or “access charge”).

International Financial Reporting Standards: It is a set of accounting standards developed by an independent, not-for-profit organization called the International Accounting Standards Board.

International Telecommunication Union: is the United Nations specialized agency for Information and Communication Technologies.

Internet: A global system of interconnected computer networks that use the standard Internet protocol suite (TCP/IP) to link several billion devices worldwide.

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

Licensed System: A sound or television broadcasting, telecommunication or postal system licensed to operate in Lesotho.

Long-Term Evolution: It is a standard for high-speed wireless communication for mobile phones and data terminals, based on the GSM/EDGE and UMTS/HSPA technologies. It increases the capacity and speed using a different radio interface together with core network improvements.

Mobile: Refers to mobile cellular systems.

Mobile-broadband subscriptions: The sum of active handset-based and computer-based (USB/dongles) mobile-broadband subscriptions to the public internet. It covers actual subscribers, not potential subscribers, even though the latter may have broadband-enabled handsets. Subscriptions must include a recurring subscription fee or pass a usage requirement – users must have accessed the internet in the last three months. It includes subscriptions to mobile-broadband networks that provide download speeds of at least 256 Kbps (e.g. WCDMA, HSPA, CDMA2000 1x EV-DO, WiMAX and LTE).

Mobile-cellular telephone subscriptions: The number of subscriptions to a public mobile-telephone service. The indicator includes (and is split into) the number of post-paid subscriptions and the number of active prepaid accounts (i.e. that have been used during the last three months). The indicator applies to all mobile-cellular subscriptions that offer voice communications. It excludes subscriptions via data cards or USB modems, subscriptions to public mobile data services, private trunked mobile radio, tele-point, radio paging and telemetry services.

Network: A set of nodes and links that provides connections between two or more defined points to facilitate telecommunication between them.

Network operator: An organization that provides and operates a telecommunication network for the purpose of transporting bearers of telecommunication services.

Number: A string of decimal digits that uniquely indicates the public network termination point. The number contains the information necessary to route the call to this termination point. A number can be in a format determined nationally or in an international format. The international format is known as the international public telecommunication number and includes the country code and subsequent digits, but not the international prefix.

- Penetration:** A measurement of access to telecommunications, normally calculated by dividing the number of subscribers to a particular service by the population and multiplying by 100. Also referred to as **teledensity**.
- Postpaid:** An account paid after the service with prior arrangement with a mobile network operator.
- Public Switched Telephone Network:** A public telephone network that delivers fixed telephone service.
- Quality of Service:** A totality of characteristics of a telecommunication service that bear on its ability to satisfy stated and implied needs of the user of the service or the collective effect of service performances, which determine the degree of satisfaction of a user of the service.
- Roaming:** The ability of a user to access wireless telecommunication services in networks other than the one(s) where the user is subscribed.
- Server:** A host computer on a network that sends stored information in response to requests or queries.
- Signal:** The combination of waves that travel along a transmission channel and act on the receiving unit.
- Subscriber:** A person or other entity that has a contractual relationship with a service provider on behalf of one or more users. (A subscriber is responsible for the payment of charges due to the service provider).
- SMS:** Short Message Service means a service available on digital networks, typically enabling messages with up to 160 characters to be sent or received via the message centre of a network operator to a subscriber's mobile phone.
- Spectrum:** The radio frequency spectrum of Hertzian waves used as a transmission medium for cellular radio, radio-paging, satellite communication, over-the-air broadcasting and other services.
- Spectrum Management:** The planning, coordinating and managing joint use of the electromagnetic spectrum through operational, engineering, and administrative procedures. The objective of spectrum management is to enable electronic systems to perform their functions in the intended environment without causing or suffering unacceptable interference.
- Spillage:** It is also referred to as signal spill-over. At borders, signals from the mobile stations belonging to one operator spill over into the adjacent nation state.
- Technical Sub-committee:** A technical committee formed under LCA-ICASA Memorandum of Understanding.
- Telecommunications:** It is a suite of technologies, devices, equipment, facilities, networks, and applications that support communication at a distance.
- Teledensity:** Number of main telephone lines per 100 inhabitants within a geographical area. Effective teledensity reports fixed-line teledensity or mobile density, whichever is higher, in a particular geographical region.
- Type-approval:** A 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: The availability and widespread affordability of ICTs services. The level of universal services is statistically measured as the percentage of households with ICTs.

Waiting list: The unmet applications for connection held due to a lack of technical facilities and or administrative procedures/bureaucracies. This will be a time period of more than two weeks that occurred during the reporting period. A waiting applicant has paid for the application and connection fees.

Wireless: The generic term for mobile communication services, which do not use fixed-line networks for direct access to the subscriber.

EXECUTIVE SUMMARY

The reporting year marked an important period in the life of the Authority. Changes in the Board and Head of the Executive; composition of Board Committees; the Universal Service Fund Committee and the Broadcasting Disputes Resolution Panel brought new leadership and direction to the Authority and the sector.

The role of the Authority is to ensure that communications markets operate in the interest of communications consumers and the wider society. This includes ensuring that the communications sector is included in efforts towards attaining the United Nations Sustainable Development Goals (UN SDGs) long-term agenda to end poverty, protect the planet and ensure prosperity for all by 2030. They should also work towards the attainment of the Government of Lesotho's national strategic development goals as articulated in National Strategic Development Plan (NSDP II).

The communications market remains relatively unchanged with major players in the telecommunications market being the two mobile network operators. There were no additional operators in the postal market and some of the broadcasting operators licensed in the last reporting year assumed operations during the year.

The Authority continued with its statutory activities of licensing, technical and economic regulation and consumer protection. These activities entailed licensing new entities, renewals, spectrum and number allocations, postal regulation, broadcasting regulation, tariff approvals, quality of service and compliance monitoring, competition management and research in sector related issues.

Lesotho and other members of the International Telecommunication Union came together at national, regional and international level to work towards the World Radiocommunication Conference whose aim was to revise the ITU Radio Regulations and associated Frequency Assignment and Allotment Plans and address radiocommunication matters of global character.

The communications sector continues to grow with signs of a maturing market with some indicators experiencing decline. New technologies were expanded to new areas and new infrastructure developed. Research was carried out on ICTs in households, surveys on e-government services and internet cafes. The Universal Service Fund continued to expand services to tertiary education institutions and monitored expansion projects to unserved and unserved areas.

The Authority continued its participation in international forums organised by the ITU, ATU, CTO, CRASA, UPU and PAPU and other forums so as to articulate the position of Lesotho on communications issues, enhance skills and knowledge base of its staff, and to ensure that the Authority is not lagging behind on technological developments.

CHAIRMAN'S STATEMENT

It is my pleasure and appreciation to present this year's Annual Report of the Lesotho Communications Authority.

The period under review was characterised by successes and challenges. In the last reporting period, the Minister of Communications, Science and Technology appointed the new Board of Directors and the Chief Executive Officer who assumed duties at the start of the reporting year. In the same period, he appointed the new Universal Service Fund Committee and the Broadcasting Disputes Resolution Panel. The new appointments brought in fresh leadership and strategic direction of the Authority and the sector.

The Authority continued to follow the strategic direction of the Government of Lesotho and participated in forums which shaped the new National Strategic Development Plan II which amongst others prioritised innovation and technology as one of the key priority areas for development. The Authority is playing its role in making the plan a reality.

The communications sector under the Authority's purview is increasingly more dynamic and innovative. During the year, there were new technological developments, new product offerings, new areas where access has been developed and new radio stations launched. In such a vibrant environment, the Authority also strengthened its compliance monitoring and other services to ensure that the right conditions in the market are in place and that consumers are sufficiently protected.

The year has seen an outbreak of the Covid-19 pandemic and we all continue to watch as it continues to spread across all countries of the world. This global pandemic is challenging the normal business models of organisations. It is putting a lot of strain on global economies, shutting down certain sectors of the economy and severely constraining the spending patterns of consumers. This left the Authority with no choice but to adapt its business strategies to the new Covid-19 environment.

The importance of communications networks and connectivity has never been direr. During the national lockdown and thereafter, we have witnessed some sectors scaling down physical contact operations and adopting the idea of employees working remotely from home. Tertiary institutions have also taken to remote and online learning and less of face to face teaching. Public education about the disease through broadcasting and telecommunications has played a major role in arresting the disease when mass physical contact was not possible.

Notwithstanding that Lesotho and the global community is looking for solutions to survive the pandemic, we should acknowledge the uncertainty that lies ahead that has been brought by the pandemic and its after effects. For instance, it has highlighted the need for robust communications infrastructure and an urgent need to have communications services accessible to every person in Lesotho.

CHAIRMAN'S STATEMENT

The board is grateful for the support it has received and continues to receive from its stakeholders. I may not be able to mention each and every one by name but wish to extend my gratitude to the Government of Lesotho and in particular, the Minister of Communications, Science and Technology for his guidance. I am indebted to my colleagues on the Board, the Authority's executive team and all employees for their collective contribution to the success of the sector.



Mr. Motanyane Makara
Chairperson, LCA Board

BOARD OF DIRECTORS, BOARD COMMITTEES AND STATUTORY COMMITTEES

In the reporting year, the Board of the Authority stood as follows as at yearend:

Ms. Motšelisi Ramakoa	Chairperson
Mr. Seth Griffiths Lerotholi	Director
Mr. Phakiso Molise	Director
Ms. Keneuoe Mohale	Director
Mr. Motanyane Makara	Director
Mr. Karabo Maitin-Lehutso	Director
Ms. 'Mamarama Matela	Director and Chief Executive Officer

Human Resources and Remuneration Committee

Ms. Seth Griffiths Lerotholi	Chairperson
Mr. Retšelisitsoe Motlojoa	Member
Mr. Motanyane Makara	Member
Ms. 'Mamarama Matela	Member

Finance and Audit Committee

Mr. Phakiso Molise	Chairperson
Ms. Keneuoe Mohale	Member
Mr. Karabo MaitinLehutso	Member
Ms. Motšeo Masheane	Member
Mr. Phaane Mosae	Member

Universal Service Fund Committee

Mrs. Khauhelo Lebentlele	Chairperson – Representing the Ministry of Communications, Science and Technology
Mr. Motanyane Makara	Deputy Chairman – Representing the Authority
Mr. Khothatso Tšooana	Member – Representing the Ministry of Local Government and Chieftainship Affairs
Ms. Motena Tšolo	Member – Representing the Ministry of Finance
Ms. Monica Moeko	Member – Representing the Lesotho Electricity Company

Broadcasting Disputes Resolution Panel

Mrs. 'Mampoi Taoana	Chairperson
Mrs. 'Mamosa Majara	Member
Ms. Mpine Tente	Member
Mr. Mpheulane Posholi	Member
Mr. Mathibela Matša	Member

STATEMENT ON CORPORATE GOVERNANCE

The Board of the Authority

The Board is responsible for the exercise of the powers and performance of the duties of the Authority. The Board comprised of seven directors appointed by the Minister of Communications, Science and Technology in accordance with Section 6 of the Communications Act No. 4 of 2012 (Act). Chairperson and five other directors, are non-executive directors and the Chief Executive Officer, is the only executive director.

It is responsible for, amongst others, strategic and business planning for efficient operation, appropriate budgeting, policy development and appointment of senior officers of the Authority.

Commitment to Good Corporate Governance

In carrying out its functions, the Board and its committees were guided by Government policies, the Act, the Board Charter, Committee Charters, Rules and Policies of the Authority. The Board, Committees and Management also draw from good corporate principles as contained in the King Code and the principles and requirements contained in the International Financial Reporting Standards (IFRS).

The Board Charter of the Authority states that:

- The Board shall assume ultimate accountability and responsibility for the performance and affairs of the Authority and shall in so doing effectively safeguard and promote the interests of the Authority and the communications sector.
- The Board in addition, has a responsibility to the broader stakeholders which include its licensees, consumers, employees and policy makers to achieve continuing prosperity for the Authority;
- The Board members shall exercise leadership, enterprise, integrity and judgement in directing the Board to achieve continuing prosperity and to act in the best interests of the Authority while respecting the principles of transparency and accountability;
- The Board shall formulate, monitor and review corporate strategy, major plans of action, governance policies, appropriate procurement and provisioning systems, annual budgets and business plans;
- The Board shall ensure that technology and systems used in the Authority are adequate to run the business properly for it to operate through the efficient use of its assets, processes and human resources;

STATEMENT ON CORPORATE GOVERNANCE

- The Board shall ensure that the Authority's strategic objectives are achieved and that the same can be measured in terms of its performance;
- The Board shall serve the legitimate interests of the Authority's stakeholders and provide full accountability;
- The Board shall establish the scope and delegation of authority and shall ensure that it reserves specific powers and authority for itself. Delegated authority must be in writing and be evaluated regularly;
- The Board shall manage conflicts of interest between Management, Board members and the Policy Maker; and
- The Board is the guardian of the values and ethics of the LCA.

Conflicts of Interest

The Board follows the Act on issues of conflicts of interest which prescribe that "a member shall not participate in any discussion or decision regarding any matter in which the member or any immediate relative has a direct or substantial interest and if the member does so, the member commits an offence and is liable, on conviction, to a fine of M50,000 or imprisonment for a term of five years or both". A Director is expected to bring to the attention of the Board any degree of conflict that may arise in the course of his or her functions and register such interest.

Summary of Board Activities

During the reporting period, the Board held 21 meetings, four of which were ordinary and 17 extra-ordinary. The meetings dealt with matters of strategic and business nature relevant to the Authority:

- Approved the LCA Budget for the year 2020/2021 and received quarterly management reports and management accounts;
- Received reports of specialised board committees and Ad Hoc committees;
- Received and approved requests for licence applications, amendments of licences and revocation of licences;
- Approved the Audited Financial Statements for Year ended 31 March 2019 for the Authority and the USF as well as 2018/2019 and Audit Management letters;

STATEMENT ON CORPORATE GOVERNANCE

- Received of the Forensic Audit Report and approved the LCA Annual Report for 2018/2019;
- Approved the terms of reference, advertisement and appointments to the positions of Chief Technology Officer and Chief Economic Affairs Officer;
- Decided on the constitution of Board Committees, the establishment of a Digital Transformation Sub-Committee of the Board and the acquisition of a regulatory compliance monitoring and revenue assurance system; and
- Held meetings with the policy-maker on issues requiring policy direction.

Functions of the Board and Statutory Committees

Finance and Audit Committee

The committee assists the Board in discharging its oversight responsibilities, and oversees the financial reporting process to ensure balanced, transparent and integrity of financial statements. It also ensures that the required risk management systems are in place and assists in monitoring compliance with laws and regulations.

In the reporting period, the FAC held six meetings to consider and recommend to the Board the following business:

- The Managements Accounts for periods ended 31st March 2019, 30 June 2019, 30th September 2019, 31st December 2019;
- LCA Audited Financial Statements for the year ended 31 March 2019 as well as 2018/2019 Audit Management Letter;
- LCA Budget for the year 2020/2021; and
- USF Management Accounts for period ended 31st December 2019 and USF Budget for the year 2020/2021.

Human Resources and Remuneration Committee

The HRRC supports the Board with appropriate human resources policies and strategies consistent with best practices and business requirements. The Committee recommends policies to the Board whose objectives are to recruit and retain high calibre employees, and motivate employees to achieve enhanced performance.

During the year, the committee held seven meetings, which dealt with the following human resources business:

- Filing in the vacancies in the HRRC;
- Proposed ICT structure within the IT division;
- Proposed Position of a driver for the CEO;
- Terms of reference for the USF Executive Secretary and the recommendation for recruitment of the Mr. Soko Thabisi as ES-USF;

STATEMENT ON CORPORATE GOVERNANCE

- Terms of reference and advertisement for position of Chief Technology Officer and Chief Economic Affairs Officer;
- Support structure for the position of USF – Executive Secretary; and
- Appointment of Mr. Nizam Goolam as Chief Technology Officer (CTO) and Ms. Nozaba Sopeng as Chief Economic Affairs Officer (CEAO)

Universal Service Fund Committee

The USF Committee is established by the Act to oversee the functions of the Fund which are to: manage and administer the Fund; consult with operators on their annual expansion programmes; select areas for infrastructure development under the Fund and to allocate financial resources for projects.

During the year, the Minister appointed new members of the committee. The committee held meetings to work on the USF programme for the year and its budget, USF management accounts and progress reports, and financial statements, and other business of the Fund.

Broadcasting Disputes Resolution Panel

The BDRP is also established by the Act and its mandate is to prepare a broadcasting code, resolve disputes on broadcasting content and refer all unresolved disputes to the Authority with recommendations. During the reporting period, new members were appointed to the committee. The committee dealt with operational issues and met to resolve broadcasting complaints.

CHIEF EXECUTIVE OFFICER'S REPORT

The Authority had a satisfactory performance of its planned activities. From the strategies, the Authority planned to execute 123 activities with 143 target outputs. By the end of 2019/20 reporting period there were six activities that were not planned for, however, had to be done due to their importance to the core mandate of the Authority.

The total target outputs came to 144, where 86 (60%) were completed, 33 (23%) were incomplete and 25 (17%) could not start. The quantitative outputs were more augmented by the qualitative measures adopted by the Authority during the year. The qualitative aspects of regulation resulted in the Authority unearthing substandard services which were provided by some of the operators and decisive decisions taken on these operators.

These decisions had positive effects on consumers of communications services as services were provided in efficient manner. To achieve quality regulation, a number of internal processes were changed and improved.

CORPORATE SERVICES

Human Resources Management

There were minor changes in the staffing situation of the Authority during the year. The Authority received new leadership with the appointment of the new Chief Executive Officer, Ms. 'Mamarama Matela. Towards the year-end, two executive members, the Chief Economic Affairs Officer and Chief Technical Officer, went on retirement and the recruitment process for their replacements was underway. The USF appointed a new Executive Secretary Mr. Soko Thabisi.

The gender composition of staff remained at 18 females and 20 males. Table 1 provides a snap-shot of staff movements during the year.

Table 1: Employment changes in 2019/20

Positions by level	Status at the beginning of the year	Appointments	Terminations	Status at year-end
Executive management	5	0	2	3
Middle management	12	0	0	12
Professional staff	12	0	0	12
Non-professional staff	10	0	0	10
Total	39	0	2	37

CHIEF EXECUTIVE OFFICER'S REPORT

Conferences, Seminars and Workshops

The staff of the Authority participated in a number of conferences, seminars and workshops during the year. Training programmes were aimed at equipping staff with necessary skills in particular areas whereas some forums were for decision -making within international sector organisations. It is imperative that the Authority keeps its staff abreast of latest technological development and to use the world best practices in regulating the sector. The Table 2 below outlines programmes attended:

Table2: Conferences, seminars and workshops attended	
PROGRAMME	NO. OF ATTENDEES
SAGE PMS Module	2
Sentech Study Tour on Terrestrial Digital Audio Broadcasting (TDAB)	5
E-procurement training and the Korea public procurement expo	1
Universal Service Fund Manager's management workshop	1
Universal Access and Service committee meeting	1
ITU Digital Consumer Forum for Africa 2019	1
ICT Regulation – Policy and Practice training	2
10 th Meeting of the Expert Group on Telecommunication/ICT Indicators (EGTI) and 7 th Meeting of the Expert Group on ICT Household Indicators (EGH)	1
CRTT meetings	1
ITU-T Study Group 12 Meeting	1
National Project Coordinators' training workshop on GSM web interface	1
CRASA Postal Committee Meeting	1
TCI International ASMS User Forum	5
WSIS Forum 2019	1
CRASA Finance and Audit Committee	1
Africa DNS forum 2019	1
AIS 2019 – African Network Operators Group (AfNOG) workshop and meeting	2

Financial Performance for the Year Ended 31 March 2020

The financial statements of the Authority are audited annually by the Office of the Auditor General and her report inclusive of her opinion, financial position, statements of profit or loss, other comprehensive income, cash flow and changes in equity are appended to this report.

CHIEF EXECUTIVE OFFICER'S REPORT

Public Affairs and Corporate Social Investment

ITU Girls in ICTs

The Ministry of Communications, Science and Technology hosted the national celebrations of the ITU Girls in ICT Day with the support of Authority. The event brought together 780 girls from schools around the country. The event encouraged and empowered girls and young women to consider studies and careers in the growing field of ICTs and thus enabling both girls and technology companies to reap the benefits of greater female participation in the ICT sector.

Under CSI, the Authority assisted the Lesotho Robotics team of five girls to participate in the Pan African Robotics Competition, which was held in Accra, Ghana. The assistance was awarded by the Hon. Minister of Communications, Science and Technology. It continued to provide the LCA Award for Best graduating student in ICTs at the National University and the award was made Mr. Liteboho Rantšo.

Standard strategic communications activities of the Authority were carried using a variety of media to communicate the mandate of the Authority to the various stakeholders. These activities were targeted locally, regionally and internationally.

REGULATORY AFFAIRS

The Communications Act, 2012 transformed the Authority into a converged regulator which oversees broader communications market through provision of services in telecommunications, broadcasting and postal sectors. The Authority continued to license and authorize entities which wanted to provide communications services. It also monitored compliance to the regulatory framework to ensure that quality services are provided and that consumers are protected.

Licensing Matters

In the reporting period, there were no major changes in the market composition in terms of unified licence holders. There are two network operators, namely, Econet Telecom Lesotho and Vodacom Lesotho in the market. A unified licence authorises the licensee to provide all forms of electronic communication networks and services without restriction.

The third major player is the LEC Communications (LECC) which is a network infrastructure licensee. LECC holds communications network infrastructure licence and it leases network elements and capacity to other licensees on a non-exclusive basis. The information and communications technologies market is also serviced by two licensed network services providers, LEO (Pty) Ltd and Comnet Lesotho, and a number of registered resale internet service providers. A network services licence authorizes provision of electronic communications to end users.

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In other developments, Econet Media Limited, the operator of Kwese pay television platform, surrendered their landing rights authorization with effective from 1 September 2019 due to negative business performance and decline in subscriber base. Similarly, Life-Time Music Radio (LM Radio) also surrendered its sound broadcasting licence on 29 July 2019 arising from its failure to pay regulatory fees.

On the other hand, the Authority revoked the network services licence of Corporate Systems Solutions (CSS) due to their failure to commence operations within twenty-four months of the issuance of the licence and failure to pay regulatory fees. Gotv Lesotho also surrendered its licence and discontinued digital broadcasting services on 31 March 2020.

The Authority is still processing an application for sound broadcasting licence for Thaba-Phatšoa Community Radio station.

The Authority carried out the licensing processes for numbering resources, radio frequency spectrum, short-term activities, resale internet service providers, type-approval applications, and for the first time the public and commercial postal services amongst other services.

Table 3 below lists the types of licences, authorisations or permits existing as at the end of year.

Table 3: Number of licensees/authorisation and registered communications service providers		
Type of license/authorisation	March 2019	March 2020
Public Communications Service Providers	1	1
Unified license	1	1
Network Services	3	2
Network Infrastructure	1	1
Public Postal Services	1	1
Commercial Postal Services	5	5
Numbering Resources (Premium Rate Messaging Services & Toll-free numbers)	34	47
Radio Alarms	2	2
Television Broadcasting	3	2
Sound Broadcasting	26	25
Two-way radios	42	42
Radio Amateurs	72	76
Telemetry stations	3	3
Radio pagers	1	1
Vehicle tracking	2	2
Landing rights	3	2
Aircraft stations	8	6
Aeronautical Services Radio Determination	1	1

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Amendment of the Regulation Framework

The Administrative (Amendment) Rules of 2019 were tabled before the Parliamentary Portfolio Committee for Communications. The proposed amendment intends to facilitate easy entry into the communications market by allowing categories of individual licences with the exception of the unified licences to be applied for on a first come first served basis. However, the committee made a ruling that similar to others licences, unified licences should be applied for without an invitation from the Authority and that the amendment be tabled before the full national assembly. The matter will be concluded in the next reporting cycle.

Postal Regulation

Lesotho is one of the eight CRASA members which have decided to participate in the Global Monitoring System (GMS) of Universal Postal Union (UPU) which measures quality of service for postal services. The primary objective of GMS is to provide each participating country with accurate and high-quality QoS operational results. The QoS results obtained from this system are to be used among others, to determine performance bonuses to participating operators and to inform operational and quality improvements. The testing of the system was scheduled for March 2020, but was not possible due to COVID-19 pandemic.

In the last reporting period, the Authority licensed six postal operators, and these were initial licences since the Authority assumed the mandate of postal regulation under the Act. In the year under review, the postal sector did not register any growth and the number of licensees remain the same.

License operator	License type	Postal markets
Lesotho Postal Services	Public postal service	Domestic, international mail
EMS Postal Commercial Services	Commercial postal service	Express and courier services
DHL Lesotho	Commercial postal service	Express and courier services
Mr Delivery (trading as Kayhil)	Commercial postal service	Express and courier services
Nelson Couriers (trading as Skynet)	Commercial postal service	Express and courier services
RCJ Express Freight	Commercial postal service	Express and courier services

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Broadcasting Regulation

Freedom of expression is a core value in the democratic process. It ensures people are able to discuss, exchange, and debate ideas hence the importance of facilitating access to multiple sources of broadcasting, ensuring compliance to broadcasting regulatory framework and facilitating resolution of broadcasting disputes.

During the year, the Authority visited a number of radio station to ensure that they are compliant to broadcasting rules and terms of their licences. Inspections were made on programme schedules, broadcasting logs, complaints mechanisms and complaints records. Table 4 lists the broadcasting in Lesotho.

Table 5: Licensed radio and television stations in Lesotho

	Broadcaster	Year of first issue	Current Period	Licence	Classification
1	Radio Lesotho	2002	2012-2022		Public
2	Peoples' Choice FM	2002	2012-2022		Private
3	Third World Evangelical Movement t/a MoAfrika FM	2002	2012-2022		Private
4	Radio Maria Lesotho	2002	2012-2022		Private
5	National University of Lesotho t/a DOPE FM	2002	2012-2022		Community
6	Harvest FM	2002	2012-2022		Private
7	Thaha-Khube FM t/a Bokamoso FM	2004	2017-2027		Commercial
8	Fill the Gap t/a Jesu ke Karabo FM	2004	2014-2024		Private
9	KEL Media	2004	2014-2024		Private
10	Ultimate FM	2006	2019-2034		Commercial
11	Lifetime ¹ Music Radio t/a LM Radio	2012	2012-2022		Commercial
12	Tšenolo Media Services t/a Tšenolo FM	2012	2012-2022		Private
13	Mafeteng Multi Media Association t/a Mafeteng Community Radio	2011	2011-2021		Community
14	Motjoli FM	2013	2013-2023		Community
15	Botha-Bothe Moeling Multi-Media Association t/a Moeling FM	2013	2013-2023		Community
16	Onyx 357 Broadcast & Décor t/a 357 FM	2014	2014-2024		Commercial
17	Molisa ea Molemo FM	2014	2014-2024		Private

¹ LM Radio surrendered its licence in July 2019

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18	Tabernacle FM	2014	2014-2024	Private
19	Voice of God t/a Prophetic Voice	2014	2014-2024	Private
20	Maha Group t/a MXXL FM	2015	2015-2025	Private
21	Info Hub	2015	2015-2025	Commercial
22	Anglican Church of Lesotho Radio Station	2019	2019-2034	Private
23	Thato Ea Hau	2019	2019-2034	Private
24	Mohale FM	2019	2019-2034	Commercial
25	People on the Move	2019	2019-2034	Private
26	Radio Souru t/a RS Community Radio	2019	2019-2034	Community
27	Pheshakoe Qhili (Mose ho Seaka)	2019	2019-2034	Community
28	Lesotho TV	2002	2012-2022	Public
29	Go-TV ¹	2014	2014-2024	Commercial
30	StarTimes Media Lesotho	2016	2016-2026	Commercial

¹Gotv Lesotho surrendered its licence in March 2020

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Broadcasting Dispute Resolution:

Broadcasting content disputes are independently handled by the Broadcasting Dispute Resolution Panel. The BDRP which was established under Section 39 (1) of the Act, with a mandate to review and resolve disputes regarding complaints on broadcast content, met to adjudicated complaints as narrated in the table below:

Table 6: Complaints on Broadcasting Content

Nature of Complaint	Broadcaster	Complainant	Status of Complaint
1. That MoAfrika broadcasted a programme which was against good taste or decency, and contained offensive language which may disturb or be harmful to children	MoAfrika FM	N/A	The Authority issued a warning to MoAfrika FM for non-compliance with the provisions of the Broadcasting Rules 2004
2. That LNBS refused to issue the complainant with a programme recordings.	LNBS	Mr. T. Moleko	LNBS directed to release recordings
3. That LNBS aired the story about the complainant without seeking his side of the story	LNBS	Solid Real Estate	LNBS was directed to release recordings
3. That MXXL Radio broadcasted sexually explicit content during their morning programme	MXXL	Mr. R. Matlosa	MXXL Radio was found in breach of the broadcasting rules. It was given a warning not to repeat the same offence; directed to broadcast an apology and put in place vigorous editorial measures.
4. That Harvest FM's failed to broadcast a balanced story and/or afford the LMPS an opportunity to respond	Harvest FM	Lesotho Mounted Police Service	The two parties were directed to iron out their differences and agree on how they will work together.
5. That Harvest FM's refused to issue the complaint with recordings	Harvest FM	Queen Mamohato Memorial Hospital	Complainant advised to request recording from broadcaster in writing.
6. That Tšenolo FM broadcasted the Prime Minister's old speech made in 2014 attributing it to the events of 2019, thus vilifying the Prime Minister	Tšenolo FM	Office of the Prime Minister	President of Senate mediated between the parties and the complaint was withdrawn.
7. PC FM presenter allowed a studio guest to criticise his personal views without being afforded an opportunity to reply to those criticisms	PC FM	Mr. K. Makhele	The matter is pending consideration by the Authority.

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Protection of Communications Consumers

It is the mandate of the Authority to protect consumers of communications services. To achievement this obligation, it employs a number of ways such as tariff regulation, ensuring good quality services, upholding of standards and providing consumer complaints mechanisms. During the year, the Authority focussed on addressing consumer concerns on bundled services. This was a result of its inquiry into network operators' terms and conditions with specific focus on the treatment of purchased voice, data SMS bundles, treatment of expired bundles and handling of transitioning to out-of-bundle charging when bundles are depleted.

The Authority issued a directive the two mobile network operators, that they should implement mechanisms for stopping service for customers who had opted for in-bundle charging when purchased bundles got depleted unless there was prior express consent from consumers that they could be charged out-of-bundle rates. The completion of this directive will be completed in the next reporting period.

During the year under review, the Authority received and addressed a total of 14 consumer complaints escalated from unsatisfactory resolution at operator level. Of the 14 complaints received, the Authority facilitated resolution of 85% while 14% were still being addressed as at the end of the reporting period. Overall there was a significant increase of 28.5% in the number of complaints received and addressed compared to the previous reporting period.

Monitoring of Compliance to Regulatory Framework

Quality of Service Monitoring

The Authority monitors the Quality of Service (QoS) performance provided by the mobile network operators using parameters prescribed by the Lesotho Communications Authority (Quality of Service) Rules, 2016. These parameters are general services performance reports provided monthly by the operators and the technical parameters measured by the Authority using fixed probe units.

The general services parameters are: account complaint rate, account complaint resolution time, bill complaint rate, post-paid bill complaint resolution time, disconnection complaint rate, disconnection complaint resolution time, order completion time (fixed services), order completion time (mobile services), customer reported faults, fault repair time, interactive voice response time and customer assistance operative time. The technical parameters are: call setup time; call drop ratio; unsuccessful call ratio; SMS delivery time and SMS completion time.

Vodacom's performance on general services parameters averaged 80% compliance to the set quality of service standards, while Econet's performance on the same averaged 45% compliance.

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Tariff Compliance Audit

Tariff compliance audit aimed at determining service providers' compliance to approved tariffs was conducted at end of the last reporting period and results of the audit released in this reporting period. The audit was carried out on prepaid packages offered by both operators, namely: Libertie Per Second, Buddie, Prepaid Bua, Prepaid Per Second and Prepaid Anytime. This audit revealed that Vodacom Lesotho charged customers for calls to toll-free numbers hosted on the Econet Telecom Lesotho, while Econet telecom Lesotho blocked calls to toll-free numbers hosted on the Vodacom Lesotho network. Both operators were therefore in violation of the Authority's 2007 directive on toll-free numbers which directed that calls to toll-free numbers shall be free and shall be accessible from any network. The two operators were given up to 20th September 2019 to correct management issues of toll-free that were causing this noncompliance.

Discrepancies in billing which resulted from customers' being migrated from one tariff plan to another without their knowledge were also found, and the operator responsible (ETL) was directed to prove consumer education on product offerings.

Other audits were carried out throughout the reporting period where ETL was directed to reinstate the terms and conditions of a product it had changed without the approval of the Authority and penalties were imposed on Vodacom Lesotho for implementing a product and a promotion outside the approved terms and conditions.

An assessment of costs of bundled services and review of terms and conditions of service of the mobile network operators was also done.

MANAGEMENT OF FINITE RESOURCES

The Authority provided finite communications resources, which are numbers and radio frequency spectrum, to licensed providers. These resources are used for the provision of various information and communications technologies to the public, government and business entities. To carry out this mandate, the Authority is tasked with planning, engineering, authorization and monitoring the use of these resources.

During the year, major efforts on spectrum planning were done under the umbrella of the World Radio Conference where national, regional and global decisions were made on the use of spectrum and the Authority participated in various forums at all levels. Other than the standard allocation of spectrum and numbering resources, new Digital Audio Broadcasting frequencies were coordinated and secured and are ready to be allocated once the necessary infrastructure is in place. Significant progress was also made in reducing the signal spillage between Lesotho and South Africa.

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Digital Terrestrial Audio Broadcasting Frequencies

Digital audio broadcasting (DAB) offers improved quality, interactive and multimedia audio broadcasting service that is not available in the traditional audio broadcasting technologies. This digital technology is generally more efficient in its use of spectrum than analogue FM radio and thus can offer more radio services for the same given bandwidth.

In Lesotho and South Africa, Terrestrial Digital Audio Broadcasting (T-DAB) is allocated frequency band 214 to 230 MHz. Four single frequency network (SFN) multiplexes have been secured by Lesotho through coordination exercise between the regulators of the two countries.

Channel	Centre frequency (MHz)	Frequency Range (Mhz)
11B	218.640	217.872 – 219.408
11D	222.064	221.296 - 222.832
12B	225.648	224.880 – 226.416
12D	229.072	228.304 – 229.840

Spectrum Planning and Management

The Authority allocates radio spectrum to service providers for a variety of communication services ranging from television and radio broadcasting, mobile phones and Wi-Fi to communications systems for the emergency services, GPS and radar. The Authority made allocations of spectrum for categories of services as outlined in the Table 8 below during the year:

Table 8: Spectrum allocated in 2019/20

SPECTRUM ALLOCATION FOR THE YEAR 2019/20				
TERM	2 WAY RADIOS (MHz)	BROADCSTING (MHz)	ACCESS (MHz)	FIXED LINKS (MHz)
Q1	0.0125	0.3	0	0
Q2	0.0625	0.6	79	640.125
Q3	0.0125	5.4	0	0.1
Q4	0	0.3	0	391.1
Sub-Total (MHz)	0.0875	6.6	79	1031.325
TOTAL (MHz)	1117.0125			

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Participation in the WRC-19 process

In preparation of the WRC-19 which was held in Egypt from 28 October to 22 November 2019, SADC Secretariat organised six meetings, beginning December 2017. Amongst these, Lesotho hosted the Sixth SADC Preparatory Meeting in May 2019 in Maseru which was attended by over 120 SADC regional representatives and industry stakeholders. The purpose of the preparatory meetings was to prepare and agree on the SADC Harmonised Common Positions and Proposals for WRC-19 Agenda Items which were submitted to the African Telecommunications Union.

The Authority also participated in the 4th Final African Preparatory meeting for the World Radiocommunication Conference 2019 in East London, South Africa from in August 2019. The meeting was convened by African Telecommunications Union (ATU) in collaboration with the South African Ministry of Communications and Digital Technologies. The objectives of the meeting were amongst others to: develop the African common positions and proposals on WRC-19 and to form working groups committees which would represent ATU during the WRC-19.

Finally, the First Conference Preparatory Meeting (CPM 23-1) for the World Radiocommunication Conference (WRC-23) was held from the 25 to 26 November 2019. The purpose of CPM was to assist those involved in the preparations of WRC-23 to organize and coordinate the conference preparatory studies. The meeting prepared and approved information on technical, operational and regulatory/procedural issues relevant to the WRC-23 Agenda;

The conference was structured to focus on the following issues:

- Draft CPM23-1 decision on the establishment and Terms of Reference of an entity on WRC-23 agenda item 1.5
- Draft provisional allocation of ITU-R preparatory work for WRC-27
- Draft allocation of ITU-R preparatory work for WRC-23
- Draft table of contents of the CPM Report to WRC-23
- Draft duties of Chapter Rapporteurs and CPM-23 working procedures

Participation and decisions on the WRC are reported on page 47 of this report.

Spectrum Monitoring

The Authority conducts monitoring and compliance of spectrum resource to establish how it is being used and to institute control measures in situations of unauthorized use. During the year, the Authority undertook spillage drive tests, monitored sound broadcasting transmitter sites and conducted spectrum audits.

Drive tests to measure signal spillage between Lesotho and South Africa were carried out from Botha-Bothe to Quthing on Lesotho side and from Ficksburg to Sterkspruit on RSA side. In addition, measurements were taken at Matatiele following MTN concern about spillage by

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ETL in this area. Subsequent to this exercise, the meeting of the Technical Sub-Committee met to discuss the reports made from the spillage drive tests. In summary, the tests revealed that:

- Vodacom SA spilling sites have been reduced from eight (8) to six (6) as compared to the results of February 2019.
- MTN spilling sites have been reduced from eight (8) to seven (7) as compared to the results of February 2019.
- Cell-C spilling sites have remained the same, with the total number of four (4)

The Authority and all the parties concerned will continue working on reducing the spillage problem between the two countries.

Table 9: Signal measurements for South African mobile network into Lesotho

Testing point	Vodacom SA		MTN		Cell-C	
	Site name	Status	Site name	Status	Site name	Status
Hleoheng	-	-	-	-	Telkom tower_1	In progress
	-	-	-	-	Telkom tower_2	In progress
Mathata_1	Ficksburg ATC_1	In progress	Ficksburg CEN CC	In progress	-	-
	Ficksburg CEN East_1	In progress	-	-	Ficksburg CEN_1	In progress
Mathata_2	Ficksburg CEN East_1	In progress	Telkom tower_1	In progress	-	-
	Ficksburg Town_1	In progress	Ficksburg shell_A	Best effort	-	-
Maputsoe CBD	Ficksburg Town_2	In progress	Ficksburg shell_B	Best effort	Telkom tower_1	In progress
	Tlotlisong_1	In progress	ficksburg Shell_A	Best effort	Telkom tower_2	In progress
	-	-	Ficksburg CEN CC	In progress	Ficksburg CEN_3	In progress
Qholaqhoe	Uitsig_2	Best effort	Uitsig_1	Best effort	-	-

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-	-	-	Komando nek	Best effort	-	-
Bereng Matsoho	-	-	Ndofela_A	In progress	-	-

Key:

Best effort means, all technical solutions have been implemented, further optimisation results in loss of coverage or Quality of Service. **In progress** means, the operators are continuously optimising the sites to minimise spillage.

Spectrum Audit

During the year, the Authority audited spectrum used by radio stations for studio to transmitter links. The audit was carried on 17 radio station links connected to transmitter stations at LNBS sites at Lancer's Gap, Berea Plateau, Maseru Hill and Chafo as well as Molisa ea Molemo FM site at Sefikeng. Out of the 17 assigned studio to transmitter links, six were found to be using frequencies not assigned to them.

Sound Broadcasting Monitoring

A country-wide monitoring of the entire FM band was carried-out to establish the state of use of licensed frequencies and any illegal use of frequencies. The exercise was further aimed at monitoring unused assigned frequencies to ensure that the respective channels remain clean and to identify those that have been put into operation. The measurements were at Hlotse, Botha-Bothe, Quthing, Mafeteng, Thaba-Tseka, Mashai, Katse, Mokhotlong, Semonkong, Qacha's Nek, and Maseru for the whole FM band. In total, 39 frequencies which have been licensed were not in operation, which amounts to 44% assigned FM frequency assignments. This was attributed to inadequate transmission facilities available from LNBS network.

The performance of Radio Lesotho in the following six sites was poor leaving communities in the highland's areas without FM broadcasting coverage. These areas: Sehonghong, Lebelonyane, Semonkong, Katse, Thaba-Putsoa and Ha Sootho. The intermittent transmission was caused by the upgrades being done on LNBS transmitter sites which necessitated shutting the sites. The upgrading involved site civil works and installation of container equipment, electricity and new standardised transmitters.

Numbering Audit

The Authority conducted an audit for numbering resources on five levels of numbering blocks which been allocated to service providers. The audit was primarily intended to identify the numbering blocks used for service provision and the extent to which each block is used. The audit results revealed the total number of phone numbers in use in each level as well as the numbers used for premium rate messages services. The audit also revealed that the utilisation of PRMS numbers was very low at 49 numbers in operation and their utilisation is in competition with bulk SMSs provided by mobile network operators.

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Type Approval of Equipment

Conformity assessment is the process used to demonstrate that a product, service or system conforms to specified requirements and such a process is commonly used by many standard development organizations (SDOs). Lesotho has adopted the global standards, which the Authority uses to type-approve equipment for conformity to performance, health and safety standards for use in Lesotho.

The Authority issued 178 type-approval certificates for telecommunications equipment that met the standards used or adopted by the Authority. This number was a slight increase from 171 type-approvals in the previous year.

Country Code Top Domain Name Administration

The Authority current hosts Lesotho Network Information Centre (LsNIC), an entity responsible for managing and administrating the Lesotho Country Code Top Level Domain (.ls ccTLD) Registry. The centre provides registry services to accredited domain name registrars who in turn provide services to the public. The domain names and IP addresses promote and maintain competition in the internet market.

During the year under review, the Lesotho country code registry (.ls ccTLD) had a total of 1,720 registered domains comprising co.ls, net.ls, org.ls, sc.ls, net.ls and .ls domain names. The co.ls accounted for the majority of the registered domains. The registrations were done through the eight accredited registrars.

Table 10: List of accredited domain name registrars and number of registered domains

REGISTRARS	.ls	.co.ls	.org.ls	.sc.ls	.net.ls	TOTAL
Comnet	0	74	20	0	0	94
Custom IT	0	39	20	0	0	59
LEO	14	784	87	0	0	885
Smartloti	10	17	3	0	0	30
Venus Dawn	0	10	1	0	0	11
Zeecom	191	397	42	2	2	634
Vodacom	0	5	1	0	0	6
econet	0	0	1	0	0	1
TOTAL	215	1326	175	2	2	1720

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RESEARCH AND SECTOR DEVELOPMENT

Telecommunications Sector Performance

The Authority collects, compile and analyse data on indicators that measure the development of the communications sector in Lesotho. In the telecommunications sector, these indicators include, amongst others, subscriptions to fixed and mobile services, prepaid and post-paid subscriptions, new connections, disconnections, mobile and fixed broadband subscriptions, and infrastructure. The analysis is then made for teledensity or penetration rates and broadband penetration, which are some of the indicators which show the level of advancement of a country in ICTs or its level of growth to become part of an information society.

There were additional elements made to communications infrastructure such as upgrades in technology, new base stations and fibre connections. The investment in infrastructure increased access to improved services and wider coverage of the land area with services. The mobile sector continues to drive growth while fixed telephone services continue to shrink. The overall teledensity remained the same as the last reporting period.

Fixed Services

In line with global trends, fixed telephony continues to decline and the situation is the same in Lesotho. In the reporting period, the total voice subscriptions have decreased by 3%. As shown in table 10 below, most fixed indicators declined except for fixed broadband subscriptions which increased by 9% and fixed broadband penetration which increased to 2%.

Table 11: Fixed service subscriptions

	March 2019	March 2020	Year on Year comparison with same quarter last year
Fixed Line Subscriptions	13,782	13,426	-3%
Post-paid	10,362	10,206	-2%
Prepaid	3,420	3,220	-6%
New subscriptions	716	1,412	97%
Disconnections	52	255	390%
Fixed broadband Subscription	3,172	3,455	9%
Leased lines & Wi-Max subscriptions	919	977	6%
Tele-density (%)	0.69	0.67	-2%
Fixed broadband penetration (%)	0.20	0.22	2%

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Mobile Services

In comparison with the same period last year, the total number of subscriptions have increased by 0.34%. The post-paid subscribers have decreased by 3% while those on prepaid increased by 0.35%. The new subscriptions decreased by 17% while disconnections increased by 15%. Cellular penetration rate remained the same at 79%. Broadband penetration increased from 56% to 60%. Table 12 below outlines indicators for mobile services.

Table 12: Subscription of mobile services

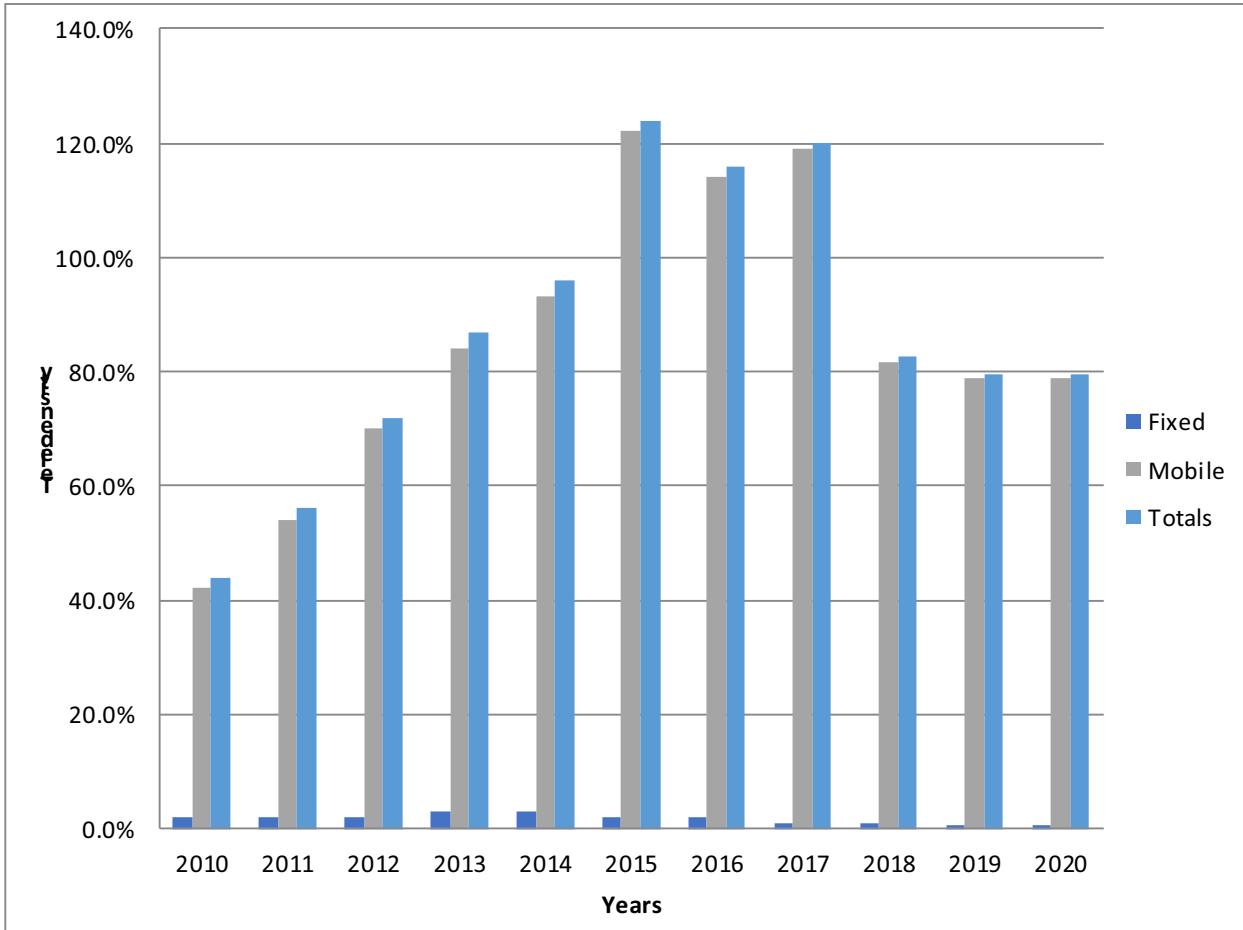
	March 2019	March 2020	Year on Year comparison
Subscriptions	1,577,765	1,583,192	0.34%
Postpaid	2,395	2,334	-3%
Prepaid	1,575,370	1,580,858	0.35%
New subscriptions	317,267	261,935	-17%
Disconnections	377,896	321,370	-15%
Mobile broadband subscriptions (inclusive of Handset Internet users)	1,190,696	1,238,171	4%
Mobile cellular penetration rate (%)	79%	79%	0%
Mobile broadband penetration (%)	59%	62%	3%

Teledensity

Teledensity refers to the number of main telephone lines per 100 inhabitants within a geographical area. It is a measure which assists in gauging the level telephone subscriptions over the total population of Lesotho, which is, an indicator of development of the telecommunication sector. Figure 3 below depicts teledensity over a ten-year period and thus indicate that while growth in up-take of telephone subscriptions grew steadily, in the latter years it declined. Several factors come into play to explain the decline and they include change in ITU methodology of measurement, change in Lesotho population, increasing taxes and general economic growth versus poverty.

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Figure 1: Ten-year teledensity trends



Tariff Regulation

Econet and Vodacom made 100 tariff-related submissions to the Authority to consider for approval. These were applications for new tariffs, modification of existing tariffs and/or launching of promotional tariff and services. Submissions during the reporting period were higher by 52% compared with the previous year.

On 16 October 2019 Lesotho Post filed proposal for tariff increase on services that it provides. The application is not yet finalised due to incomplete data.

Competition Management

Participation of Lesotho in the regional roaming project

The SADC Ministers responsible for ICTs had directed SADC to commence regional dialogue on the high cost of roaming with an aim to reduce them. The work was assigned to CRASA Roaming Task Team (CRTT) and the Authority participated in this work. Following the adoption of the SADC roaming cost model, the Authority collected data from Lesotho mobile network operators and the data was incorporated into the SADC model. Following the

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The Interconnection Glide Path for 2019-2022

Interconnection charges are the payments made by operators to compensate each other for traffic exchanged between their networks. The termination rate is one of several interconnection charges. The Authority introduced call interconnection rate glide path in February 2019 and the rates are in their second year of implementation. The interconnection rates for the second year of the glide path has reduced the rates from 0.15 lisente to 0.12 lisente.

Table 13: Call termination rates for 2019/20 to 2021/22

	2019/20	2020/21	2021/22
Call termination rate	0.15	0.12	0.09
Difference	0.03	0.03	0.03

Network Infrastructure Rollout

The Authority periodically collects information on communications infrastructure development to determine levels of growth, gaps in coverage and types of technologies deployed.

National Mobile Infrastructure

The national mobile infrastructure for the country is a combination of ETL and VCL networks and is composed of 2G, 3G and LTE base stations. The base stations are predominantly mounted on radio towers though there are some base stations on roof tops in the Maseru city. There are currently 559 sites where the above technologies are installed and they are 98% 2G, 97% 3G and 67% LTE. VCL has introduced 5G with only two sites in Maseru.

The number of base stations in Table 14 shows that a significant percentage of the national network is located in Maseru district. The LTE base stations are predominantly installed in the district town only. Currently, 63% of the LTE network is in Maseru compared to 35% for 2G and 3G networks.

In the reporting period, ETL decommissioned base stations which used CDMA technology and as such, enabled efficient utilization of the 800 MHz band as the new 800MHz channel plan can now be implemented in this band. ETL increased its network by additional sixteen 2G and 3G and eight LTE base stations. 3G is universally accessible where ETL has a footprint for broadband access though the speed availability vary significantly as it is on “best effort” basis.

In the same period, VCL increased its network by additional seventeen 2G and 3G, twelve LTE and two 5G base stations. VCL has continued to maintain a minimum of 3G access on

CHIEF EXECUTIVE OFFICER'S REPORT

each base station for its entire network. 3G access is almost universally available where VCL has a footprint for broadband access though the speed available also vary significantly as it is “best effort” too.

Table 14 provides details of base stations for each technology and their distribution by district as well as the technologies and power types at transmitter sites.

Table 14: Total number of BTSs, towers and site power by district

District	Base Stations			Sites/Towers				BTS site power	
	2G	3G	LTE	ETL only towers	VCL only towers	Shared towers	Roof top and others	LEC	Solar
Botha-Bothe	36	36	6	14	14	8	0	24	12
Leribe	70	70	15	18	35	17	0	62	8
Berea	59	59	23	19	31	9	0	54	5
Maseru	198	198	109	52	96	24	26	179	19
Mafeteng	34	34	5	10	19	5	0	26	8
Mohale's Hoek	35	35	4	11	22	2	0	24	11
Quthing	25	25	3	8	13	4	0	15	10
Qacha's nek	27	27	4	10	13	3	1	11	16
Mokhotlong	36	36	2	11	19	6	0	16	20
Thaba-Tseka	39	39	2	13	23	3	0	22	17
Total	559	559	173	166	285	81	27	433	126

Transmission networks

Transmission networks connect the base stations and are key components of the communications network. Transmission networks in Lesotho are composed of both the fibre optic cable (FOC) and microwave links. The licences of the two network operators allow them self-provision of transmission networks while LECC is licensed to provide wholesale transmission on its OPGW cables to service providers.

Econet Telecom Lesotho

ETL backhaul infrastructure comprises of FOC and microwave point-to-point links. The ETL FOC backhaul network connects to eight districts centres or towns with the exception of Thaba-Tseka and Qacha's Nek, both of which have no connection. The network has spurs to Roma, Machache and Mositi via Khanyane. ETL has continued to roll-out Gigabit Passive Optical Network (GPON) in Maseru residential areas to deliver Fiber-to-The-Home (FTTH) connections. During the year, ETL rolled out GPON at Mabote and Khubetsoana residential areas. The areas outside the footprint of the GPON network rely on mobile network for internet access.

CHIEF EXECUTIVE OFFICER'S REPORT

Lesotho Electricity Corporation Communications

The LECC 12-core FOC network is operational from Mokhotlong to Quthing and uses optical ground wire (OPGW) cables on the 33 kV and 123 kV lines. The network design is such that FOC cables are accessible only at the substations. LECC did not extend its footprint during this year.

Vodacom Lesotho

Vodacom has agreements with LECC to utilize the latter's FOC network for the purposes of obtaining high capacity transmission network. It also has FOC routes from the power substations to its base stations using its own FOC stapled on LEC pole routes. Furthermore, it has built FOC links from Maseru Bridge to Kokobela switching centre, Maputsoe Bridge to Maputsoe BTS and a link that connects its two core network centres at Maseru West and Lekokoaneng.

Other transmission elements

Lesotho is connected to the outside world through gateways operated by both network operators as well as through WIOCC virtual landing point in Maseru. It also has a national internet exchange point, LIXP which exchange traffic of the local operators.

CHIEF EXECUTIVE OFFICER'S REPORT

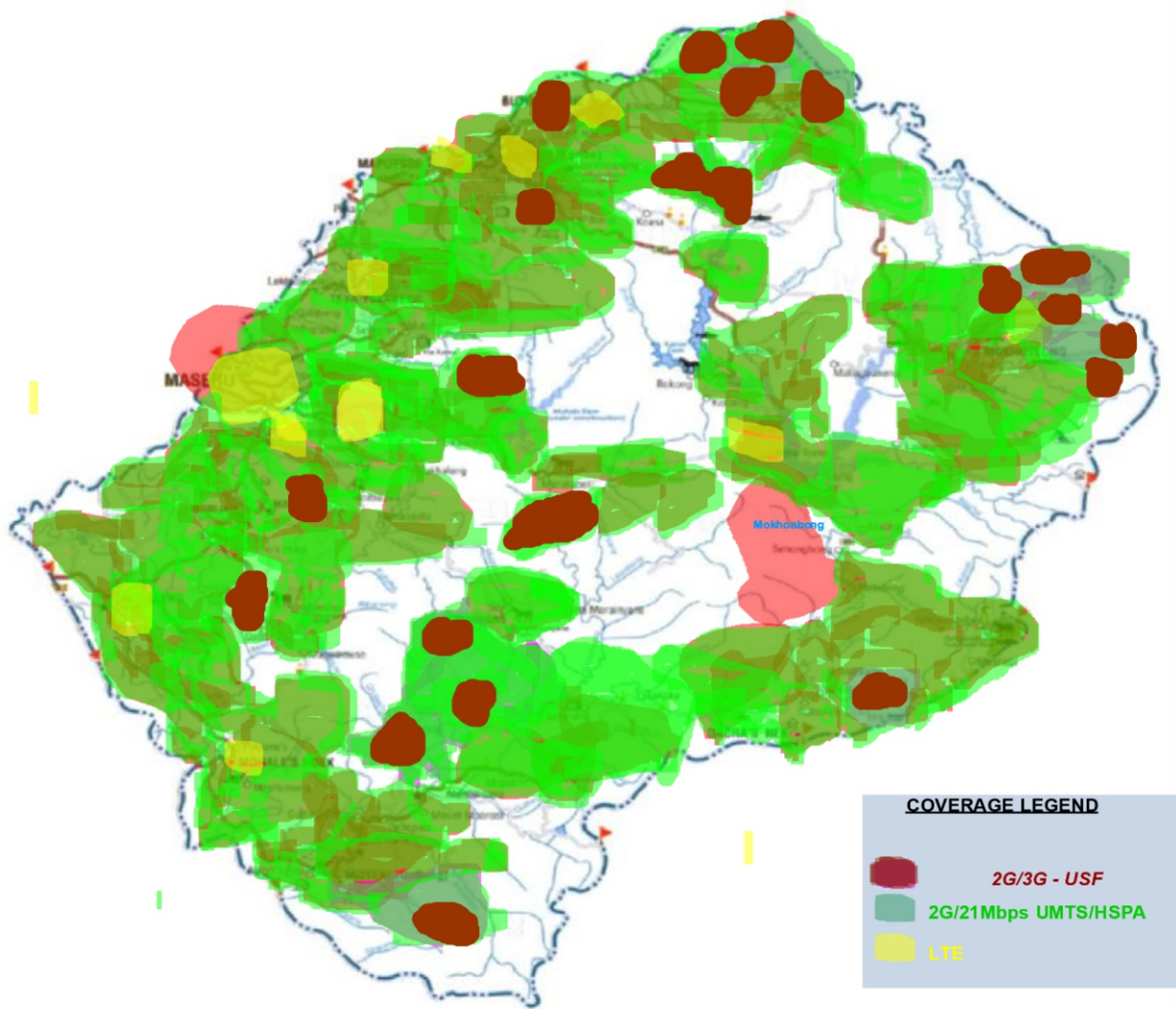


Figure 2: Econet Telecom Lesotho coverage map as at the 31 March 2020

CHIEF EXECUTIVE OFFICER'S REPORT

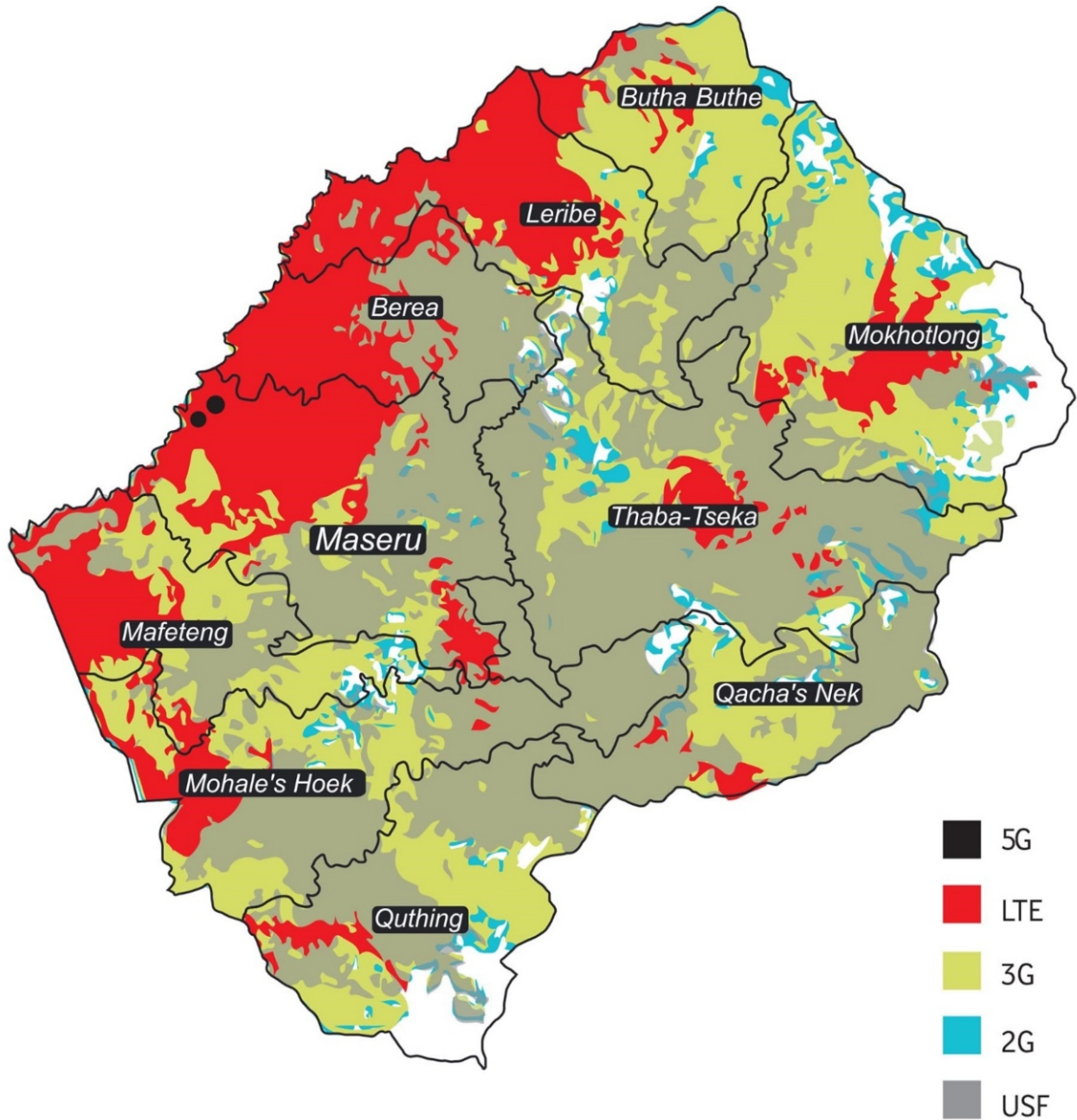


Figure 3: Vodacom Lesotho coverage map as at the 31 March 2020

CHIEF EXECUTIVE OFFICER'S REPORT

STUDIES AND SURVEYS

The research into communications sector issues and challenges helps to inform regulation and national policy on the development of the communications sector. The Authority conducted the following research studies during the reporting period.

Study on ICTs in Households

The Authority carried out a Study on ICT in Households in which it collaborated with the Bureau of Statistics (BoS) in the collection of data under the Labour Force Survey (LFS) project.

The study results showed growth in the ownership and usage of some of the core ICT indicators compared to the 2016 study. The findings also provided reliable estimates on the progress made by Lesotho regarding some of the SDG indicators related to ICTs, among others. Ownership of a mobile phone is one of the core ICT indicators as it measures the uptake of mobile cellular technology.

The findings of the 2019 ICT in Household Study show that the proportion of individuals who owned a mobile phone increased by three percentage points as shown in Figure 4. Furthermore, the findings show an increase of individuals who owned a smartphone by 7.9 percentage points (Figure 5). Internet user uptake is also a key indicator that shows a country's progress towards becoming an information society.

The findings regarding internet usage by individuals show a significant increase from 32.5% to 42.3% (see Figure 6). The full report of the household survey will be completed in the next reporting period.

CHIEF EXECUTIVE OFFICER'S REPORT

Figure 4: Individuals who owned a mobile phone

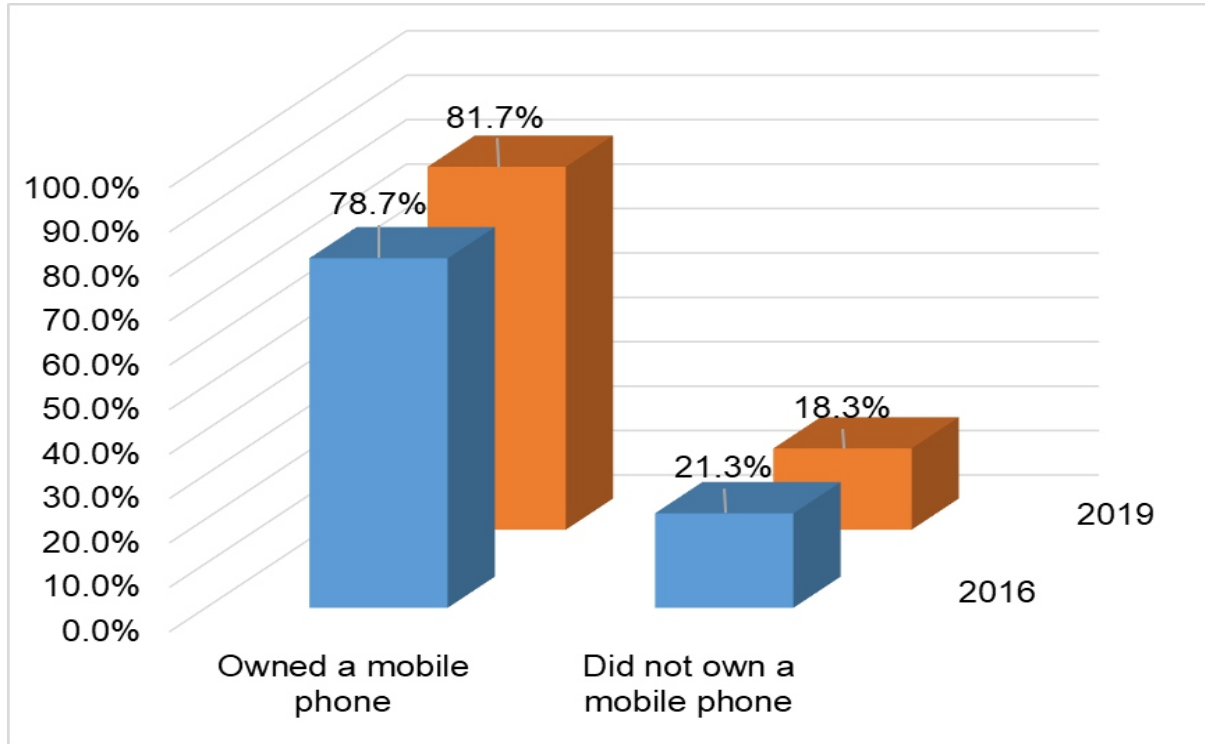
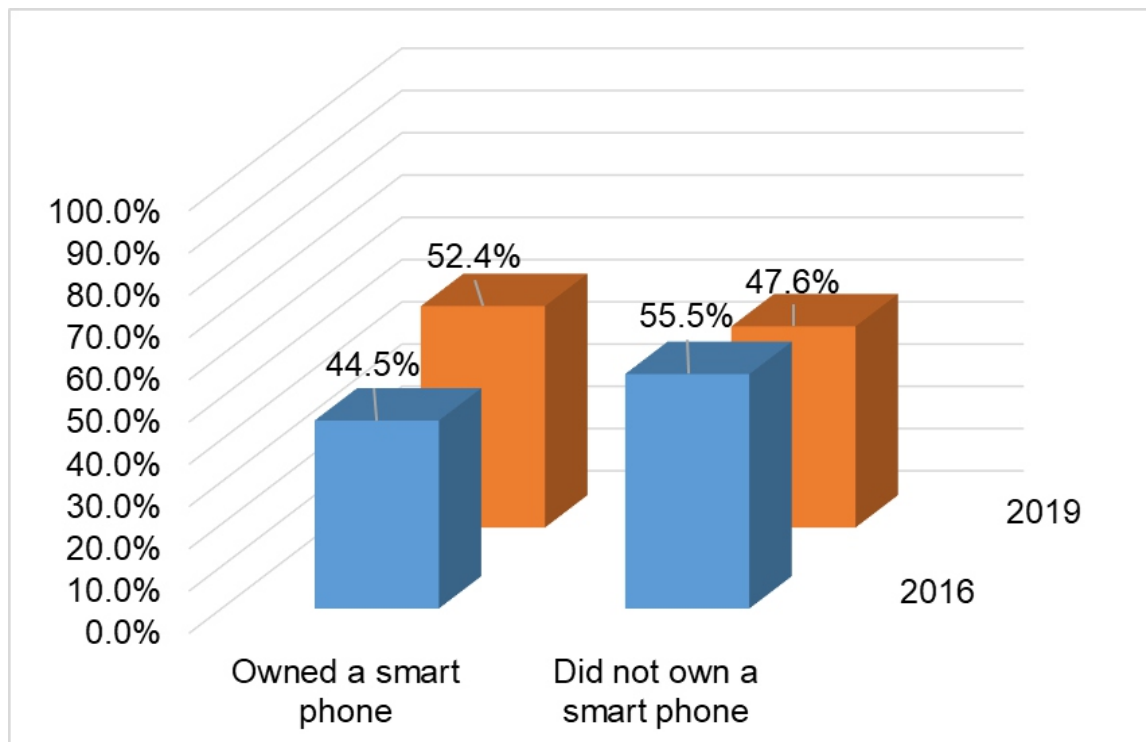
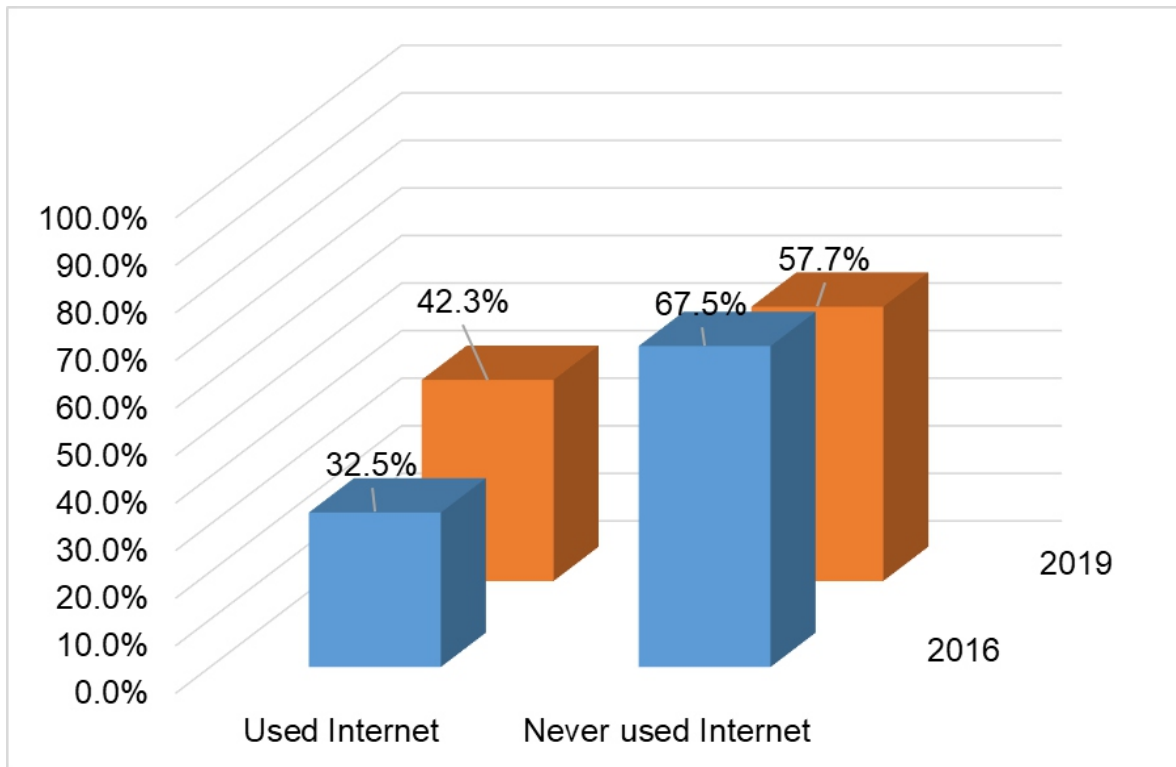


Figure 5: Individuals who owned a smart mobile phone



CHIEF EXECUTIVE OFFICER'S REPORT

Figure 6: Internet usage by individuals



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Survey on e-government

The Authority completed the e-government study and its findings will be published in the next reporting period. The survey was carried out in 12 organisations from the public sector, independent agencies and parastatals.

Assessment of e-government services involves whether or not ICTs are available for use by employees in their offices. To this end, the survey findings showed that 95% of the offices in the public sector institutions had at least one computer. In terms of use of computers by employees, the results showed that more than 60% of staff used computers. However, when employees were classified by whether they were based at head office or district office, the results showed a big gap in terms of computer use. More than 70% of employees at head offices used computers compared to 48% at the district offices.

To further assess the readiness of public service institutions to deliver services online, the status of their internet connectivity was evaluated. The results showed that the proportion of institutions with internet connectivity constituted 54% and the number of computers connected to internet accounted for 86% of the total number of computers in the institutions. Moreover, the findings revealed that all offices based in the headquarters had internet connection while at the district level, less than half (43%) had internet connection. It was also discovered that almost two thirds (66%) of the public sector institutions had websites.

With regard to the supply of e-government services, the results showed that the proportion of public sector institutions that offered at least one of their services to citizens and or businesses on an electronic platform constituted 20%. Moreover, almost half (48%) of the institutions located in head offices had at least one service on an electronic platform while the reverse is true for offices at the district level because only 14% offered e-services. A number of challenges regarding provision of services on an electronic platform were reported by the public sector institutions and they included budget constraints followed by lack of equipment and poor network.

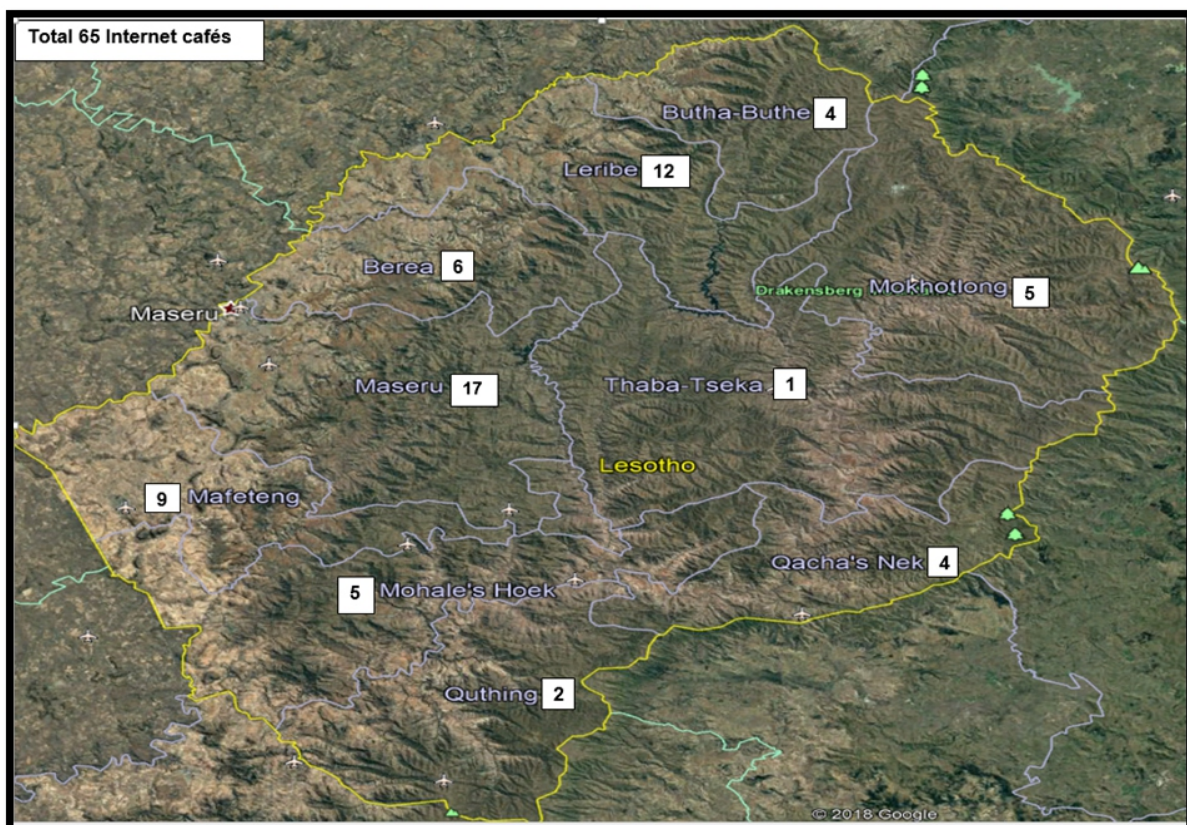
On the overall, the findings showed the progress made with e-government services to businesses and individuals by the different public sector institutions are at different stages of development. The implications that arise from the findings are a clear need for the development of a policy framework that will require national strategies that cut across government ministries and state-owned agencies to enable the delivery of services through an electronic platform to businesses and individual citizens. In addition, interventions that would address the gap between head offices and district offices in terms of their readiness to offer services online need to be formulated.

CHIEF EXECUTIVE OFFICER'S REPORT

Survey on Internet Cafes

The Authority annually conducts surveys twice a year on internet cafes across the country. Internet cafes provide important resources to those without necessary computing and network facilities. The findings revealed that there were 65 Internet cafés in the overall, which is the same number discovered in the last reporting period for the entire country. At the district level, Maseru had the highest number of Internet cafés (17 internet cafés). Leribe was the second highest district with twelve cafés, followed by Mafeteng with nine cafés, then Berea with six cafés, Mokhotlong and Mohale's Hoek with five. Botha-Bothe and Qacha's Nek had four cafés each, Quthing registered two cafés while Thaba-Tseka had only one.

Figure 7 Number of Internet cafés (by district) in Lesotho



CHIEF EXECUTIVE OFFICER'S REPORT

UNIVERSAL SERVICE FUND

The Universal Service Fund was established to ensure that access to voice telephony services, internet access, broadcasting services and basic postal services is available to all peoples in Lesotho. To meet this requirement, the Fund initially put more effort on the

development of communications infrastructure to unserved and underserved areas of the country in the form of mobile communications base stations. However, the Fund is expanding its services to provide broadband and other services.

Implementation of Projects for Promoting Digital Literacy in Schools

The Fund is providing access to internet services by providing bandwidth for Wi-Fi to tertiary education institutions. This pilot project aims to provide bandwidth to the five institutions of higher learning with the highest student population.

The project for provision of WIFI to National University of Lesotho (NUL) was nearing completion and the university community was already getting services. A similar project was started with Centre for Accounting Studies (CAS) and all activities to commence provision and installation of network equipment at the campus were done. However, the implementation of the project was suspended due to national COVID-19 pandemic lockdown.

The provision of broadband to high schools under the USF School Internet Project which was implemented by Vodacom Lesotho did not adequately provide services to all schools as per contract terms. Vodacom has since refunded the USF and has made an undertaking to implement the projects with its own funds. In a separate event, the USF donated 35 tablets, one content server and one laptop to Lesobeng High School. The Fund also assisted the school with electricity power solution since it is a rural school with no connection to grid electricity. The donation was officiated by the Minister of Communications, Science and Technology.

Completed Communications Infrastructure Projects

The project to build a base tower for Thaba-Chitja (Ha Potso) was completed during the year. The project was built by Vodacom Lesotho as part of its licence obligations for sector development. The Fund continued to carry out project completion activities for tower projects which were carried out in the last reporting period at Senqu and Koakoatsi Valley (Mphokojoane & Mathuoaneng sites) in Mokhotlong as well as evaluation of work of the Fund carried out in previous years.

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MAJOR INTERNATIONAL EVENTS

The Authority continued to participate in international forums such as the ITU, ATU, CTO, CRASA, UPU and PAPU and other forums to articulate the position of Lesotho on communications issues, enhance staff capacity and knowledge base, and to ensure that the Authority is not lagging behind on technological developments. The Authority took part in the following events during year:

ITU Global Symposium for Regulators adopts GSR-19

The ITU Global Symposium for Regulators (GSR) was held in Port Vila, Vanuatu, from 9 to 12 July 2019 and was attended by 400 participants from around the world including Lesotho. GSR is the world's largest specialized gathering of information and communication technology regulators and policy specialists from the public and private sectors. The symposium identified and endorsed a set of regulatory Best Practice Guidelines to fast forward digital connectivity and allow people everywhere to benefit from digital transformation and participate in today's digital economy.

To realise full benefits from digital technologies and to accelerate progress towards the United Nations Sustainable Development Goals (SDGs), the Guidelines underscored the need for a more actionable, collaborative, and innovative outcome-based approach to regulation. They guidelines provided regulators and ICT stakeholders with new regulatory tools and solutions for better digital future.

The GSR-19 Best Practice Guidelines recommended the adoption of three new and innovative approaches for achieving inclusive digital infrastructure and services, and these were:

- Core design principles for collaborative regulation - to help respond to new technology paradigms and business models.
- Benchmarks for regulatory excellence and market performance - grounding regulatory decisions in robust, multifaceted and thoughtfully interpreted evidence.
- Regulatory tools and approaches at hand for enabling digital experimentation - to contribute towards improving digital market outcomes.

ITU World Radiocommunication Conference

The World Radiocommunication Conference 2019 (WRC 19) was held in Sharm el-Sheikh, Egypt, between 28 October and 22 November 2019 to review and revise the ITU Radio Regulations, which are the international treaty governing the use of radio-frequency spectrum and satellite orbits. The conference was attended by 3,400 delegates from 163

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- The conference declared the commitment of the Sector to gender equality, and gender balance.
- WRC 19 agreed to recommend to the ITU Council that a World Radiocommunication Conference be held in 2023 (WRC 23) for a maximum period of four weeks. WRC 19 agreed on over twenty agenda items for WRC 23, and decided to invite the ITU Council to finalize the agenda.
- WRC 19 also agreed to invite the Council to arrange for the convening of a World Radiocommunication Conference in 2027 (WRC 27), and for the Council to finalize the agenda for that conference.

The WSIS Forum 2019

The World Summit on the Information Society (WSIS) Forum is a global United Nations multi-stakeholder platform facilitating the implementation of the UN Sustainable Development Goals (SDGs) through ICTs. It is co-organized by ITU, UNESCO, UNDP and UNCTAD. The WSIS forum represents the world's largest annual gathering of the 'ICT for development' community and provides a platform for information exchange, knowledge creation and sharing of best practices.

The WSIS Forum 2019 was held from the 8-12 April 2019 in Geneva and marked 10th anniversary of the establishment of the forum. The Authority was part of the 3000 representatives representing their countries and organisations.

The WSIS Forum 2019 focused on highlighting the linkages between ICTs and SDGs and looked into priority areas such as health, hunger, ICT accessibility, education, youth inclusion, employment, gender empowerment, the environment, infrastructure and innovation. The forum also recognised that innovation and the emergence of the fourth industrial revolution have ushered in new technologies such as AI, IoTs, blockchain, 5G and many others. However, the potential impact of these technologies will not be realised equally across the world due to problems digital divide.

The forum echoed that increased connectivity, digital technologies, information systems, digital skills and internet use have the potential to reduce poverty and create jobs through applications and services, such as e-agriculture and digital finance; help end poverty and hunger; monitor and mitigate climate change and sustaining our natural resources; as well as improved efficiency and transparency. All three pillars of sustainable development – economic development, social inclusion and environmental protection – needed ICTs as key catalysts. The development potential of ICT as crosscutting enablers must therefore be fully harnessed for achieving the SDGs.

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The forum adopted recommendations based on the WSIS action lines which are: ICTs for development; Information and communication infrastructure: an essential foundation for the Information Society; Access to information knowledge; Capacity building; Building confidence and security in the use of ICTs; ICT Applications: e-business; ICT Applications: e-health; ICT Applications: e-agriculture; ICT Applications: e-science and Ethical dimensions of the Information Society.

WIOCC Board Meetings

The Authority is a shareholder in the West Indian Ocean Cable Company (WIOCC), the largest investor in the East African Cable System (Eassy), a submarine fibre-optic cable system deployed along the east and south coast of Africa to service the voice, data, video and internet needs of the region and other submarine cables. It is also a member of the 14-member board and during the year, attended meetings of the board where the business of the company and its strategic direction were discussed.

WIOCC operates as a wholesaler, providing capacity to international, African telecommunications companies, OTTs, Content Providers and internet service providers within and out of Africa. WIOCC offers carriers connectivity to over 500 locations across 30 African countries – utilising more than 55,000 km (34,000 mi) of terrestrial fibre and 40,000 km (25,000 mi) of submarine fibre-optic cable. WIOCC's international network reach currently extends to 100 cities in 29 countries in Europe and more than 700 cities in 70 countries globally.

Activities of the Communications Regulators' Association of Southern Africa

The Authority participated in a number of CRASA activities and these included:

1. *CRASA Finance & Audit Committee*

Lesotho hosted the CRASA Finance & Audit Committee which amongst other dealt with the Association's budget and finances.

2. *CRASA Postal Committee Meeting*

The second CRASA Postal Committee Meeting of 2019/2020 financial year took place from 20 to 22 November 2019. The purpose of the meeting was to update the committee on the implementation of the 2019-2020 Postal Operational Plan which covers the Monitoring and Evaluation efforts related to Approved Regulatory Guidelines; Regional Addressing and Postcode System Capacity-building Project Update; Review and update of Southern African Development Community (SADC) Postal Security and Integrity Guidelines; Development of Postal definitions and indicators Handbook and Postal input to the CRASA Country Report for 2019-2020. The meeting also considered the outcomes of the Universal Postal Union (UPU) 3rd Extraordinary Congress.

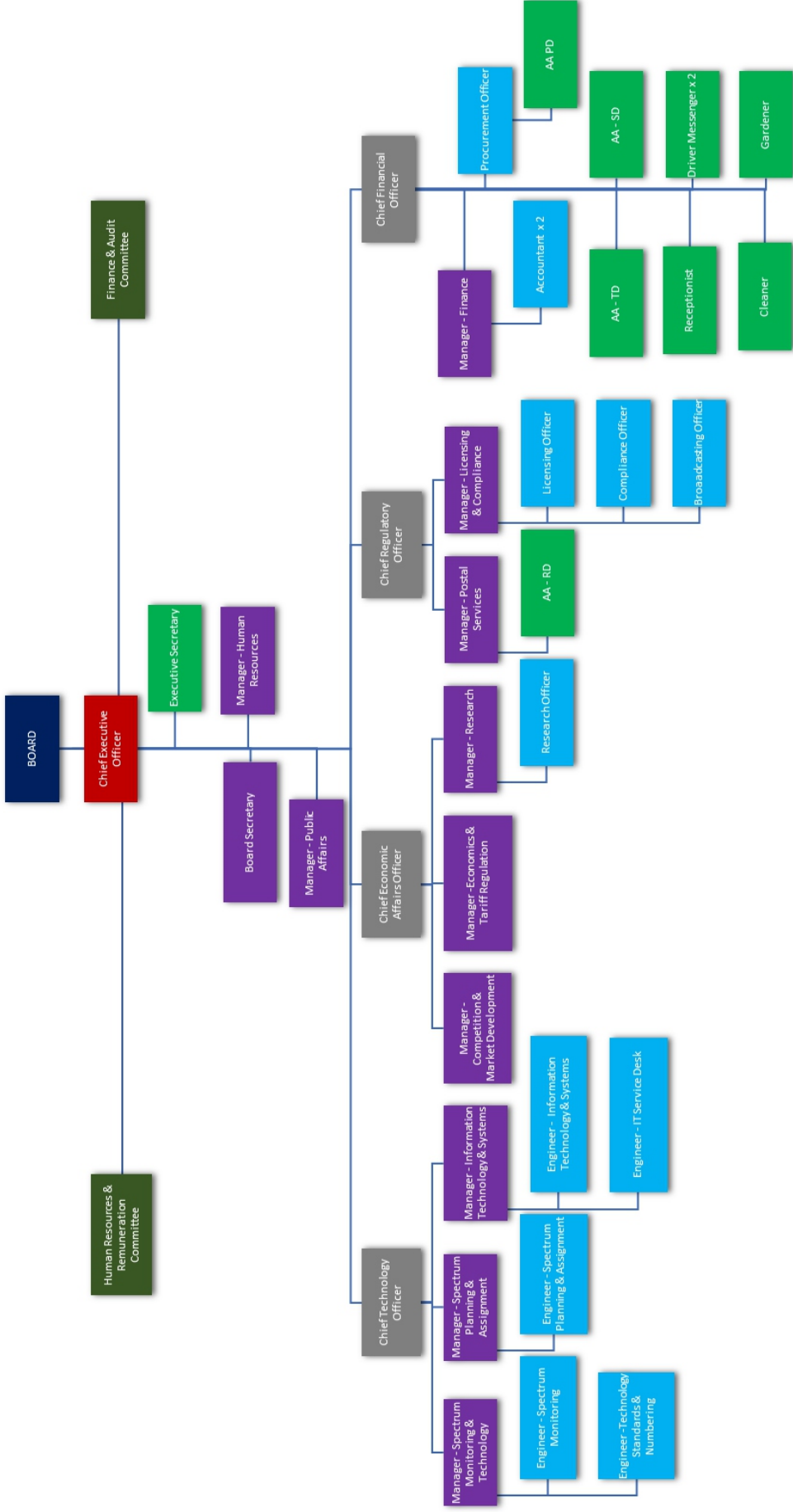
CHIEF EXECUTIVE OFFICER'S REPORT

3. *Ninth CRASA Annual General Meeting*

The 9th CRASA 9th Annual General Meeting and pre-AGM events which are scheduled to take place at Livingstone, Zambia from the 26 to the 27 March 2020 had to be postponed due to the Covid-19 pandemic.

CHIEF EXECUTIVE OFFICER'S REPORT

Appendix 1: LCA Organogra



LESOTHO COMMUNICATIONS AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020
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 reflection 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 it to safeguard the assets of the Authority and to prevent and detect fraud and other irregularities.

The Board appreciates that in preparing the financial statements for the year ended 31 March 2020 set out on pages 63-81 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 2020, 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 pages 61 to 63.

The Board acknowledges that it is ultimately 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.

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 can be relied on for the preparation of the financial statements.

Against this background, the financial statements set out on pages 63-81 which are stated in Maloti, have been approved and authorised for issue on the **20 November 2020** by the Board and signed on its behalf by:



CHAIRMAN


CHIEF EXECUTIVE OFFICER

LESOTHO COMMUNICATIONS AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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 review, Board of Directors are:

Ms Motšelisi Ramakoaie – Chairman (2nd January 2019 to 10 June 2020)

Mr Motanyane Makara - Chairman (12th June 2020 to present)

Mr. Phakiso Molise (8th October 2018 to present)

Ms Keneuoe Mohale (8th October 2018 to present)

Mr Motanyane Makara (8th October 2018 to present)

Mr Seth Griffiths Lerotholi (8th October 2018 to present)

Mr Karabo Maitin Lehutso (1st March 2019 to present)

Mrs Mamarama Matela (Ex-Officio from 1st April 2019 to present)

Secretary

Ms 'Mapule Mokoena

Disclosure of Interest

The Authority is a government regulatory agency for the 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.



**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 2020**

Opinion

I have audited the financial statements of Lesotho Communications Authority (the Authority) set out on pages 59 to 76, which comprise the statement of financial position as at 31 March 2020 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at 31 March 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in accordance with the requirements of the Lesotho Communications Act, 2012.

Basis for opinion

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

Key Audit Matters

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern disclosing, as applicable, matters related to going concern and using the going concern basis for accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA's, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

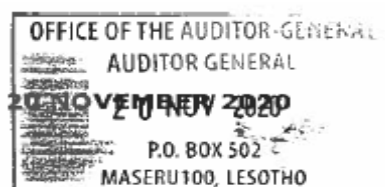
I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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



**MAFANI MASOABI (MRS)
FOR AUDITOR-GENERAL**



LESOTHO COMMUNICATIONS AUTHORITY
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Notes	31.03.20 Maloti	31.03.19 Maloti
ASSETS			
Non- Current Assets			
Property, Plant & Equipment	7	120,896,267	130,431,704
Intangible Assets			
WIOCC Capacity-Lesotho Portion	8	84,768,786	84,768,786
Investment in WIOCC	9	3,615,100	3,615,100
		88,383,886	88,383,886
Current Assets			
Trade and other receivables	10	11,758,577	11,875,054
Cash and cash equivalents	11	82,798,135	52,239,417
		94,556,712	64,114,471
Total Assets		303,836,865	282,930,061
Funds			
Capital Fund	12	2,331,822	2,331,822
Accumulated Fund		175,052,107	156,108,171
Capital Grant	13	3,374,109	3,856,121
		180,758,038	162,296,114
Non-Current Liabilities			
Deferred Income	14	5,129,364	6,257,697
Loan for LCA office complex	15	32,810,795	35,915,337
Loan for office furniture	15	648,208	2,484,687
		38,588,367	44,657,721
Current Liabilities			
Trade and other payables	17	13,077,614	7,516,380
Bank overdraft		-	-
UA Reserve Fund		11,815,629	11,370,502
Provisions		17,112,588	12,932,280
Corporate tax		42,484,629	44,157,064
		84,490,460	75,976,226
Total Funds and Liabilities		303,836,865	282,930,061

LESOTHO COMMUNICATIONS AUTHORITY
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Notes	31.03.20 Maloti	31.03.19 Maloti
Income			
Regulatory Fees	2	92,373,531	91,634,393
Other income	3	16,482,680	9,965,044
Amortisation of Capital Grant	4	482,013	482,013
LSNIC Revenue		246,970	189,850
		109,585,194	102,271,300
Expenditure			
Staff Costs	5	37,215,996	36,815,513
Depreciation	7	10,510,056	7,511,645
Directors Emoluments		1,015,257	742,480
Audit Fees		81,000	78,750
Other Administrative Costs	6	32,155,518	26,952,581
		80,977,827	72,100,969
Surplus/Deficit before finance income & cost		28,607,367	30,170,331
Finance Income		2,509,982	1,729,007
Surplus/Deficit after finance income & cost		31,117,349	31,899,338
Corporate Tax		7,779,337	7,974,835
Surplus after tax		23,338,012	23,924,503
Transfer to UAF		5,834,503	5,981,126
Retained surplus for the year		17,503,509	17,943,377

LESOTHO COMMUNICATIONS AUTHORITY
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	31.03.20	31.03.19
	Maloti	Maloti
Surplus for the period	17,503,509	17,943,378
Prior period adjustments	1,440,431	32,786,161
Depreciation	10,510,056	7,511,645
Amortisation of capital grant	(482,013)	(482,013)
Increase/(Decrease) in receivables	116,477	51,750,556
Increase/(Decrease) in payables	8,514,234	3,482,442
Disposal of fixed assets	-	1,256,037
Net cash inflow/outflow from operating activities	37,602,694	114,248,206
Investing Activities		
Purchase of Plant, Property and Equipment	(974,619)	(16,944,720)
Proceeds on sale of assets	-	-
Changes in investments	-	(67,433,147)
Net cash flows from investing activities	(974,619)	(84,377,867)
Financing Activities		
Initial licence fees	(1,128,333)	((1,128,333)
Repayment of building loan	(3,104,544)	(2,697,052)
Repayment of furniture loan	(1,836,481)	(1,684,217)
Net cash flows from financing activities	(6,069,358)	(5,509,602)
Net increase in Cash & cash equivalents	30,558,717	24,360,737
Cash & cash equivalents at the beginning of the year	52,239,419	27,878,682
Cash & cash equivalents at the end of the year	82,798,135	52,239,419

LESOTHO COMMUNICATIONS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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 is in accordance with IFRS which 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 2020.

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.

LESOTHO COMMUNICATIONS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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.

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 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 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.

LESOTHO COMMUNICATIONS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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.

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

LESOTHO COMMUNICATIONS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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 12% 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.

LESOTHO COMMUNICATIONS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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 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, 2018.

Interest income

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

LESOTHO COMMUNICATIONS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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 amortised 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.

LESOTHO COMMUNICATIONS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	31.03.20	31.03.19
	Maloti	Maloti
2. Regulatory Fees		
Application Fee	337,002	201,100
Licence Fee	5,063,271	3,724,692
Spectrum Fee	25,606,550	28,131,697
Annual licence Fee	61,366,708	59,576,904
	92,373,531	91,634,393
3. Other Income		
Rent Received	2,506,872	2,278,975
Penalty fees	10,068,691	280,674
Proceeds from sale of assets	-	335,881
Profit on foreign transactions	1,134	2,246
Dividends – WIOCC	2,285,877	3,824,861
WIOCC Revenue	-	3,242,407
Interest on loan correction	1,620,106	-
	16,482,680	9,965,044
4. Amortisation of Capital Grant		
This represents an amount amortised during the year for the WIOCC investment and WIOCC capacity paid the Government of Lesotho.		482,013
482,013		
5. Staff Costs		
Salaries	19,082,963	20,882,164
Allowances	8,432,646	7,671,355
Pension	1,676,514	1,621,909
Severance Pay	612,597	481,707
Leave Pay	182,820	144,339
Medical Aid	2,331,144	2,396,660
Gratuity	3,435,131	2,109,627
Staff Refreshments & Welfare	541,528	504,517
Sports & Recreation	22,659	24,998
Staff cell phone airtime	677,000	871,260
Fringe Benefit Tax	170,021	78,108
Housing	50,973	28,869

LESOTHO COMMUNICATIONS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	31.03.20	31.03.19
	Maloti	Maloti
6. Other Administrative Costs		
Bank Charges	99,649	122,511
Interest Paid	3,362,991	4,434,487
Communication	1,240,794	1,401,823
Postage	40,998	9,029
Stationery	170,332	130,724
Repairs and maintenance	404,335	358,832
Software Licenses	686,445	826,435
Operation and Maintenance (WIOCC)	4,133,845	3,242,407
Water and Electricity	298,578	1,154,752
Repairs and Maintenance – Buildings	556,995	591,091
Office Rent	1,938,586	1,950,674
Insurance	1,418,213	1,475,258
Station Maintenance	5,070,329	582,205
Dispute Resolution fees	252,130	358,682
Other Expenses	557,001	362,998
Books and Journals	27,968	38,961
Fuel	162,445	164,001
Car Running	211,896	124,550
Staff Uniform	-	18,272
Subscriptions	1,801,391	1,709,943
Travel and Accommodation	2,689,209	2,326,205
Subsistence allowance	54,157	128,258
Staff Training	214,689	77,483
Business Entertainment	633,907	-
Cleaning & Security	1,677,253	1,515,589
Public Relations	311,244	66,703
Advertisements	628,057	463,513
Consultancy Fees	132,152	138,214
Board Expenses	1,262,224	529,202
Legal Fees	307,775	119,145
Research	133,212	1,829,162
Donations	1,676,328	17,251
LSNIC Expenses	-	682,488
Loss on foreign transactions	410	1,733
Total Expenses	32,155,518	26,952,581

LESOTHO COMMUNICATIONS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

7. Plant, Property and Equipment

	Cost at 31.3.19	Additions /Revision of value	Disposal	Cost at 31.03.20	Dep'n at 31.3.19	Disposal	Charge this year	Dep'n at 31.03.20	NBV at 31.3.19	NBV at 31.03.20
	Maloti	Maloti	Maloti	Maloti	Maloti	Maloti	Maloti	Maloti	Maloti	Maloti
LsNIC Computers	240,071	44,498		284,569	212602		43510	256,112	27,469	28,457
LsNIC office furniture	373815			373,815	179278		74763	254,041	194,537	119,774
Office Equipment	449,413			449,413	340,140		17,832	357,972	109,273	91,441
Computer Equipment	4,418,575	294,059		4,712,634	3,837,862		336,902	4,174,764	580,713	537,870
Motor Vehicles	3,407,926			3,407,926	1,304,650		605,046	1,909,696	2,103,276	1,498,230
Office Furniture	3,775,084	2,199		3,777,283	2,662,124		631,435	3,293,559	1,112,960	483,724
LCA New office complex	104,772,480			104,772,480	4,823,883		4,012,674	8,836,557	99,948,597	95,935,923
Monitoring Equipment	31,150,906	633,863		31,784,769	4,796,027		4,787,894	9,583,921	26,354,879	22,200,848
TOTAL	148,588,270	974,619		149,562,889	18,156,566		10,510,056	28,666,622	130,431,704	120,896,267

LESOTHO COMMUNICATIONS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

This represents the capacity that Lesotho holds in WIOCC. The capacity that Lesotho holds in foreign currency is USD5,468,082.35. M84,768,785.36 of the capacity amount was paid by the Lesotho Government.

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.

	31.03.20	31.03.19
	Maloti	Maloti
10. Trade and Other Receivables		
Trade receivables	8,867,094	8,153,474
Less: Provision for doubtful debts	-	-
Sub total	8,867,094	8,153,474
Sundry Deposits	310,624	310,624
Other Receivables	1,842,564	3,283,031
Staff Loans	-	127,925
Withholding tax	682,195	-
Sundry receivables	56,100	-
	11,758,577	11,875,054
11. Cash and cash equivalents		
Petty Cash	222	222
Current Accounts	36,917,884	28,529,207
Short term deposits	45,880,029	23,709,988
	82,798,135	52,239,417

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.

Opening balance	3,856,122	4,338,135
Less: Amortisation of Capital Grant for the year	(482,013)	(482,013)
Closing balance	3,374,109	3,856,122

LESOTHO COMMUNICATIONS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	31.03.20	31.03.19
	Maloti	Maloti
14. Deferred Income		
These are initial licence fees for 15 and 20 years:		
Econet Telecom Lesotho	701,250	1,571,250
Vodacom Lesotho	<u>4,136,564</u>	<u>4,394,897</u>
	4,837,814	5,966,147
Rent deposit	291,551	291,551
	5,129,365	6,257,698
15. Loan for LCA office complex		
Nedbank Lesotho approved a loan of M41.58 million towards construction of LCA office complex and M7.12 million for LCA office furniture loan.		
16. Trade and other Payables		
Trade Payables	387,931	1,800,162
Fringe benefit tax	42,053	-
Other payables	12,647,630	5,716,219
	13,077,614	7,516,381
17. Prior Year Adjustments		
Credit Notes to reverse long outstanding invoices	970,804	28,650
Provision of doubtful debts clearing	-	1,188,848
Accountable Clearing	-	940
Invoices adjustments	-	(45,367)
LsNIC Assets	-	390,679
WIOCC Capacity dividends	-	9,380,733
WIOCC Capacity rebates	-	19,848,742
WIOCC Capacity sitting fees	-	486,594
WIOCC Capacity leasing revenue	-	37,717,077
Provision for corporate tax previous years	-	(36,182,230)
Withholding tax on interest received	469,627	-
Withholding tax on interest received	1,440,431	32,786,161

LESOTHO COMMUNICATIONS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

18. Provision for corporate tax

During the financial year 2018/19, the Authority recognized revenue of M67,433,147 from WIOCC. This income related to the previous years (2012/13 to 2017/18). The revenue amount comprised of dividends paid by WIOCC, rebate offered by WIOCC, board sitting fees paid by WIOCC and leasing of Lesotho capacity in WIOCC. The latter amounts were not received by the Authority, instead they were used to settle the amount of capacity acquired on credit by Lesotho from WIOCC. The capacity is now fully paid. This capacity is owned by Lesotho Government and LCA holds it in trust for the Lesotho Government.

Consequently, corporate tax of M16,858,286.59 was provided on the above revenue from WIOCC. Since the capacity belongs to the Lesotho Government, it is expected that Lesotho Government will provide LCA with a subvention of the equivalent to settle the corporate tax liability of M16,585,286.59 levied on the income earned from WIOCC from 2012/13 to 2017/18.

The corporate tax which was provided for in the previous financial year which escalated due to revenue received from WIOCC which was used to settle the acquired capacity. The Authority has hoped that the Government of Lesotho would assist by giving the Authority a subvention which could be used to settle the corporate tax. During the financial year 2019/20, the Authority did not receive the subvention from the Government of Lesotho as a result the corporate tax is still outstanding.

19. LsNIC (Lesotho Network Information Centre)

During the financial year 2018/19, the Authority deregistered the Lesotho Network Information Centre (LsNIC) after the Board made a resolution to deregister the Company. Upon deregistration, LsNIC assets were recognised as assets of the Authority.

20. 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 amounts to M 6,290,530 as at 31 March 2020.

21. Universal Service Reserve Fund

In accordance with the 2012 Communications Act, the Authority is required to contribute 25% of its annual surplus into the Universal Service Fund.

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

LESOTHO COMMUNICATIONS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

22. Capital Commitments

The Authority acquired a site adjacent to Manthabiseng Convention Centre. The lease for the site was issued in the name of the Authority during the financial 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 was issued to LCA by the Land Administration Authority during the 2011/12 financial year. The construction work for the office complex has been completed during the first quarter of this financial year. The Authority has started re-paying the office furniture loan from 2015/16 financial year and office complex loan in the financial year 2016/17.

The Authority will be finalising the procurement process of the Automated Spectrum Management System (ASMS) in the ensuing financial year. Most milestones which were pre-set have been completed. TCI and LCA are now finalising the remaining activities to commissioning of the equipment and the system. The remaining work is expected to be completed in the coming financial year of 2019/20.

23. 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.

**LESOTHO COMMUNICATIONS AUTHORITY - UNIVERSAL SERVICE FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020
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 reflection 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 it to safeguard the assets of the Fund and to prevent and detect fraud and other irregularities.

The Board appreciates that in preparing the financial statements for the year ended 31 March 2020 set out on pages 87-100, 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 pages 84 to 86.

The Board acknowledges that it is ultimately 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.

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

Against this background, the financial statements set out on pages 87-99 which are stated in Maloti, have been approved and authorised for issue on the 20 November 2020 by the Board and signed on its behalf by:


DIRECTOR


CHIEF EXECUTIVE OFFICER

LESOTHO COMMUNICATIONS AUTHORITY- UNIVERSAL SERVICE FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020
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 review, Board of Directors are:

Ms Motšelisi Ramakoae – Chairman (2nd January 2019 to 10 June 2020)

Mr Motanyane Makara - Chairman (12th June 2020 to present)

Mr. Phakiso Molise (8th October 2018 to present)

Ms Keneuoe Mohale (8th October 2018 to present)

Mr Motanyane Makara (8th October 2018 to present)

Mr Seth Griffiths Lerotholi (8th October 2018 to present)

Mr Karabo Maitin Lehutso (1st March 2019 to present)

Mrs Mamarama Matela (Ex-Officio from 1st April 2019 to present)

Secretary

Ms 'Mapule Mokoena

Disclosure of Interest

The Authority is a government regulatory agency for the 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.



**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
UNIVERSAL SERVICE FUND
FOR THE YEAR ENDED 31 MARCH 2020**

Opinion

I have audited the financial statements of Lesotho Communications Authority Universal Service Fund (the Fund) set out on pages 82 to 94, which comprise the statement of financial position as at 31 March, 2020 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 March 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in accordance with the requirements of the Lesotho Communications Act, 2012.

Basis for Opinion

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

Key Audit Matters

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

-
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charge with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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



**MAFANI MASOABI (MRS)
FOR AUDITOR-GENERAL**

LESOTHO COMMUNICATIONS AUTHORITY - UNIVERSAL SERVICE FUND
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Notes	31.03.20 Maloti	31.03.19 Maloti
ASSETS			
Non Current Assets			
Property, Plant & Equipment	6	95,075	106,809
		95,075	106,809
Current Assets			
Trade and other receivables	7	28,980,215	37,302,478
Cash and cash equivalents	8	34,461,023	12,937,773
		63,441,238	50,240,251
Total Assets		63,536,313	50,347,060
Funds			
Accumulated Fund		42,498,452	26,179,619
		42,498,452	26,179,619
Current Liabilities			
Trade and other payables	10	19,478,467	22,895,973
Provisions		1,559,394	1,271,468
		21,037,861	24,167,441
Total Funds and Liabilities		63,536,313	50,347,060

**LESOTHO COMMUNICATIONS AUTHORITY - UNIVERSAL SERVICE FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR
THE YEAR ENDED 31 MARCH 2020**

	Notes	31.03.20 Maloti	31.03.19 Maloti
Income			
Fund Contributions	2	28,993,642	27,588,013
Other income		900,000	-
		29,893,642	27,588,013
Expenditure			
Fund Disbursements	3	3,545,128	19,098,839
Staff Costs	4	1,831,481	2,784,872
Depreciation		11,733	15,251
Committee Fees		341,625	319,929
Other Administrative Costs	5	1,304,791	409,693
		7,034,758	22,628,584
Surplus/Deficit before finance income & cost		22,858,884	4,959,429
Interest Income		974,256	237,378
Surplus/(Deficit) after finance income & cost		23,833,140	5,196,807
Retained surplus/(deficit) for the year		23,833,140	5,196,807

**LESOTHO COMMUNICATIONS AUTHORITY – UNIVERSAL SERVICE FUND
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020**

	Accumulated Funds
Balance at 31/03/2018	19,606,951
Surplus/(Deficit) for the year	5,196,807
Prior year Adjustment	1,375,861
Balance at 31/03/2019	26,179,619
Surplus/(Deficit) for the year	23,833,140
Prior year Adjustment	(7,514,307)
Balance at 31/03/2019	42,498,452

**LESOTHO COMMUNICATIONS AUTHORITY – UNIVERSAL SERVICE FUND
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020**

	31.03.20	31.03.19
	Maloti	Maloti
Surplus/(Deficit) for the period	23,833,140	5,196,807
Depreciation	11,733	15,250
Increase/(Decrease) in receivables	8,322,265	(1,238,822)
Increase/(Decrease) in payables	(3,129,580)	1,923,496
Prior Year Adjustment	(7,514,307)	1,375,861
Net cash inflow/outflow from operating activities	21,523,251	7,272,592
Investing Activities		
Purchase of Plant, Property and Equipment	-	-
Disposals of assets	-	-
Net cash flows from Investing activities	-	-
Movement in Cash & cash equivalents	21,523,251	7,272,592
Cash & Cash Equivalents at the beginning of the year	12,937,772	5,665,180
Cash & Cash Equivalents at the end of the year	34,461,023	12,937,772

LESOTHO COMMUNICATIONS AUTHORITY - UNIVERSAL SERVICE FUND
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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.

LESOTHO COMMUNICATIONS AUTHORITY - UNIVERSAL SERVICE FUND
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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.

LESOTHO COMMUNICATIONS AUTHORITY - UNIVERSAL SERVICE FUND
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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.

1.14 Taxation

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

LESOTHO COMMUNICATIONS AUTHORITY - UNIVERSAL SERVICE FUND
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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 to the personnel rules of the Universal Service Fund.

1.16 Revenue Recognition

Revenue

Revenue comprises contributions from network operators which represents 1.5% 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 re-grouped and stated wherever necessary to conform to the current year's presentation.

**LESOTHO COMMUNICATIONS AUTHORITY – UNIVERSAL SERVICE FUND
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

2. Fund Contributions

	31.03.20 Maloti	31.03.19 Maloti
Annual contributions	28,993,642	27,588,013
Other Income	900,000	-
	29,893,642	27,588,013

3. Fund Disbursements

These are costs relating the current financial year projects implemented by the Fund

Frequencies	292,600	64,225
Broadband study	-	-
LIXP	-	88,420
ADB Funded project –Nqechane	-	734,207
ADB Funded project -Ha Mositi	-	734,207
NUL Wif Project	1,075,200	3,303,882
Thaba-Chitja network expansion	-	3,260,628
VCL Broadband Contract	-	1,080,000
ADB Funded project E-Governance	1,645,973	-
E-Learning	21,736	626,034
Senqu & Koakoatsi network expansion	-	9,207,236
CAS Broadband	509,619	
TOTAL	3,545,128	19,098,839

4. Staff Costs

Salaries	802,677	1,067,880
Allowances	636,357	700,550
Pension	45,171	53,747
Medical Aid	32,213	28,559
Gratuity	287,928	901,337
Staff Cellphone Airtime	25,545	32,800
Sports & recreation	1,590	-
	1,831,481	2,784,872

LESOTHO COMMUNICATIONS AUTHORITY – UNIVERSAL SERVICE FUND
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	31.03.20	31.03.19
	Maloti	Maloti
5. Other Administrative Costs		
Bank Charges	2,922	1,819
Insurance	7,053	7,053
Other Expenses	39,150	217,571
Fuel	2,061	1,191
Car Running	12,131	20,180
Travel & Accommodation	51,724	161,879
Donations	1,189,750	
	1,304,791	409,693

6. Property, Plant & Equipment

	Motor Vehicles	Computer Equipment	Total
Cost			
Balance at 31.03.19	441,763	55,106	496,869
Additions	-	-	-
Disposals	-	-	-
Balance at 31.03.20	441,763	55,106	496,869
Accumulated Depreciation			
Balance at 31.03.19	353,410	36,650	390,060
Disposals	-	-	-
Charge for the year	-	11,733	11,733
Balance at 31.03.20	353,410	48,383	401,793
Net Carrying Values			
Balance at 31.03.19	88,353	18,456	106,809
Balance at 31.03.20	88,353	6,723	95,076

LESOTHO COMMUNICATIONS AUTHORITY– UNIVERSAL SERVICE FUND
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	31.03.20	31.03.19
	Maloti	Maloti
7. Trade and Other Receivables		
Trade Receivables	28,978,715	37,300,978
Sundry Deposits	1,500	1,500
	28,980,215	37,302,478
8. Cash and cash equivalents		
Nedbank Current Account	2,280,945	7,447
Nedbank 24hr Call Account	32,180,078	12,930,326
	34,461,023	12,937,773
9. Prior year adjustments		
Broadband project	1,080,000	-
VCL Credit/Debit Note	(3,095,421)	1,192,072
ETL Credit/Debit Note	(3,725,706)	48,347
LECC Invoices FY17 & 18	794	58,522
LEO Invoices FY17 & 18	-	119,389
LCA reimbursables	(1,938,518)	(42,469)
NUL Wifi	164,544	-
TOTAL	(7,514,307)	1,375,861
10. Accounts Payables		
Trade Payables	16,336,399	18,230,938
Other Payables	1,760,064	3,283,031
Retention*	1,382,004	1,382,004
	19,478,467	22,895,973

*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) and being invoiced by the relevant Operator.

LESOTHO COMMUNICATIONS AUTHORITY - UNIVERSAL SERVICE FUND
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

11. 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.