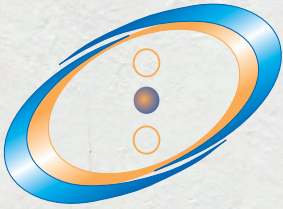


LESOTHO
COMMUNICATIONS
AUTHORITY

Annual Report

2020/21

*Vision. Access to affordable and reliable communication services.
Mission. To facilitate the provision and accessibility of quality communications services.
Motto. Fairness to all and allegiance to none*



**L E S O T H O
C O M M U N I C A T I O N S
A U T H O R I T Y**

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 which comprises telecommunications, broadcasting and postal services.

Vision

Access to affordable and reliable communication services.

Mission

To facilitate the 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:

Official name: Lesotho Communications Authority



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External auditors: Auditor-General of Lesotho
Bankers: Nedbank Lesotho

A digital copy of this publication is available from our website.

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LIST OF ABBREVIATIONS

3G:	Third generation mobile networks.
4G:	Fourth generation mobile networks.
5G:	Fifth generation mobile networks.
AfDB:	African Development Bank.
AGM:	Annual General Meeting.
ANCOM:	National Authority for Management and Regulation in Communications.
AFMS:	Automated Frequency Management System.
ASMS:	Automated Spectrum Management System.
BTS:	Base transceiver station.
BDRP:	Broadcasting Disputes Resolution Panel.
ccTLD:	Country Code Top Level Domain.
CDMA:	Code-division multiple access.
CEO:	Chief Executive Officer.
CEP:	Courier, Express and Parcel.
CIRT:	Computer Incident Response Teams.
CMR:	Competition Management Regime.
CRASA:	Communications Regulators' Association of Southern Africa.
CRTT:	CRASA Roaming Task Team.
CSAIA:	China Satellite Application Industry Association.
CSI:	Corporate Social Investment.
CTO:	Commonwealth Telecommunications Organisation.
DCEO:	Directorate on Corruption and Economic Offences.
DPO:	Designated Postal Operator.
DHL:	Dalsey, Hillblom and Lynn.
DOPE:	Department of Physics and Engineering.
DSL:	Digital Subscriber Line.
EASSy:	East African Submarine System.
EDGE:	Enhanced Data rates for GSM Evolution.
EMF:	Electromagnetic field.
EMS:	Express Mail Service.
ESIM:	Earth Stations in Motion.
ETL:	Econet Telecom Lesotho.
FAC:	Finance and Audit Committee.
FOC:	Fibre Optic Communications.
FM:	Frequency Modulation.
GNI:	Gross National Income.
GPON:	Gigabit Passive Optical Network.
GSM:	Global Systems for Mobile communications.

LIST OF ABBREVIATIONS

GSMA:	GSM Association.
GSR-18:	Global Symposium for Regulators 2018.
GSR:	Global Symposium for Regulators.
GTI:	Global TD-LTE Initiative.
HRRC:	Human Resources and Remuneration Committee.
IANA:	Internet Assigned Numbers Authority.
ICANN:	Internet Corporation for Assigned Names and Numbers.
ICASA:	Independent Communications Authority of South Africa.
ICNIRP:	International Commission for Non-Ionising Radiation Protection.
ICT:	Information and Communication Technologies.
IEC:	Independent Electoral Commission.
IMR:	International Mobile Roaming.
IMT:	International Mobile Telecommunications.
IFRS:	International Financial Reporting Standards.
IP:	Internet Protocol.
ISDN:	Integrated Services Digital Network.
ITU:	International Telecommunication Union.
KV:	Kilovolt.
LAA:	Land Administration Authority.
LCA:	Lesotho Communications Authority.
LEC:	Lesotho Electricity Company.
LECC:	LEC Communications.
LIXP:	Lesotho Internet Exchange Point.
LM:	Lifetime Music Radio.
LNBS:	Lesotho National Broadcasting Service.
LRA:	Lesotho Revenue Authority.
LsNIC:	Lesotho Network Information Centre.
LTE:	Long Term Evolution.
M:	Maloti. (Singular: Loti)
MHz:	Megahertz.
MNO:	Mobile Network Operator.
MoU:	Memorandum of Understanding.
MVNO:	Mobile Virtual Network Operator.
NSDP:	National Strategic Development Plan.
NUL:	National University of Lesotho.
OPGW:	Optical Ground Wire.
PAPU:	Pan African Postal Union.

LIST OF ABBREVIATIONS

PMS:	Performance Management System.
PRMS:	Premium Rated Messaging Service.
POC:	Postal Operations Council.
PSTN:	Public Switched Telephone Network.
PU:	Probe Units.
QoS:	Quality of Service.
RLAH:	Roam Like at Home.
RSA:	Republic of South Africa.
SABA:	Southern African Broadcasting Association.
SADC:	Southern African Development Community.
SBP:	Strategic Business Plan.
SCPS:	SADC Communication and Promotion Strategy 2016-2020.
SDG:	Sustainable Development Goals.
SIDS:	Small Island Development States.
SIMM:	Scaling Inclusion through Mobile Money.
SITA:	State Information Technology Agency.
SME:	Small medium enterprise.
SMS:	Short Message Service.
Tbps:	Terabits per second.
TCP:	Transmission Control Protocol.
TDIA:	Telecommunication Development Industry Alliance.
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.
WTDC:	World Telecommunication Development Conference.

DEFINITION OF TERMS

- 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 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 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).

- 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.

DEFINITION OF TERMS

- 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 does not degenerate nor is subject to interference.
- Fixed-broadband subscriptions: Fixed subscriptions to high-speed access to 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 businesses 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 fixed line network is sometimes referred to as PSTN to distinguish it from mobile networks.
- Fixed-telephone subscriptions: The sum of active numbers 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 alternate, 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.

DEFINITION OF TERMS

- 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 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, telepoint, 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) to which the user is subscribed.
- Server: A host computer on a network that sends stored information in response to requests or queries.

DEFINITION OF TERMS

- 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 the 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 are 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.



CHAIRPERSON'S STATEMENT



I AM HONoured TO PRESENT THE 2020/21 LESOTHO COMMUNICATIONS AUTHORITY ANNUAL REPORT as the Chairperson of the Board of Lesotho Communications Authority.

Mr. Motanyane Makara

Chairperson, LCA Board

During the reporting period, 2020/21, the Board of Directors, Board Committees and Statutory Committees of the Authority stood as follows:

Board of Directors

Mr. Motanyane Makara - Chairperson

Mr. Seth Griffiths Lerotholi - Director

Mr. Phakiso Molise - Director

Ms. Keneuoe Mohale - Director

Mr. Karabo Maitin Lehutso - Director

Ms. 'Mamarama Matela - Director & Chief Executive Officer

Human Resources and Remuneration Committee

Mr. Seth Griffiths Lerotholi - Chairperson

Mr. Karabo Maitin Lehutso - Member

Ms. 'Mamarama Matela - Member

CHAIRPERSON'S STATEMENT

Finance and Audit Committee

Mr. Phakiso Molise - Chairperson

Mr. Karabo Lehutso - Member

Ms. Keneuoe Mohale - Member

Universal Service Fund Committee

Ms. Khauhelo Lebentlele - Chairperson

Ms. Nonkululeko Zaly - Member

Ms. Motena Tšolo - Member

Ms. Mamarama Matela - Member

Ms. Monica Moeko - Member

Mr. Soko Thabisi - Executive Secretary

Broadcasting Disputes Resolution Panel

Mrs. 'Mampoi Taoana - Chairperson

Mrs. 'Mamosa Majara - Member

Ms. Mpine Tente - Member

Mr. Mpheulane Posholi - Member

Mr. Mathibela Matšá - 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 is 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). The Chairperson and five other directors, are non-executive directors and the Chief Executive Officer, is the only executive director.

The Board 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).

Below is an extract of the Board Charter on the mandate of the Board:

- 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;
- The Board shall ensure that the Authority's strategic objectives are achieved and that the same can be measured in terms of its performance;

STATEMENT ON CORPORATE GOVERNANCE

- 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. The 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 conflict of interest which prescribes 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 meetings of strategic and business nature relevant to the Authority. The Board made the following resolutions:

- Approval of LCA budget for the year 2021/2022 and received quarterly management reports and management accounts.
- Approved the Audited Financial Statements for the year 2020/2021 for the Authority and the USF.
- Acquisition of the Compliance Monitoring and Revenue Assurance Tool from Global Voice Group at a cost of M531 424 428.84.

Functions of 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 the 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.

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-

STATEMENT ON CORPORATE GOVERNANCE

calibre employees and motivate employees to achieve enhanced performance.

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.

The committee held Eight (8) 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, the committee had ten (10) sittings which dealt with operational issues and resolved five (5) broadcasting complaints [0](#)



CHIEF EXECUTIVE OFFICER'S REPORT

SINCE THE DEVELOPMENT OF THE CURRENT 2019/20 TO 2021/22 SBP, significant developments have happened that changed the planning landscape.

Ms. 'Mamarama Matela

Chief Executive Officer, LCA

SINCE THE DEVELOPMENT OF THE CURRENT 2019/20 TO 2021/22 SBP, significant developments have happened that changed the planning landscape. At the beginning of the financial year, Q1 2019/20, the VAT rate on Telecommunications was revised upwards from 12% to 15%, and this has had an impact on the telecommunications industry at large, both the operators and the consumers have been affected. During the same period, one of the operators launched VoLTE which is a technology that enables calls to be carried on the 4G network to improve voice call quality and service stability.

The year 2020 started off with an unprecedented covid-19 pandemic that defined the global health crisis of our time and the greatest challenge we have faced since WWII, some have gone even referred to it as WWIII. As a result of the pandemic, the global economy was projected to contract sharply by 3 percent in 2020, much worse than during the 2008/09 financial crisis. This was a call for concern for governments to respond appropriately and to be resilient during these difficult times. Because the economic fallout was acute in specific sectors, policymakers needed to implement substantial targeted fiscal, monetary, and financial market measures to support affected households and businesses domestically.

On the home front, in order to prevent the spread of the virus, the government closed its border with South Africa on 18 March 2020 and a national emergency was declared. The lockdown was later announced on 29 March 2020 which was lifted in early May. This caused disruptions to business as people started working from home, which was something that was not common in the history of Lesotho.

CHIEF EXECUTIVE OFFICER'S REPORT

Another external force that have a bearing on strategy was the change in the political environment. Changes in government usually have a bearing on the strategy. For the Authority to remain relevant in these challenging and rapidly changing times and remain relevant in resolving current challenges, the strategic plan was revised and the new strategic plan was implemented in August 2020.

The subsequent segments of this report highlight activities undertaken by the Authority during the reporting period. They also reflect on the state of the communications sector development based on indicators being tracked and researched by the Authority.

CORPORATE SERVICES

Human Resources Management

During the reporting period, the Authority realized a staff turnover of 14% due to the resignation of the Chief Financial Officer, Chief Regulatory Officer, Finance Manager and Legal, Corporate Secretary and removal of the Human Resources Manager.

During the same year of strategy implementation, the Public Affairs Manager went on retirement which increased the annual turnover to 17%. This turnover had an adverse impact on the strategy execution as the vacancies were in the strategic positions and remained vacant.

Conferences, Seminars and Workshops

Albeit mostly on virtual platforms, 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 the latest technological development and uses the world's best practices in regulating the sector.

Financial Performance for the Year Ended 31 March 2021

The financial statements of the Authority are audited annually by the Office of the Auditor General and the report inclusive of the 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

The public affairs function of the Authority is to carry out strategic communication of the mandate and activities of the Authority to its key stakeholders in a manner that ensures visibility, credibility and transparency and provides public education. This function is carried out through a variety of media including radio and television programmes; corporate website updates; entries in directories, booklets, and corporate social media; and participation in public events.

REGULATORY AFFAIRS

The Communications Act, 2012 transformed the Authority into a converged regulator which oversees the broader communications market through the 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 with the regulatory framework to ensure that quality services are provided and that consumers are protected.

Licensing Matters

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 LEC Communications (LECC) which is a network infrastructure licensee. LECC holds a communications network infrastructure licence and it leases network elements and capacity to other licensees on a non-exclusive basis. The information and communications technology 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 the provision of electronic communications to end users.

The Authority issued a directive to the network operators demanding that management and director positions should be vetted by the Authority prior to filling such positions. The directive was challenged in court by Vodacom Lesotho. The Authority had a dispute with Vodacom Lesotho on the audited financial statements of the three years from 2016. The dispute resulted in the Authority issuing a penalty of one hundred and thirty-four million (M134,000,000) with an option to pay 30% of the fine. Failure to pay the fine resulted in the revocation of Vodacom Lesotho license on the 8th October, 2020. Vodacom took the matter to court and was awarded interim relief while awaiting judgement.

Amendment of the Regulation Framework

The Authority is mandated to facilitate the entry of service providers into the communications market. This is facilitated through a regulatory framework which provides certainty and predictability to service providers, consumers and other stakeholders. In the year under review, there were no major changes in the Lesotho Telecommunications market.

CHIEF EXECUTIVE OFFICER'S REPORT

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 with the broadcasting regulatory framework and facilitating the resolution of broadcasting disputes.

No.	Broadcaster	Year of first issue	Current Licence Period	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 Music Radio t/a LM Radio	2012	2012-2022	Commercial
12	Tsenolo Media Services t/a Tsenolo 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
18	Tabernacle FM	2014	2014-2024	Private
19	Voice of God t/a Prophetic Voice	2014	2014-2024	Private
20	Maha Group t/a MXL 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 ²	2014	2014-2024	Commercial
30	StarTimes Media Lesotho	2016	2016-2026	Commercial

¹ LM Radio surrendered its licence in July 2019.

² Gotv Lesotho surrendered its licence in March 2020.

CHIEF EXECUTIVE OFFICER'S REPORT

During the year, the Authority visited a number of radio stations to ensure that they were compliant with 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.

Broadcasting Dispute Resolution (BDRP)

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 adjudicate complaints as narrated in table 3 below:

No.	Case	Nature of Complaint	Contravention	Rating/Order
1.	Phokojoe Sekola Vs MoAfrika	Right to reply.	Lesotho Telecommunications Authority (Broadcasting) Rules, 2004 Rule 9 (3).	1. The complaint on the exercise of the right to reply is dismissed. 2. The respondent is absolved from the complaint that it tarnished the reputation of the complainant.
2.	Jonas vs. LNBS	The offensive language that promotes abuse of women and girls.	Lesotho Telecommunications Authority (Broadcasting) Rules, 2004 Rule 6 (d) and (e).	1. LNBS should train presenters on gender-sensitive matters and broadcasting. 2. Assist in the counselling of the victim.
3.	Khabele vs. MXXL FM	Tarnishing of character and reputation .	Lesotho Telecommunications Authority (Broadcasting) Rules, 2004 Rule 6 (f) and 9 (1) and (3).	1. MXXL to withdraw statements made. 2. Make a public apology.
4.	Commissioner of police vs 357 FM	Right to reply.	Lesotho Telecommunications Authority (Broadcasting) Rules, 2004 Rule 9 (3) .	1. 357 FM and DÉCOR was directed to give the Commissioner of police an opportunity to reply to make sure the (Semphu senkha kae) programme dated 21 October 2020 on the same platform within three weeks. 2. Commissioner of police should give at least 24 hours' notice to 357 FM and DÉCOR before going on air to exercise the right to reply.
3.	Office of His Majesty Vs. Harvest FM	Community standards, incitement or perpetuation of hatred.	Lesotho Telecommunications Authority (Broadcasting) Rules, 2004 Rule 6 (f) and 9 (1) and (3).	1. Harvest FM was directed to write a letter of apology to the office of his majesty and send a copy thereof to BDRP Secretary. 2. Harvest FM should refrain to make uninformed broadcasts about His Majesty. Reporting on his Majesty should be on national activities that His Majesty is involved in.

Protection of Communications Consumers

It is the mandate of the Authority to protect and empower consumers of communications services. To achieve this obligation, it employs a number of ways such as tariff regulation, ensuring good quality services, upholding of standards and providing consumer complaints mechanisms. In the reporting period, the most significant milestone achieved was the determination on out-of-bundle charging where the mobile service operators were instructed to protect consumers from the bill shock of unsolicited transitioning from bundled charging to out-of-bundle charging. As a result, the Authority directed the mobile operators that customers should not be charged out-of-bundle rates upon depletion of their bundles unless the customer has opted for an automatic transition from in-bundle to out-of-bundle charging.

The Authority further put in place mechanisms to manage consumer complaints effectively through the use of a toll-free number 101, A WhatsApp line 62002021 and an introduction to an email address complaints@lca.org.ls.

CHIEF EXECUTIVE OFFICER'S REPORT

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. Table 4 below depicts the compliance of mobile network operators to license conditions.

No.	Parameters	MNO compliance VCL/ETL	Target
1.	Account/bill complaint rate.	Both compliant	Not more than 2% of customers.
2.	Account/Bill complaint rate resolution time.	Both compliant	95% of complaints were resolved within five working days.
3.	Disconnection complaint rate.	Both compliant	Not more than 2% of disconnected customers.
4.	Disconnection complaint resolution time.	ETL non-compliant VCL compliant	95% of complaints were resolved within two working days.
5.	Order completion time (Fixed services).	ETL non-compliant VCL compliant	95% of orders are completed within seven working days.
6.	Customer reported faults.	Both compliant	Not more than 2% of customers.
7.	Fault repair time.	ETL non-compliant VCL compliant	95% of faults be cleared within five working days.
8.	Interactive voice response time.	Both compliant	No more than thirty seconds.
3.	Customer assistance operator access time.	Both compliant	No more than thirty seconds.

MANAGEMENT OF FINITE RESOURCES

Digital Terrestrial Audio Broadcasting Frequencies

Digital audio broadcasting (DAB) offers improved quality, interactive and multimedia audio broadcasting service that is not available in 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 a frequency band of 214 to 230 MHz.

CHIEF EXECUTIVE OFFICER'S REPORT

Table 4 ♦♦ 3 T-DAB Frequencies for Lesotho Multiplexes

No.	Channel	Centre Frequency (MHz)	Frequency Range (MHz)
1.	11B	218.640	217.872 – 219.408
2.	11D	222.064	221.296 – 222.832
3.	12B	225.648	224.880 – 226.416
3.	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 emergency services, GPS and radar. The Authority made allocations of spectrum for categories of services as outlined in Table 4 during the year:

Table 5 ♦♦ Spectrum allocated in 2020/21

No.	ITEMTERM	2-WAY RADIOS (MHz)	BROADCASTING	2017/18	2018/19
1.	Q1	0	0	0	0
2.	Q2	0	1.8	0	1061.82
3.	Q3	0	1.2	0	20
4.	Q4	0.0125	0	0	0
5.	Sub-Total (MHz)	0.0125	3	0	1081.82
6.	TOTAL (MHz)			1084.8325	

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 unauthorised use. Due to the Covid-19 pandemic, this activity was suspended in this reporting year as it is a joint activity by the Authority and its South African counterpart the Independent Communications Authority of South Africa (ICASA).

Numbering Audit

The Authority conducted an audit on the usage of assigned number ranges. The audit was done on the levels 2,3,5,6 and 8. The objective of the audit was to identify the numbers that are licensed and configured in the operators' network, that are active but with expired licenses, that are licensed but not configured in operators' networks and those that are not licensed. The audit found that the numbers were operating legally except three toll-free numbers that had expired licenses.

CHIEF EXECUTIVE OFFICER'S REPORT

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 177 type approval certificates for telecommunications equipment that met the standards used or adopted by the Authority. This number was a slight decrease from 178 type approvals in the previous year.

Country Code Top Domain Name Administration

The Authority is responsible for managing and administering 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.

No.	REGISTRARS	.ls	.co.ls	.org.ls	.sc.ls	.net.ls	TOTAL
1.	Comnet	0	74	20	0	0	94
2.	Custom IT	0	39	20	0	0	59
3.	LEO	14	784	87	0	0	885
4.	Smartloti	10	17	3	0	0	30
5.	Venus Dawn	0	10	1	0	0	11
6.	Zeecom	191	397	42	2	2	634
7.	Vodacom	0	5	1	0	0	6
8.	Econet	0	0	1	0	0	1
9.	Total	215	1,326	175	2	2	1,720

CHIEF EXECUTIVE OFFICER'S REPORT

RESEARCH AND SECTOR DEVELOPMENT

Research

The Authority has the duty to promote Lesotho's participation in the global information society. The Authority conducted ICT Access and Use by Household and Individual Survey in 2019/20 and the results were reported in the following year. This survey is conducted every three years and was intended to:

- Collect, collate and analyse data on ICT indicators related to access and use by households and individuals.
- Track progress towards the attainment of ICT-related developmental goals and targets set out at the national, regional and International levels.
- Update the database on access and usage of ICTs in Lesotho.

The following tables show the results of the survey:

No.		National %	Urban%	Rural%	Location gap %
1.	Mobile phone	81.7	91.4	75.4	16.0
2.	Smartphone	52.4	67.4	40.5	26.9
3.	Feature phone	2.2	2.3	2.2	0.1
4.	Basic phone	45.3	30.5	57.3	-26.8

No.	ICT Indicators		2016	2019
HOUSEHOLD LEVEL INDICATORS				
1.	The proportion of households with ICT assets			
		Radio sets	53.9%	49.4%
		Television sets	29.5%	30.0%
		Fixed telephones	1.9%	0.6%
		Computer ownership	8.3%	5.1%
		Internet connectivity	3.6%	3.2%
INDIVIDUAL LEVEL INDICATORS				
2.	The proportion of individuals that own mobile phone.		78.7%	81.7%
3.	The proportion of individuals that use the internet.		32.5%	42.3%
4.	The proportion of individuals that use e-services.		9.0%	11.2%
5.	The proportion of individuals that use e-government services.		4.0%	9.3%

No.	Internet usage	National %	Male%	Female%	Gender gap %
1.		42	38.3	44.9	-6.6
			Urban%	Rural%	Location gap%
			62.7	29.0	33.7

CHIEF EXECUTIVE OFFICER'S REPORT

In the reporting year, the Authority also published an e-Government Readiness Study. This survey was intended to:

- Gather baseline data on e-government indicators; and
- Assess the readiness of the government to provide e-services.

The total number of institutions that were interviewed is 238 comprising ministries (191) and state-owned enterprises (47). The table below provides the key indicators that were being measured to determine the readiness of the government to provide e-services.

Results of the study

As earlier noted that the study covered three areas, the results are outlined in Table 10 below and are summarised as follows:

- Regarding the availability and use of computers, 95% of the public institutions have computers, however, only 45 of the 238 institutions are staffed with IT personnel.
- On internet connectivity, despite 9% of public institutions having computers, 57% are connected to the internet. 69% of the public institutions have a website and 35% have wi-fi.
- All 156 public institutions have a website with accessible information to the public. Only 22% of the institutions with websites have downloadable documents that the public can access but only 8% allow for the documents to be filled online.

No.	Availability and Use of Computers	Number
1.	Public Institutions with computers	225
2.	Staff that use computers	5825
3.	Institutions with at least one IT personnel	45
No.	Internet connectivity	Number
4.	Institutions with internet connectivity	128
5.	Computers connected to the internet	5000
6.	Staff that use the internet on a daily basis	5237
7.	Institutions with a website	156
8.	Institutions with Wifi	79
No.	Delivery of Electronic Services	Number
9.	Institutions that offer at least one online Service to the public	48
10.	Institutions where the public could access Information from the website	156
11.	Institutions where the public could Download forms from the website	34
12.	Institutions where the public could fill in the Forms on the website	12

CHIEF EXECUTIVE OFFICER'S REPORT

Telecommunications Sector Performance

The Authority collects, compiles and analyses 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 tele-density 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.

Tele-density

Tele-density 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 of telephone subscriptions over the total population of Lesotho, which is, an indicator of the development of the telecommunication sector. Figure 3 below depicts teledensity over a ten-year period and thus indicates that while growth in uptake of telephone subscriptions grew steadily, in the latter years it declined. Several factors come into play to explain the decline and they include a change in ITU methodology of measurement, a change in Lesotho population, increasing taxes and general economic growth versus poverty.

Competition Management

To foster effective competition in the sector, a seven percent (7%) growth rate was realised in the reporting year. The growth is attributable to numbering resources, toll-free and premium-rated message services followed by two-way radios. Despite the complications of the Covid-19 pandemic, twenty-seven (27) license applications were received with seven (7) of such licenses being new applications.

There were twenty-four (24) tariff applications received of which two (2) were for promotions, nineteen (19) were tariff requests and three (3) were notifications.

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.

CHIEF EXECUTIVE OFFICER'S REPORT

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 rooftops in Maseru city. As of 31st March 2021, there was a total of 580 base tower stations of which 52 were USF funded, 263 were Vodacom Lesotho owned and 129 were Econet Telecom Lesotho owned.

It is the Authority's requirement for a licensee to share its communications infrastructure in a fair and non-discriminatory manner. Of the 580 BTSs, a total of 87 are shared which constitutes 15%. In terms of power, 78% are powered by the Grid while 22% are solar-powered.

As per the 2019 Access and Use of ICTs by household and individuals survey, 45% of the households use the electricity grid as a source of household energy, this, therefore, indicates that more solar-powered BTSs should be constructed, however, vandalism has since been on the rise thereby limiting access for the areas that are solar powered.

The number of base stations in Table 14 shows that a significant percentage of the national network is located in the Maseru district. The LTE base stations are predominantly installed in the district town only.

Transmission networks

Transmission networks connect the base stations and are key components of the communications network. Transmission networks in Lesotho are composed of both fibre optic cable (FOC) and microwave links. The licences of the two network operators allow them to 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 FOC and microwave point-to-point links. The ETL FOC backhaul network connects to eight district 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.

Lesotho Electricity Corporation Communications

The LECC 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.

CHIEF EXECUTIVE OFFICER'S REPORT

Vodacom Lesotho

Vodacom has agreements with LECC to utilize the latter's FOC network for the purposes of obtaining a high-capacity transmission network. It also has FOC routes from the power sub-stations 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 exchanges traffic of the local operators.

UNIVERSAL ACCESS TO COMMUNICATION SERVICES

The Communications Act, 2012 established the Universal Service Fund to promote universal access to communication services in the unserved and underserved parts of the country. The Universal Service Fund Committee is established under Section 35 of the Communications Act, 2012 amongst other duties to ensure that the people throughout Lesotho have access to basic domestic and international telephony services and internet access.

In the year 2020/21 the USFC funded the following projects:

Project 1: Provision of Broadband infrastructure and Broadband to institutions of higher learning

The USFC was selected to provide Broadband infrastructure and broadband to the National University of Lesotho (NUL) and the Centre of Accounting Studies (CAS) which were installed and maintained by a local company. The project was successfully completed and the university will continue to enjoy free Wifi for a period of three years. Some of the projects to other institutions could not be completed nor continue due to the Covid-19 restrictions.

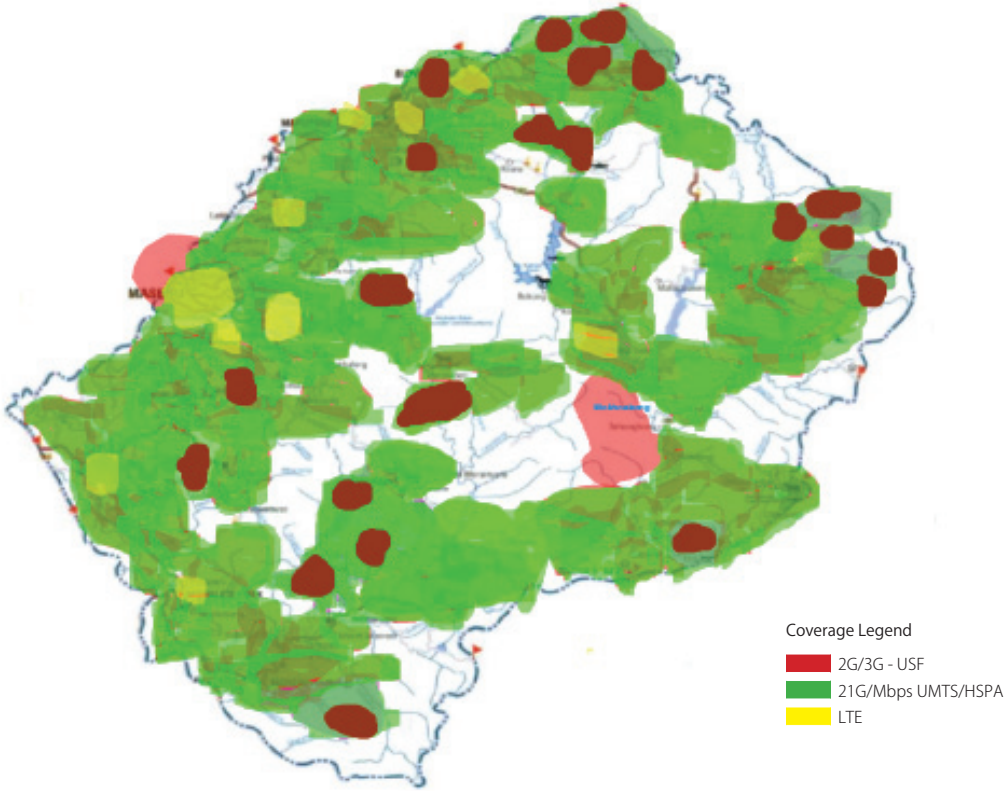
In the reporting year procurement also commenced for the provision of broadband infrastructure and broadband for two other institutions namely; Lerotholi Polytechnic and Lesotho College of Education.

Project 2: Implementation of the network expansion project

The USF profiled the underserved and unserved areas of the Mokhotlong and Khatibe valleys in Butha-Buthe. Both areas are in remote areas with a population of 904 and 1796 respectively. In the reporting year, the USFC funded a project at Senqu and Koakoatsi valleys (Mphokojoane & Mathuoaneng sites).

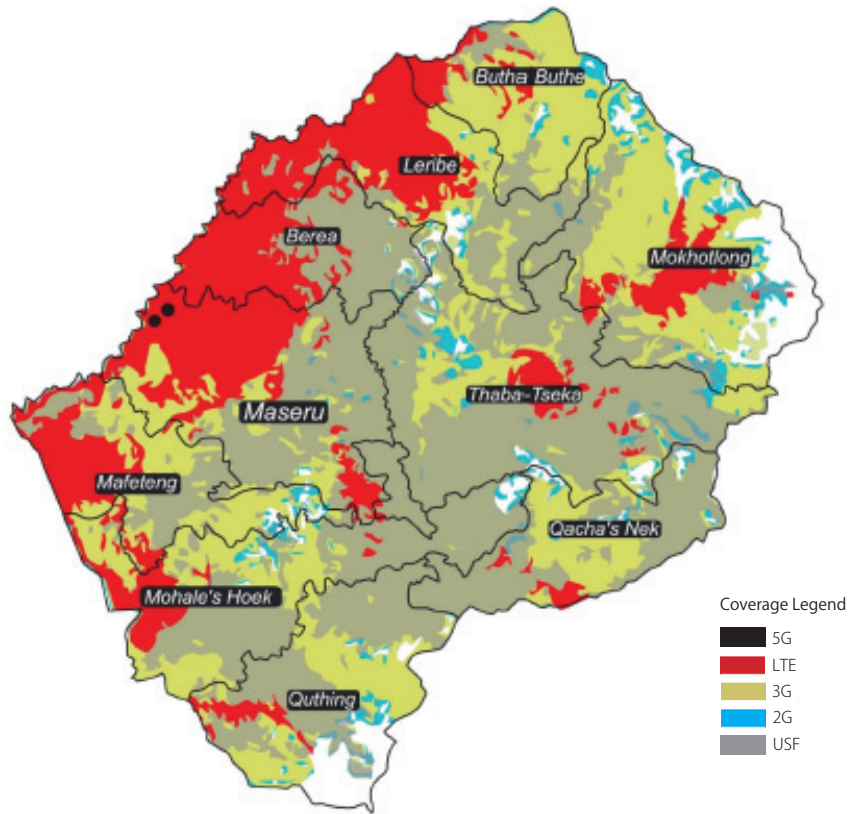
CHIEF EXECUTIVE OFFICER'S REPORT

Figure 1 Econet Telecom Lesotho coverage map as at 31 March 2021



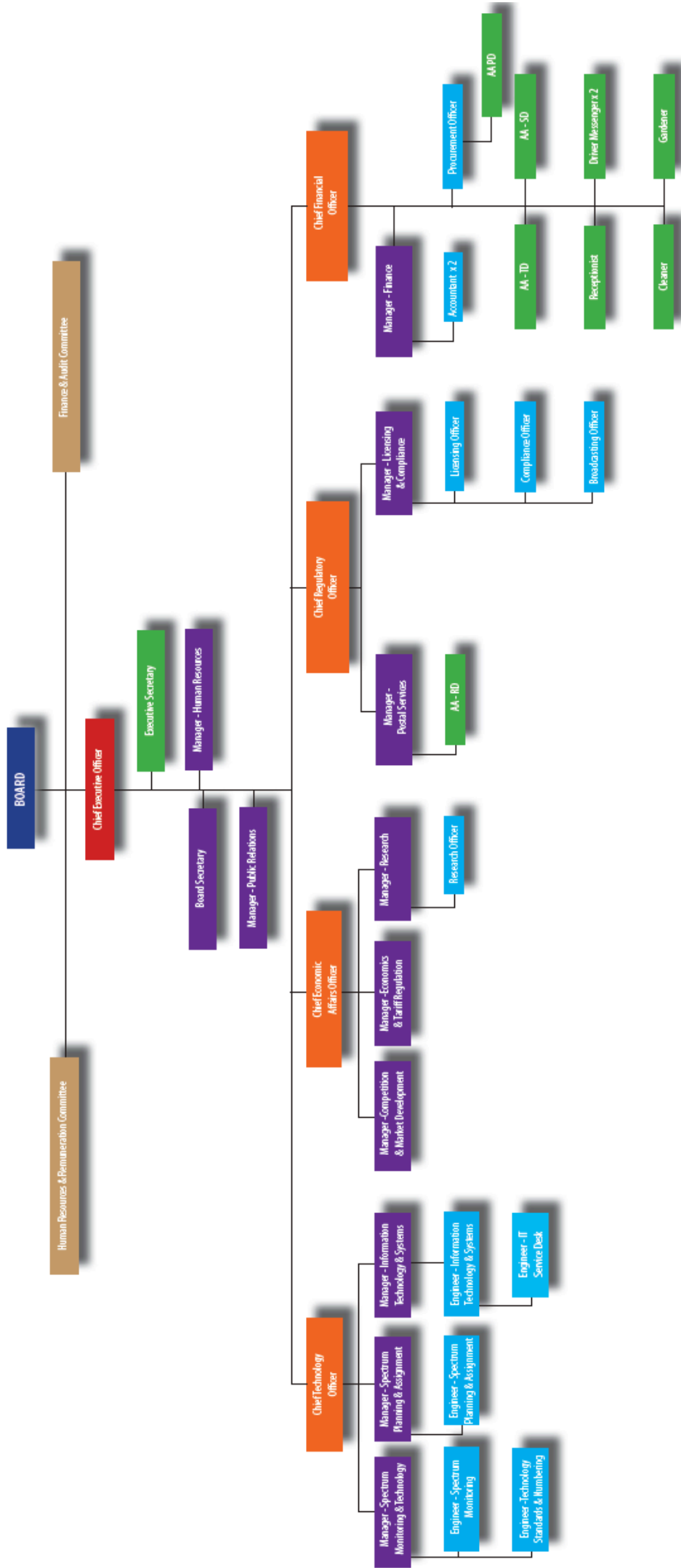
CHIEF EXECUTIVE OFFICER'S REPORT

Figure 2 Vodacom Lesotho coverage map as at 31 March 2021





LCA ORGANOGRAM



Lesotho Communications Authority

Financial Statements for the year ended 31 March 2021

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 2021 set out on pages 27 - 43 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 2021, 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 25 to 26.

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 27 - 43, which are stated in Maloti, have been approved and authorised for issue on the **28 October 2021** by the Board and signed on its behalf by:



CHAIRMAN



CHIEF EXECUTIVE OFFICER

Lesotho Communications Authority

Financial Statements for the year ended 31 March 2021

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 Ramakoa (2nd January 2019 to 10th June 2020)
- Mr. Motanyane Makara – Chairman (12th June to present)
- Ms. Keneuoe Mohale - Acting Chairperson (27th May 2021 to 22 June 2021)
- Mrs. Puleng Lebitsa - Chairman (23th June 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)
- Mr. Realeboha Makamane (1st April 2021 to present)
- Mrs. 'Mamarama Matela (Ex-Officio from 1st April 2019 to present)
- Mr. Nizam Goolam - Acting CEO - 3rd June 2021 to present)

Secretary

- Mr. Lefu Motibeli

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 2021

Opinion

I have audited the financial statement of Lesotho Communications Authority set out on pages 27 to 43, which comprise the statement of financial position as at 31 March 2019 and the statement of comprehensive income, statement of changes in equity and 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 2021, 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 matter are those matters that, in my professional judgment, were of most significance in my audit of the financial statement 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 the financial statements that are free from material misstatement, which 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 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 auditor's 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 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 decision 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 statement, 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for the 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 auditor's report to the related disclosures in the financial statements or, if such disclosure are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to date of our auditor's 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 matter, 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 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 through to bear on my independence, and where applicable, related safeguards.

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



Monica M. Sebetsa (Ms)

For Auditor-General

28 OCTOBER 2021

Lesotho Communications Authority

Statement of Financial Position

as at 31 March 2021

ASSETS	Notes	31.03.21 Maloti	31.03.20 Maloti
Non - Current Assets			
Property, Plant & Equipment	7	130,431,704	122,254,667
Intangible Assets			
WIOCC Capacity-Lesotho Portion	8	84,768,786	17,335,639
Investment in WIOCC	9	3,615,100	3,615,100
		88,383,886	20,950,739
Current Assets			
Trade and other receivables	10	11,875,054	63,625,610
Cash and cash equivalents	11	52,239,417	27,878,682
		64,114,471	91,504,292
Total Assets		282,930,061	234,709,698
Funds			
Capital Fund	12	2,331,822	2,331,822
Accumulated Fund		156,108,171	105,378,632
Capital Grant	13	3,856,121	4,338,133
		162,296,114	112,048,587
Non-Current Liabilities			
Deferred Income	14	6,257,697	7,386,031
Loan for LCA office complex	15	35,915,337	38,612,390
Loan for office furniture	15	2,484,687	4,168,906
		44,657,721	50,167,327
Current Liabilities			
Trade and other payables	17	7,516,380	53,074,551
Bank overdraft		-	3,630
UA Reserve Fund		11,370,502	5,389,376
Provisions		12,932,280	14,026,224
Corporate tax		44,157,064	-
		75,976,226	72,493,781
Total Funds and Liabilities		282,930,061	234,709,698

Lesotho Communications Authority

Statement of Comprehensive Income

for the year ended 31 March 2021

	Notes	31.03.21 Maloti	31.03.20 Maloti
Income			
Regulatory Fees	2	94,846,542	92,373,531
Other income	3	4,760,024	16,482,680
Amortisation of Capital Grant	4	482,013	482,013
LsNIC Revenue		310,000	246,970
		100,398,579	109,585,194
Expenditure			
Staff Costs	5	35,436,823	37,215,996
Depreciation	7	9,870,619	10,510,056
Directors Emoluments		1,208,312	1,015,257
Audit Fees		112,736	81,000
Other Administrative Costs	6	20,848,621	32,155,518
		67,477,111	80,977,827
Surplus/Deficit before finance income & cost		32,921,468	28,607,367
Finance Income		3,265,127	2,509,982
Surplus/Deficit after finance income & cost		36,186,595	31,117,349
Corporate Tax		9,046,649	7,779,337
Surplus after tax		27,139,946	23,338,012
Transfer to UAF	14	6,784,987	5,834,503
Retained surplus for the year		20,354,960	17,503,509

Lesotho Communications Authority

Statement of Changes in Equity

for the year ended 31 March 2021

	Capital Funds Maloti	Revaluations Reserve Maloti	Accumulated Funds Maloti	Capital Grants Maloti
Balance at 31/03/2019	2, 331, 822	-	156, 108, 167	3, 859, 119
Prior Year Adjustment	-	-	1, 440, 431	-
Surplus for the year	-	-	17, 503, 509	-
Amortisation for the year	-	-	-	-
Balance at 31/03/2020	2, 331, 822	-	175, 052, 107	3. 374, 106
PY19 Prior Adjustment	-	-	13, 613, 844	-
Prior Year Adjustment	-	-	(5, 778, 468)	-
Surplus for the Year	-	-	20, 354, 960	-
Amortisation for the Year	-	-	-	(482, 013)
Balance at 31/03/2021	2, 331, 822	-	203, 242, 443	2, 892, 093

Lesotho Communications Authority

Statement of Cash Flows

for the year ended 31 March 2021

	31.03.21	31.03.20
	Maloti	Maloti
Surplus for the period	20,354,960	17,503,509
Prior Period Adjustment	7,835,376	1,440,431
Depreciation	9,870,619	10,510,056
Amortisation of Capital Grant	(482,013)	(482,013)
Increase/Decrease in Receivables	7,546,770	116,477
Increase/Decrease in Payables	2,860,487	8,514,234
Gain or Loss on Disposal of Fixed Assets	-	-
Net Cash Inflow/Outflow from Operation Activities	47,986,198	37,602,694
Investing Activities		
Purchase of Plant, Property and Equipment	(9,425,987)	(974,619)
Proceeds on Sale of Assets	-	-
Changes in Investment	-	-
Net Cash Flows Investing Activities	(9,425,987)	(974,619)
Financing Activities		
Initial Licences Fees	(959,583)	(1,128,33)
Repayment of Building Loan	(3,759,425)	(3,104,544)
Repayment of Furniture Loan	(648,208)	(1,836,481)
Net Cash Flow Financing Activities	(5,367,216)	(6,069,358)
Net increase in Cash & Cash Equivalents	33,192,995	30,558,717
Cash & Cash Equivalents at the beginning of the Year	82,798,135	52,239,419
Cash & Cash Equivalents at the end of the Year	115,991,130	82,798,135

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 2019.

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

1.3 Significant judgements

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

Valuation of property, plant and equipment

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

Provision for impairment of receivables

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

Contingent liabilities

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

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 2021

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 2021

Financial Assets

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

Financial Liabilities

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

1.10 Trade and other receivables

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

1.11 Cash and cash equivalents

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

1.12 Trade and other payables

Trade and other payables are stated at their fair values.

1.13 Employee Benefits

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

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

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

Lesotho Communications Authority

Notes to the Financial Statements

for the year ended 31 March 2021

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 2021

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 2021

	31.03.21	31.03.20
	Maloti	Maloti
2. Regulatory fees		
Application Fee	146,550	337,002
Licence Fee	4,114,725	5,063,271
Spectrum Fee	27,136,064	25,606,550
Annual Licence Fee	63,449,202	61,366,708
	94,846,542	92,373,531
3. Other Income		
Rent Received	2,757,540	2,506,872
Penalty Fees	75,550	10,068,691
Proceeds from Sale of Assets	-	-
Profit on Foreign Transactions	-	1,134
Dividends - WIOCC	1,926,934	2,285,872
WIOCC Revenue	-	-
Interest on Loan Correction	-	1,620,106
	4,760,024	16,482,680
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.	4,760,024	482,013
5. Staff Costs		
Salaries	19,850,443	19,082,963
Allowances	7,396,080	8,432,646
Pension	1,486,908	1,676,514
Severance Pay	471,902	612,597
Leave Pay	-	-
Medical Aid	2,146,134	2,331,144
Gratuity	2,384,817	3,435,131
Staff Refreshment & Welfare	839,867	541,528
Sports & Recreation	6,793	22,659
Staff Cell Phone Airtime	594,236	677,000
Fringe Benefit Tax	188,788	170,021
Housing	70,85	50,973
	35,436,823	37,215,996

Lesotho Communications Authority

Notes to the Financial Statements

for the year ended 31 March 2021

	31.03.21	31.03.20
	Maloti	Maloti
6. Other Administration Costs		
Bank Charges	64,440	99,649
Interest Paid	2,026,550	3,362,991
Communication	1,513,129	1,240,794
Postage	22,558	40,998
Stationery	216,081	170,332
Repairs and Maintenance	361,271	404,335
Software Licences	894,354	686,332
Operation and Maintenance (WIOCC)	3,275,150	4,133,845
Water and Electricity	694,919	298,578
Repairs and Maintenance - Buildings	438,302	556,995
Rent and Rates	1,896,560	1,938,586
Insurance	1,509,576	1,418,213
Station Maintenance	735,037	5,070,329
Dispute Resolution Fees	195,764	252,130
Other Expenses	101,686	557,001
Books and Journals	11,308	27,968
Fuel	88,173	162,445
Car Running	152,400	211,899
Staff Uniform	-	-
Subscriptions	2,163,656	1,801,391
Travel and Accommodation	40,874	2,689,209
Subsistence allowance	34,972	54,157
Staff Training	-	214,689
Business Entertainment	-	633,907
Cleaning & Security	2,225,092	1,677,253
Public Relations	449,721	311,244
Advertisements	504,483	628,057
Consultancy Fees	72,508	132,152
Board Expenses	19,410	1,262,224
Legal Fees	958,934	307,775
Research	8,713	133,212
Donations	-	1,676,328
LSNIC Expenses	-	-
Loss on Foreign Transactions	-	410
Total Expenses	20,848,621	32,155,518

Lesotho Communications Authority

Notes to the Financial Statements

for the year ended 31 March 2021

	Cost at 31.03.20		Additional/ Revisions of value		Disposal		Cost at 31.03.19		Dep'n at 31/03/20		Charge this year		Dep'n at 31/03/20		NBV at 31/03/20		NBV at 31/03/21	
	Maloti		Maloti		Maloti		Maloti		Maloti		Maloti		Maloti		Maloti		Maloti	
LSNIC Computer Equipment	284,569		-		-		284,569		256,122		-		256,112		28,457		24,457	
LSNIC Fixtures & Fittings	373,815		-		-		373,815		254,041		-		328,804		119,774		45,011	
Office Equipment	449,413		5,187		-		454,600		357,972		-		374,355		91,441		80,245	
Computer Equipment	4,712,634		7,719,300		-		12,431,933,		4,174,764		-		4,360,291		587,870		8,071,642	
Motor Vehicles	3,407,926		1,701,500		-		5,109,426		1,909,696		-		2,494,956		1,498,230		2,614,470	
Office Furniture	3,777,283		-		-		3,777,283		3,293,559		-		3,366,218		483,724		411,065	
LCA Office Complex	104,772,480		-		-		104,772,480		8,836,557		-		12,966,252		95,935,923		91,807,518	
Monitoring Equipment	31,784,769		-		-		31,784,769		9,583,921		-		14,391,251		22,200,848		17,393,518	
TOTAL	149,562,889		9,425,987		-		158,988,875		28,666,622		-		38,537,239		120,896,267		120,451,636	

Lesotho Communications Authority

Notes to the Financial Statements

for the year ended 31 March 2021

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.

	31.03.21	31.03.20
	Maloti	Maloti
10. Trade and Other Receivables		
Trade Receivables	837,725	8,867,097
Less: Provision for Doubtful Debt	-	-
Subtotal	8327,725	8,867,097
Sundry Deposits	310,624	310,624
Other Receivables	2,137,882	1,842,564
Staff Loans	-	-
Withholding Tax	930,576	682,195
Sunday Receivables	-	56,100
	4,211,807	11,758,577
11. Cash and cash equivalents		
Petty Cash	-	222
Current Accounts	89,805,969	36,917,884
Short Term Deposits	26,185,162	45,880,029
	115,991,130	82,798,135

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	3,374,106	3,856,120
Less: Amortisation of Capital Grant for the Year	(482,013)	(482,013)
Closing Balance	2,892,093	3,374,106

Lesotho Communications Authority

Notes to the Financial Statements

for the year ended 31 March 2021

	31.03.21	31.03.20
	Maloti	Maloti
14. Deferred Income		
These are initial licence fees for 15 and 20 years:		
Econet Telecom Lesotho	-	701,250
Vodacom Lesotho	3,88,230	4,136,564
	4,837,814	4,837,814
Rent deposit	291,551	291,551
	4,169,781	5,129,365
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. Office furniture loan has been fully settled during the financial year 2020/21.		
16. Trade and other Payables		
Trade Payables	1,889,821	387,931
Fringe Benefit Tax	48,682	42,053
Other Payables	17,259,682	12,647,630
	19,198,185	13,077,614
17. Prior Year Adjustments		
Credit Notes to reverse long outstanding invoices	28,650	528,586
Contribution of USF	-	(183,961)
Accountable Clearing	10,384	-
Invoices Adjustments	(3,500)	-
Adjustments for Overstated Expenses	49,150	-
LSNIC Assets	-	-
WIOCC Capacity Dividends	-	-
WIOCC Capacity Rebates	-	-
WIOCC Capacity Sitting Fees	-	-
WIOCC Capacity Leasing Revenue	-	-
Provision for Corporate Tax Previous Years	-	-
Withholding Tax on Interest Received	-	469,627
	(5,778,468)	1,440,431

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, there is corporate tax of M16,858,286.59 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 M16,858,286.59 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 corporate tax. During the financial year 2020/21, 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 the Authority's assets.

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 3,090,989.60 as at 31 March 2021.

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.

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 2021/21.

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.

24. Non-Adjusting Events after the reporting period

On the 10 December 2020, the Authority entered into a contract with Global Voice Group S.A (GVG) for supply, installation and commissioning of the Compliance Monitoring and Revenue Assurance Tool (C-MART). In accordance with section 6.1.1 of the contract, the Authority paid M7,242,021.15 as 50% of the commencement fee which was payable 10 days following signature date. In line with the IAS 16, this amount has been recognized in the State of Financial Position under Property, Plant and Equipment. Since June 2021, there is no progress on C-MART project given that enabling regulations have not been gazetted yet.

Lesotho Communications Authority

Notes to the Financial Statements

for the year ended 31 March 2021

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 2021 set out on pages 48 - 59, 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 46 and 47.

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 48 - 59, which are stated in Maloti, have been approved and authorised for issue on the 28 October 2021 by the Universal Service Fund Committee and signed on its behalf by:



CHAIRMAN USFC



EXECUTIVE SECRETARY USF

Lesotho Communications Authority

Financial Statements

for the year ended 31 March 2021

Directors

In terms of the Communications Act No.4 of 2012, the Universal Service Fund Committee shall consist of a representative from Ministry of Communications, who shall be a Chairman and four other members. The Chief Executive Officer shall be the deputy Chairman. During the period under review, Universal Fund Committee members are:

- Ms. Khauhelo Lebentlele - Chairman (2nd January 2019 to 11 February 2021)
- Ms. Nonkuleleko Zaly – Representative of Local Government (28th August 2020 to present)
- Ms. Monica Moeko - Representative of LEC (16th April 2019 to 16th February 2021)
- Ms. Nthoateng Lebona - Representative Ministry of Finance (28th August 2020 to present)
- Mr. Mohato Seleke - Representative of LEC (16th February 2021 to present)
- Mr. Tankiso Phapano - Chairman (11th February 2021 to 15 June 2021)
- Mrs. 'Mabataung Khalane - Chairman (15th June 2021 to present)
- Mr. Motanyane Makara (8th October 2018 to present)
- Mrs. 'Mamarama Matela - CEO of LCA (1 April 2019 to present)
- Mr. Nizam Goolam - Acting CEO of LCA (3rd June 2021 to present)

Secretary

- Mr. Soko Thabisi

Disclosure of Interest

The Universal Service Fund is established for the promotion of universal access to communications services, especially in the unserved and underserved areas of the country and the fund shall be managed by a body known as the Universal Service Fund Committee. The Universal Service Fund Committee members 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 Universal Service Fund and can appoint an independent and qualified auditing firm to audit the annual accounts of the Universal Service Fund.



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 2021

Opinion

I have audited the financial statement of Lesotho Communications Authority - Universal Service Fund (the Fund) set out on pages 48 to 59, which comprise the statement of financial position as at 31 March 2021 and the statement of comprehensive income, statement of changes in equity and 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 2021, 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 Fund 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 matter are those matters that, in my professional judgment, were of most significance in my audit of the financial statement 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 the financial statements that are free from material misstatement, which 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 going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund'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 auditor's 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 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 decision 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 statement, 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for the 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 auditor's report to the related disclosures in the financial statements or, if such disclosure are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to date of our auditor's 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 matter, 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 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 through to bear on my independence, and where applicable, related safeguards.

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



Monica. M. Sebetsa (Ms)

For Auditor-General

28 OCTOBER 2021

Lesotho Communications Authority

Statements of Financial Position

for the year ended 31 March 2021

ASSETS	Notes	31.03.21 Maloti	31.03.20 Maloti
Non-Current Assets			
Property, Plant & Equipment	6	815,621	95,075
		815,621	95,075
Current Assets			
Trade and other receivables	7	30,122,874	28,980,215
Cash and cash equivalents	8	57,770,404	34,461,023
		87,893,278	63,441,238
Total Assets		88,708,899	65,536,313
Funds			
Accumulated Fund		69,658,542	42,498,452
		69,658,542	42,498,452
Current Liabilities			
Trade and other payables			
Provisions	10	17,091,848	19,478,467
		1,958,509	1,559,394
		19,050,357	21,037,861
Total Funds and Liabilities		88,708,899	63,536,313

Lesotho Communications Authority

Statements of Profit or Loss and Other Comprehensive Income for the year ended 31 March 2021

	Notes	31.03.21 Maloti	31.03.20 Maloti
Income			
Fund Contributions	2	29,627,954	28,993,642
Other income		-	900,000
		29,627,954	29,893,642
Expenditure			
Fund Disbursements	3	1,372,800	3,545,128
Staff Costs	4	2,445,992	1,831,481
Depreciation		29,737	11,733
Committee Fees		116,623	341,625
Other Administrative Costs	5	172,736	1,304,791
		4,137,888	7,034,758
Surplus/Deficit before finance income & cost		25,490,066	22,858,884
Interest Income		1,035,715	974,256
Surplus/Deficit after finance income & cost		26,525,778	23,833,140
Retained surplus/(deficit) for the year		26,525,778	23,833,140

Lesotho Communications Authority

Statements of Changes in Equity

for the year ended 31 March 2021

	Accumulated Funds
Balance at 31/03/2019	26,179, 619
Surplus/(Deficit) for the year	23,833, 140
Prior year Adjustment	(7,514, 307)
Balance at 31/03/2020	42,498, 452
Surplus/(Deficit) for the year	26,525, 778
Prior year Adjustment	634,312
Balance at 31/03/2021	69,658, 542

Lesotho Communications Authority

Statement of Cash Flows

for the year ended 31 March 2021

	31.03.21	31.03.20
	Maloti	Maloti
Surplus/(Deficit) for the period	26,525,778	23,833,140
Depreciation	29,737	11,733
Increase/(Decrease) in receivables	(1,142,659)	8,322,265
Increase/(Decrease) in payables	(1,987,506)	(3,129,580)
Prior Year Adjustment	634,312	(7,514,307)
Net cash inflow/outflow from operating activities	24,059,662	21,523,251
Investing Activities		
Purchase of Plant, Property and Equipment	(750,282)	-
Disposals of assets	-	-
Net cash flows from Investing activities	(750,282)	-
Movement in Cash & Cash equivalents	23,309,381	21,523,251
Cash & Cash Equivalents at the beginning of the year	34,461,023	12,937,772
Cash & Cash Equivalents at the end of the year	57,770,404	34,461,023

1. ACCOUNTING POLICIES

1.1 Presentation of annual financial statements

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

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

1.2 Adoption of new and revised standards

The Universal Service Fund has adhered to the following revised standards during the year and comparative figures have been restated where applicable. However, adherence to these standards did not have any effect on the funds and reserves as at 31 March 2021

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

1.3 Significant judgements

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

Provision for impairment of receivables

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

Contingent liabilities

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

1.4 Recognition of assets and liabilities

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

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

1.5 De-recognition of assets and liabilities

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

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

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

1.6 Property, Plant and Equipment

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

Item	Average useful life
Computer Equipment	3 years
Office Equipment	5 years
Motor Vehicles	4 years

Consumable items are written off in the period of purchase.

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

1.7 Impairment of Assets

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

1.8 Foreign Currency Translation

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

1.9 Financial Instruments

Initial recognition and measurement

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

Financial Assets

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

Financial Liabilities

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

1.10 Trade and other receivables

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

1.11 Cash and cash equivalents

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

1.12 Trade and other payables

Trade and other payables are stated at their fair values.

1.13 Employee Benefits

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

1.14 Taxation

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

Lesotho Communications Authority

Notes to the Financial Statements

for the year ended 31 March 2021

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% of their net operating incomes and the Authority which represents 25% of its annual surplus.

Interest income

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

Borrowing costs

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

1.17 Comparative Figures

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

	31.03.21 Maloti	31.03.20 Maloti
2. Fund Contributions		
Annual contributions	29,627,954	28,993,642
Other Income	-	900,000
	29,627,954	29,893,642

Lesotho Communications Authority

Notes to the Financial Statements

for the year ended 31 March 2021

	31.03.21 Maloti	31.03.20 Maloti
3. Fund Disbursements		
These are costs relating the current financial year projects implemented by the Fund.		
Frequencies	-	292,600
Broadband Study	-	-
LIXP	-	-
ADB Funded Project - Nqechane	-	-
ADB Funded Project - Ha Mositi	-	-
NUL Wif Project	1,372,800	1,075,200
Thaba - Chitja Network Expansion	-	-
VCL Broadband Contract	-	-
ADB Funded Project E-Governance	-	1,645,973
E-Learning	-	21,736
Senqu & Koakoatsi Network Expansion	-	-
CAS Broadband	-	509,619
TOTAL	1,372,800	3,545,128
4. Staff Costs		
Salaries	1,036,655	802,677
Allowances	885,895	636,357
Pension	62,614	45,171
Medical Aid	34,326	32,213
Gratuity	399,112	287,928
Staff Cellphone Airtime	25,800	25,545
Sports & Recreation	1,590	1,590
	2,445,992	1,831,481

Lesotho Communications Authority

Notes to the Financial Statements

for the year ended 31 March 2021

	31.03.21	31.03.20		
	Maloti	Maloti		
5. Other Administrative Costs/Stationary				
Staff Welfare & Refreshments	8,395			
Bank Charges	11,630	-		
Insurance	2,175	2,922		
Other Expenses	7,057	7,053		
Fuel	84,345	39,150		
Car Running	570	2,061		
Travel & Accommodation	30,651	12,131		
Donations	-	1,189,750		
	172,736	1,304,791		
6. Property, Plant & Equipment				
	Office Equipment	Motor Vehicles	Computer Equipment	Total
Cost				
Balance at 31.03.20	-	441,763	55,106	496,869
Additions	2,399	698,177	49,706	750,282
Disposals	-	-	-	-
Balance at 31.03.21	2,399	1,139,940	104,812	1,247,151
Accumulated Depreciation				
Balance at 31/03/2020	-	353,410	48,383	401,793
Disposals	-	-	-	-
Charge for the Year	104	18,424	11,209	29,737
Balances at 31/03/2021	104	371,834	59,592	431,530
Net Carrying Values				
Balance at 31.03.20	-	88,353	6,723	95,076
Balance at 31.03.21	2,295	768,106	45,220	815,621

Lesotho Communications Authority

Notes to the Financial Statements

for the year ended 31 March 2021

	31.03.21	31.03.20
	Maloti	Maloti
7. Trade and Other Receivables		
Trade Receivables	30,121,374	28,978,715
Sundry Deposits	1,500	1,500
	30,122,874	28,980,250
8. Cash and cash equivalents		
Nedbank Current Account	6,194,663	2,280,45
Nedbank 24hr Call Account	51,575,741	32,180,078
	57,770,404	34,461,023
9. Prior year adjustments		
Broadband project	-	1,080,000
VCL Credit/Debit Note	319,860	(3,095,421)
ETL Credit/Debit Note	459,841	(3,725,706)
LECC Credit/Debit Note	1,235	794
LCA reimbursables/credit note	(146,623)	(1,938,518)
NUL Wifi	-	164,544
TOTAL	634,312	(7,514,307)
10. Trade and Payables		
Trade Payables	13,571,962	16,336,399
Other Payables	2,137,882	1,760,064
Retention*	1,382,004	1,382,004
	17,091,848	19,478,467

*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

Notes to the Financial Statements

for the year ended 31 March 2021

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.



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