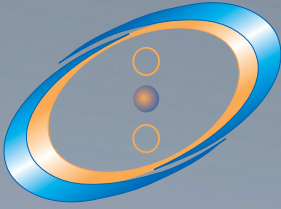


LESOTHO
COMMUNICATIONS
AUTHORITY

2021/2022 annual report



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.

Corporate values

We Care for our employees, consumers and service providers.

We will Collaborate with our Stakeholders and key strategic partners for success.

Our operations will be driven by Creativity

Organisational Information:

Official name: Lesotho Communications Authority

Physical address: 30 Princess Margaret Road · Old Europa · Maseru · Lesotho

Postal address: P.O. Box 15896 · Maseru 100 · Lesotho · Southern Africa

Telephone number/s: Main switchboard: +266 222 4300/5222 1300 Customer Care: 22326784

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Website address: Website: www.lca.org.ls

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. |

LIST OF ABBREVIATIONS

| | |
|---------|---|
| 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. |
| 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. |

LIST OF ABBREVIATIONS

| | |
|-------|--|
| 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. |
| 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. |

LIST OF ABBREVIATIONS

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

DEFINITION OF TERMS

- **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.

DEFINITION OF TERMS

- **Server:** A host computer on a network that sends stored information in response to requests or queries.
- **Signal:** The combination of waves that travel along a transmission channel and act on the receiving unit.
- **Subscriber:** A person or other entity that has a contractual relationship with a service provider on behalf of one or more users. (A subscriber is responsible for the payment of charges due to the service provider).
- **SMS:** Short Message Service means a service available on digital networks, typically enabling messages with up to 160 characters to be sent or received via the message centre of a network operator to a subscriber's mobile phone.
- **Spectrum:** The radio frequency spectrum of Hertzian waves used as a transmission medium for cellular radio, radio-paging, satellite communication, over-the-air broadcasting and other services.
- **Spectrum Management:** The planning, coordinating and managing joint use of the electromagnetic spectrum through operational, engineering, and administrative procedures. The objective of spectrum management is to enable electronic systems to perform their functions in the intended environment without causing or suffering unacceptable interference.
- **Spillage:** It is also referred to as signal spill-over. At borders, signals from the mobile stations belonging to one operator spill over into the adjacent nation-state.

- **Technical Sub-committee:** A technical committee formed under 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



Ms Puleng Lebisa
Chairperson, LCA Board

IT IS A GREAT HONOUR AND INDEED MY GREATEST PRIVILEGE to present the 2021/22 annual report, which is also my maiden one at Lesotho Communications Authority (LCA).

This report showcases the milestones we have reached throughout the reporting year in fulfillment of our mandate to regulate the communications sector notably: telecommunications, broadcasting, postal and courier services as prescribed in the Communications Act of 2012.

It is published when we are all still trying to overcome the rippling effects of the covid-19 pandemic both economically and socially. When we are all still grappling with the challenges that the pandemic spawned on us whilst also inspiring us to review our business processes and exposing us to the realities of the fourth industrial revolution.

While most markets were hit hard by the pandemic, I remain humbled that the communications sector through its Information and Communication Technologies (ICT)'s remains the backbone of the economy. Our task at LCA has been to enable a level playing field for all our licensees whilst also advancing competition in the sector.

We are today more than ever before, committed to universal access to affordable communication services and to this end we were able to construct six Base Transceiver Station (BTS)'s in underserved areas of the country indicating a 5.7% growth whilst we also continued with the roll-out of Wi-Fi to tertiary institutions.

CHAIRPERSON'S STATEMENT

Close to my heart, is the issue of consumer empowerment and protection. I am proud that we managed to achieve a 100% resolution rate on all complaints that were registered with the Authority. After all, our role is to ensure that we regulate the sector in the public interest. We strive to always ensure that the needs of the consumers come before profits. And we are unwavering on our motto "fairness to all and allegiance to none".

I am highly indebted to my fellow board members, the Acting Chief Executive Officer, Mr Nizam Goolam and his team for their sacrifice and endurance in ensuring that all goals that we planned to achieve in the financial year 2021/22 were achieved.

It would be remiss of me not to appreciate the work that was done by all board committees in providing expert advise that the made the board's oversight role on regulatory and operational activities easy and thus ensuring it delivers on its mandate.

Last but not least I wish to also thank the Minister of Communications, Science and Technology Honourable Ts'oinyane Rapapa for the leadership and support which ensured that we achieve so much.

Kea leboha.



Puleng Lebitsa (Mrs.)

Chairperson of the Board

BOARD OF DIRECTORS

During the reporting period, 2021/22, the Board of Directors of the Lesotho Communication Authority stood as follows:



Ms. Puleng Lebitsa
Board Chairperson



Ms. Keneuoe Mohale
Director



Ms. Mafelile Molala
Director



Mr. Matšela Matšela
Director



Mr. Lesekele Makara
Director



Mr. Realeboha
Makamane
Director



Mr. Nizam Goolam
CEO (a.i.), Ex-officio
Member

CHIEF EXECUTIVE OFFICER'S REPORT

THE AUTHORITY REGISTERED CONTINUED PROGRESS on implementation of the strategic initiatives and achieved a performance rating of 88% thus exceeding the targeted performance rating of 70%.

Mr. Nizam Goolam
Chief Executive Officer

THE REPORTING PERIOD SAW THE AUTHORITY getting into the second year of its strategic plan 2020-2023 which was aimed at adopting a people centric approach that puts the employees, consumers of communications services and value creation in focus. As at the 31st March, 2022 we had managed to achieve an 88% performance rating on the strategic initiatives which is a result of having completed fifteen (15) out of the seventeen (17) coherent actions thus exceeding the targeted performance rating of 70%

The Authority's performance on routine initiatives for the reporting year stood at 99% which implies that we have been effective in delivering on the planned activities. Our overall performance against the operational plan for this reporting year is an impressive 94%.

We are particularly proud to have been able to surpass the set baseline parameters in all our performance indicators and remain committed to ensuring that there is increased access and usage of communication services, increased communication infrastructure and affordable communication services.

To this end, during the year under review some of the key milestones we managed to reach are increasing mobile broadband penetration to 73% as mobile network operators increased the proportion of the population with 3G and 4G broadband coverage to 95.8% and 87.01% respectively. The 3G land coverage also increased from 83% in the reporting year 2020/21 to 92.5% this reporting period. The 4G land coverage also fared well as it increased by 10% from the last reporting period to 87.01% this year. Fostering effective competition is one objective that drives our mandate and during the reporting period, there were one hundred and twenty-seven (127) products in the telecommunications market, offered on voice services, data services, SMS services, social media services and digital services this dovetails into a 11.4% growth from the last reporting period.

CHIEF EXECUTIVE OFFICER'S STATEMENT

Through the Universal Service Fund, the Authority continued to promote universal access to services in unserved and underserved parts of the country and a request for proposal for the construction of 24 BTS's was issued. Further, the fund awarded six (6) tenders for the construction of BTS's in the following project areas; Liseleng valley in Leribe, Phororong and Menyameng valleys in Berea, Sebapala in Quthing, Khubelu valley in Mokhotlong, Semonkong in Maseru and Mants'onyane in Thaba Tseka.

I wish to point out that all these achievements would not have been possible without the guidance of the Board and the continued dedication of Exco members and staff in the delivery of the Authority's mandate as enshrined in the Communications Act of 2012.



Nizam Goolam (Mr.)
Chief Executive Officer (a.i)

UPHOLDING GOOD GOVERNANCE

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;
- The Board shall serve the legitimate interests of the Authority's stakeholders and provide full accountability;

STATEMENT ON CORPORATE GOVERNANCE

- 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.

Composition of the Board

Ms. Puleng Lebitsa - Chairperson of the Board
Ms. Keneuoe Mohale - Director
Ms. 'Mafelile Molala - Director
Mr. Matšela Matšela - Director
Mr. Lesekele Makara - Director
Mr. Realeboha Makamane - Director
Mr. Nizam Goolam - Chief Executive Officer (a.i.), Ex-officio Member

Board Committees

Section 6 of the Communications Act of 2012 states that the Board may establish such committees as it deems fit. There are currently three committees which are assigned different duties under their respective terms of reference. The composition of these committees is outlined below:

Human Resources and Remuneration Committee

Mr. Realeboha Makamane - Chairperson
Mr. Lesekele Makara - Member
Ms. Keneuoe Mohale - Member
Ms. Limpho Motanyane - Expert
Ms. Limakatso Mosese - Expert
Mr. Nizam Goolam - CEO (a.i.), Ex-officio Member

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

Finance, Risk and Audit Committee

Ms. Keneuoe Mohale - Chairperson
Mr. Matšela Matšela - Member
Ms. 'Mafelile Molala - Member
Mr. Joseph Rakauoane - Member
Ms. 'Makatlheho Morake - Member

STATEMENT ON CORPORATE GOVERNANCE

FRAC advises the Board on strategic issues on finance, risk and audit. It 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.

Directors Affairs and Governance Committee

- Mr. Matšela Matšela - Chairperson
- Mr. Lesekele Makara - Member
- Ms. 'Mafelile Molala - Member

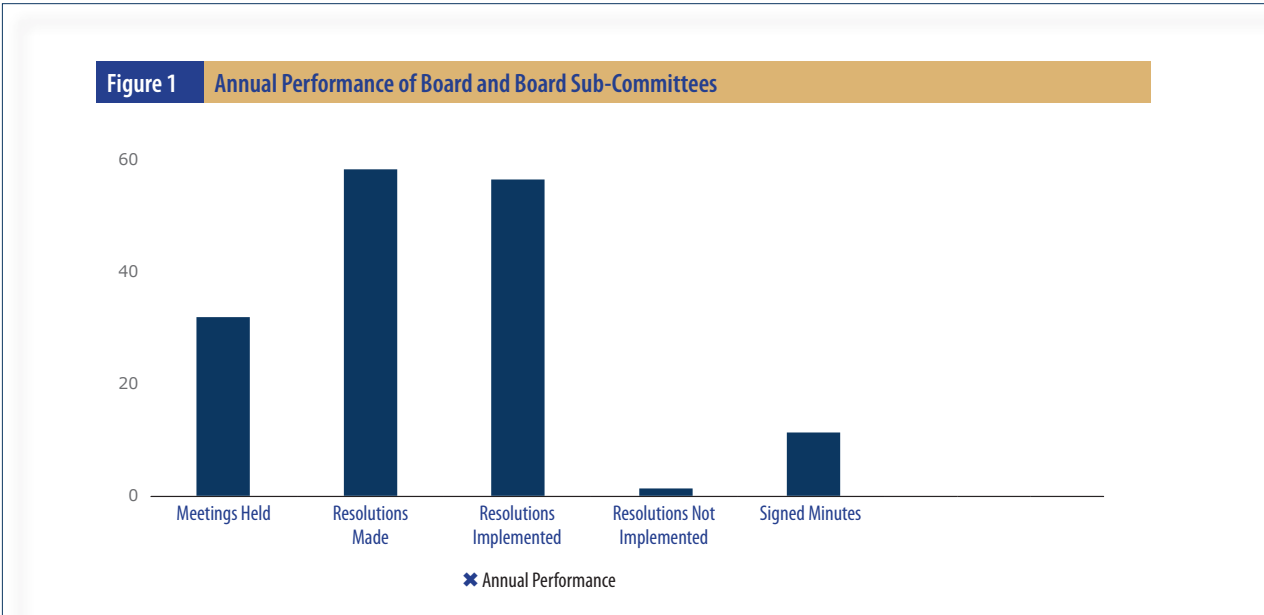
DAGC advises the Board on governance issues.

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 including its sub committees held a total of thirty (30) meetings of strategic and business nature relevant to the Authority as per the table below:



STATEMENT ON CORPORATE GOVERNANCE

From these meetings, the summary of resolutions made by the Board are as follows:

- Adoption the internal audit report on the procurement of goods and services for financial years 2018/19 to 2020/21;
- Approval of human resources issues including the Human Resources Rules of 2022, The Remuneration Policy 2022;
- Approval the renewal of sound broadcasting licences for PCFM, Mafeteng Community Radio and the re-application licence for Boiketlo FM.
- Approval of Finance issues including, the Finance and Audit Committee Charter of 2021, the business continuity management policy 2021, the operational risk management policy 2021, the financial policy and procedural rules, 2021, the budget for the 2022/23 financial year, the procurement policy and procedural rules, 2021 and the Transport policy; and
- Approval of the application for network services license of Jenny Lesotho and the renewal of Econet Telecom Lesotho (ETL)'s unified licence for a period of twenty (20) years.

The Communications Act of 2012 also establishes two statutory committees notably the Universal Service Fund Committee and the Broadcasting Disputes and Resolution Panel.

The Universal Service Fund Committee

The Act establishes the USF. This fund has been set up to facilitate the promotion of universal access to communications services especially in unserved and underserved areas of the country. The Act further establishes the Universal Service Fund Committee (USFC) to manage the Fund.

The Act also dictates that the members of USFC should be a representative from the Ministry of Communications who assumes the role of Chairperson, a representative from Lesotho Communications Authority who becomes the deputy-chairperson, representatives from the Ministries of Local Government and Finance and a representative from Lesotho Electricity Company.

In the reporting year, the composition of USFC was as follows:

- Ms. Nonkululeko Zaly - [Member](#) (April 2021 to August 2021)
- Ms. Mabataung Khalane - [Member](#) (June 2021 to February 2022)
- Mr. Tankiso Phapano - [Member](#)(April 2021)
- Ms. Matšelisio Phafoli - [Member](#)(March 2022)
- Mr. Mohato Seleke - [Member](#)
- Ms. Nthoateng Lebona - [Member](#)
- Mr. Soko Thabisi - [Executive Secretary](#)

The Broadcasting Disputes and Resolution Panel

Also established by section 39 (1) of the Communications Act is the Broadcasting Disputes and Resolution Panel (BDRP). Its mandate is outlined as; to prepare a broadcasting code, resolve disputes on broadcasting content and refer all unresolved disputes to the Authority with recommendations.

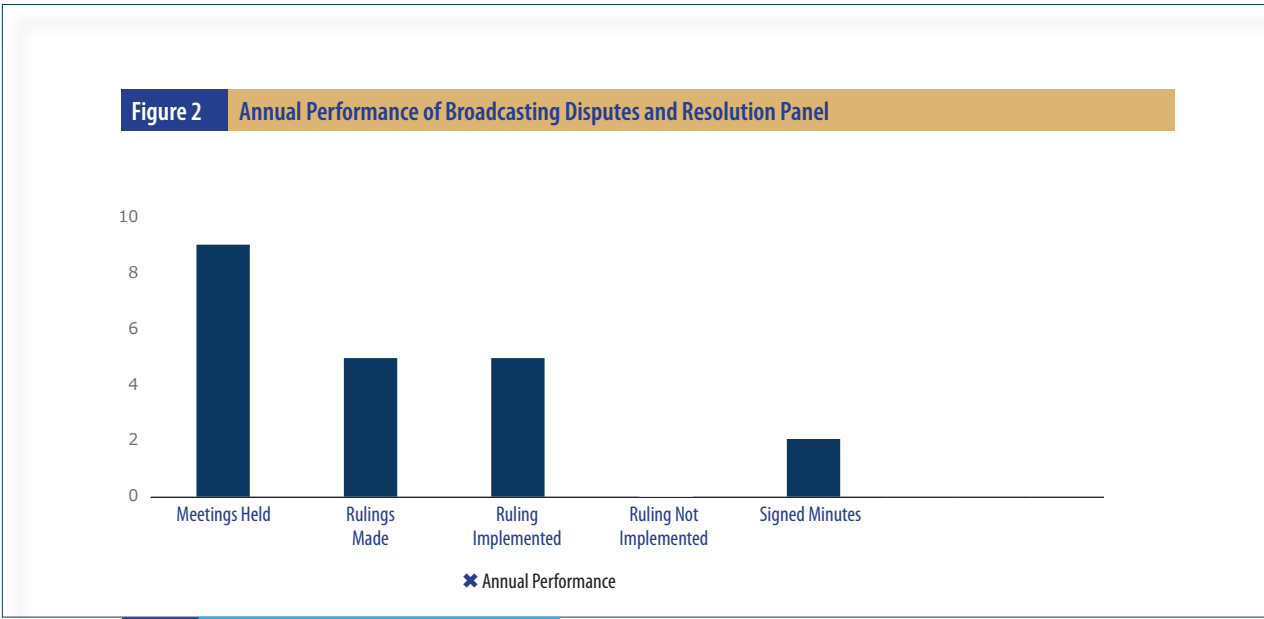
STATEMENT ON CORPORATE GOVERNANCE

As per the Act, the composition of the BDRP consists of a Chairperson and four (4) members who are all appointed by the Minister of Communications after soliciting nominations and recommendations from the public.

In the year under review the BDRP was composed of the following members:

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

For the reporting year, BDRP held nine (9) meetings and five rulings were made. The performance of BDRP is outlined in the chart below:



Source: Lesotho Communications Authority

STATEMENT ON CORPORATE GOVERNANCE

| The narration of cases heard and rulings made is tabled below: | | | | |
|--|---|--|--|---|
| No. | Case | Nature of complaint | Contravention | Ruling/order |
| 1. | Nqosa Mahao and Onyx 357. | Request for tapes/recordings. | Rule 19 and 20 (a) of the Broadcasting rules 2004. | <p>The respondent is ordered to issue recordings to the complainant.</p> <p>The respondent is ordered to issue the recordings to the Authority 72 hours (3 days) post receipt of the ruling.</p> |
| 2. | Khotso Nthontho and Onyx 357. | Request for tapes/recordings. | Rule 19 and 20 (a) of the Broadcasting rules 2004. | <p>The respondent is ordered to release the recordings to the Authority 72 hours (3 days) post receipt of the ruling.</p> |
| 3. | 'Masekhantšo Sekhantšo and Ts'enolo FM. | Balanced Reporting. | Rule 8(2) of the Broadcasting Rules 2004. | <p>The respondent is sternly warned that in future no broadcast of controversial nature should be made without prior consultation with the subject of the programme.</p> <p>The respondent is directed to keep open the opportunity for complainant to reply and the reply should be made within 7 days of delivery of this judgement during the similar timeslot of the programmes.</p> |
| 4. | Khotso Nthontho and Onyx 357. | Balanced Reporting and Right to Reply. | Rule 9(3) of the Broadcasting Rules 2004. | <p>The respondent is directed to offer the complainant right to reply.</p> <p>The respondent is directed to afford the complainant reasonable time to prepare for opportunity to reply.</p> <p>The respondent is directed that in future no broadcast of controversial nature should be made without prior notice to the subject of the programme.</p> <p>The respondent is directed to keep open the opportunity for complainant to reply and the reply should be made within 7 days of delivery of this judgement during the similar timeslot of the programmes.</p> |
| 5. | Nqosa Mahao and Onyx 357. | Balanced Reporting and Right to Reply. | <p>Rule 9(3) of the Broadcasting Rules 2004.</p> <p>Rule 8 of the Broadcasting Rules 2004.</p> <p>Rule 6 (f) of the Broadcasting Rules 2004.</p> | <p>Respondent is directed to make an apology and retraction to Professor Mahao.</p> <p>The apology must be made before commencement of programmes namely Masupa tsela and Theha Tsebe, where offending statements were made.</p> <p>The above order shall take effect immediately after delivering this judgement. It must be aired within 24 hours and run for a period of three weeks.</p> <p>In the event that the respondent fails or elects not to broadcast the apology, the panel will have no option but make recommendations for suspension of Respondents license.</p> <p>The respondent is directed to file a compliance report with the Authority three weeks post-delivery of this ruling.</p> |

CHIEF EXECUTIVE'S REPORT

CHIEF EXECUTIVE OFFICER'S REPORT

ORGANISATIONAL PERFORMANCE

The financial year 2021/22 was the second year of implementation of the Authority's three-year strategic business plan which sets out the tone and direction the Authority will take to achieve its mandate as outlined in the Communications Act of 2012. The Act sets out the duties of the Authority as:

- Implementation of the Communications Act 2012 and any regulations or rules made under it.
- Facilitate new entry into the Lesotho communications market and the provisions of new communications services, including converged communications services.
- Ensure the efficient and equitable allocation of finite resources necessary for the provision of communication services.
- Promote and preserve competition in the market for communications services.
- Protect the interests of consumers of communications services.
- Facilitate appropriate cooperation among licensees, including cooperative deployment and use of communications infrastructure.
- Facilitate the deployment of communications infrastructure and the provision of good-quality communication services, at reasonable prices, throughout all areas in Lesotho, giving special consideration to the needs of end-users who are low-income, disabled, or located in under-served areas.
- Facilitate resolution of disputes regarding communications services.
- Promote Lesotho's participation in the global information society.
- Consult with the communications industry and members of the public.
- Conduct a competitive market analysis and regulatory impact assessment and impose pro-competitive remedies in any market that is found to lack effective competition.
- Fulfil any other duties necessary for the implementation of the Act.

These duties are driven through resources from the five (5) divisions of the Authority notably, The Chief Executive Officer's division, Regulatory Affairs Division (RAD), Technical Division (TD) Economics and Sector Development (ESD) and the Finance and Administration Division (FAD).

To fulfil its mandate as prescribed in the Act, the Authority's strategic plan identified seven (7) strategic initiatives which are:

- Improve employee productivity..
- Boost employee morale.
- Create a culture of trust.
- Increase stakeholder's confidence in the Authority.
- Enhance consumer empowerment and protection.
- Create a continuous improvement culture.
- Ensure Financial sustainability.

The attainment of these strategic objectives was premised on twenty-two (22) coherent actions and by the end of the reporting period, the Authority had completed fifteen (15) coherent actions which put it on 68% completion rate.

As at the 31st March, 2022, the performance on the strategic initiatives of the 2021/22 operational plan, was 88% which is a result of completing 15 out of 17 coherent actions.

CHIEF EXECUTIVE OFFICER'S REPORT

The next section shall outline the overall performance analysis of all the divisions inline with the mandate outlined as well as the Universal Service Fund (USF) as a Fund established by the Act.

ORGANISATIONAL PERFORMANCE

The Chief Executive Officer's office has under its ambit four (4) distinct offices namely Human Resources, Public Affairs, Risk and Internal Audit. In the reporting period this section undertook the following:

Human Resources Management

In recognition that employees are the lifeline of the Authority the aim in the reporting period was to increase the value of human capital by supporting employee performance and productivity whilst also encouraging growth and empowering employees.

During the reporting period there were two promotions made to the positions of Engineer- Spectrum monitoring and Technology and Manager -Finance. The Authority also filled four (4) positions notably of the Public Affairs Manager, Human Resources Manager, Spectrum monitoring Engineer and Accountant.

At the end of the reporting period, the Authority had a staff complement of forty-one (41) employees. Management continued to ensure that employees are engaged by providing a conducive working environment in terms of welfare and tools. The process of aligning the structure to the strategy was done by undertaking a job analysis exercise..

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.

Audit Management

During the reporting period an internal audit was carried out on the procurement processes for the financial years 2018/19, 2019/20 and 2020/21. The audit report was presented to the Finance, Risk and Audit Committee (FRAC) and subsequently to the board in the last quarter of the reporting period which is in March, 2022. The Internal Audit unit also continued to follow up on the recommendations of the Auditor General from the financial year 2019/20 to ensure that all audit queries raised are resolved.

A follow-up on two audit opinions by the Auditor General was made and they were both rectified and thus in the reporting period, the Internal Audit unit achieved 100%rectification of the findings of the Auditor General.

CHIEF EXECUTIVE OFFICER'S REPORT

Risk Management

The risk management sub-division was introduced by the Authority during this reporting period. To ensure that there was an understanding of the principles of risk management, the management comprising the board and members of the Executive Committee (EXCO) were trained.

During the reporting period the unit also assessed and categorised the Authority's risk maturity level which was put at level 2 which is the Risk Aware Stage. This is the stage where risk practices are mostly ad-hoc and reactive to incidents characterised by the absence of formal and structured processes. A risk management plan was also developed with three risks identified as applicable to the Authority. These are; operational, regulatory and business resilience risks.

Public Affairs Management

In the reporting period the office of Public Affairs carried out strategic communication of the mandate and activities of the Authority to its key stakeholders in a manner that ensured visibility, credibility, transparency whilst also providing public education through a variety of media including radio and television programmes, website updates, social media platforms and participation in public events.

During the period under review the office undertook the following public relations and Corporate Social Responsibility initiatives:

- Celebration of the International Day of the Rural Woman at Pulane.
- National celebration of World Aids Day at Mphaki.
- Media training workshops.
- End of the year stakeholder engagement function.
- Back to school event at 'Malithuso High School.
- Donation of food hampers and educational support to two vulnerable students at 'Malithuso High School.
- Public Consultations on Quality of Service Rules and Consumer protection guidelines.
- National tree planting day at Thaba Bosiu.
- Collaboration with MISA to sign a media professional election reporting pledge.

Financial Performance for the Year Ended 31 March 2022

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.

Important to note is that the Authority has managed to maintain a favourable budget variance in respect of budget against expenditure. A good financial health status was also maintained as the liquidity ratio remained above 1.0.

CHIEF EXECUTIVE OFFICER'S REPORT

UNIVERSAL SERVICES FUND

To facilitate and promote universal access to communication services particularly to end users who are low-income, disabled or located under under-served areas, the Authority is assisted by the USF.

In the reporting period, the Fund awarded six (6) tenders for the construction of Base Transceiver Stations (BTS) in six (6) project areas. The project areas were Liseleng valley in Leribe, Phororong and Menyameng valleys in Berea, Seapala in Quthing, Khubelu valley in Mokhotlong, Semonkong in Maseru and two sites at Mants'onyane in Thaba Tseka.

The USF also completed the provision of broadband infrastructure and broadband to the Center of Accounting Studies (CAS).

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.

Management of communications sector licensees

The Communications Act of 2012 gives the Authority power to grant licenses for the provision of communication services. In the reporting period, there were one hundred and seventy-three (173) active licenses. Of these licenses, numbering resources (Premium Rate Messaging Services & Toll-free numbers) has the greatest number of licensees at sixty-three (63). This is followed by the category of two-way radios which has forty-one (41) licensees and in third place is the broadcasting category with twenty-eight (28) licensees.

The Authority also has licensed the two (2) network operators, Vodacom Lesotho and Econet Telecom Lesotho with unified licenses. A unified licence authorises the licensee to provide all forms of electronic communication networks and services without restriction.

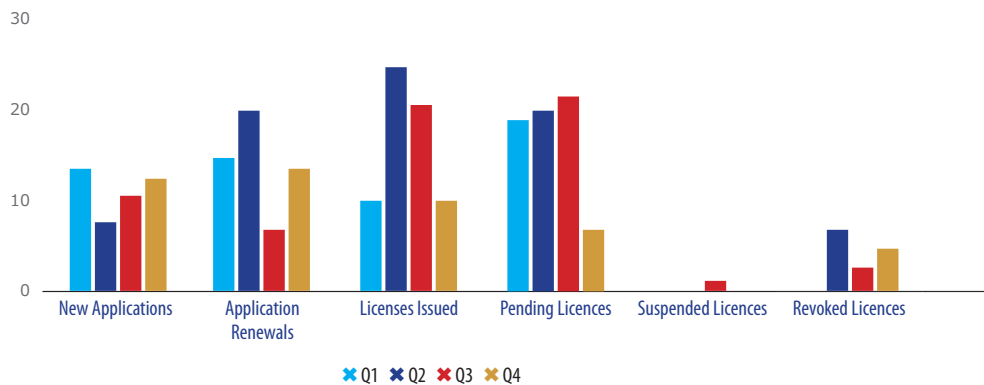
Another major player in the market is Lesotho Electricity Company Communications (LECC) which is the only network infrastructure licensee. LECC is authorised to operate communications network infrastructure and leases network elements and capacity to other licensees on a non-exclusive basis. There was a notable change in this market with one network services license being granted to Jenny Internet taking the number of network services licensees to three (3).

During the reporting period, there was also one (1) public postal services licensee, five (5) commercial postal services licensees, two (2) radio alarms licensees, two (2) television broadcasting licensees, twelve (12) radio amateurs licensees, three (3) telemetry stations licensees, one (1) radio pager licensee, two (2) vehicle tracking licensees, two (2) landing rights licensees, seven (7) licenses for aircraft stations and one (1) licensee for aeronautical services and radio determination.

In the period under review thirteen (13) new license applications were received and fourteen (14) license renewals were submitted.

CHIEF EXECUTIVE OFFICER'S REPORT

Figure 3 Licensing Performance for the Reporting Period - Quarter 1 - 4, 2021/22w



Source: Lesotho Communications Authority

Facilitating Access to communication Services

As at the 31st March, 2022, there was a total of 613 base tower stations (BTSS) from 580 in the previous year of 2020/2021. This shows that there was an increase of 33 BTSS, which translate to a 5.7% growth. Of the 613 BTSS, 62 are USF funded and they have increased by 10 BTSS from the previous year. The number of BTSS with LTE technology have also increased by 68 sites from 235 in the previous year to 303 in the reporting period, which translates to 29% growth. A total of 87 BTSS's is shared which constitutes 14% of the BTSS. In terms of powering, 78% are powered with Grid and 22% are solar powered.

The chart below shows the complete and comparative analysis of the Telecommunications Infrastructure report.

Amendment of the Regulatory 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 regulatory framework except the review of the Postal and Courier Services Rules of 2022.

MARKET COMPLIANCE

The Authority does not only issue licenses in the communications sector but monitors the service providers to ensure that they comply with the license conditions and regulatory frameworks set. In the reporting period the following compliance issues were monitored:

CHIEF EXECUTIVE OFFICER'S REPORT

Telecommunications Sector compliance

In ensuring that consumers get value for their money the Authority monitored mobile network operators, VCL and ETL's compliance to the general quality of service set targets and standards. During the reporting period the two operators were monitored against all parameters over four inspected areas namely; Mhaleshoek town, Thoteng, Quthing Town and Holy Trinity in Quthing.

The results are shown below.

| No. | Parameter | Q2 | Q3 | Q4 | Annual Performance | LCA QoS Targets |
|-----|-------------------------|-------|-------|-------|--------------------|-----------------|
| 1. | Call setup time | 3.26 | 3.28 | 4.64 | 3.73 | ≤8 sec |
| 2. | Dropped call ratio | 0 | 0 | 0.58 | 0.19 | ≤2% |
| 3. | Unsuccessful call ratio | 0.36 | 0.38 | 8.04 | 2.93 | ≤2% |
| 4. | SMS delivery time | 6.68 | 6.11 | 7.58 | 6.79 | ≤5 sec |
| 5. | SMS completion ratio | 97.74 | 99.67 | 85.18 | 94.19 | ≤99% |

Vodacom has been on average but performed below the prescribed target on SMS delivery time over the three quarters inspected resulting in an annual performance rating that is below target.

Of the three quarters reviewed, Vodacom also performed below the target on the SMS completion ratio except in Quarter 2. This resulted in an annual performance that is below the target.

However, Vodacom performed well with the call setup time, dropped call ratio as well as unsuccessful call ratio.

| No. | Parameter | Q2 | Q3 | Q4 | Annual Performance | LCA QoS Targets |
|-----|-------------------------|-------|-------|-------|--------------------|-----------------|
| 1. | Call setup time | 3.56 | 3.59 | 3.45 | 3.54 | ≤8 sec |
| 2. | Dropped call ratio | 0.08 | 0.19 | 0.00 | 0.09 | ≤2% |
| 3. | Unsuccessful call ratio | 1.19 | 0.05 | 0.25 | 0.49 | ≤2% |
| 4. | SMS delivery time | 4.63 | 4.69 | 4.40 | 4.57 | ≤5 sec |
| 5. | SMS completion ratio | 97.94 | 99.11 | 98.71 | 98.59 | ≤99% |

Econet has on average performed well in all the technical parameters except with the SMS completion ratio, where it performed below the target in all quarter thereby resulting in an annual performance that is below the target.

During the reporting period, the Authority monitored the MNO's against all the parameters and Econet displayed non-conformity to the general QoS parameters. It performed below target in the disconnection complaint resolution time and order completion time (mobile services).

CHIEF EXECUTIVE OFFICER'S REPORT

Regarding the disconnection complaint rate, Econet received complaints from customers querying unjustified disconnections from service and Econet took an average of five (5) days to resolve disconnection complaints and this is against the targeted two (2) days, hence non-compliance in disconnection complaint resolution rate.

In addition, during the reporting period, Econet was also found to be non-compliant on the rate at which it completes customer order for mobile services, where they took an average of three (3) days to connect a customer to mobile communications services contrary to the prescribed one (1) day.

Postal Sector Performance

The postal & courier sub-sector has 5 licensees and has not been growing for some years. The Lesotho Post remains government owned. Lesotho Post has 46 post offices throughout the country. Of the 46 post offices, 16 with internet access and 3 provide internet productivity.

Lesotho is one of the five SADC countries that participates in the SADC Global Monitoring System (GSM) project which is aimed at modernizing and enhancing the quality of postal services in order to improve their quality of services and also reduce pricing.

The results from participating countries indicate a general deterioration in the Quality of Service from October 2020 to August 2021 as depicted below. The same trend continued for Eswatini and Botswana in September to December 2021 whereas Lesotho, Namibia and Malawi showed a notable improvement.

Phase 1 of the project ended in December 2021 and the CRASA AGM has approved Phase II of the project in the financial year 2022/2023 and the other countries that are operationally ready will join the project.

Broadcasting Sector Performance

As at the 31st March, 2022 the broadcasting subsector had twenty-six (26) licensees in radio broadcasting categorised into six (6) commercial, one (1) public, six (6) community and thirteen (13) private. There were also two television stations licensed notably; Lesotho Television which is a public broadcaster and Startimes TV which is registered as a commercial broadcaster. There was no growth registered in the sub sector. The full list of licensed broadcasting is tabled below:

CHIEF EXECUTIVE OFFICER'S REPORT

Table 4 ♦♦ Licensed radio and television stations in Lesotho

| No. | Name of broadcaster | Date of first issue | Current license period | Category |
|-----|---|---------------------|------------------------|------------|
| 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 | Tšenolo Media Services t/a Tšenolo FM | 2012 | 2012-2022 | Private |
| 13 | Mafeteng Multi Media Association t/a Mafeteng Community Radio | 2011 | 2011-2021 | Community |
| 14 | Motjoli FM | 2013 | 2013-2023 | Community |
| 15 | Botha-Bothe Moeling Multi-Media Association t/a Moeling FM | 2013 | 2013-2023 | Community |
| 16 | Onyx 357 Broadcast & Décor t/a 357 FM | 2014 | 2014-2024 | Commercial |
| 17 | Molisa ea Molemo FM | 2014 | 2014-2024 | Private |
| 18 | Tabernacle FM | 2014 | 2014-2024 | Private |
| 19 | Voice of God t/a Prophetic Voice | 2014 | 2014-2024 | Private |
| 20 | Maha Group t/a MXXL FM | 2015 | 2015-2025 | Private |
| 21 | Info Hub | 2015 | 2015-2025 | Commercial |
| 22 | Anglican Church of Lesotho Radio Station | 2019 | 2019-2034 | Private |
| 23 | Thato Ea Hau | 2019 | 2019-2034 | Private |
| 24 | Mohale FM | 2019 | 2019-2034 | Commercial |
| 25 | People on the Move | 2019 | 2019-2034 | Private |
| 26 | Radio Souru t/a RS Community Radio | 2019 | 2019-2034 | Community |
| 27 | Pheshakoe Qhili (Mose ho Seaka) | 2019 | 2019-2034 | Community |
| 28 | Lesotho TV | 2002 | 2012-2022 | Public |
| 29 | StarTimes Media Lesotho | 2016 | 2016-2026 | Commercial |

Monitoring in the Broadcasting sub-sector

Eighteen (18) broadcast licenses were monitored in the year under review. The 18 broadcasters monitored are Harvest FM, KEL Media, Ts'enolo FM, 357 FM, Molisa ea Molemo, PC FM, MoAfrika FM, MXXL FM, Anglican Church Radio (ACL), Mafeteng Community Radio, Pheshakwe Qhili FM, Radio Souru FM, Dope FM, Motjoli FM, Moeling FM and Info Hub FM.

For content monitoring eleven (11) radio stations with a total of twenty-four (24) programmes were monitored against three parameters notably: Right of reply, balanced reporting and language use.

The results were recorded as follows:

CHIEF EXECUTIVE OFFICER'S REPORT

| Table 5 ♦♦ Broadcasting Content Monitoring | | | |
|--|-----------------------------|--------------------------------|-----------------------|
| No. | NAME OF BROADCASTER | PROGRAMME MONITORED | CONTRAVENTION |
| 1. | Radio Lesotho | Seboping | Compliant |
| | | Ho tloha Tele ho ea Mechachane | Compliant |
| | | Ad-hoc | Rule 7 |
| 2. | People's Choice FM | Midday live | Rule 9 & Rule 8(1) |
| | | Mansion afternoon drive | Rule 7 |
| 3. | MoAfrika FM | Re ntša lephola | Compliant |
| | | Nyakafatane | Rule 9 & Rule 8(1) |
| | | Hora e litaba | Compliant |
| 4. | Radio Maria | Kereke le Paramente | Compliant |
| 5. | Harvest FM | Khetsing | Compliant |
| | | Rise and Shine | Compliant |
| | | Re tataisa moqhobi | Compliant |
| 6. | KEL Media | Re ribolla mophata | Rule 6(f) |
| 7. | Tšenolo FM | Fika le mohala | Rule 9(3) |
| | | Hloohong tsa mengala | Rule 9(3) |
| | | 'Mamp'a lipoli | Rule 9(3) |
| | | Lehala | Rule 9(3) |
| 8. | 357 FM | Semphu se nkha kae | Rule 9(3) & Rule 8(1) |
| | | Theha tsebe | Compliant |
| 9. | Molisa ea Molemo | Matsoanafike | Rule 6(d) |
| | | Tšolong | Rule 6(d) |
| | | Re khotha Seotlo | Rule 6(d) |
| 10. | MXL FM | Liomile methalali | |
| 11. | Anglican Church Radio (ACL) | Litheoha kalana | Compliant |

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.

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, one hundred and forty-three enquiries were made and thirteen (13) of them were consumer complaints. Of the 13 consumer complaints received, 9 were resolved while 4 could not be resolved as they were in relation to mobile

CHIEF EXECUTIVE OFFICER'S REPORT

money services which fall under the regulatory jurisdiction of the Central Bank of Lesotho (CBL). With all the 9 complaints resolved, the Authority achieved 100% resolution rate.

In strengthening consumer complaints resolution and redress, ETL was directed to refund consumers for unsolicited subscription into the ETL Twitter and Social Express on USSD, the total amount that the Authority found to have been taken without the consent of the consumers was over M4 million.

The Authority has three platforms through which complaints are lodged and they are.

| Consumer Complaits | Consumer Complaits | Consumer Complaits |
|--------------------|-----------------------|-----------------------|
| WhatsApp Number | E-mail Address | Free Telephone Number |
| 62002021 | complaints@lca.org.ls | 101 |

COMPETITION MANAGEMENT

Managing sector tariffs and pricing

The Authority has the power to review, approve or reject tariffs filed by licensees for provision of communication service to other licensees or end-users. As at 31 March 2022, there were 127 products in the telecommunications market, of which 80 are offered by Vodacom and 47 by Econet. The market experienced 11.4% growth of the telecommunications products.

For the year under review, the Authority received sixty-three (63) submissions from the MNOs and thirty (30) were tariff filings, fourteen (14) were promotion requests and nineteen (19) were campaigns. Of the 30 tariff filings, twenty-two (22) were approved thus translating to the achievement of a 73% annual approval rate.

The total number of rejected tariff filings was five (5), this translates into an annual rejection rate of 16.7%. The tariff resubmitting requests were four (4), translating into the annual resubmission rate of 13.3%.

There were no tariff requests from the broadcasting and postal and courier sub-sectors. Due to the nature of these sub-sectors, the tariff analysis for them will be conducted in the next financial year.

The table below shows the tariff request analysis:

| No. | | Tariff requests filed | Tariff requests approved | Tariff requests rejected | Tariff requests resubmitted |
|-----|--------------------|-----------------------|--------------------------|--------------------------|-----------------------------|
| 1. | Q1 | 6 | 2 | 5 | 0 |
| 2. | Q2 | 12 | 9 | 0 | 3 |
| 3. | Q3 | 9 | 8 | 0 | 1 |
| 4. | Q4 | 3 | 3 | 0 | 0 |
| 5. | Annual performance | 30 | 22 | 5 | 4 |

CHIEF EXECUTIVE OFFICER'S REPORT

During the reporting year, fourteen (14) promotional requests were received and twelve (12) were approved. This translates in the annual approval rate of 85.7%. Two promotions were rejected, and this trickles down to a 14.3% rate on the rejection of requests for promotions. The table below illustrates the comprehensive analysis of the promotions requests for the reporting year.

| No. | Promotion requests filed | Promotion requests approved | Promotion requests rejected | Promotion requests resubmitted |
|-----------------------|--------------------------|-----------------------------|-----------------------------|--------------------------------|
| 1. Q1 | 1 | 0 | 1 | 0 |
| 2. Q2 | 4 | 3 | 1 | 0 |
| 3. Q3 | 7 | 7 | 0 | 0 |
| 4. Q4 | 2 | 2 | 0 | 0 |
| 5. Annual performance | 14 | 12 | 2 | 0 |

In the reporting year, the Authority also received nineteen (19) campaign notifications and fourteen (14) were approved yielding a 73.7% approval rate for campaign notifications. There was only one campaign rejected with four others resubmitted. The table below outlines the annual analysis of Campaign requests received by the Authority.

| No. | Campaign requests filed | Campaign requests approved | Campaign requests rejected | Campaign requests resubmitted |
|-----------------------|-------------------------|----------------------------|----------------------------|-------------------------------|
| 1. Q1 | 3 | 2 | 1 | 0 |
| 2. Q2 | 8 | 7 | 0 | 1 |
| 3. Q3 | 6 | 3 | 0 | 3 |
| 4. Q4 | 2 | 2 | 0 | 0 |
| 5. Annual performance | 19 | 14 | 1 | 4 |

The mobile network operators registered 13 new tariff-related products in the market during the period under review, resulting into a 11.4% product growth. There are currently 127 products in this market.

The table below shows the product market developments:

| No. | Q1 | Q2 | Q3 | Q4 | Annual performance |
|-----------------------|----|----|----|----|--------------------|
| 1. New products | 0 | 3 | 7 | 3 | 13 |
| 2. Withdrawn products | 1 | 0 | 0 | 0 | 1 |
| 3. Modified products | 1 | 0 | 0 | 1 | 2 |

Promoting Competition

The Communications Act of 2012 also mandates the Authority to promote and preserve competition in the broadcasting, postal and telecommunications sector, and to undertake a competitive market analysis and regulatory impact assessment in any market that is found to lack competitiveness. Market assessment.

CHIEF EXECUTIVE OFFICER'S REPORT

In order to determine the subscription market competitiveness in the telecommunications subsector, HHI (*Herfindahl-Hirschman Index*) has been used. There has been a significant increase from 0,66 in 2018/19 to 0,71 in 2019/20. The average HHI over the six-year period of 0,68 shows that there is a high level of market concentration, thereby reflecting an anti-competitive market, dominated by VCL. The acceptable level of concentration is 0,25.

Table 10 ♦♦ Communications Market Structure

| No. | Market | Number |
|-----|---------------------------|--------|
| 1. | Telecommunications | 5 |
| 2. | Broadcasting | 27 |
| 3. | Postal & Courier | 5 |
| 4. | 5.Peers connected to LIXP | 5 |



Monitoring sector development

Understanding how the communications sector grows, levels of competition and in-depth study of areas which have potential impact on the sector is vital to the work of the Authority. This understanding informs and guides policy and regulatory intervention. A variety of indicators used by the Authority point to a steady growth of the sector.

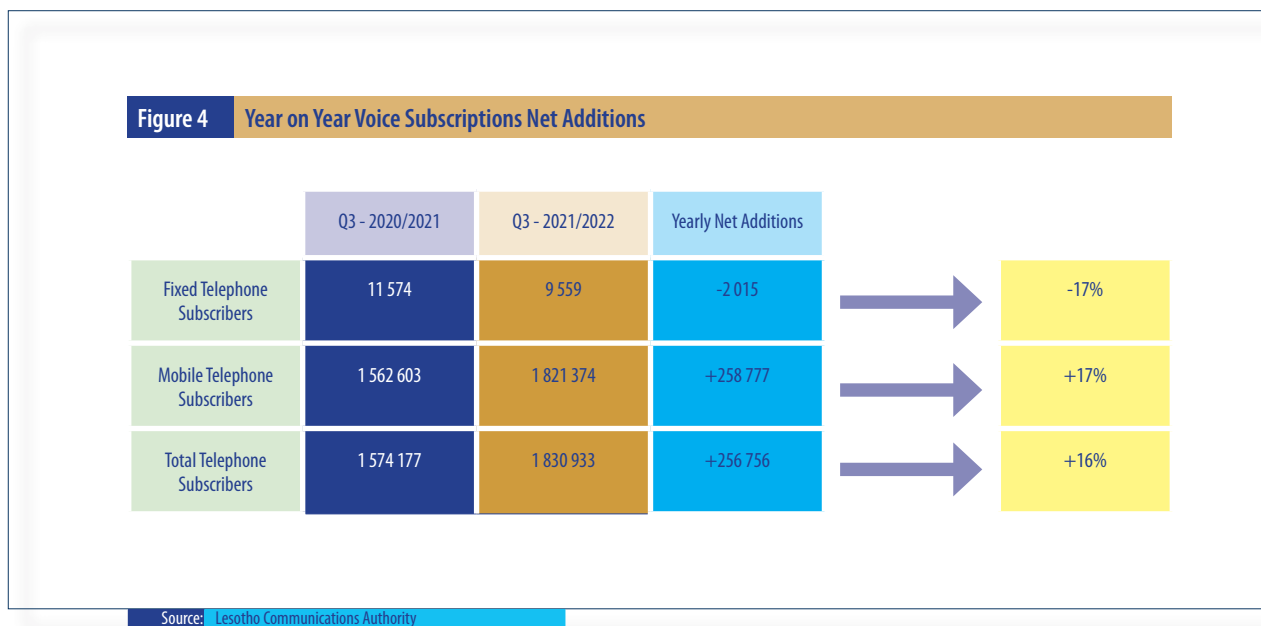
The Authority collects data indicators to measure the development of the communications sector in Lesotho. The indicators that are used include amongst others, subscriptions to fixed and mobile services, prepaid and pot-paid subscriptions, new connections, disconnections, mobile and fixed broadband subscriptions and infrastructure. Analysis is made for teledensity or penetration rates and broadband penetration.

During the reporting period, the total broadband quarter to quarter subscriptions increased by 179,733 to 1,569,257 subscriptions which translates to 12.9% growth. The year on year broadband subscriptions also witnessed an increase in the number of total subscriptions which has been brought about by an increase in both mobile and fixed subscriptions.

The total number of broadband subscriptions increased by 178,728 from December, 2020 to December, 2021. During this period, the Covid-19 restrictions that included restrictions on travel and working from home protocols were maintained and this could have largely influenced the attained growth of broadband subscriptions. The year on year voice subscriptions net additions are indicated in the chart below:

Year on Year Voice Subscriptions Net Additions.

CHIEF EXECUTIVE OFFICER'S REPORT



In terms of quarter-to-quarter growth, the telecommunications sub-sector continued to experience a positive growth from October to December 2021. That is, voice subscriptions (both fixed and mobile) increased by 99 303 new subscriptions resulting into 5.7% growth.

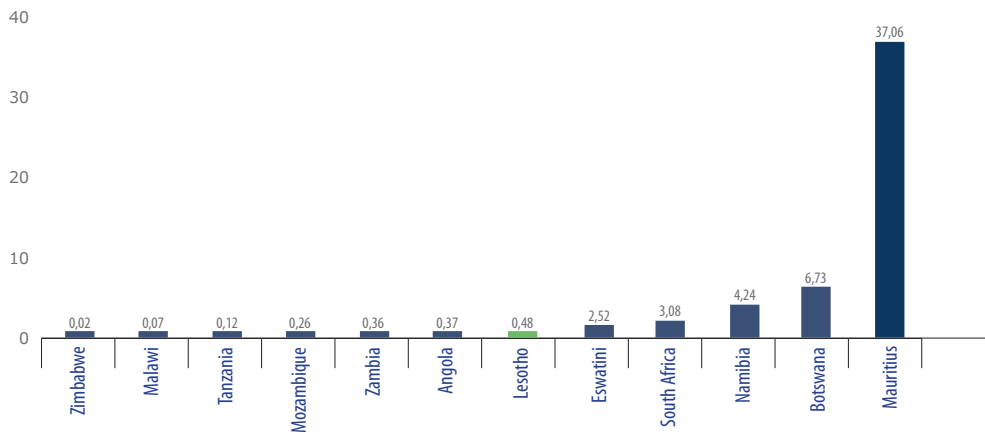
On year-on-year basis, the sub-sector recorded a 16% increase driven by mobile subscriptions which increased by 17% subscriptions.

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.

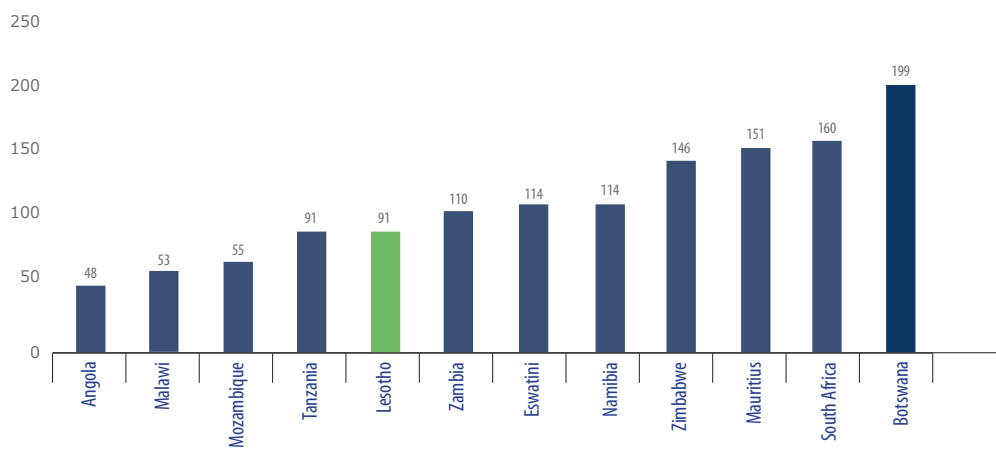
CHIEF EXECUTIVE OFFICER'S REPORT

Figure 5 Fixed Telephone Subscriptions (%)



Source: Lesotho Communications Authority

Figure 6 Mobile Cellular Subscriptions (%)



Source: Lesotho Communications Authority

CHIEF EXECUTIVE OFFICER'S REPORT

Of the 12 SADC countries with data, Lesotho is ranked 6th with Mauritius having the highest fixed telephone lines per 100 inhabitants, followed by Botswana. With mobile cellular subscriptions per hundred inhabitants, Lesotho is ranked 8th and has a tie with Tanzania. Botswana has the highest number of subscriptions while Angola has the least number of subscriptions. By the end of December 2021, there were 91 mobile cellular subscribers per 100 inhabitants in both Lesotho and Tanzania.

TECHNICAL SERVICES



CHIEF EXECUTIVE OFFICER'S REPORT

MANAGEMENT OF FINITE RESOURCES

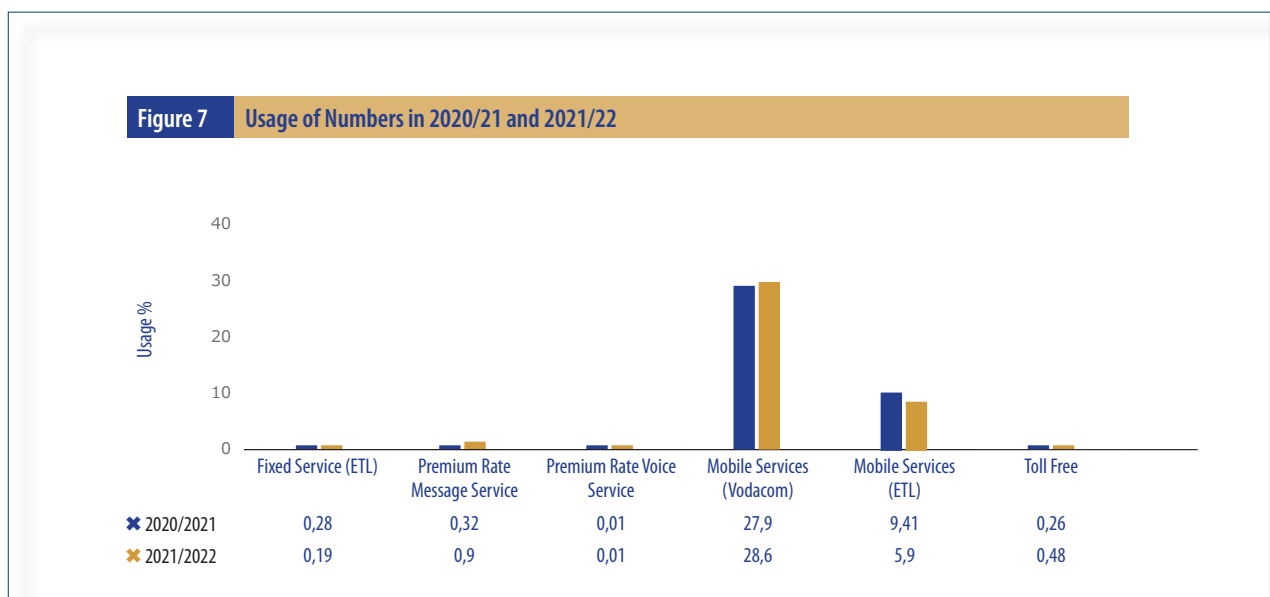
The provision of services using information and communications technologies requires good management of finite resources such as numbers and radio frequency spectrum. Radio spectrum resources are used in commercial, social and public communications. During the reporting period the Authority continued to carry out a number of activities to ensure the availability of finite resources to operators and monitored compliance on the use of these resources.

Numbering Audit

During the period under review, twenty-seven (27) numbering applications comprising eight (8) Premium Rated Message Service (PRMS) and nineteen (19) toll-free numbers.

| No. | | AVAILABLE NUMBERS (CAPACITY) | UTILISED BLOCKS | ACTIVE CONNECTIONS | USAGE (%) |
|-----|------------------------------|--|---|--------------------|-----------|
| 1. | EMERGENCIES | CURRENTLY THE 2 MNOs ARE RESPONSIBLE FOR ITS ASSIGNMENT. THE AUTHORITY IS IN PROCESS OF RECOUING IT. | ETL HAS MADE A PROVISION OF 4 NUMBERS. 112 (POLICE), 115 (FIRE BRIGATE), 116 (CHILDHELP LINE) | 112 & 116 | - |
| 2. | FIXED SERVICES (ETL) | 10 MILLION | 21 | 19794 | 0,19 |
| 3. | PREMIUM RATE MESSAGE SERVICE | 10000 | INDIVIDUAL | 90 | 0,9 |
| 4. | PREMIUM RATE VOICE SERVICE | 10000 | INDIVIDUAL | 1 | 0,01 |
| 5. | MOBILE SERVICES (VODACOM) | 10 MILLION | 70 | 2 861388 | 28.6 |
| 6. | MOBILE SERVICES (ETL) | 10 MILLION | 61 | 590465 | 5.9 |
| 67 | TOLL FREE | 10000 | INDIVIDUAL | 48 | 0,48 |

The usage of numbers is as follows:



Source: Lesotho Communications Authority

CHIEF EXECUTIVE OFFICER'S REPORT

There is an increase of 0.7% usage of numbers from Vodacom mobile services from 2020/21 to 2021/22 whereas ETL mobile services usage declined from 9.41% to 5.9% resulting in a decrease of 3.51%. There is also a notable decrease in usage for ETL fixed services.

Electromagnetic Field (EMF) Safety measurements

During the quarter under review, electromagnetic measurement surveys of 20 base stations were performed at Ha Matala, Ha Pita, Likolong ETL, Likolong VCL, Lower Seoli, Mohaleshoek CBD, Hlotse, Ha Nyenye, Maqele, Kolonyama, Hooхло, Fokothi, Seapoint, Matala circle, Florida, Industrial Area, Moshoeshoe II Primary, Maseru West Montessori, St Emile Khubetsoana and Teya-teyaneng CBD.

The purpose of the survey was to measure the electromagnetic exposure levels at various positions around the base stations compared to the guidelines of limiting exposure proposed by the International Commission on Non-Ionizing Radiation Protection (ICNIRP).

A 100% value indicates that the ICNIRP exposure limit for the General Public has been reached. The highest value measured in the third quarter was 0.4086% of the ICNIRP General Public guidelines and was obtained at position 2 at Likolong ETL site. This is far below the General public limit.

In the fourth quarter, the highest value measured was 0.3502% of the ICNIRP General Public guidelines and was obtained at position 3 at Fokothi VCL site. This is far below the General Public limit.

The exposure levels measured around the base stations were within the acceptable levels for the general public.

Sound broadcasting monitoring

During the year under review, the Authority conducted an FM sound broadcasting spectrum usage. The Authority established that 21 frequencies have been assigned to different radio stations but have not been installed.

CHIEF EXECUTIVE OFFICER'S REPORT

| No. | Region | Transmitter Site | Licensee | Frequency (MHz) | Status |
|-----|----------------|------------------|-------------------------|-----------------|---------------|
| 1 | Central | Berea Plateau | Mohale FM | 106.9 | Not installed |
| 2 | East | Katse | MoAfrika FM | 89.0 | Not installed |
| 3 | | Katse | Ultimate Radio | 97.6 | Not installed |
| 4 | | Mahobong | Thaba-Phatsoa Community | 107.8 | Not installed |
| 5 | | Qholaqhoe | KEL FM | 89.5 | Not installed |
| 6 | | | MoAfrika FM | 100.4 | Not installed |
| 7 | | | Ultimate Radio | 106.8 | Not installed |
| 8 | | | Radio Maria | 90.8 | Not installed |
| 9 | | | Radio Lesotho | 104.3 | Not installed |
| 10 | | North | 'Makhorona | MoAfrika FM | 87.9 |
| 11 | Popa | | Molisa ea Molemo FM | 88.7 | Not installed |
| 12 | | | Mohale FM | 90.0 | Not installed |
| 13 | Tlokoeng | | MoAfrika FM | 89.0 | Not installed |
| 14 | | | Radio Maria | 103.2 | Not installed |
| 15 | | | Ultimate Radio | 88.5 | Not installed |
| 16 | Ha Thaba Bosiu | | MoAfrika FM | 87.9 | Not installed |
| 17 | South | Moyeni | Molisa ea Molemo FM | 89.6 | Not installed |
| 18 | | Lebelonyane | Mohale FM | 91.9 | Not installed |
| 19 | | Likhoele | Voice of God | 100.9 | Not installed |
| 20 | | Souru | Molisa ea Molemo FM | 88.7 | Not installed |

| No. | (MHz) | 2021/22 | | | |
|-----|--------------|---------|-----|-------|--------|
| | | Q1 | Q2 | Q3 | Q4 |
| 1. | 2 WAY RADIOS | 0.0125 | 0 | 0.025 | 0.0125 |
| 2. | BROADCASTING | 1.5 | 0 | 0.3 | 0 |
| 3. | FIXED LINKS | 0 | 609 | 0 | 0 |
| 4. | ACCESS | 0 | 79 | 0 | 0 |

In the reporting year, the total amount of frequencies assigned to two-way radios was 0.05MHz for broadcasting, 609 MHz for fixed link and 79 MHz for access.

Spectrum Audit

A planned spectrum audit for the two (2) MNOs was carried out on three parameters notably: the number of links not matching with the LCA record where a total of thirty-six (36) transgressions were registered, decommissioned links without LCA's knowledge where a total of twelve (12) links was found and differences in bandwidth of the links between MNO's and the LCA record where there was a total of twenty-four (24) findings.

CHIEF EXECUTIVE OFFICER'S REPORT

The following conclusions were reached from the spectrum audit:

- The operators do not inform LCA about some of the changes in their networks like decommissioning of links and updating of links.
- Compliance with regulatory requirements in both operators ranges between 78 percent and 97 percent.

Spectrum Audit

In the reporting period, the Authority recorded 181 applications for type approval and registered a 100% approval rate. Ensure

| No. | Period | Number of certificates issued |
|-----|--------------|-------------------------------|
| 1. | Quarter 1 | 65 |
| 2. | Quarter 2 | 34 |
| 3. | Quarter 3 | 35 |
| 4. | Quarter 4 | 47 |
| 5. | Annual total | 181 |



Ensure efficient operation of national internet critical infrastructure

The Authority manages the Lesotho Country Code Top Level Domain (ccTLD) dot ls (.ls) which is a critical national resource.

The total accredited registrants have remained at 9 licensed under the category of internet service providers. Zeecom and Leo remain leaders in the market with over 900 registrations.

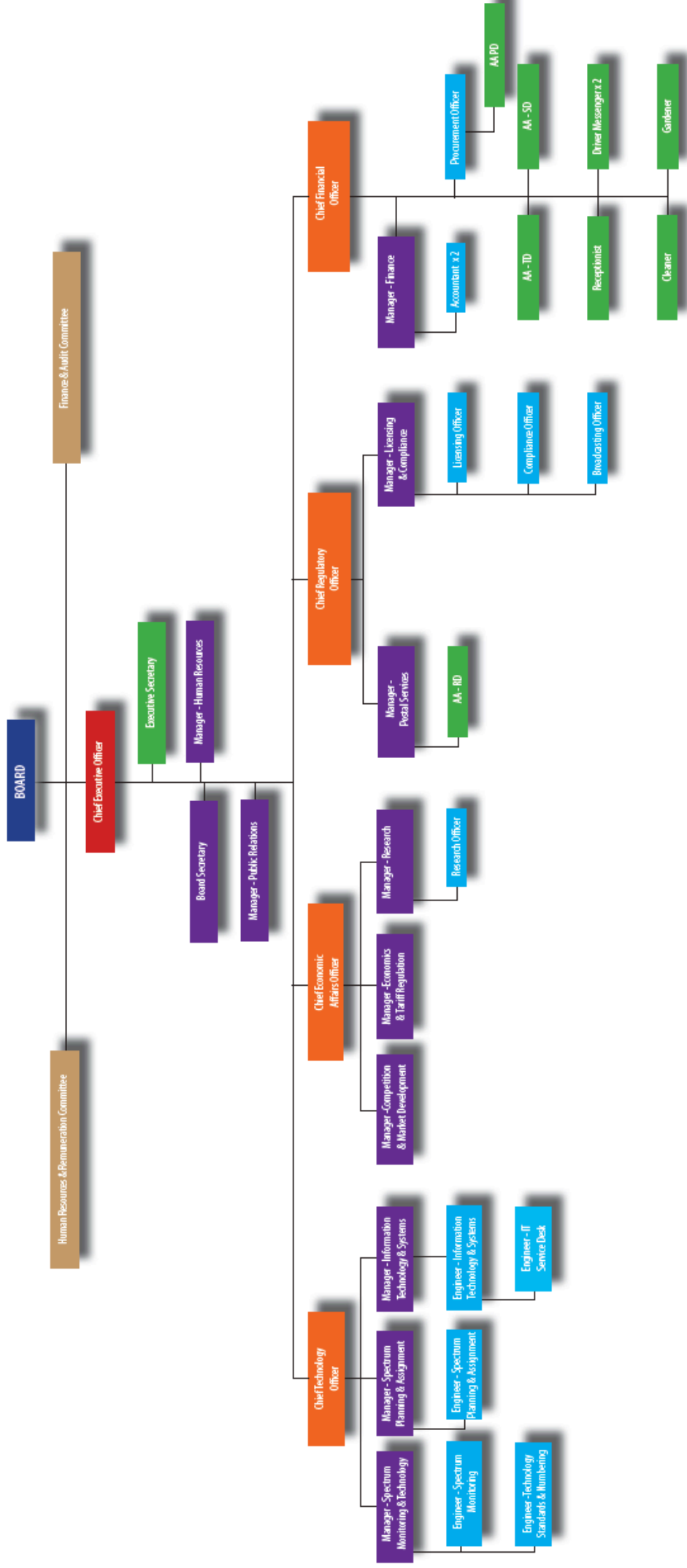
The recorded growth rate in registration from the first quarter to the fourth quarter saw an increase of 210 registrations translating into 10.6% growth.

CHIEF EXECUTIVE OFFICER'S REPORT

| No. | Registrar | QUARTER 1 | QUARTER 2 | QUARTER 3 | QUARTER 4 |
|-----|------------|-----------|-----------|-----------|-----------|
| 1. | COMNET | 95 | 88 | 84 | 90 |
| 2. | CUSTOM IT | 80 | 82 | 84 | 91 |
| 3. | LEO | 785 | 766 | 746 | 750 |
| 4. | SMARTLOTI | 2 | 0 | 0 | 0 |
| 5. | VENUS DAWN | 0 | 0 | 0 | 0 |
| 6. | ZEECOM | 941 | 1001 | 1089 | 1158 |
| 7. | VODACOM | 5 | 5 | 5 | 5 |
| 8. | ECONET | 53 | 51 | 49 | 49 |
| 9. | REG-LS | 27 | 27 | 53 | 55 |
| 10. | Total | 1988 | 2020 | 2110 | 2198 |

| No. | | QUARTER 1 | QUARTER 2 | QUARTER 3 | QUARTER 4 |
|-----|---------------|-----------|-----------|-----------|-----------|
| 1. | Registrations | 173 | 65 | 44 | 167 |
| 2. | Renewals | 209 | 142 | 116 | 415 |
| 3. | Expirations | 180 | 181 | 31 | 152 |
| 4. | Deletions | 93 | 40 | 40 | 81 |

LCA ORGANOGRAM



FINANCIAL STATEMENTS



LESOTHO COMMUNICATIONS AUTHORITY

STATUTORY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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 42 - 61 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 2022, 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 39 to 41.

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 42 - 61, which are stated in Maloti, have been approved and authorised for issue on the **27 October 2022** by the Board and signed on its behalf by:



CHAIRMAN



CHIEF EXECUTIVE OFFICER

LESOTHO COMMUNICATIONS AUTHORITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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:

| Name | Position | Period |
|------------------------------|---|------------------------------------|
| Ms. Keneuoe Mohale | Acting Chairperson (Non-Executive Director) | 27 May 2021 to 22 June 2021 |
| Mrs. Puleng Lebitsa | Chairman (Non-Executive Director) | 23 June to present |
| Ms. Keneuoe Mohale | Non-Executive Director | 8 October 2018 to 7 October 2021 |
| Ms. Keneuoe Mohale | Non-Executive Director | October 2021 to present |
| Mr. Motanyane Makara | Non-Executive Director | 8 October 2018 to 3 June 2021 |
| Mr. Seth Griffiths Lerotholi | Non-Executive Director | 8 October 2018 to 7 October 2021 |
| Mr. Karabo Maitin Lehutso | Non-Executive Director | 8 October 2018 to 28 February 2022 |
| Mr. Realeboha Makamane | Non-Executive Director | 1 April 2021 to present) |
| Mr. Matsela Matsela | Non-Executive Director | 8 October to present |
| Ms. 'Mafelile Molala | Non-Executive Director | 8 October to present |
| Mr. Lesekele Makara | Non-Executive Director | 1 March 2022 to present |
| Mrs. 'Mamarama Matela | Chief Executive Officer (Ex-Officio) | 1 April 2019 to 3 June 2021 |
| Mr. Nizam Goolam | Acting Chief Executive Officer (Ex-Officio) | 3 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 2022

Qualified 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 2022 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, as well as notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, except for the effect of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Authority as at 31 March 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and Lesotho Communications Act, 2012.

Basis for Qualified Opinion

An amount of M14,548,449.39 was spent as commencement fee for acquisition of a Compliance Monitoring and Revenue Assurance Tool (C-MART), which is a build, operate and transfer project. The amount was recognized in the statement of financial position as an asset under Property, Plant and Equipment broken down as M9,594,825.04 for computer equipment and M4,953,632.35 for software as per Note 27. The C-MART project could not take off due to factors that include:

- Contrary to the requirement of the agreement, there were no approved enabling regulations in place. Furthermore, according to management, stakeholder and public consultations revealed that the draft regulations were not supported, and it was recommended that they be abandoned.
- There was no Steering Committee and Project Management team as is required by the agreement.
- An amount of M53,685,000.00 that was budgeted under C-MART levy was not realized in the year under review because the project did not take off.
- LCA has filed a course case in the Commercial Court of Lesotho challenging the legality of the contract to acquire C-MART.

I believe the commencement fee amount of M14,548,449.39 should not be capitalized to form part of the assets as the chances of the project taking are very slim.

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

Key Audit Matters

Key audit matters are those that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming my opinion thereon, and I do not form a separate opinion on the matters. Identified Key Audit Matters are as shown in the paragraphs below:

- **Corporate tax liability** – Note 21 to the financial statements was explaining corporate tax liability of M16,858,286.59 as a liability to the Government of Lesotho (the Government) instead of the Authority. The issue was considered as a Key Audit Matter because it has remained unpaid since 2018/2019 and had a potential attracting penalties. Furthermore, there was no agreement between the Authority and the Government that the latter would settle the liability. The audit team and management discussed the issue and reached the agreement that the liability belongs to the Authority and would be disclosed as such.
- **Pending court cases by the Chief Executive Officer** – the outcome of the court cases by the then CEO was likely to have an effect on the financial statement of the Authority. However, judgements on the court cases were in favour of the Authority, therefore there was no impact on the financial statements.

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.



Mafani C. Masoabi (Mrs)
Acting Auditor-General

16 NOVEMBER 2022



LESOTHO COMMUNICATIONS AUTHORITY
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

| ASSETS | Notes | 31.03.22 Maloti | 31.03.21 Maloti |
|------------------------------------|-------|--------------------|--------------------|
| Non - Current Assets | | | |
| Property, Plant & Equipment | 9 | 122,833,944 | 120,451,636 |
| Investment in WIOCC | 11 | 3,615,100 | 3,615,100 |
| Intangible Assets | | | |
| Investment in WIOCC | 10 | 80,553,652 | 84,768,786 |
| | | 207,002,696 | 208,835,522 |
| Current Assets | | | |
| Trade and other receivables | 12 | 10,880,225 | 4,211,807 |
| Cash and cash equivalents | 13 | 115,203,155 | 115,991,130 |
| | | 126,083,380 | 120,202,937 |
| Total Assets | | 333,086,076 | 329,038,459 |
| Funds | | | |
| Capital Fund | 14 | 2,331,822 | 2,331,822 |
| Accumulated Fund | 15 | 205,116,576 | 203,242,443 |
| Capital Grant | 16 | 2,410,080 | 2,892,093 |
| | | 209,858,478 | 208,466,358 |
| Non-Current Liabilities | | | |
| Deferred Income | 17 | 9,005,823 | 4,169,781 |
| Loan for LCA office complex | 85 | 25,009,380 | 29,051,370 |
| | | 34,015,203 | 33,221,151 |
| Current Liabilities | | | |
| Trade and other payables | 19 | 22,630,208 | 19,198,185 |
| USF Reserve Fund | 24 | 14,927,924 | 12,766,113 |
| Provisions | 29 | 19,367,730 | 19,460,795 |
| Corporate tax | 30 | 32,286,533 | 35,925,857 |
| | | 89,212,395 | 87,350,950 |
| | | 333,086,076 | 329,038,459 |
| Total Funds and Liabilities | | 282,930,061 | 234,709,698 |

LESOTHO COMMUNICATIONS AUTHORITY
 STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 MARCH 2022

| | Notes | 31.03.22 Maloti | 31.03.21 Maloti |
|---|-------|--------------------|--------------------|
| Income | | | |
| Regulatory Fees | 2 | 92,017,020 | 94,846,542 |
| Other income | 3 | 3,672,781 | 4,760,024 |
| Amortisation of Capital Grant | 4 | 482,013 | 482,013 |
| LSNIC Revenue | 5 | 239,850 | 310,000 |
| | | 96,411,664 | 100,398,579 |
| Expenditure | | | |
| Staff Costs | 7 | 43,942,400 | 35,436,823 |
| Depreciation | 9 | 10,327,804 | 9,870,619 |
| Directors Emoluments | 31 | 1,974,485 | 1,208,312 |
| Audit Fees | 6 | 118,375 | 112,736 |
| Other Administrative Costs | 8 | 31,231,991 | 20,848,621 |
| | | 87,595,055 | 67,477,111 |
| Surplus/Deficit before finance income & cost | | 8,816,609 | 32,921,468 |
| Finance Income | 32 | 2,713,050 | 3,265,127 |
| Surplus/Deficit after finance income & cost | | 11,529,659 | 36,186,595 |
| Corporate Tax | 30 | 2,882,415 | 9,046,649 |
| Surplus after tax | | 8,647,244 | 27,139,946 |
| Transfer to UAF | 24 | 2,161,811 | 6,784,987 |
| Surplus for the year | | 6,485,433 | 20,354,960 |

LESOTHO COMMUNICATIONS AUTHORITY
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 MARCH 2022

| | Capital Funds Maloti | Revaluations Reserve Maloti | Accumulated Funds Maloti | Capital Grants Maloti |
|---------------------------------|----------------------------|-----------------------------------|--------------------------------|-----------------------------|
| Balance at 31/03/2020 | 2,331,822 | - | 175,052,107 | 3,374,106 |
| Prior Year Adjustment | - | - | 7,835,376 | - |
| Surplus for the year | - | - | 20,354,960 | - |
| Amortisation for the year | - | - | - | (482,013) |
| Balance at 31/03/2021 | 2,331,822 | - | 175,052,107 | 2,892,093 |
| Prior Year Adjustment | - | - | (4,611,300) | - |
| Surplus for the Year | - | - | 6,485,433 | - |
| Amortisation for the Year | - | - | - | (482,013) |
| Valuation of LCA Office Complex | - | - | - | - |
| Balance at 31/03/2022 | 2,331,822 | - | 205,116,576 | 2,410,080 |

LESOTHO COMMUNICATIONS AUTHORITY
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 31 MARCH 2022

| | | 31.03.22 | 31.03.21 |
|---|----|---------------------|--------------------|
| | | Maloti | Maloti |
| Surplus for the period | | 6,485,433 | 20,354,960 |
| Loss on foreign currency transactions | | 4,215,133 | - |
| Prior period adjustments | 20 | (4,611,300) | 7,835,376 |
| Depreciation | 9 | 10,327,804 | 9,870,619 |
| Amortisation of capital grant | 4 | (482,013) | (482,013) |
| (Increase)/Decrease in receivables | 10 | (6,668,418) | 7,546,770 |
| Increase/(Decrease) in payables | 33 | 1,861,445 | 2,860,487 |
| (Gain) or loss on Disposal of fixed assets | 34 | 37,741 | - |
| Net Cash Inflow/Outflow from Operation Activities | | 11,165,826 | 47,986,198 |
| Investing Activities | | | |
| Purchase of Plant, Property and Equipment | 9 | (13,041,855) | (9,425,987) |
| Proceeds on Sale of Assets | 35 | 294,002 | - |
| Net Cash Flows from Investing Activities | | (12,747,853) | (9,425,987) |
| Financing Activities | | | |
| Initial Licences Fees | 17 | 4,836,042 | ((959,583) |
| Repayment of Building Loan | 18 | (4,041,990) | (3,759,425) |
| Repayment of Furniture Loan | 18 | - | (648,208) |
| Net Cash Flow from Financing Activities | | 794,052 | (5,367,216) |
| Net decrease in Cash & Cash Equivalents | | (787,975) | 33,192,995 |
| Cash & Cash Equivalents at the beginning of the Year | | 115,991,130 | 82,798,135 |
| Cash & Cash Equivalents at the end of the Year | | 115,203,155 | 115,991,130 |

LESOTHO COMMUNICATIONS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

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 2022.

1.2.1 IAS 1 Presentation of financial statements

The International Accounting Standard Board has issued 'classification of Liabilities as current or non-current (Amendments to IAS 1)' providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendment affects only presentation of liabilities in the statement of financial position not the amount or timing of recognition of any asset or liability or expenses. The Authority classified its liabilities as current or non-current based on the rights which were in existence as at 31st March 2022.

1.2.2 IFRS 3 business combination (Changes in reference to the conceptual framework)

IFRS 3 was updated so that it refers to the 2018 conceptual framework instead of the 1989 framework. The amendment also has a new requirement which states that for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer should apply IAS 37 or IFRIC 21 instead of the conceptual framework to identify liabilities assumed in a business combination. The Authority did not have any business combination transaction during the financial year 2021/22. As a result, no contingent assets arising from business combinations were recognized during the year financial year.

1.2.3 IFRS 17 Insurance Contracts

IFRS 17 requires that insurance liabilities are to be measured at current fulfillment value and provides a more uniform measurement of and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. The Authority always settle its insurance liabilities in advance. As a result, no amounts were owed as at 31st March 2022.

LESOTHO COMMUNICATIONS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1.2.4 IFRS Financial Instruments

The Amendment in applying the IFRS 9 with IFRS 4 'Insurance Contracts (amendment to IFRS) provide two options for entities that issue insurance contract within the scope of IFRS 4 which are as follows:

Option 1: Overlay approach: an approach permits entities to reclassify from profit and loss to other comprehensive income some of the income or expenses arising from designed financial assets.

Option 2: Deferral approach: an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4. This approach permits IAS 38 rather than IFRS 9.

The Authority has applied overlay approach and financial assets are classified as fair value through profit and loss in line with IFRS 9.

IFRS 9 requires the Authority to recognize a financial asset or liability in its statement of financial position when it becomes a party to the contractual provision of the instrument. At initial recognition, the Authority measures financial asset or liability at fair value plus or minus, in case of a financial asset or financial liability not at fair value through profit and loss, transactions costs that are directly related to the acquisition or issue of the financial assets or financial liability.

The Authority classifies and measures financial assets at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

1.2.5 IAS 16 Property, Plant and Equipment – Proceeds before intended use

The amendment profits deducting from costs of an asset or item of property, plant and equipment any proceeds from selling of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling of such items, and cost of producing those items, in profit and loss. The Authority did not have any transaction of this nature during the financial year 2021/22.

1.2.6 IAS 37 Onerous Contracts

The amendment specifies that the costs of fulfilling a contract comprises of the costs that relate directly to a contract that can be either incremental costs of fulfilling that contract or an allocation of other costs that relates directly to fulfilling the contract. The Authority did not have any onerous contracts during the financial year 2021/22.

1.2.3 IFRS 17 Insurance Contracts

IFRS 17 requires that insurance liabilities are to be measured at current fulfillment value and provides a more uniform measurement of and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. The Authority always settle its insurance liabilities in advance. As a result, no amounts were owed as at 31st March 2022.

IFRS 7 Financial instruments – disclosures

LESOTHO COMMUNICATIONS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1.2.7 IFRS 16 Leases and COVID-19 related rent concessions

IFRS 3 was updated so that it refers to the 2018 conceptual framework instead of the 1989 framework. The amendment also has a new requirement which states that for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer should apply IAS 37 or IFRIC 21 instead of the conceptual framework to identify liabilities assumed in a business combination. The Authority did not have any business combination transaction during the financial year 2021/22. As a result, no contingent assets arising from business combinations were recognized during the year financial year.

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.

1.3.1 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.

1.3.2 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.

1.3.3 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.

LESOTHO COMMUNICATIONS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

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.

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 |
| Mobile Hand Sets | 5 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 2022

1.9.1 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.

1.9.2 Financial Liabilities

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

1.10 Trade and other receivables

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

1.11 Cash and cash equivalents

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

1.12 Trade and other payables

Trade and other payables are stated at their fair values.

1.13 Employee Benefits

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

Terminal gratuities are provided for contract employees as per the terms of their respective employment contracts and 12% for permanent staff.

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

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.

LESOTHO COMMUNICATIONS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1.15 Revenue Recognition

1.15.1 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.

1.15.2 Registry Income

Registry income refers to domain's registration, accreditations and renewal fees charged to accredited registrars in Lesotho. The fees recognized in the period to which they relate.

1.15.3 Interest income

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

1.15.4 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.

1.15.5 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. The IFRS 16-Leases has made significant changes to the way in which leasing transactions are reported in the financial statements of leases. As a result, lessees are required to recognize right of use assets in their financial statements. **However, IFRS 16, states that for short-term leases, the Lessee can elect to recognize the lease rentals as an expense over the lease term, rather than recognizing the right to use asset or liability.**

1.15.6 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 2022

| | 31.03.22 | 31.03.21 |
|---------------------------|-------------------|-------------------|
| | Maloti | Maloti |
| 2. Regulatory fees | | |
| Application Fee | 175,139 | 146,550 |
| Licence Fee | 4,097,226 | 4,114,725 |
| Spectrum Fee | 26,237,287 | 27,136,064 |
| Annual Licence Fee | 61,507,368 | 63,449,202 |
| | 92,017,020 | 94,846,541 |

| | | |
|-------------------------------|------------------|------------------|
| 3. Other Income | | |
| Rent Received | 3,033,268 | 2,757,540 |
| Penalty Fees | 1,350 | 75,550 |
| Dividends from WIOCC | - | 1,926,934 |
| WIOCC shareholder's rebates | 638,163 | - |
| Amortisation of Capital Grant | 3,672,781 | 4,760,024 |

| | | |
|---|---------|---------|
| 4. Amortisation of Capital Grant | | |
| This represents an amount amortised during the year for the WIOCC investment and WIOCC capacity paid the Government of Lesotho. | 482,013 | 482,013 |

5. Registry Income
 Registry income refers to domain's registrations, accreditations and renewal fees charged to accredited registrars in Lesotho. The fees are recognized in the period to which they relate.

6. Audit Fees
 This represents the external audit fees incurred during the financial year for services performed by the Office of The Auditor General.

LESOTHO COMMUNICATIONS AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2022

| | 31.03.22 | 31.03.21 |
|------------------------------|-------------------|-------------------|
| | Maloti | Maloti |
| 5. Staff Costs | | |
| Salaries | 23,707,457 | 19,850,443 |
| Allowances | 9,850,529 | 7,396,080 |
| Pension | 1,754,250 | 1,486,908 |
| Severance Pay | 469,375 | 471,902 |
| Leave Pay | 438,861 | - |
| Medical Aid | 2,192,605 | 2,146,134 |
| Gratuity | 3,812,070 | 7384,817 |
| Staff Refreshments & Welfare | 722,341 | 839,867 |
| Sports & Recreation | | 6,793 |
| Staff cell phone airtime | 706,000 | 594,236 |
| Fringe Benefit Tax | 220,266 | 188,788 |
| Housing | 68,646 | 70,855 |
| | 43,942,400 | 35,436,823 |

LESOTHO COMMUNICATIONS AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2022

| | 31.03.22 | 31.03.21 |
|--------------------------------------|-------------------|-------------------|
| | Maloti | Maloti |
| 6. Other Administration Costs | | |
| Bank Charges | 104,545 | 64,440 |
| Interest Paid | 1,733,793 | 2,026,550 |
| Communication | 1,230,406 | 1,513,129 |
| Postage | 15,641 | 22,558 |
| Stationery | 190,872 | 216,081 |
| Repairs and maintenance | 491,701 | 361,271 |
| Software Licenses | 746,797 | 894,354 |
| Operation and Maintenance (WIOCC) | 3,093,056 | 3,275,150 |
| Water and Electricity | 520,607 | 694,919 |
| Repairs and Maintenance - Buildings | 1,204,520 | 438,302 |
| Rent and rates | 1,946,357 | 1,896,560 |
| Insurance | 1,262,143 | 1,509,576 |
| Station Maintenance | 659,222 | 735,037 |
| Dispute Resolution fees | 242,229 | 195,764 |
| Other Expenses | - | 101,686 |
| Books and Journals | 42,570 | 11,308 |
| Fuel | 178,153 | 88,173 |
| Car Running | 92,231 | 152,400 |
| Subscriptions | 1,762,392 | 2,163,656 |
| Staff Training | 296,612 | - |
| Business Entertainment | 71,003 | - |
| Cleaning & Security | 2,068,252 | 2,225,092 |
| Public Relations | 851,677 | 449,721 |
| Advertisements | 671,580 | 504,483 |
| Consultancy fee | 304,411 | 72,508 |
| Board expenses | 1,583,092 | 192,410 |
| Legal fees | 4,490,295 | 958,934 |
| Research | - | 8,714 |
| Donations | 41,030 | - |
| Loss on foreign transactions | 4,215,133 | - |
| Loss on disposal of fixed assets | 37,741 | - |
| Total Expenses | 20,848,621 | 32,155,518 |

LESOTHO COMMUNICATIONS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

7. Property, Plant and Equipment

| | Cost at 31.03.21 | | Additional/ Revisions of value | | Disposal | | Cost at 31.03.22 | | Dep'n at 31/03/21 | | Disposal | | Charge this year | | Dep'n at 31/03/22 | | NBV at 31/03/21 | | NBV at 31/03/22 | |
|---------------------------|--------------------|-------------------|-----------------------------------|--------------------|-------------------|------------------|-------------------|-------------------|--------------------|--------------------|----------|--------|------------------|-----------|-------------------|--------|-----------------|------------|-----------------|------------|
| | Maloti | Maloti | Maloti | Maloti | Maloti | Maloti | Maloti | Maloti | Maloti | Maloti | Maloti | Maloti | Maloti | Maloti | Maloti | Maloti | Maloti | Maloti | Maloti | Maloti |
| LSNIC Computer Equipment | 284,569 | - | - | - | 284,569 | - | - | 256,112 | - | - | - | - | - | - | 256,112 | - | - | 28,457 | - | 28,457 |
| LSNIC Fixtures & Fittings | 373,815 | - | - | - | 373,815 | - | - | 328,804 | - | - | - | - | - | 7,630 | 334,434 | - | - | 45,011 | - | 37,381 |
| Office Equipment | 454,600 | 349,754 | 9,988,642 | - | 804,354 | - | - | 374,355 | - | - | - | - | - | 29,465 | 403,821 | - | - | 80,245 | - | 400,533 |
| Computer Equipment | 12,431,933 | 343,570 | 38,629 | - | 22,420,575 | 1,658,714 | - | 4,360,291 | - | - | - | - | - | 265,603 | 4,625,894 | - | - | 8,071,642 | - | 17,794,681 |
| Motor Vehicles | 5,109,426 | 3,777,283 | 49,880 | - | 3,794,283 | - | - | 2,494,956 | - | - | - | - | - | 898,559 | 2,066,544 | - | - | 2,614,470 | - | 1,727,739 |
| Office Furniture | 104,772,480 | 31,784,769 | 19,922,320 | - | 3,815,912 | - | - | 3,366,218 | - | - | - | - | - | 23,856 | 3,390,074 | - | - | 411,065 | - | 425,838 |
| LCA Office Complex | - | - | 349,060 | - | 104,822,360 | - | - | 12,965,252 | - | - | - | - | - | 4,129,474 | 17,094,726 | - | - | 91,807,228 | - | 87,727,634 |
| Monitoring Equipment | - | - | - | - | 33,707,089 | - | - | 14,391,251 | - | - | - | - | - | 4,847,848 | 19,239,099 | - | - | 17,393,518 | - | 14,467,990 |
| Mobile handsets | - | - | - | - | 349,060 | - | - | - | - | - | - | - | - | 125,368 | 125,368 | - | - | - | - | 223,692 |
| TOTAL | 158,988,875 | 13,041,855 | 1,658,714 | 170,372,017 | 38,537,239 | 1,326,971 | 10,327,804 | 47,538,073 | 120,451,636 | 122,833,944 | | | | | | | | | | |

LESOTHO COMMUNICATIONS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

10. 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. The Capacity was translated into Maloti in line with 1AS 21 effects of changes in foreign exchange rates. As a result, it is valued at M80,553,652 as at 31 March 2022.

11. 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.

| | 31.03.22 | 31.03.21 |
|--|--------------------|--------------------|
| | Maloti | Maloti |
| 12. Trade and Other Receivables | | |
| Trade Receivables | 1,791,444 | 832,725 |
| Less: Provision for Doubtful Debt | - | - |
| Subtotal | 1,791,444 | 832,725 |
| Sundry Deposits | 310,624 | 310,624 |
| Other Receivables | 7,387,888 | 2,137,882 |
| Staff Loans | 251,900 | - |
| Withholding Tax | 1,138,369 | 930,576 |
| | 10,880,225 | 4,211,807 |
| 13. Cash and cash equivalents | | |
| Current & Call Accounts | 87,898,889 | 89,805,969 |
| Short term Deposits & investments | 27,304,266 | 26,185,162 |
| | 115,203,155 | 115,991,130 |

14. 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.

15. Accumulated Fund

| | |
|--------------------------|-------------|
| Balance as at 31/03/2021 | 203,242,443 |
| Prior year adjustment | (4,611,300) |
| Surplus for the year | 6,485,433 |
| Balance as at 31/03/2022 | 205,116,576 |

16. 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.

LESOTHO COMMUNICATIONS AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2022

| | 31.03.22 | 31.03.21 |
|--|------------------|------------------|
| | Maloti | Maloti |
| Opening balance | 2,892,093 | 3,374,106 |
| Less: Amortisation of Capital Grant for the year | (482,013) | (482,013) |
| Closing balance | 2,410,080 | 2,892,093 |

17. Deferred Income

These are initial licence fees for 15 and 20 years:

| | | |
|------------------------|------------------|------------------|
| Econet Telecom Lesotho | 5,094,375 | - |
| Vodacom Lesotho | 3,619,897 | 3,878,230 |
| | 8,714,272 | 3,878,230 |
| Rent deposit | 291,551 | 291,551 |
| | 9,005,823 | 4,169,781 |

18. 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. The office furniture loan has been settled in the previous financial year.

19. Trade and other Payable

| | | |
|--------------------|-------------------|-------------------|
| Trade Payables | 6,779,880 | 1,889,821 |
| Fringe benefit tax | 60,849 | 48,682 |
| Other payables | 15,397,620 | 17,259,682 |
| Sundry Payables | 391,859 | - |
| | 22,630,208 | 19,198,185 |

20. Prior Year Adjustments

| | | |
|------------------------------------|--------------------|--------------------|
| Overprovision for Staff bonus FY21 | 1,362,867 | - |
| Contribution to USF | (6,784,987) | (5,834,503) |
| Accountable Clearing | 219 | 10,384 |
| Invoices adjustments | 810,601 | (3,500) |
| Adjustment for overstated expenses | - | 49,150 |
| | (4,611,300) | (5,778,468) |

LESOTHO COMMUNICATIONS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

21. 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.

22. 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.

23. 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 4,187,115.73 as at 31 March 2022.

24. Universal Service Reserve Fund

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

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

LESOTHO COMMUNICATIONS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

25. 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.

26. Financial risk management

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

26.1 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.

26.2 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.

26.3 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.

26.4 Fair values

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

LESOTHO COMMUNICATIONS AUTHORITY

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27. Supply, Installation and Commissioning of CMART

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. The Authority further processed a payment to the tune of M7,306,066.24 to GVG on the 12 April 2021 in line with section 6.1.2 of the contract which stated that another 50% of the commencement fee shall be paid within 3 months following signature date.

28. Revaluation of LCA Office Complex

of New LCA Office Complex situated at 30 Princess Margret Road Old Europa Maseru. The Market value of land and building as per the valuation report was M106,819,000.00. However, the revaluation surplus has not yet been realized since land and building at Abia Monitoring Station was yet to be revalued. It should be noted that in line with IAS 16, if an item is revalued, the entire class of assets to which that asset belongs should be revalued. As a result, the revaluation loss or surplus will be realized during the financial year 2022/23 when the entire class has been revalued.

29. Provisions

| | |
|---|-------------------|
| Balance as at 01 April 2022 | 19,460,795 |
| Provision for WIOCC operation and maintenance | 3,093,056 |
| 2021 Reversal of FY21 year-end provisions | (3,186,121) |
| Balance as at 31 March 2022 | 19,367,730 |

30. Corporate Tax

The Revenue Appeal Tribunal made a judgement in a case between Lesotho Communications Authority (LCA) and Lesotho Revenue Authority that LCA is liable to pay corporate tax. As a result, LCA has made provision for corporate tax Liability.

| | |
|---|-------------------|
| Balance as at April 2022 | 35,925,857 |
| Provision for 2021/22 (as per Income statement) | 2,882,415 |
| Income tax payment during 2021/22 | (6,521,739) |
| Balance as at 31 March 2022 | 32,286,533 |

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FOR THE YEAR ENDED 31 MARCH 2022

31. Director's emoluments

This represents the sitting and communication allowances expenditure incurred during the financial year 2021/22 as the board and its sub-committees held meetings.

32. Finance Income

This represents the interest generated from Authority's investments during the financial year 2021/22.

33. Increase in payables

This represents the difference between trade and other payables balance as at 31 March 2021 and 31 March 2022. The balance was M87,350,950 as at March 2021 and it increased to M89,212,395 at March 2022.

34. Proceeds on disposal of fixed assets

This represents the amount received on disposal of Authority's vehicle during the financial year.

