

# LESOTHO COMMUNICATIONS AUTHORITY



LESOTHO  
COMMUNICATIONS  
AUTHORITY



Annual Report  
**2023/24**

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# **CORPORATE MANDATE**

Lesotho Communications Authority (LCA) is established to regulate the communications sector comprising telecommunications, postal & courier and broadcasting services in Lesotho.

## **VISION**

Lesotho Communications Authority shall be a transformational and diverse regulatory body

## **MISSION**

Our mission is to contribute meaningful universal connectivity by making communications infrastructure accessible; broadband affordable; narrowing the digital divide and creating a safe cyberspace for all.

## **CORPORATE CULTURAL VALUES**

Innovation, Collaboration, Adaptability, Transparency “i-CAT”

## **MOTTO**

Fairness to all and allegiance to none.



## **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 numbers: Main switchboard: +266 222 4300 • 5222 1300 •

Customer Care: 22326784 • Consumer Complaints Free Line: 101 • Customer complaints WhatsApp number: 6200 2021

Email addresses: info@lca.org.ls • admin@lca.org.ls • registrar@lca.org.ls •

licensing@lca.org.ls • lca@lca.org.ls • complaints@lca.org.ls

Website address: www.lca.org.ls

External auditors: Auditor-General of Lesotho

Bankers: Nedbank Lesoth.



LESOTHO  
COMMUNICATIONS  
AUTHORITY

# LIST OF ABBREVIATIONS

**3G:** Third generation mobile networks  
**4G:** Fourth generation mobile networks  
**5G:** Fifth generation mobile networks  
**ATU:** African Telecommunications Union  
**AGM:** Annual General Meeting  
**BTS:** Base Transceiver Station  
**BDRP:** Broadcasting Disputes Resolution Panel  
**BOCRA:** Botswana Communications Regulatory Authority  
**ccTLD:** Country Code Top Level Domain  
**CA:** Coherent actions  
**CDMA:** Code-Division Multiple Access  
**CEO:** Chief Executive Officer  
**COP:** Child Online Protection  
**CSI:** Corporate Social Investment  
**CSIRT:** Computer Security Incident Response Team  
**DHL:** Dalsey, Hillblom and Lynn  
**DSL:** Digital Subscriber Line  
**EDGE:** Enhanced Data rates for GSM Evolution  
**EMF:** Electromagnetic Field  
**ETL:** Econet Telecom Lesotho  
**ETS:** European Telecommunications Standards Institute  
**FOC:** Fibre Optic Communications  
**FM:** Frequency Modulation  
**GSM:** Global Systems for Mobile communications  
**ICASA:** Independent Communications Authority of South Africa  
**ICT:** Information and Communication Technology

**IFRS:** International Financial Reporting Standards  
**IMT:** International Mobile Telecommunications  
**IP:** Internet Protocol  
**ISP:** Internet Service Providers  
**ITU:** International Telecommunication Union  
**LCA:** Lesotho Communications Authority  
**LECC:** LEC Communications  
**LIXP:** Lesotho Internet Exchange Point  
**LNBS:** Lesotho National Broadcasting Service  
**LTE:** Long Term Evolution  
**M:** Maloti. (Singular: Loti)  
**MHz:** Megahertz  
**MNO:** Mobile Network Operator  
**MVNO:** Mobile Virtual Network Operator  
**NSDP:** National Strategic Development Plan  
**NUL:** National University of Lesotho  
**OPGW:** Optical Ground Wire  
**OTT:** Over-The-Top  
**PRMS:** Premium Rated Messaging Service  
**PSTN:** Public Switched Telephone Network  
**QoS:** Quality of Service  
**SADC:** Southern African Development Community  
**SIM:** Subscriber Identity Module  
**SDG:** Sustainable Development Goals  
**SOB:** Strategic Objectives  
**SOC:** Security Operations Centre  
**SOU:** Strategic Outcomes  
**TCP:** Transmission Control Protocol

**TV:** Television

**UMTS:** Universal Mobile Telecommunications System

**USF:** Universal Service Fund

**USFC:** Universal Service Fund Committee

**WHO:** World Health Organization

**Wi-Fi:** Wireless Fidelity

**WiMAX:** Worldwide Interoperability for Microwave Access

## 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 the 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 can 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 at each 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 to 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 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 /or 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.

**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.

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

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

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





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

**Long-Term Evolution:** 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 entity 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:** Totality of characteristics of a telecommunications service that bears on its ability to satisfy stated and implied needs of the user of the service.

**Roaming:** The ability of a user to access wireless telecommunication services in networks other than the one(s) to which the user is subscribed.

**Server:** A host computer on a network that sends stored information in response to requests or queries.

**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.

**Universal Postal Union:** is a United Nations specialized agency and the postal sector's primary forum for international cooperation.

**Waiting list:** The unmet applications for connections held due to a lack of technical facilities and or administrative procedures/bureaucracies. This would be a 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

“We remain committed to driving digital transformation through connecting communities, empowering growth and shaping Lesotho’s ICT future” – **Ms. Puleng Lebitsa** (Chairperson)

It is my honour to present the Annual Report of the Lesotho Communications Authority (LCA) for the financial year ending 31 March 2024. This report marks yet another milestone in the life of the Authority and the communications sector as a whole.

The introduction of new technologies into the Lesotho market has resulted in an increased number of consumers gaining access to communications services. Furthermore, areas previously underserved are now benefiting from enhanced connectivity, making it easier for both consumers and businesses to carry out their daily activities efficiently.

A significant achievement during the reporting period was the development and adoption of the new Strategic Plan 2023–2026. This plan aims to create an agile regulatory system that fosters digital transformation in a trusted cyberspace. The Strategic Plan is underpinned by five strategic outcomes (5-SOUs), seven strategic objectives (7-SOBs), and 19 coherent actions (19-CAs). The strategic outcomes focus on establishing:



The Strategic Plan aligns with the National Strategic Development Plan II (NSDP II) of Lesotho, which highlights the Government’s commitment to reorganizing the ICT sector and promoting the application of ICTs in all productive sectors to foster inclusive economic growth. This commitment is evident through initiatives such as the e-Government project, which partners with the Authority to develop communications infrastructure nationwide.

The Plan also draws from global, continental, and regional frameworks, including the United Nations’ Sustainable Development Goals (SDGs), the International Telecommunication Union’s (ITU) Strategic Development Plan, the African Union’s Agenda 2063, and the Southern African Development Community’s (SADC) 2026 Broadband Targets. These alignments position the Authority to contribute meaningfully to the advancement of Lesotho’s communications sector over the next three

The government's strategic focus on technology and ICTs as a cornerstone of development is commendable. For instance, ICTs now account for 5% of Lesotho's GDP, underscoring the sector's dynamism and contribution to the economy. The adoption of digital technologies, particularly in telecommunications and financial services, has significantly bridged gaps in access to finance and social services, reducing poverty and improving lives. The Authority has been instrumental in these achievements by ensuring regulatory certainty, which is essential for maintaining a favourable investment climate.

We are deeply grateful to the Government particularly our parent Ministry, The Ministry of Information, Communications, Science, Technology and Innovation for its unwavering support in enabling the Authority to execute its mandate effectively. We also extend our gratitude to the industry stakeholders for their cooperation and collaboration. I would like to acknowledge and commend my fellow Board members for their dedication and commitment to good governance. During the reporting period, the Board approved numerous internal policies that strengthen the organisational functions of the Authority.

Most importantly, the Minister of Information, Communications, Science, Technology and Innovation appointed Mr. Nizam Goolam as the Chief Executive of the Authority. With his experience in the sector, we are certain the Authority is in good hands, and we shall watch as he transcends the sector into new trajectories amidst the ever-growing challenges of cyber threats.

Lastly, I express heartfelt appreciation to the staff of the Authority for their hard work and professionalism. Their efforts have been pivotal in ensuring the Authority's success in regulating the communications sector and driving its development. Together, we look forward to further milestones as we continue to transform and advance Lesotho's communications sector landscape.

# UPHOLDING GOOD CORPORATE GOVERNANCE

## The Board of the Authority

The Authority is governed by a unitary Board of Directors which 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 Information, Communications, Science, Technology and Innovation, in accordance with Section 6 of the Communications Act, 2012. The Chairperson and five other directors are non-executive directors, and the Chief Executive Officer is an ex-officio member of the Board. Members of the Board have a diverse range of relevant professional skills, experience, and views relevant to the regulation of the communications sector.

The Board is responsible for the exercise of the powers and performance of the duties of the Authority, which include amongst others, regulation and development of the communications sector, strategic and business planning for efficient operation of the Authority, appropriate budgeting, policy development and appointment of senior officers of the Authority.

## Commitment to Good Corporate Governance

Commitment to Good Corporate Governance  
In carrying out its functions, the Board and its committees were guided by policies of the Government of Lesotho, the Communications Act 2012, the Board Charter, the Committee Charters, the Rules and Policies of the Authority. The Board, Committees and Management also draw from good corporate principles as contained in the Mohlomi Corporate Governance Code, the King Code and the principles and requirements contained in the International Financial Reporting Standards (IFRS).

Below is an extract from 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.

## Commitment to Good Corporate Governance

- 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.
- The Board shall establish the scope and delegation of authority and shall ensure that it reserves specific powers and authority for itself. The delegated authority must be in writing and be evaluated regularly.
- The Board shall manage conflicts of interest between Management, Board members and the Policy Maker; and
- The Board is the guardian of the values and ethics of the LCA.

## Conflicts of Interest

Issues of Conflicts of Interest are prescribed in the Act, 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”. Where such conflict arises, the issue is dealt with in terms of the LCA Board Charter.



# BOARD OF DIRECTORS



**Ms. Puleng Lebitsa**  
Chairperson



**Mr. Realeboha Makamane**  
Director



**Ms. Mafelile Molale**  
Director



**Mr. Mats'ela Mats'ela**  
Director



**Mr. Lesekele Makara**  
Director



**Ms. Keneuoe Mohale**  
Director



**Mr. Nizam Goolam**  
Chief Executive Officer

## Summary of Board Activities

During the period under review, the Board and its sub-committees held a total of 25 meetings. The Board sub-committees that held meetings were the Human Resources and Remuneration Committee, the Directors Affairs and Governance Committee and the Finance, Risk and Audit Committee. The number of meetings held was comparable to those of the last reporting period. However, the rate of implementation of the Board and Committee resolutions increased to the highest threshold of 100%. See Figure 1, below:

**Figure 1: Meetings of the Board and Board Committees**



Amongst the major decisions made by the Board and its committees included the following:

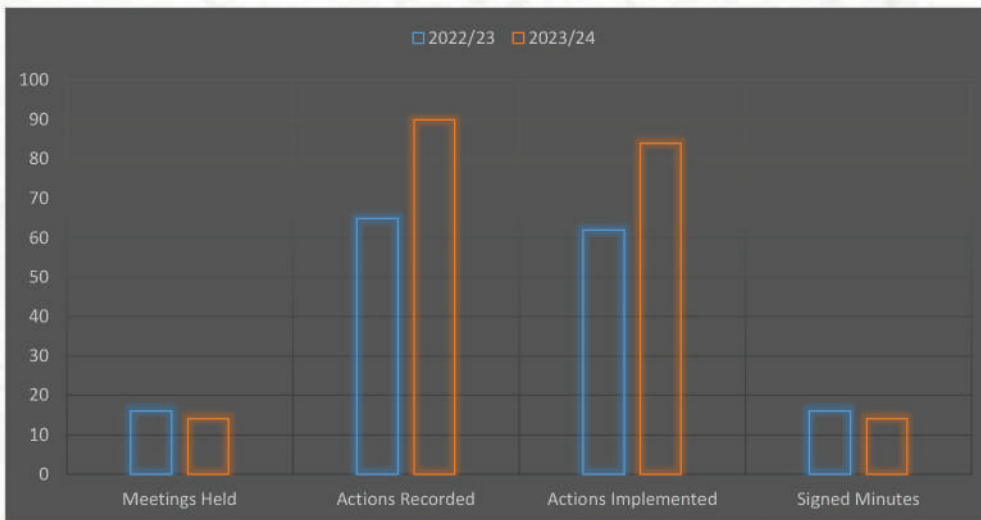
- Operational issues such as approval of the Authority’s budget and annual report.
- Consideration and approval of strategic and operational plans.
- Consideration of industry operating licences and issues related to licensees.
- Review of corporate governance instruments include board and committee charters.
- Review of financial, procurement and transport internal policies and related activities.
- Recruitment of senior executive staff and human resources matters.



## Executive Management

In line with the Strategic Plan of the Authority, Executive Management also operated according to the performance standards guidelines. During the reporting period, the performance of the Executive Management was at 90% compared to 80% in the previous year. Figure 2 below shows the performance for the year ended and in comparison, with the last reporting period.

**Figure 2: Meetings of Executive Management**



### **Amongst the actions considered by the Executive Management included the following:**

- Operational issues like staff, resource allocation, and performance instruments.
- Cooperation agreements with external parties.
- Development of operational policies.
- Sector's regulatory matters i.e. telecommunications, postal and broadcasting.
- Adoption of good governance code.
- Consideration of performance reports.
- Consideration of the LCA Resilience Strategy

## **Statutory Board Committees**

Two statutory committees, notably, the Universal Service Fund Committee and the Broadcasting Disputes and Resolution Panel are established under the Communications Act, 2012.

### **The Universal Service Fund Committee**

Section 33 of the Communications Act, 2012 establishes the Fund and stipulates its function as the promotion of universal access to communications services especially in unserved and underserved areas of the country. Furthermore, the Act establishes the Universal Service Fund Committee (USFC) to manage the affairs of the Fund. The Act provides that the members of USFC should be made-up of a representative from the Ministry responsible for Communications who shall be the chairman, a representative from Lesotho Communications Authority who shall be the deputy-chairman, and representatives from the Ministries of Local Government and Finance, a representative from the Lesotho Electricity Company.

In the reporting period, the operational arrangement of the Fund was changed. This has necessitated the transitional arrangements between the Fund and the Authority as well as the Memorandum of Understanding between the two entities thus operationalizing Section 5 (1)(t) of the Act.

### **The Broadcasting Disputes and Resolution Panel**

The Broadcasting Disputes and Resolution Panel (BDRP) is established through Section 39 (1) of the Act, and its mandate is to prepare the broadcasting code, resolve disputes on broadcasting content and refer all unresolved disputes to the Authority with recommendations.

The BDRP is composed of the chairman and four (4) members who are appointed by the Minister of Communications . However, the contract terms of the BDRP members expired in August 2022 and the Authority is waiting for the appointment of new members.

# CHIEF EXECUTIVE OFFICER'S STATEMENT



**“The Authority has achieved a performance rate of 88% on strategic sub-actions for the year 2023/24”.**

This 2023/24 Annual Report of the Lesotho Communications Authority marks the first year of implementing the Strategic Plan 2023–2026. The plan, summarized in this report, aims to strike a balance between regulatory certainty, fostering innovation, enhancing competition, and protecting consumer interests, while ensuring safety, security, and confidence in the ICT environment.

During this reporting period, the Authority achieved a commendable 88% performance rate on the 31 strategic sub-actions planned for 2023/24. Of these, 22 sub-actions were successfully completed, three were initiated but not finalized, and six were deferred due to various reasons. These sub-actions were systematically derived from strategic objectives, which in turn support the plan's five strategic outcomes which include: efficient regulation, positive consumer satisfaction, building a healthy LCA brand, being a trusted regulatory system and provision of accessible and affordable Communication Services.

## Sector Growth and Key Achievements

The reporting year was not only a success in delivering on planned initiatives but also saw tangible growth in the sector. Although the number of major network operators remained unchanged, active licenses increased by 13.8%. Voice penetration in the telecommunications sector grew to 80.23%, a 2% increase over the previous year.

## Cybersecurity and Digital Safety

Recognizing the growing cyber threats in an increasingly digital world, the Authority introduced initiatives aimed at enhancing the country's cybersecurity posture. These include:

- Establishing a sectoral task team to conceptualise and lead the sector towards the establishment of a CSIRT which will improve our incidence response capabilities
- Encouraging network operators to adopt robust cybersecurity measures, including data protection and secure networks.
- Collaborating with stakeholders to raise awareness about online safety and the prevention of cyber crimes.

## Advances in Connectivity

The year saw significant progress in connectivity:

- Mobile network operators expanded 3G and 4G coverage across the country.
- The two operators also launched 5G technology. The introduction of 5G promises enhanced speed, reliability, and scalability for Lesotho's mobile networks.
- Investments by operators, the Universal Service Fund (USF), and the e-Government project continued to extend mobile network coverage to underserved communities, improving access to critical services in health, education, finance and beyond.

As we reflect on a successful year, the Authority reaffirms its commitment to fostering a thriving, innovative, and secure communications environment. Through strategic initiatives, including advancements in connectivity, cybersecurity measures, and sustainability efforts, we endeavour to continue empowering communities and also contributing to the country's development.

**N. Goolam**  
Chief Executive

## STRATEGIC PLAN AND BUSINESS MODEL

The reporting period is aligned with the first year of the Lesotho Communications Authority Strategic Plan 2023 to 2026. The plan envisions the LCA that is committed to continuous improvement and change, focused on innovative solutions to complex problems and which embraces a culture of learning, experimentation, and openness to feedback. The new strategic plan has five strategic outcomes (5-SOUs); seven strategic objectives (7-SOBs) and 19 coherent actions (19-CAs). In developing the strategic plan, the Authority was guided by the LCA Strategic Management Framework (LCA-SMF), which articulates the guiding principles underpinning the strategic management process necessary to transform LCA into a sustainable and efficient regulator through an integrated strategic architecture and the process guided by the strategy formulation and development process. Figure 4 below, illustrates both the process and the outputs.

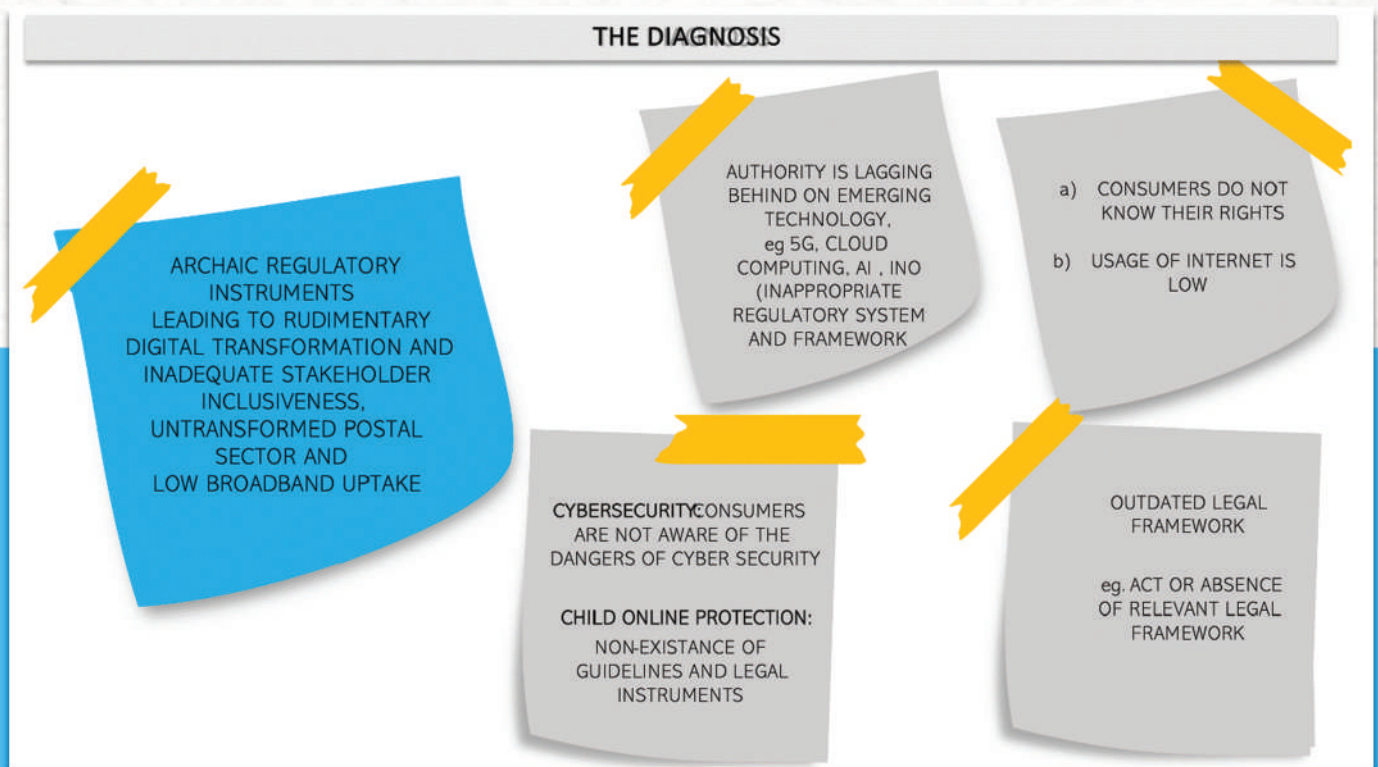
**Figure 4: LCA-SMF Strategy Formulation and Development of the Strategic Plan Process**



The diagnostic assessment entailed several processes such as the evaluation of the previous plan, stakeholder engagements and the consideration of the national plans as outlined in the NSDP II, strategic plans of the regional, continental and international organisations, like the United Nations’ Strategic Development Goals (SDGs), the ITU Strategic Development Plan, the African Union’s Agenda 2063 and SADC’s 2026 Broadband Targets.

Most importantly, the diagnostic process looked internally and came out with critical information which was used to build the new plan. The diagnostic results are outlined in Figure 5.

**Figure 5: The Diagnosis for Strategic Planning**





The guiding policy of the Authority, of creating an agile regulatory system that promotes digital transformation in a trusted digital cyberspace, has dictated the capitals to focus and invest in creating value for stakeholders. By adopting combined integrated planning and capital investments, the Authority seeks long-term success and sustainability of its operations and effective and efficient use of resources to achieve its strategic objectives. In addition, capital investments help secure a competitive advantage, as they allow the development of new products, services, and technologies that can provide a unique edge in the marketplace.

The set of coherent actions of the plan have been centred around the five capitals that are vital in achieving the strategy. These capitals are human capital; intellectual capital; social and relationship capital, manufactured capital and financial capital.

**See Figure 6 below:**



Table 1 below provides a high-level pictorial version of the 2023 to 2026 strategic plan. It is intended to facilitate understanding of the strategic plan. The strategic outcomes and the strategic objectives are provided.

**Table 1: Turning Targets in Actions**

STRATEGIC OUTCOMES	STRATEGIC OBJECTIVES	COHERENT ACTIONS
SOB 1.1 Accelerate digital transformation in the Authority	SOB 1.1 Accelerate digital transformation in the Authority	CA 1.1.1 Mould LCA into an employer of choice CA 1.1.2 Modernize business operations
	SOB 1.2 Build financial sustainability	CA 1.2.1 Mobilize financial resources
	SOB 1.3 Cultivate organisational resilience	CA 1.3.1 Embed risk management in LCA
SOU 2 Positive consumer experience	SOB 2.1 Safeguard consumer rights	CA 2.1.1 Promote consumer education and awareness CA 2.1.2 Facilitate the protection of private data
		CA 3.1.1 Improve cyber security posture CA 3.1.2 Promote child online protection CA 3.1.3 Foster transnational cooperation CA 3.1.4. Professionalize broadcasting and postal industries
SOU 3 Healthy LCA brand	SOB 3.1 Reinforce collaborative regulation	CA 4.1.1 Develop and review legal and regulatory instruments CA 4.1.2 Create market competitiveness CA 4.1.3 Enhance licensee compliance CA 4.1.4 Reform the postal and courier sector
		CA 5.1.1 Expand network coverage to the unserved and underserved areas CA 5.1.2 Expand digital literacy CA 5.1.3 Improve affordability of ICT services in Lesotho CA 5.1.4 Promote local content in ICT CA 5.1.5 Improve network performance
SOU 4 Trusted regulatory system	SOB 4.1 Create an enabling regulatory environment	
SOU 5 Available, accessible and affordable communication services	SOB 5.1 Advance digital inclusion	

## Human Resources Management

### Organizational structure

Through its five divisions, the Authority aims to deliver on its strategic plan as outlined above. However, the Authority has recognised that an organisational alignment with the strategic plan is necessary and has already engaged an expert consultant to perform this task. The alignment exercise is expected to be completed by end of May 2024.

**Table 2: Divisions of the Authority:**

<b>CEO's Office</b> Human Resources; Risk & Audit; Public Affairs; Corporate Secretariat
<b>Regulatory Division</b> Licensing; Compliance; Postal & Courier; Legal
<b>Corporate Division</b> Finance; Procurement & Administration
<b>Economic &amp; Market Development Division</b> Competition & Market Development; Economics & Tariff Regulation; Research & Strategic Management
<b>Technical Division</b> Technology, Standards & Numbering; Spectrum Planning & Assignment; Spectrum Monitoring; Information and Communications Technology



The Authority has filled the position of the Chief Executive Officer and that of the Administrative Assistant in the office of Chief Regulatory Officer. The process of filling the newly created positions of Economist and Data Analyst was underway.

There was a retreat for the members of the Executive Management as well as a team building retreat for all staff. In addition, there were two employee wellness and welfare initiatives in the form of a health and wellness day and the inter-regulatory games between LCA and BOCRA hosted by LCA in Lesotho. To improve performance, the Authority would utilize an automated Enterprise Performance Management, Budgeting and Reporting Tool which is currently being procured. However, a performance management system is already in place.

The following policies, guidelines and programmes were developed and approved: Recruitment Policy; Recruitment Guidelines; Onboarding Guidelines; Onboarding Checklist; Declaration of Interest form and Leadership Development Programme; Performance Management System Policy and Guidelines; Human Resources Strategy; Training Request Form and Offboarding guidelines.

### **Staff training and development**

The staff members of the Authority were offered training and development in many aspects of their work mostly in short-term individual and group training. During the reporting period, twenty- seven (17) staff members went through training and development. On staff development the Authority is also involved in the ICT Policy & Regulation – Institutional Strengthening (iPRIS) project spearheaded by SPIDER, in partnership with the Swedish Post and Telecom Authority (PTS) and the Institute Luxembourgeois de Régulation (ILR). This program facilitates inclusive peer-to-peer learning among 43 Sub-Saharan African countries' National Regulatory Authorities and Regional Regulatory Organizations.



### **Audit Management**

The Internal Audit function assists the Authority in the implementation of internal controls and in achieving efficiency in the use of its resources. The Internal Audit unit conducted the following audits during the year and made recommendations to management.

- Audit of 2022/23 remunerations and terminal benefits
- Audit of 2022/23 board allowances
- Audit of the 2022/23 USF projects
- Audit of procurement of assets
- Audit of 2022/23 procurement
- Audit of LCA assets

### **Risk Management**

During the period under review, the following documents were developed, reviewed and assessed and risk assessment made to work environments like the server rooms.

New governance document developed

- LCA Risk appetite
- ISO Accreditation proposal documents
- Universe and the control monitoring plan

### **Reviewed governance documents**

- Operational Risk Management guidelines
- Regulatory and Conduct Risk Management guidelines
- Business Continuity Management guidelines.

### **Risk assessed**

- Human Resource Strategy
- Reputational Risk
- Compliance with license conditions
- Digital information flow

### **Manage enterprise risk:**

- Alignment of structure to strategy
- Updating of the risk register





### **Public Affairs Management**

The Authority employed a variety of strategic communication initiatives to promote and maintain a healthy LCA brand, communicate its mandate and activities, and carry out its corporate social responsibility programme. A variety of communication vehicles including newspapers, television, radio, social media and the corporate website were used.

During 2023/24, over 20 public relations initiatives were undertaken. These included the launch of the broadcasters' capacity-building programme, the celebration of World Telecommunication and Information Society Day, the SIM registration campaign, road shows and town halls, press conferences and media interviews, particularly on the penalty imposed on Vodacom's service outage and the cybersecurity awareness campaigns and the workshop for broadcasters on the management of spectrum.

The Authority also undertook corporate social responsibility initiatives which included the contribution to the St. Bernadette charity project to construct school toilets; the sponsorship of Michelle Tau, the national taekwondo champion, the donation to the National Hloekisa Lesotho Programme and the donation of gardening tools and seedlings to 3 high schools in Leribe.

### **Financial Performance for the Year Ended 31 March 2024**

In the 2023/24 reporting year, the budgeted revenue was greater than the actual revenue received. This was attributed to the decrease in the net operating income from mobile network operators which resulted in the decrease of the annual regulatory fees. However, the implementation of the new Licensing Classifications and Fee Rules, 2023, and the application of cost-saving measures, resulted in the Authority maintaining positive variance at year-end.

The Office of the Auditor General of Lesotho is the official auditor of the Authority. It issues an opinion on the financial statements as to the fairness in material respect of its financial position annually. The opinion of the Auditor General covers the statement of income, cash flow and statement of financial position. The report of the Auditor General is appended to this report.

### **Manage IT support services**

The enterprise information technology forms the backbone of the Authority's business operations. Some IT facilities are deployed for efficient running of the business administration operations and others are used for core regulatory functions. In its strategic plan, the Authority undertook to modernize its business operations by deploying largely automated systems across all operations. As the regulator of the communications sector, the Authority recognizes the interests of consumers and the role of innovation both in regulatory and service environments. The Authority is confident that digital transformation is essential within and across the ICT sector and could generate efficiencies and improve consumer experiences.

# REGULATORY AFFAIRS

The Authority is the communications sector regulator, overseeing the broader communications market, including access, distribution, content and pricing and coordination of all the relevant regulatory activities in the telecommunications, broadcasting, and postal & courier sectors. Effective regulation requires the implementation of a supporting legal and regulatory framework to create an environment that promotes public confidence and ensures stability, transparency, competition, investment, innovation, and growth in the sector.

The Authority monitors licensees for compliance with the regulatory framework to ensure provision of quality services, protection of consumers and ensure competitive markets. The minimum quality of service parameters have been set for each sector and the Authority monitors the operations of the licensees to ensure compliance with these requirements.

# Management of communications sector licenses

The provision of communications services is a regulated service in Lesotho and can only be done through licensing or authorizations granted by the Authority. Over the years, the number of active licenses has increased steadily. As of 31 March 2024, there were 223 active licenses which translates to an annual increase of 13.8% in comparison to the last reporting period. The Numbering Resources (Premium Rate Messaging Services & Toll-free numbers) had the highest number of licenses at 99, followed by two-way radios at 48 and sound broadcasting with 27 licensees. In terms of year-on-year growth, the numbering resources increased by 35.6%. Otherwise, most licensing categories remained the same.

In the telecommunications market, two licensed network operators are Vodacom Lesotho and Econet Telecom Lesotho. Both operators hold unified licenses issued by the Authority. The holder of a unified license holds the rights to provide all forms of electronic communications networks and services without restriction. Lesotho Electricity Company Communications (LECC) holds the network infrastructure licence. Through this licence, it provides communications network infrastructure and leases network elements and capacity to other licensees on a non-exclusive basis.

The broadcasting sector is also fully liberalised and is comprised of public, commercial, private and community licensees. The postal sector is comprised of the national operator and commercial operators. The market also includes other regulated communications and ICT companies.



**Table 3: Communications License Categories**

Licence Category	2021/22	2022/23	2023/24
Unified Licence	2	2	2
Network Services (Data Services & MVNO)	3	3	3
Network Infrastructure	1	1	1
Public Postal Services	1	1	1
Commercial Postal Services	5	5	4
Numbering Resources, Messaging Services & Toll-Free Numbers	63	73	99
Radio Alarms	2	2	2
Television Broadcasting	2	1	1
Sound Broadcasting	25	25	26
Two Way Radios	41	48	51
Radio Amateurs	12	19	21
Telemetry Stations	3	3	3
Radio Pagers	1	2	1
Vehicle Tracking	2	1	2
Landing Rights	2	2	1
Aircraft Stations	7	7	7
Aeronautical Services Radio Determination	1	1	1
<b>Total</b>	<b>173</b>	<b>196</b>	<b>226</b>



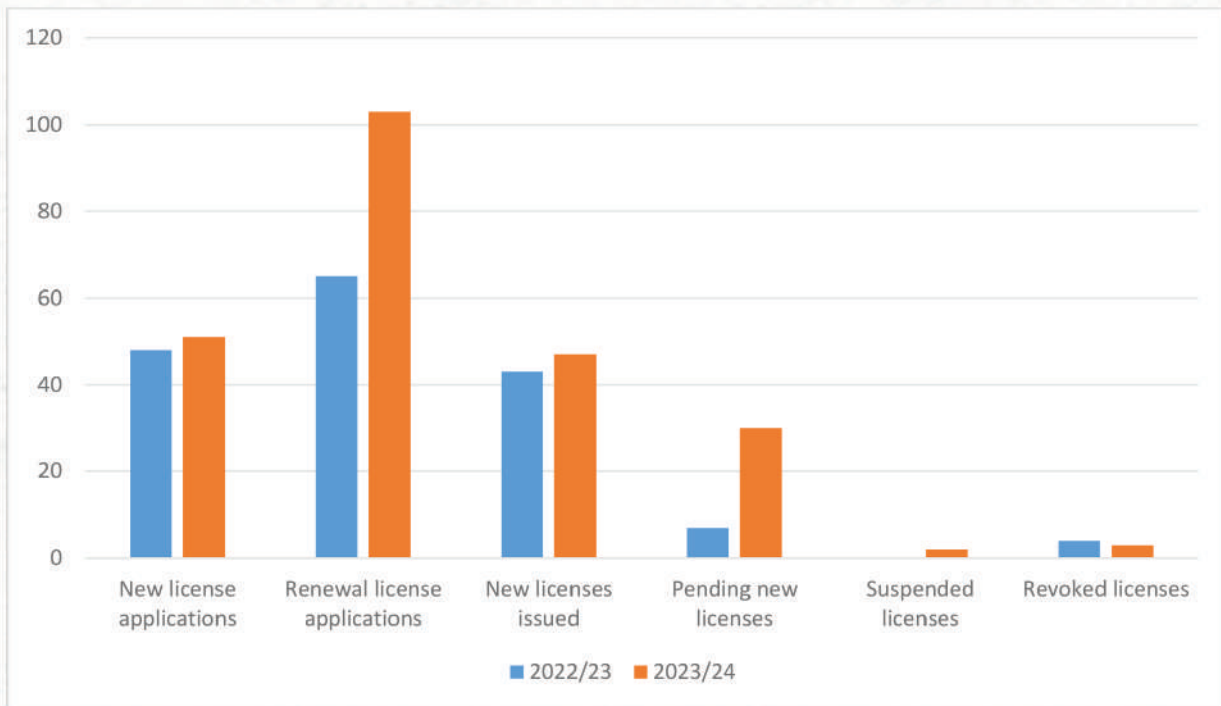


**Licensing Performance:**

During the period under review, 48 new license applications were received, and 43 licenses were issued which translates to 89.6% issuance rate of new licensees. The significant amount of work was on renewal applications which are licensees already offering services. A total of 103 existing licensees made applications to renew their licenses and all were renewed.

Figure 7 below depicts licensing performance for the reporting period alongside that of the last reporting period.

**Figure 7: Licensing Performance**



## Regulatory updates

The country embarked on a nationwide SIM card registration in line with the SIM Registration Regulation of 2021 beginning in June 2022. The registration process was expected to be completed in June 2023. However, the registration was extended to January 2024 due to a public outcry that included lack of IDs amongst many reasons. The process was characterised by wide public and media campaigns from both the Authority and the operators.

At the end of March 2024, ETL had registered 593,197 SIM cards while VCL had registered 1,397,727. The total number of registered SIM cards was 1,990,924 at the end of March 2024. To operationalize its guiding policy of a trusted cyberspace, the Authority has launched a comprehensive cybersecurity program. A dedicated sectoral cybersecurity task team has been formed, comprising representatives from the Lesotho Communications Authority (LCA), Mobile Network Operators (MNOs), Internet Service Providers (ISPs), and network infrastructure providers. Prior to the task team's establishment, the LCA conducted study tours to observe the operations of Security Operations Centers (SOCs) and Computer Security Incident Response Teams (CSIRTs), among other cybersecurity best practices. These visits culminated in the signing of a Memorandum of Understanding (MOU) with the Botswana Communications Regulatory Authority (BOCRA) on cybersecurity cooperation.

Meanwhile, Child Online Protection Guidelines have been developed and are in the process of consultation with relevant stakeholders. The COP guidelines are a comprehensive set of recommendations for the development of a safe and empowering online environment for children and young people.

The first batch of radio presenters have completed the capacity-building programme at Limkokwing University of Creative Technology. The programme was undertaken by the Authority to professionalize workers in the broadcasting sub-sector who entered the profession without formal qualifications.

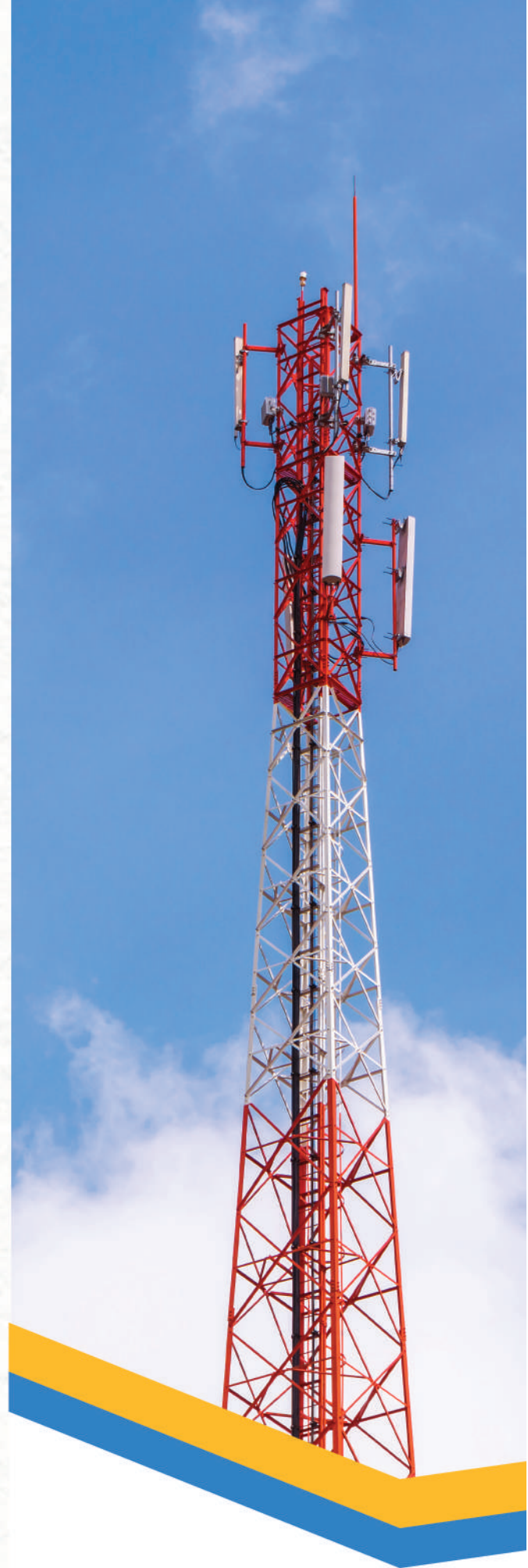
## MARKET COMPLIANCE

The Authority monitors the licensed operators to ensure that they comply with their license conditions and the regulatory framework. In the reporting period, the Authority monitored the licensees in the communications sectors for compliance with the set of quality and standard of service parameters.

### Telecommunications Sector compliance

The LCA Quality of Service Rules, 2023 sets the parameters by which the Authority monitors the quality of service of the two network operators, which are Vodacom Lesotho and Econet Telecom Lesotho for compliance with quality of service. The 2023 Rules came into effect in April 2023 replacing the 2016 Rules and the significant change was the parameter of Account Complaint Resolution Time where the target was changed from 5 working days to 2 working days.

In 2023/24, VCL performed below the target on two out of the 12 quality of service parameters thereby achieving 83% compliance rate. On the other hand, ETL performed below average on 4 of the 12 parameters achieving 67% compliance rate. See the annual performance of the two network operators in Table 4 below.



**Table 4: Quality of Service**

Quality of Service Parameter	ETL 2022/23	ETL 2023/24	VCL 2022/23	VCL 2023/24	QoS Target
Account Complaint Rate	0.03%	0.02%	0.06%	0.04%	rate ≤ 2%
Account Complaint Resolution Time	4	4.25	2	2.25	95% ≤ 2 working days
Bill Complaint Rate	0.31%	0.31%	0.093%	0.03%	rate ≤ 2%
Postpaid Bill Complaint Resolution Time	4.75	3.5	1.99	3	95% ≤ 5 working days
Disconnection Complaint Rate	0.02%	0.015%	12.56%	0.025%	rate ≤ 2%
Disconnection Complaint Resolution Time	4	3.25	1.9	1.53	95% ≤ 2 working days
Order Completion Time (Fixed services)	11.75	8.9	1	1.08	95% ≤ 7 working days
Order Completion Time (Mobile Services)	3.0	4.25	1	1.33	95% ≤ 1 working day
Customer Reported Faults	2.25%	2.14%	0.46%	0.67%	rate ≤ 2%
Fault Repair Time for fixed line access	5.0	4.83	2.5	3.33	95% ≤ 5 working days
Interactive Voice Response Time	25	25	20	20	duration ≤ 30 seconds
Customer Assistance Operator Access Time	1.63	2.9425	0.09	0.1	time ≤ 3 minutes

During the period under review, the Authority measured the Voice Quality of Service (QoS) provided by the operators on the QoS parameters and the results are provided in Table 5 below. The average results show that Vodacom continues to perform below the LCA target on Call Setup Time, SMS Delivery Time and SMS Completion Ratio, thereby achieving a 40% compliance rate. On the other hand, ETL performed above the target in all the quality-of-service parameters monitored except on the SMS Completion Ratio, and as a result, it achieved an 80% compliance rate.

**Table 5: Part 3 Mobile Service Parameters**

Parameter	ETL		Vodacom		LCA QoS Targets
	2022/23	2023/24	2022/23	2023/24	
Call setup time	3.65475	5.495	10.92067	13.8875	≤8 sec
Dropped call ratio	0.228625	0.125	0.228917	0.1225	≤2%
Unsuccessful call ratio	0.154917	0.125	0.256083	0.49	≤2%
SMS delivery time	4.7625	4.055	6.26475	5.8825	≤5 sec
SMS completion ratio	98.04158	99.4575	99.35233	99.0975	≤99%





## Postal Sector Performance

The status of the postal & courier sub-sector remained unchanged with 5 licensees which are Lesotho Post, DHL Lesotho, Kayhil Freight, SKYNET Worldwide Express, and RCJ Express. The Lesotho Post is the designated national postal operator and has 46 post offices throughout the country. Out of the 46 post offices, 16 had internet access and three provided internet services to the public. The other four licensees are commercial operators.

In the reporting period, the Authority inspected four postal and courier licensees on six parameters. The quality of service parameters for the postal and courier sub-sector are contained in the LCA Quality of Service Rules, 2023. The licensees were inspected on records of employees; display of customer information or services; quality of service (tools utilized to deliver postal items); consumer resolution and disputes (complaints register); security and safety measures; connectivity - eCommerce capability or digitization. Three of the four licensees inspected, contravened at least one of the parameters, thereby achieving a 25% postal licensee (inspection) compliance rate.

The Authority collected comprehensive data on the operations of postal and courier services provided by the five licensed operators in the sector as a pilot exercise. This data collection involved a variety of key performance indicators that offer valuable insights into service efficiency and consumer satisfaction. Specifically, the Authority monitored the volumes of the courier, express, and parcel services (CEP), capturing both outbound and inbound deliveries for international and domestic markets.

In addition to service volumes, the Authority also requested information on consumer protection statistics, which encompass the number of complaints received from customers and the subsequent resolutions to those complaints. Furthermore, the Authority sought Quality of Service metrics, which assess the proportion of postal items that are delivered within the recommended timeframes.

Collecting comprehensive data is essential for a detailed assessment of the postal sector's performance. The insights derived from this information will provide a crucial foundation for any regulatory actions needed to improve the quality of service and enhance consumer protection within the postal and courier industry.

## Broadcasting Sector Performance

The broadcasting subsector had twenty-seven (27) licensees in radio broadcasting which were classified into: (1) public; six (6) commercial; thirteen (13) private, and six (6) community stations as at 31 March 2024. There was also one licensed television station, the Lesotho Television, which is also a public broadcaster. The full list of licensed broadcasting entities is tabulated in Table 6 below.

**Table 6: Broadcasting Licensees in Lesotho**

	<i>Name of broadcaster</i>	<i>Date of first issue</i>	<i>Current license period</i>	<i>Category</i>
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	Tšenolo Media Services t/a Tšenolo FM	2012	2012-2022	Private
12	Mafeteng Multi Media Association t/a Mafeteng Community Radio	2011	2011-2021	Community
13	Botha-Bothe Moeling Multi-Media Association t/a Moeling FM	2013	2013-2023	Community
14	Onyx 357 Broadcast & Décor t/a 357 FM	2014	2014-2024	Commercial
15	Molisa ea Molemo FM	2014	2014-2024	Private
16	Tabernacle FM	2014	2014-2024	Private

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

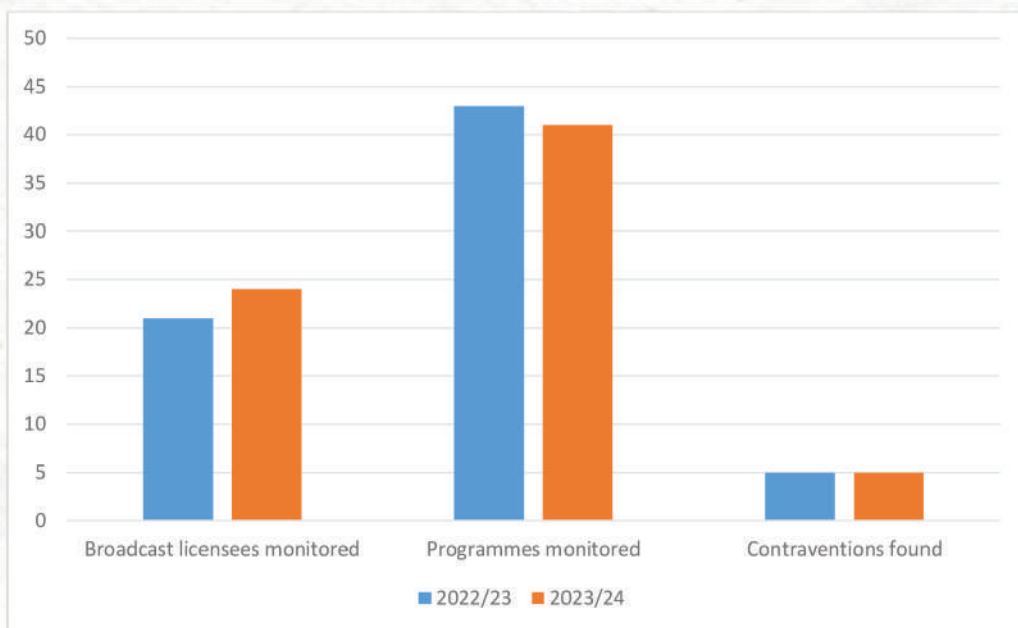


### Monitoring in the Broadcasting sub-sector

To protect consumers of broadcasting services, the Authority monitors the broadcasting sub-sector on the following parameters: language; balanced reporting; hate speech; opportunity to reply or “right to reply”, protection of privacy, explicit sexual content; audience advisories; protection of children; distortion, exaggeration or misinterpretation. The monitoring of radio stations on broadcasting content is done in line with the requirements of the Broadcasting Code, 2022.

In the reporting period, monitoring was conducted on 24 radio stations where 41 programmes were monitored. Five contraventions were found, and these were failures to apply balanced reporting and to warn listeners through content advisories. Figure 8 below indicates the contraventions found.

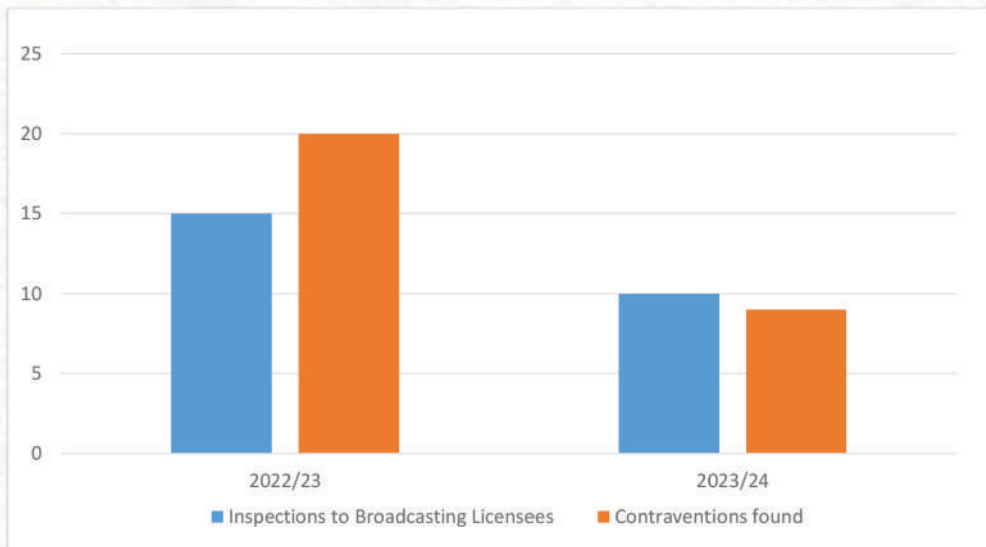
Figure 8 Broadcast content contraventions



### Broadcast licensee inspections

Inspections were carried out on ten radio stations for compliance to the following parameters: documents of incorporation; shareholders agreements and amendments; employee records; programme schedules and recordings; advertisement logs and rates, and complaints files. At these radio stations, nine contraventions were found, and these were mainly issues of complaints files and programme recordings. It appears that due to regular inspections, more licensees are complying with their license obligations. Figure 9 below provides a snapshot of the inspection report.

Figure 9: Inspection Report



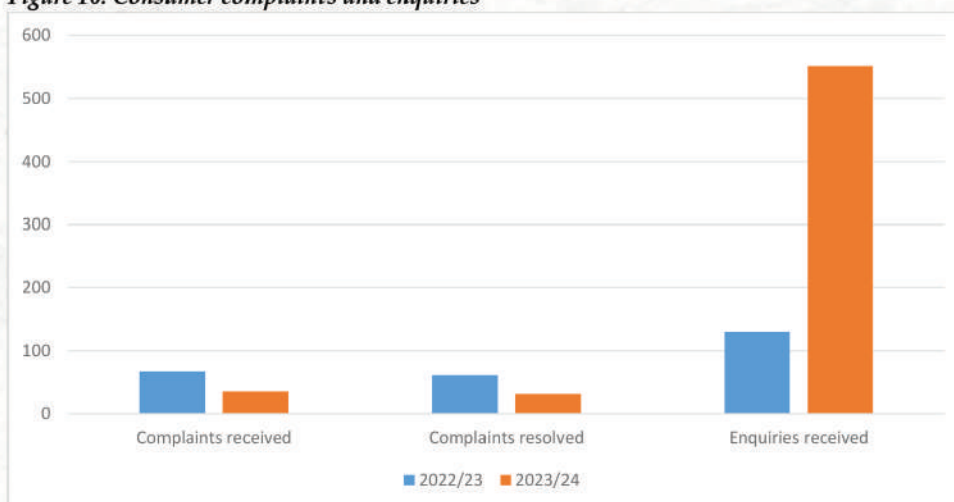
### Protection and empowerment of Consumers of Communication Services

Protecting and empowering communications consumers is one of the key strategic objectives in the Authority's current strategic plan. The Authority requires its licensees to attend to complaints about the services they provide and provide clear and robust mechanisms of handling complaints. The new consumer protection guidelines have placed greater obligation on the MNOs to conduct consumer awareness and education on a range of products and services they offer and in other areas related to their services. In addition to such measures, the Authority protects the interests of consumers through inter alia ensuring that there are effective consumer redress mechanisms through complaints management processes provided by the Authority.

Thirty-six (36) complaints were received during the reporting year and ranged from betting challenges, billing, airtime issues, disconnections, mobile money, subscriptions, roaming and SIM registration. This figure was almost half of complaints received in the previous reporting period. However, the number of enquiries increased almost four-fold.

**Figure 10: Consumer complaints and enquiries**

*Figure 10: Consumer complaints and enquiries*





LESOTHO  
COMMUNICATIONS  
AUTHORITY

## The Authority has three platforms through which complaints are lodged, and they are:

Consumer complaints  
whatsapp number  
**62002021**

Consumer complaints  
E-mail address  
[complaints@lca.org.ls](mailto:complaints@lca.org.ls)

Consumer complaints  
Free telephone number



# COMPETITION MANAGEMENT

## Managing communications sector tariffs and pricing

The Authority is authorised by law to review, approve or reject tariffs filed by the communications sector licensees for provision of communications service to other licensees or end-users. At year-end, there were there were 129 products in the telecommunications market, of which 84 are offered by VCL and 45 by ETL. VCL introduced one new product while at the same time it withdrew one existing product. ETL did not introduce any new products. The drop in products from 137 reported in the last reporting period, was after a validation exercise that determined the number of products that each MNO currently had.

**Table 6: Lesotho Communications Market Structure**

Communications Market Structure		
	2022/23	2023/24
Telecommunications	6	6
Broadcasting	27	27
Postal & Courier	5	5

The Tables 7, 8, 9 and 10 below provides a snapshot of how filed tariff requests, promotions, and campaigns are processed and the general movement of new, old and modified products. These are compared with similar data in the last reporting period.

**Table 7: Tariff Request Analysis**

	2022/23	2023/24
Tariff requests filed	34	38
Tariff requests approved	20	25
Tariff requests rejected	2	2
Tariff requests resubmitted	8	10



**Table 8: Tariff Promotion Request Analysis**

	2022/23	2023/24
Promotion requests filed	27	23
Promotion requests approved	20	20
Promotion requests rejected	2	1
Promotion requests resubmitted	7	2

**Table 9: Campaign Requests Analysis**

	2022/24	2023/24
Campaign requests filed	17	8
Campaign requests approved	13	6
Campaign requests rejected	1	0
Campaign requests resubmitted	2	2

**Table 10: Product Market Developments**

	2022/23	2023/24
New products	12	11
Withdrawn products	2	1
Modified products	7	7

### **Promoting Competition**

Competitive communications markets are beneficial to consumers by offering lower prices, higher productivity, more service choices, and greater connectivity. The Authority promotes and preserves competition in the communications market and within the broadcasting, postal and telecommunications sub-sectors.

To achieve these goals, the Authority conducts competitive market analysis and regulatory impact assessment in markets that lacks competitiveness. It is also piloting an instrument on competition parameters on tariff filings comprising of 11 aspects.

### **Monitoring sector development**

The Authority collects data on the communications market in Lesotho using a variety of indicators such as subscriptions to fixed and mobile services, prepaid and post-paid subscriptions, new connections, disconnections, mobile and fixed broadband subscriptions, and other social and economic factors. The information collected provides the structure of the market, its strengths and weaknesses and forms the basis for regulatory action. Common features include measures like teledensity, voice penetration rates and broadband penetration. The Authority also functions as a contact point and clearinghouse for information on the communications sector in Lesotho. During the period under review, it received 32 requests from international and local entities and all requests were processed.

In 2023/24, ETL had 97% of the fixed telephone subscriptions market share and VCL had 3%. However, VCL had a market share of 79% of mobile subscriptions and ETL had 21% of the market share. Table 11, shows growth patterns in the market since the last reporting period.

**Table 11: Year on Year Voice Subscriptions and Net Additions**

	<b>2022/23</b>	<b>2023/24</b>	<b>Variance</b>
<b>Fixed Telephone Subscriptions</b>	7,497	7,467	-30
<b>Mobile Telephone Subscriptions</b>	1,546,966	1,612,917	65,951
<b>Total Telephone Subscriptions</b>	<b>1,554,463</b>	<b>1,620,384</b>	<b>65,921</b>

### **Broadband subscriptions**

The broadband subscriptions declined for both fixed and mobile subscriptions during the reporting period. ETL had a 56% market share while Vodacom Lesotho had 44% market share in fixed broadband subscriptions. However, VCL's mobile broadband market share in terms of subscriptions was at 79%, while ETL's share was at 21%. Table 12 below shows the extent of the decline.

**Table 12: Year on year broadband subscriptions**

	<b>2022/23</b>	<b>2023/24</b>	<b>Variance</b>
<b>Fixed Broadband</b>	9,188	9,178	-318
<b>Mobile Broadband</b>	1,538,273	1,411,984	-127,206
<b>Total Broadband</b>	<b>1,547,461</b>	<b>1,421,162</b>	<b>-127,524</b>



### **Voice Penetration Rate**

Voice penetration rate is the number of active fixed and mobile telephone users per 100 people in a country. It is calculated by dividing the number of fixed and mobile telephone subscriptions by the total population and multiplied by 100. In 2023/24 reporting period, voice penetration rate was 80.23% which suggests that for every 100 inhabitants of Lesotho, 80 people had a telephone to make calls. This is an increase of 2 percentage points from the same period in the previous year.

### **Broadband Penetration Rate**

Broadband penetration rate is defined as the number of active broadband users per 100 people in a country. The penetration rate is calculated by dividing the number of fixed and mobile broadband subscriptions divided by the population in a given country and this amount is multiplied by 100.

In 2023/2024, broadband penetration rate was 71%, which means that for every 100 people in Lesotho, 71 uses broadband internet. This rate has decreased by nine percentage points from the same period in the previous year.



## **TECHNICAL SERVICES**

### **Management of Finite Resources**

The Authority facilitates provision of communications services through the management of finite resources such as the radio frequency spectrum and numbering resources. Provision of all radio services, systems and applications, including fixed and mobile broadband, satellite systems, sound and television broadcasting, aeronautics, meteorological services, space research and amateur radio services are made possible by proper management of finite resources.

In the reporting period, the Authority assigned spectrum and numbering resources, carried out monitoring of how they were used and provided corrective measures where required. It provided associated services such as type-approval of communications equipment and management of internet domain resources.

The Authority is in the process of reviewing the Memorandum of Understanding between itself and ICASA, the Independent Communications Authority of South Africa. The MOU governs the monitoring and mitigation of network spillage between Lesotho and the Republic of South Africa. The review would, amongst others, address new technologies like 3G, 4G and 5G. The Authority issued a one-year permit to PawPass Trustee Services Limited to test five (5) Starlink units in different locations in the country. The testing is meant to assess performance, reliability, and adaptability of Starlink under different circumstances to ensure that it is suitable for wide range of applications in Lesotho.

### **Access to infrastructure and services**

The Authority tracks the development of communications infrastructure in the country in terms of base tower stations, technologies deployed, and type of electricity power used. This data provides a picture in terms of reach and quality of access to communications services as well as the sector's compliance on green energy targets.

The number of base tower stations (BTSs) has increased steadily over the years and there were 662 units during the reporting period. This number had increased from 613 in the previous year. Out of the 662 BTSs, 78 were funded through the Universal Service Fund.

In terms of technology, an increasing number of sites are equipped with the LTE technology, which provides faster and more reliable communications. Overall, 76% of the BTSs are powered by the grid electricity and 24% by solar power. This shows a commitment to using clean energy sources and reducing carbon emissions. The 70 of the 78 USF towers are powered by solar and eight (8) are on LEC grid electricity. This is because most of the USF sites are in the rural and remote areas where grid electricity is in short supply.

## Numbering Resources

Numbering resources are essential to fixed and mobile interpersonal communications services, as well as to non-interpersonal machine-to-machine communications and Internet of Things connectivity services. Effective management of these limited resources is vital in order to respond to ever-growing demand from the communications sector and other communities.

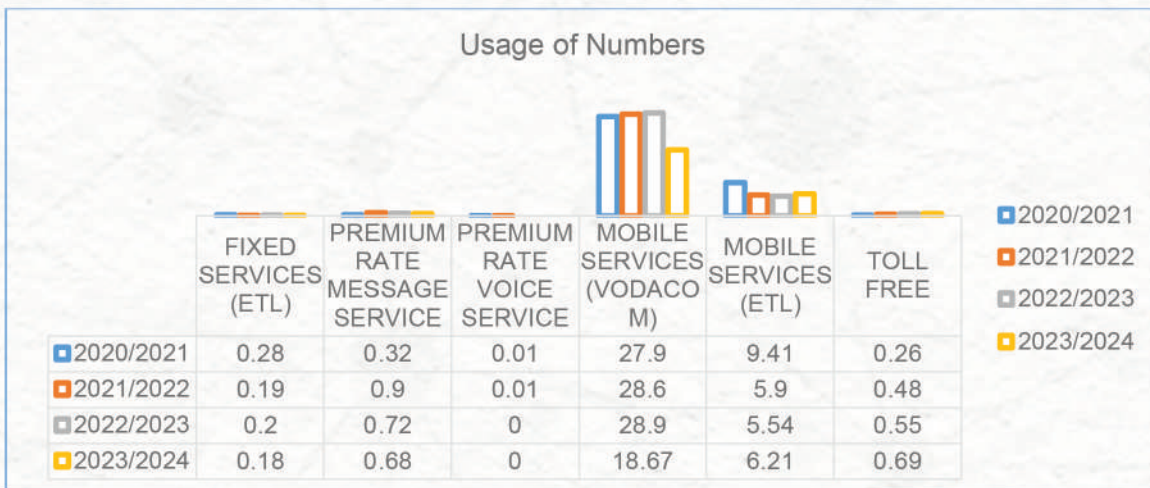
In the reporting period, the Authority received 78 numbering applications comprising 29 PRMS, 44 toll-free and 8 USSD numbers marking a 50% increase. The current usage of numbers is as reflected in Table 13.

**Table 13: Numbers allocation**

	Available Numbers (Capacity)	Utilised Blocks	Active Connections	Usage (%)
Emergencies	Currently the two MNOs are responsible for assignments. The Authority is working on this role.	ETL has made a provision of 4 numbers, like: 112 (Police), 115 (Fire Brigade), 116 (Child help line)	112 & 116	-
Fixed Services (ETL)	10,000,000	22	19,782	0.18
Premium Rate Message Service	10,000	Individual	72	0.68
Premium Rate Voice Services	10,000	Individual	0	0
Mobile Services (Vodacom)	10,000,000	68	2,894,915	18.76
Mobile Services (ETL)	10,000,000	62	554,226	6.21
Toll Free	10,000	Individual	55	0.69

Figure 11 below demonstrates how numbers were used in different services and their growth over a series of four year including the reporting period.

**Figure 12: Usage of Numbers**



There has been a steady usage increase of toll-free numbers from 0.26% in 2020/21 to 0.55% in 2022/23 and 0.69% in 2023/24. There was an increase of 0.67% usage of numbers from ETL mobile services from 2022/23 to 2023/24 whereas VCL mobile services usage declined from 28.9% in 2022/23 to 18.67% 2023/24 resulting in a decrease of 10.23%. There is also a notable decrease in usage for ETL fixed services.







## Allocation of radio-frequency spectrum

The radio frequency spectrum is assigned by the Authority to the sector operators for the provision of a variety of communications services. The assignments are done in line with the Communications Act and the Spectrum Policy, on the first-come, first served basis. Covering fixed and mobile radio services, satellite systems, radio and television broadcasting, radionavigation, meteorological monitoring, space research and earth exploration, as well as amateur radio, spectrum management is of critical importance.

### Broadcasting transmission

Radio station transmitter sites in all districts were monitored for compliance to regulatory and technical requirements such transmissions within allocated frequencies; being on-air 99% of licensed time and usage of allocated frequencies.

During the reporting period, two radio stations were found to be broadcasting outside their frequency bandwidth or spectral mask requirements at Likhoele site. A number of radio stations were intermittently off-air, and some took time to come back on air. Around 31 frequencies which have been assigned were not in use. Table 14 provides a summary of spectrum assignments for various services for the reporting year.

**Table 14: Spectrum Assignment**

(MHz)	2022/23	2023/24
2 Way Radios	0.2 MHz	0.175 MHz
Broadcasting	1.2 MHz	0.3 MHz
Fixed Links	331.67 MHz	599.55 MHz
Access Spectrum	0 MHz	130 MHz

### **Electromagnetic Field (EMF) Safety measurements**

The Authority monitors the levels of electromagnetic field radiation by measuring cumulative radio frequency exposure levels in the vicinity of transmitting antennas on periodic basis around the country. The purpose of the exercise is to measure the electromagnetic exposure levels emitted by base stations and to assess whether the levels of emissions are within the guidelines issued by the International Commission on Non-Ionizing Radiation Protection (ICNIRP). The ICNIRP Guidelines on Limiting Exposure to Electromagnetic Fields aim to protect humans and the environment including climate change against adverse effects of non-ionizing radiation (NIR).

All the 60 sites which were monitored in the reporting period, were found to be within the acceptable levels for the general public. The number of sites which were monitored was similar to the previous reporting period.

### **Type approval of Equipment**

The Authority received 200 applications for type approval of communications equipment from vendors around the world and all were registered. The number of registrations for the year marked an increase in number of applications received from that of 176 in the past year. Communications equipment is type-approved when it meets a minimum set of regulatory, technical and safety requirements and is cleared for use in Lesotho.



## Ensure efficient operation of the national internet critical infrastructure

The Authority manages the Lesotho Country Code Top Level Domain (ccTLD) dot ls (.ls), which is the critical communications resource for the country. Country code top-level domain (ccTLDs) is an internet top-level domain used or reserved for a country, sovereign state, or dependent territory identified with a country code. The registration of domain names within a country serves as important local business and site identifiers. The Authority also provides the infrastructure for domain registrations which are done through the accredited registrars (approved resellers). See Table 15 below:

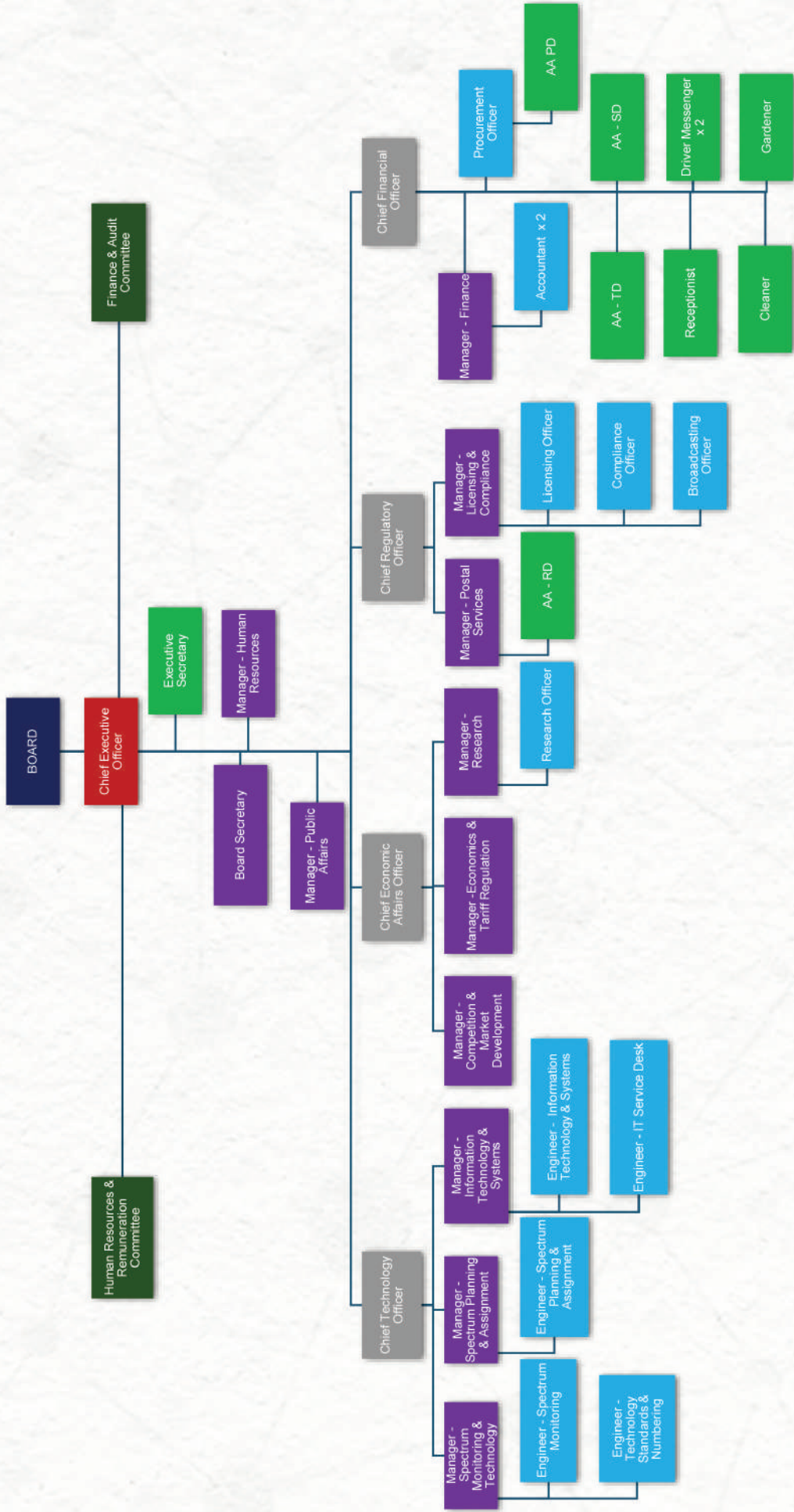
The number of registrars have not changed. However, at the end of the reporting period, Zeecom and Leo were leaders in the market with over 1,000 and over 700 registrations respectively.

**Table 15: Accredited Registrars**

Registrar	Website	2022/23	2023/24
Comnet	<a href="http://www.comnet.co.ls">www.comnet.co.ls</a>	90	92
Custom IT	<a href="http://www.custom-it.co.ls">www.custom-it.co.ls</a>	89	75
Leo	www.leo.co.ls	716	715
Venus Dawn	www.venusdawn.co.ls	0	0
Zeecom Technologies	www.zecom.co.ls	1210	1281
Vodacom Lesotho	www.vodacom.co.ls	4	6
Econet Telecom Lesotho	www.econet.co.ls	43	92
REG-LS		58	63
		<b>2210</b>	<b>2324</b>



# LCA ORGANOGRAM





**OFFICE OF THE AUDITOR - GENERAL  
P.O. BOX 502, MASERU 100  
LESOTHO**

**A/INF/7/134 (Vol 4)**

**08 NOVEMBER 2024**

Honourable Nthati Moorosi  
Minister of Information, Communications, Science, Technology,  
and Innovation  
Ministry of Information, Communications, Science, Technology,  
and Innovation  
P.O. Box 36  
Maseru 100

Dear Hon. Moorosi,

**AUDITED FINANCIAL STATEMENTS OF  
LESOTHO COMMUNICATIONS AUTHORITY  
FOR THE YEAR ENDED 31 MARCH 2024**

I enclose originally signed copies of audited financial statements of Lesotho Communications Authority for the year ended 31<sup>st</sup> March 2024. I have issued an unqualified opinion on the financial statements.

Please arrange to present the report to the Parliament in terms of Section 28 of the Audit Act, 2016.

A management letter detailing matters which came to the attention of auditors has been issued to management and has been responded to.  
Please contact me if you have any points you may wish to raise on the above.

Yours sincerely,

**MATHABO GAIL MAKENETE (MS)  
AUDITOR-GENERAL**

CC : Chief Executive - LCA  
Principal Secretary - MICSTI  
Principal Secretary - Ministry of Finance and Development Planning  
Accountant General



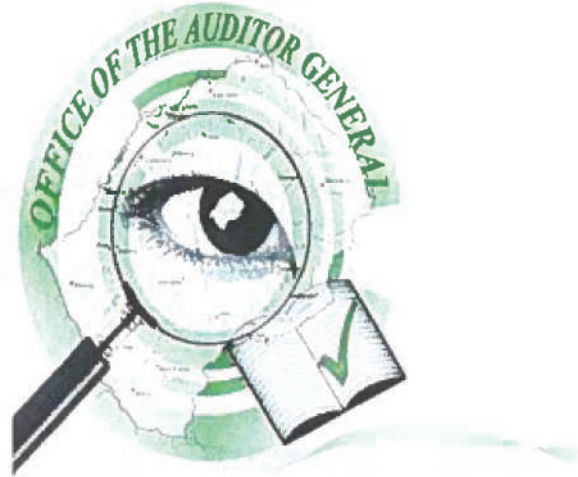


GOVERNMENT OF LESOTHO

**AUDIT REPORT ON THE  
FINANCIAL STATEMENTS OF**

**LESOTHO COMMUNICATIONS AUTHORITY  
FOR THE YEAR ENDED 31 MARCH 2024**

AUDITOR-GENERAL  
P.O. BOX 502  
MASERU 100  
LESOTHO



**AUDIT REPORT**

**ON THE ANNUAL FINANCIAL STATEMENTS**

**LESOTHO COMMUNICATIONS AUTHORITY**

**FOR THE YEAR ENDED 31 MARCH 2024**



**LESOTHO COMMUNICATIONS AUTHORITY**

**STATUTORY FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2024**

**STATUTORY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024**

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**LESOTHO COMMUNICATIONS AUTHORITY**  
**STATUTORY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024**  
**DIRECTORS APPROVAL AND STATEMENT OF RESPONSIBILITY**

The Communications Act No.4 of 2012 requires the Authority to prepare statutory financial statements for each financial year that presents 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, prevent and detect fraud and other irregularities.

The Board appreciates that in preparing the statutory financial statements for the year ended 31 March 2024 set out on pages 9-32, 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 (IFRSs) have been followed and confirms that the statutory financial statements have been prepared on the going concern basis.

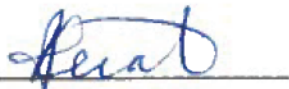
The Board reviewed the Authority's cash flow statement for the year ended 31 March 2024, and, in light of this review and the current financial position, it is satisfied that the Authority has adequate resources to continue in operational existence for the foreseeable future.

The auditors' responsibilities are stated in their report on pages 6 to 8.

The Board acknowledges that it is ultimately responsible for the system of internal controls 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 the information and explanations supplied by management, the Board is of the opinion that the system of internal controls provides reasonable assurance that the financial records can be relied on for the preparation of the statutory financial statements.

Against this background, the statutory financial statements set out on pages 9-32 which are stated in Maloti, have been approved and authorised for issue on the 06 November 2024 by the Board and signed on its behalf by:



**CHAIRMAN**



**CHIEF EXECUTIVE OFFICER**

**LESOTHO COMMUNICATIONS AUTHORITY STATUTORY  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024**

**Board of 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 consisted of the following:

<b>Name</b>	<b>Position</b>	<b>Period</b>
Ms. Puleng Lebitsa	Chairman (Non -Executive Director)	01 July 2021 to present
Ms. Keneuoe Mohale	Non-Executive Director	08 October 2021 to present
Mr. Realeboha Makamane	Non-Executive Director	01 April 2021to 31 March 2024
Mr. Realeboha Makamane	Non-Executive Director	01 April 2024 to present
Mr. Matsela Matsela	Non-Executive Director	08 October 2021 to present
Ms. Mafelile Molala	Non-Executive Director	08 October 2021 to present
Mr. Lesekele Makara	Non-Executive Director	01 March 2022 to present
Mr. Nizam Goolam	Acting Chief Executive Officer (EX-Officio)	03 June 2021 to 30 June 2023
Mr. Nizam Goolam	Chief Executive Officer (EX-Officio)	01 July 2023 to present

**Secretary**

Mr. Lefu Mothibeli

**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 statutory financial statements of the Authority.

**During the period under review, PKF Lesotho has been appointed by the Office of Auditor General to audit Authority's Statutory Financial Statements.**

### **Authority's Corporate Mandate**

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

### **Authority's Physical Address**

30 Princess Margaret Road  
Old Europa Maseru  
Maseru 100  
Lesotho

### **Authority's bank**

**Bank Name: Nedbank Lesotho**



**OFFICE OF THE AUDITOR - GENERAL  
P.O. BOX 502, MASERU 100  
LESOTHO**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OF  
LESOTHO COMMUNICATIONS AUTHORITY  
FOR THE YEAR ENDED 31 MARCH 2024**

**Opinion**

PKF Lesotho, under Section 24(1) of the Audit Act, 2016, have audited the financial statements of Lesotho Communications Authority (the Authority) set out on pages 9 to 32, which comprise the Statement of Financial Position as at 31 March 2024 and the Statement of Comprehensive Income, Statement of Cash Flows, and Statement of Changes in Equity for the year then ended, as well as significant accounting policies notes to the financial statements.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at 31 March 2024, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and Communications Act No. 4 of 2012.

**Basis for Opinion**

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAI). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of 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.





obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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



**MATHABO GAIL MAKENETE (MS)**

**08 NOVEMBER 2024**

**AUDITOR-GENERAL**

**LESOTHO COMMUNICATIONS AUTHORITY**  
**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024**

	Notes	31.03.24 Maloti	31.03.23 Maloti
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment	9	129,166,214	129,002,416
Rights of use asset	9	366,010	151,031
Investment in WIOCC	11	3,615,100	3,615,100
<b>Intangible Assets</b>			
WIOCC Capacity-Lesotho Portion	10	102,354,299	99,069,673
		<b>235,501,623</b>	<b>231,838,220</b>
<b>Current Assets</b>			
Trade and other receivables	12	21,956,410	8,107,770
Cash and cash equivalents	13	129,119,966	124,583,012
		<b>151,076,376</b>	<b>132,690,781</b>
<b>Total Assets</b>		<b>386,577,999</b>	<b>364,529,001</b>
<b>Funds</b>			
Capital Funds	14	2,331,822	2,331,822
Revaluation Surplus	28	30,008,115	30,008,115
Accumulated Fund	15	223,769,707	221,922,400
Capital Grant	16	1,446,054	1,928,067
		<b>257,555,698</b>	<b>256,190,404</b>
<b>Non-Current Liabilities</b>			
Deferred Income	17	7,966,663	8,486,246
Loan for LCA Office Complex	18	16,388,255	20,779,558
Deferred Tax	32	5,450,162	4,629,005
		<b>29,805,080</b>	<b>33,894,809</b>
<b>Current Liabilities</b>			
Trade and other payables	19	37,186,632	21,433,854
USF Reserve Fund	24	12,796,919	6,582,957
Provisions	29	12,630,725	13,338,002
Corporate tax	30	36,602,945	33,088,975
		<b>99,217,222</b>	<b>74,443,788</b>
<b>Total Funds and Liabilities</b>		<b>386,578,000</b>	<b>364,529,001</b>

**LESOTHO COMMUNICATIONS AUTHORITY**  
**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2024**

	Notes	31.03.24 Maloti	31.03.23 Maloti
<b>Income</b>			
Regulatory fees	2	106,560,580	91,905,101
Other income	3	6,228,378	6,318,246
Amortisation of capital grant	4	482,013	482,013
Registry income	5	386,150	349,550
		<b>113,657,120</b>	<b>99,054,910</b>
<b>Expenditure</b>			
Staff costs	7	52,399,521	50,257,185
Depreciation	9	10,729,505	10,531,658
Directors emoluments	31	1,715,002	2,853,022
External audit fees	6	79,430	74,580
Other administrative costs	8	38,693,569	35,411,487
		<b>103,617,028</b>	<b>99,127,932</b>
<b>Surplus/(Deficit) before finance income</b>		<b>10,040,092</b>	<b>73,022</b>
Finance income	33	4,074,247	3,282,789
<b>Surplus/(deficit) after finance income</b>		<b>14,114,340</b>	<b>3,209,767</b>
Corporate tax	30	3,528,585	802,442
<b>Surplus/(Deficit) after tax</b>		<b>10,585,755</b>	<b>2,407,326</b>
Transfer to USF	24	2,646,439	601,831
<b>Surplus/(deficit) for the year</b>		<b>7,939,316</b>	<b>1,805,494</b>
<b>Other Comprehensive Income (OCI)</b>			
Gain on translation of WIOCC investment	32	3,284,626	18,516,020
Deferred tax on OCI	32	821,157	4,629,005
<b>Other Comprehensive Income (OCI)</b>		<b>2,463,470</b>	<b>13,887,015</b>
<b>Total comprehensive Surplus/(deficit)for the year</b>		<b>10,402,786</b>	<b>15,692,510</b>

**LESOTHO COMMUNICATIONS AUTHORITY**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024**

	Notes	31.03.24 Maloti	31.03.23 Maloti
<b>Cash flow from operations</b>			
Surplus(deficit) for the year		7,939,316	1,805,494
Comprehensive Surplus/(deficit)for the year		2,463,470	13,887,015.00
<b>Adjustment for non cash items</b>			
(Gain)/loss on translation of investment in WIOCC	31	-	3,284,626
Deferred tax	32	-	821,157
(Gain) or loss on disposal of fixed assets	34	-	483,125
Prior year adjustments	20	-	8,555,479
Depreciation	9	-	10,729,505
Prior year depreciation adjustment		-	1,220
Amortisation of capital grant	4	-	482,013
<b>Working capital changes</b>			
(Increase)/decrease in receivables	36	-	13,848,640
Increase/(decrease) in payables	34	-	24,773,434
<b>Net cash inflows/outflow from operating activities</b>		<b>20,071,778</b>	<b>15,169,964</b>
<b>Investing activities</b>			
Purchase of plant,property and equipment	9	-	11,343,841
Proceeds on sale of assets	35	-	719,904
<b>Net cash flows from investing activities</b>		<b>- 10,623,937</b>	<b>- 1,040,707</b>
<b>Financing activities</b>			
Initial licence fees	17	-	519,583
Repayment of building loan	18	-	4,391,302
<b>Net cash flows from financing activities</b>		<b>- 4,910,886</b>	<b>- 4,749,399</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>4,536,955</b>	<b>9,379,857</b>
<b>Cash and cash equivalents at the begininig of the year</b>		<b>124,583,012</b>	<b>115,203,155</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>129,119,966</b>	<b>124,583,012</b>

**LESOTHO COMMUNICATIONS AUTHORITY**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2024**

	Capital Fund Maloti	Revaluation surplus Maloti	Accumulated Fund Maloti	Capital grants Maloti
<b>Balance as at 31/03/2022</b>	<b>2,331,822</b>	-	<b>205,116,576</b>	<b>2,410,080</b>
Prior year adjustments Comprehensive	-	-	1,113,314	-
Surplus/(deficit) for the year	-	-	15,692,510	-
Amortisation for the year	-	-	-	482,013
<b>Balance as at 31/03/2023</b>	<b>2,331,822</b>	-	<b>221,922,400</b>	<b>1,928,067</b>
Prior year adjustments Comprehensive	-	-	8,555,479	-
Surplus/(deficit) for the year	-	-	10,402,786	-
Amortisation for the year	-	-	-	482,013
Revaluation surplus for the year	-	30,008,115	-	-
<b>Balance as at 31/03/2024</b>	<b>2,331,822</b>	<b>30,008,115</b>	<b>223,769,707</b>	<b>1,446,054</b>

**LESOTHO COMMUNICATIONS AUTHORITY**  
**SIGNIFICANT ACCOUNTING POLICIES TO THE STATUTORY**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**1.1 Presentation of annual financial statements**

Lesotho Communications Authority (LCA) is the statutory body, established in June 2000, with the mandate of regulating the communications sector in Lesotho. The financial statements represent the Authority's **statutory financial statements**. **The statutory financial statements have been prepared in all material respect** in line with International Financial Reporting Standards (IFRSs) and the Communications Act No. 4 of 2012.

The statutory financial statements have been prepared on historical cost basis except where otherwise stated and incorporate the principal accounting policies of the Authority, which are set out below. These accounting policies are consistent with the previous financial year except where otherwise stated. The statutory financial statements are presented and rounded to the nearest Maloti which is the functional currency.

**1.1.2 Basis of preparation**

The statutory financial statements are prepared on a going concern basis and 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 statutory financial statements is in accordance with IFRSs which require the use of certain accounting estimates and assumptions.

**1.1.3 Statement of compliance**

The statutory financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standard Board ("IASB"), interpretations issued by the International Financial Reporting Standards Committee and in a manner required by the Communications Act No. 4 of 2012.

**1.1.4 Changes in accounting policies**

Paragraph 30 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, requires the Authority to disclose if there are new accounting standards that are issued but not yet effective, and information relevant to assess the possible impact that the application of the new accounting standard will have on Authority's financial statements. Below is a summary of new accounting standards and amendments issued before 31 March 2024 with an effective date for accounting periods beginning on or after 1 April 2024:



### **1.2.1 Amendment to IFRS 16-Leases on sale and leaseback**

These amendments include requirements for sale and lease back transaction in IFRS 16 to explain how the Authority accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are a variable lease payment that do not depend on an index or rate are most likely to be impacted. Currently the Authority has not entered into sale and lease back agreements.

The IASB issued financial reporting standard IFRS 16 "Leases" in January 2016, The Standard replaces IAS 17 "Leases" as well as other guidance standards.

IFRS 16 stipulates that all leases and the associated contractual rights and obligations should generally be recognized in the lessee's Statement of Financial Position, unless the lease term is 12 months or less or the lease is for a low-value asset. For each lease the lessee recognizes a liability for lease obligations. The lease liability is effectively treated as a financial liability, which should subsequently be measured at amortized cost. Correspondingly a right of use asset is capitalized, which is generally the present value of the future lease payments plus directly attributable costs. The discount rate used should be the rate of interest implicit in the lease (IRIL) if that rate can be readily determined, or the lessee's incremental borrowing rate (IBR). The right of use asset is depreciated over the shorter of useful life of the asset and lease term, unless the title to the asset transfers at the end of the lease term, in which case depreciation is over the useful life. The Authority has adopted IFRS 16 which became mandatory for financial years commencing on or after 1 January 2019. The incremental borrowing rate applied to lease liability was 11.25%. The Authority has capitalized the printer leased from Maseru Business Machines as right of use asset in line with IFRS 16.

### **1.2.2 Amendment to IAS 1 -Noncurrent liabilities with covenants (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 31<sup>st</sup> March 2024. These amendments clarify how conditions with which the Authority must comply within twelve (12) after the reporting period affects classification of a liability.

### **1.2.3 Amendment to IAS 7 and IFRS7-Supplier finance**

These amendments require disclosure to enhance the transparency of supplier finance arrangements and their effects on the Authority's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investor's concerns that some entities' supplier finance arrangements are not sufficiently visible, hindering investor's analysis.

### **1.2.4 Amendment to IAS 21-Lack of exchangeability**

The entity will be impacted by the amendments when it has a transaction or an operation in the foreign currency that is not exchangeable into another currency at the measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative

delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

### **1.3 Related parties**

Government of Lesotho, state-owned entities, Government departments and key management personnel (directors of the Authority and chief executive officer) are considered as being related parties to the Authority. The Government of Lesotho is a related party since the Authority is government regulatory agency for the communications sector with no shareholding. Significant management judgement is required to determine as to who qualifies as a related party, based on the type of the relationship especially on entities which are controlled by the Government of Lesotho. Note 37 provide additional information on related parties.

The income from the related parties has been quantified based on the information available on note 37.

**Members of the board are related parties and have been listed on page 4.**

### **Members of key Management**

Key management are executives having authority and responsibility for planning, directing, and managing the activities of the Authority. Key management personnel have been listed below:

- Mr. Nizam Golam (Chief Executive Officer)
- Mr. Mangangole Tsikinyane (Chief Financial Officer)
- Mr. Thato Ponya (Chief Regulatory Officer)
- Mrs. Nozaba Sopeng (Chief Economic Affairs Officer)
- Mr. Molupe Molupe (Acting Chief Technology Officer)

### **1.4 IFRS 9 Financial Instruments**

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 assets 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.

### **1.5 Investment property**

Investment property is recognized as an asset when, and only when, it is probable that the future economic benefits associated with the investment property will flow in to the Authority, and the cost of the investment property can be measured reliably.

Investment property is initially recognized at cost. Transaction costs are included in the initial measurement. Costs include initially and costs incurred subsequently to add to, or replace a part or service a property. If replacement part is recognized in the carrying amount of the investment property, the carrying amount of the replaced part is recognized.

Subsequent to initial measurement investment property is measured at fair value. Again, or loss arising from a change in fair value is included in the net deficit in the period in which it arises. It is worth noting that the Authority rents part of its building to EGPAF. However, as per IAS 40, if the owner uses part of the property for its own use, and part to earn rentals or for capital appreciation, and the portions can be sold or leased out separately, they are accounted for separately. Therefore, the part that is rented out is an investment property, If the portion can not be sold or leased out separately, the property is investment property only if the owner-occupied portion is insignificant. It is against this background that the building rented out to EGPAF is not treated as an investment property since the owner-occupied portion is significant.

### **1.6 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.

#### **1.6.1 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 statutory financial statements. These rates, residual values and possible impairment are reviewed annually.

#### **1.6.2 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 Financial and Procedural 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. During the financial year 2023/24, the Authority has recognized the loss allowance for expected credit losses. The Authority has applied 12 months expected credit losses as shown on below provision matrix.

Loss Allowance Provision Matrix							
	Low Risk Customers				High Risk Customers		
	Loss rate	Loss allowance	Balance as at 31/03/2024	Loss rate	Loss allowance	Balance as at 31/03/2024	Total loss allowance
Current	0.1	-	-	0.4	-	0.00	-
1-30 Days	0.1	1,379.26	13,792.62	0.45	47,700.00	106,000.00	49,079.26
31-60 Days	0.1	-	0.00	0.5	-	0.00	-
61-90 Days	0.1	-	0.00	0.55	-	0.00	-
Over 90 Days	0.1	519,479.81	5,194,798.06	0.6	1,103,817.52	1,839,695.86	1,623,297.32
		<b>520,859.07</b>	<b>5,208,590.68</b>		<b>1,151,517.52</b>	<b>1,945,695.86</b>	<b>1,672,376.58</b>

### 1.6.3 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.

### 1.6.4 Deferred tax assets and liabilities

A deferred tax liability is recognized for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible difference can be utilized. A deferred tax asset is not recognized when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affect neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognized for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the used tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or liability is settled, based on tax rates that have been enacted by the end of the reporting period.

### 1.6.5 Tax expenses

Current and deferred taxes are recognized as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

A transaction or event which is recognized, in the same or different periods, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that were credited or charged, in the same or different period, directly to equity.

### 1.7 Recognition of assets and liabilities

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

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

### 1.8 De-recognition of assets and liabilities

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

All other assets are de-recognized 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.

### 1.9 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, considering 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
Buildings	20 years
Land (not a depreciable asset)	Indefinite
Mobile Handsets	2 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.

### Impairment of Non-Current 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. The recoverable amount of the intangible assets with indefinite useful lives, intangible assets not available for use and goodwill acquired in a business combination are assessed each year in line with IAS 36. The recoverable amount of other assets is assessed only when there is an indication that the asset may be impaired.

### **1.9 Foreign Currency Translation**

Transactions in foreign currencies are translated to Maloti at the spot rate (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.

### **1.10 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.

#### **1.10.1 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.

#### **1.10.2 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.

#### **1.11 Trade and other receivables**

Trade and other receivables originated by the Authority 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 not be able to recover all amounts due according to the rules of the Authority which are translated into terms of receivables.

#### **1.12 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at 24-hour call with the banks. Cash and cash equivalents are measured at fair value.

#### **1.13 Trade and other payables**

Trade and other payables are stated at their fair values.

#### **1.14 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.

### **1.15 Provisions**

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

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for estimated leave liability according to the Human Resources Rules of the Authority.

### **1.16 Revenue Recognition**

IASB issued IFRS 15 (revenue from contracts with customers) and the standard was effective from 1 January 2018. IFRS 15 establishes the principles that an entity applies when reporting information about the nature, amount, timing and uncertainty of revenue and cash flows from contract with a customer. Applying IFRS 15, an entity recognizes revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. To achieve the core principle of IFRS 15, an entity is required to apply the following 5 steps:

- Step 1: Identify the contract with a customer
- Step 2: Identify the performance obligations
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when or as the entity satisfies a performance obligation.

#### **1.16.1 Regulatory Fees**

Regulatory fees comprise service and radio frequency spectrum license fees charged to communications service providers. Initial fees charged in relation to the issuance of new license 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. Other annual licence 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, 2023.

### **1.15.2 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.

### **1.15.3 Interest income**

Interest is recognized on a time proportion basis considering 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 amortized 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 of 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. Unless they are directly attributable to the acquisition, construction or production of a qualifying asset in which case they are capitalized in line with IAS 23 Borrowing Costs.

## **1.16 Comparative Figures**

Figures for the previous year have been stated on the second column to allow for ease of comparison with the current year in line with IAS 1 (presentation of financial statements) and where either in the current or previous year there were no figures a minus (-) sign has been shown.



**LESOTHO COMMUNICATIONS AUTHORITY****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024**

<b>Note 2. Regulatory fees</b>	<b>31.03.24</b>	<b>31.03.23</b>
	<b>Maloti</b>	<b>Maloti</b>
Application fees	291,645	107,395
Licence fees	10,308,954	5,466,014
Spectrum fees	36,111,120	26,177,682
Annual Licence fees	59,848,860	60,154,009
	<b>106,560,580</b>	<b>91,905,101</b>

**Note 3. Other Income**

Rental income	3,670,253	3,336,595
Penalty fees	57,000	634,990
Out of court settlement-VCL licence revocation	2,000,000	2,000,000
WIOCC shareholder's rebates	-	331,661
Reimbursement of legal costs-Matela Vs LCA	-	15,000
Payment for stolen gross cutting machine	13,319	-
Refund from CRASA for registration fee	4,680	-
Gain on disposal of fixed assets	483,125	-
	<b>6,228,378</b>	<b>6,318,246</b>

**Note 4. Amortisation of capital grant**

	<b>31.03.24</b>	<b>31.03.23</b>
	<b>Maloti</b>	<b>Maloti</b>
This represent amount amortised during the year for the WIOCC Investment and WIOCC capacity paid by the Government of Lesotho	<b>482,013</b>	<b>482,013</b>

**Note 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.

**Note 6. Audit Fees**

These 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 2024**

	<b>31.03.24</b>	<b>31.03.23</b>
	<b>Maloti</b>	<b>Maloti</b>
<b>Note 7. Staff costs</b>		
Salaries	28,481,076	27,951,135
Allowances	11,403,111	11,162,695
Pension	2,194,263	2,003,344
Severance pay	750,270	891,280
Leave pay	334,980	296,807
Medical aid	2,531,251	2,348,811
Gratuity	4,212,774	4,022,197
Staff refreshments & welfare	1,463,274	899,623
Staff cellphone airtime	827,650	600,730
Fringe benefit tax	173,863	45,706
Housing	27,010	34,857
	<b>52,399,521</b>	<b>50,257,185</b>

**LESOTHO COMMUNICATIONS AUTHORITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024**

	<b>31.03.24</b>	<b>31.03.23</b>
	<b>Maloti</b>	<b>Maloti</b>
<b>Note 8. Other administrative costs</b>		
Bank charges	200,778	167,949
Interest expense	1,763,862	1,718,238
Communication	1,044,432	1,400,180
Postage	32,980	74,012
Stationery	243,012	207,809
Repairs and maintenance	137,924	468,513
Software licenses	1,291,813	1,921,515
Operation and maintenance(WIOCC)	4,237,538	3,914,774
Water and electricity	753,227	634,988
Repairs and maintenance-Building	1,857,331	1,370,025
Ground Rent and Property rates	1,909,287	1,878,908
Insurance	1,693,711	1,284,088
Station maintenance	2,705,207	1,405,674
Dispute resolution fees	-	131,139
Books and journals	14,311	31,646
Fuel	188,862	164,936
Vehicle maintenance	116,731	126,494
Subscriptions	2,717,502	2,162,655
Travel and accomodation	5,919,663	3,743,709
Subsistance allowance	103,103	71,675
Staff training	709,399	756,598
Business entertainment	33,584	35,771
Cleaning and security	1,859,868	1,669,643
Public relations	2,815,292	1,107,637
Advertisements	439,598	496,391
Consultancy fees	37,384	477,604
Board expenses	671,896	1,032,873
Legal expenses	3,795,356	5,236,678
Research	201,362	819,321
Donations	86,306	316,816
Loss on foreign transactions	-	-
Loss on disposal of fixed assets	-	1,621
Gazettes	14,812	6,670
Impairment of trade receivables(ECL)	1,097,439	574,938
	<b>38,693,569</b>	<b>35,411,487</b>

LESOTHO COMMUNICATIONS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

9. Plant, Property and Equipment

	Cost at			Dep'n at			Dep'n Charge			NBV at		
	Cost at 31.03.23 Maloti	Additions Maloti	Revaluations Maloti	Disposal 31.03.24 Maloti	31.03.23 Maloti	Disposal Maloti	Revaluations Maloti	this year Maloti	Dep'n at 31.03.24 Maloti	NBV at 31.03.23 Maloti	NBV 31.03.24 Maloti	
Registry												
Computer												
Equipment	284,569	-	-	-	284,569	-	-	-	256,112	28,457	28,45	
Registry												
Fixtures &												
Fittings	373,815	-	-	-	373,815	-	-	-	336,434	37,381	37,38	
Office												
Equipment	845,465	20,163	-	900,50	864,728	486,804	810	-	71,316	557,310	358,661	
Computer												
Equipment	7,811,632	3,121,792	-	143,255	10,790,169	5,466,514	128,930	-	965,725	6,303,309	2,345,118	
Motor												
Vehicles	3,794,283	1,788,903	-	1,062,682	4,520,504	2,443,160	850,145	-	667,627	2,260,642	1,351,123	
Office												
Furniture	4,055,074	102,465	-	98,260	4,059,279	3,436,960	88,434	-	67,620	3,416,147	618,114	
LCA Land &												
Buildings	115,931,635	-	-	-	115,931,635	1,621,018	-	-	3,242,036	4,863,055	114,310,617	
Monitoring												
Equipment	34,312,083	4,631,082	-	-	38,943,165	24,408,302	-	-	5,297,650	29,705,953	9,903,780	
Mobile												
Handsets	349,060	437,720	-	349,060	437,720	299,898	349,060	-	212,990	163,828	49,162	
Construction												
WIP Assets*	-	823,419	-	-	823,419	-	-	-	-	-	823,419	
Subtotal												
before rights												
of use asset)	167,757,616	10,925,544	-	1,654,157	177,029,003	38,755,203	1,417,379	-	10,524,965	47,862,789	129,002,414	

Construction WIP Assets refers to costs incurred for Enterprise Performance Management Budgeting Reporting System (EPMBRS) which not yet ready for use.

Rights of use asset \*

The Authority has leased a Multifunctional printer from Maseru Business Machines since January 2024. The right of use asset has been recognized in line with IFRS 16 Leases.

	Cost at			Dep'n at			Dep'n Charge			NBV at		
	Cost at 31.03.23	Additions	Revaluations	Disposal	31.03.24	31.03.23	Disposal	Revaluations	this year	Dep'n at 31.03.24	NBV at 31.03.23	NBV 31.03.24
Right of use												
assets*	604,125	418,297	-	-	1,022,422	453,094	-	-	203,318	656,412	151,031	366,010
GRAND TOTAL	168,361,741	11,343,841	-	1,654,157	178,051,425	39,208,297	1,417,379	-	10,728,284	48,519,201	129,153,445	129,532,224

## 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 IAS 21 effects of changes in foreign exchange rates. As a result, it is valued at M102,354,299.00 as at 31 March 2024.

## 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. The Authority initially held 5% shareholding in the Western Indian Ocean Company until recently when WIOCC changed to WIOCC Holding Company (WHCL) and a Share Swap Agreement was signed in September 2021 which resulted in LCA holding 4.05% shares in WHCL.

## LESOTHO COMMUNICATIONS AUTHORITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

#### 12. Trade and other receivables

	31.03.24	31.03.23
	Maloti	Maloti
Trade receivables	7,154,287	4,074,906
Less: Provision for credit losses	1,672,377	574,938
<b>Sub-Total</b>	<b>5,481,910</b>	<b>3,499,969</b>
Sundry receivables	1,267,612	766,374
Sundry deposits	289,953	324,624
USF reimbursable costs	12,897,526	1,828,648
Staff debtors-salary advances	346,916	299,430
Withholding tax on interest received	1,672,492	1,388,725
	<b>21,956,410</b>	<b>8,107,770</b>

#### 13. Cash and cash equivalents

	31.03.24	31.03.23
	Maloti	Maloti
<b>Current &amp; call accounts</b>		
Nedbank current operating	9,121,900	8,582,142
Nedbank current building	1,813,062	1,392,517
Nedbank call account	85,077,134	85,624,531
	<b>96,012,096</b>	<b>95,599,189</b>
	<b>31.03.24</b>	<b>31.03.23</b>
<b>Short term deposits and investments</b>	<b>Maluti</b>	<b>Maluti</b>
32 days call	117,860	111,307
32 days call penalties	271	111,394
Stanlib Income Fund RSA	12,290,977	11,268,824
Stanlib Cash Plus	403,841	370,941
Standard Bank Income Fund	16,284,480	13,328,461
Stanlib Money market Fund	154,850	142,372
Liberty Life-Excelsior Property Portfolio	3,855,592	3,650,523
	<b>33,107,871</b>	<b>28,983,822</b>
	<b>129,119,966</b>	<b>124,583,012</b>

#### 14. Capital Fund

The Government of Lesotho transferred office furniture, equipment and 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.

<b>15. Accumulated Fund</b>	<b>Maloti</b>	<b>Maloti</b>
Opening balance	221,922,400	205,116,576
Prior year adjustments	8,555,479	1,113,314
Comprehensive Surplus/deficit for the year	10,402,786	15,692,510
<b>Closing balance</b>	<b>223,769,707</b>	<b>221,922,400</b>

<b>31.03.24</b>	<b>31.03.23</b>
<b>Maloti</b>	<b>Maloti</b>

#### Note 16. Capital Grant

Opening balance	1,928,067	2,410,080
Less: Amortisation for the year	482,013	482,013
<b>Closing balance</b>	<b>1,446,054</b>	<b>1,928,067</b>

#### Note 17. Deferred Income

These are initial licence fees for 20 years and EGPAF rental deposit:

	<b>31.03.24</b>	<b>31.03.23</b>
	<b>Maloti</b>	<b>Maloti</b>
Econet Telecom Lesotho	4,571,881	4,833,131
Vodacom Lesotho	3,103,231	3,361,564.00
	<b>7,675,112</b>	<b>8,194,695</b>
Rent deposit	291,551	291,551
	<b>7,966,663</b>	<b>8,486,246</b>

#### 18. Loan for LCA office complex

Nedbank Lesotho approved a loan of M41.58 million towards construction of LCA office complex. The outstanding balance as at 31 March 2024 was 16.4 million.

**LESOTHO COMMUNICATIONS AUTHORITY****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024**

<b>Note 19. Trade and other payables</b>	<b>31.03.24</b>	<b>31.03.23</b>
	<b>Maloti</b>	<b>Maloti</b>
Trade payables	15,357,710.31	2,380,164.57
Fringe benefit tax	52,638.53	6,522.69
Provision for gratuity	14,079,261.62	11,859,820.77
Provision for severance pay	5,308,835.01	5,299,572.56
Provision for leave pay	1,438,119.70	1,252,336.99
VAT Payable	-	84,081.19
Withholding tax on accounts payable	28,548.58	-
Credit Card	60,784.46	70,625.34
Sundry Payables	384,270.49	314,393.94
Right of use liability	476,463.42	166,336.38
	<b>37,186,632.12</b>	<b>21,433,854</b>

<b>Note 20. Prior year adjustments</b>	<b>31.03.24</b>	<b>31.03.23</b>
	<b>Maloti</b>	<b>Maloti</b>
Overprovision for staff bonus	898,994	297,827
Accountable Advance Clearing	33,583	-
Invoice adjustments	661,203 -	34,992
Derecognition of CMART	- -	14,548,447
Depreciation of right of use asset	- -	251,719
Interest expense-right of use asset	- -	74,523
Lease rentals	-	306,336
ASMS support	-	4,500,000
WIOCC support & maintenance	-	4,133,845
Underprovision for USF reserve Fund	- 10,150,481	6,784,987
Overprovision for depreciation	1,222	-
	<b>- 8,555,479</b>	<b>1,113,314</b>

**21. Provision for corporate tax**

During the financial year 2018/19, the Authority recognized income of M67, 433,147 from WIOCC. This income related to the previous years (2012/13 to 2017/18). The income amount comprised of dividends paid by WIOCC, rebate offered by WIOCC, board sitting fees paid by WIOCC and leasing of Lesotho Communication Authority 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 Communication Authority 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 assets of the Authority.

## 23. Contingent Liabilities

The following legal matters are pending against the Authority:

Claimant	Estimated loss amount	Reasons	Status
Sebilo vs LCA	-	The employee has claimed compensation for unfair dismissal or reinstatement	Matter pending before Labour court
Ntaote vs LCA	-	Case for constructive dismissal and payment of terminal benefits	Terminal benefits were paid. The issue of constructive dismissal is yet to be decided by DDRP
Mokela Vs LCA	-	Unfair dismissal based on legitimate expectation	Matter pending before DDRP
Fraser Solar Vs LCA	-	Claim against Authority's investment in WIOCC	Matter pending before high court
GVG Vs LCA	-	CMART contract between LCA and GVG	Self-review application pending before high court

## 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.**

**Note 24. USF Reserve Fund**

	<b>31.03.24</b>	<b>31.03.23</b>
	<b>Maloti</b>	<b>Maloti</b>
Opening balance USF reseve fund	6,582,957	14,927,924
Income statement/USF Contribution for the year	2,646,439	601,831
Less:payments Correction and Provision	- 6,582,957.00 -	2,161,811
Contribution to USF	10,150,480.50 -	6,784,987
<b>Closing balance</b>	<b>12,796,919</b>	<b>6,582,957</b>

**25. Financial risk management**

Exposure to credit, interest rate risk and currency risk arises in the normal course of the Authority's business. The board of directors has overall responsibility for establishment and oversight of the Authority's risk management framework.

**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. The Authority does not hedge foreign exchange fluctuations.

**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.



## 27. Capital Commitments for 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. 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

During the last quarter of financial year 2021/22, the Authority engaged a consultant to assess the market value of LCA Office Complex situated at 30 Princess Margret Road Old Europa Maseru. 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 land and building at Ha Abia Monitoring Station was revalued during the financial year 2022/23. As a result, surplus on revaluation has been realized/recognised during the financial year 2022/23 given that the entire class of land and building has been revalued.

## 29. Provision for outstanding expenses

	31.03.24	31.03.23
	Maloti	Maloti
Opening Balance	13,338,001.84	19,367,730.00
Provisions for the year	4,736,426.41	6,273,977.38
Reversal of year end provisions for previous years	- 5,443,702.93	- 12,303,705.54
<b>Closing balance</b>	<b>12,630,725.32</b>	<b>13,338,001.84</b>

## 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. However, the Authority has applied for reversal of the decision at the courts of law. During the current financial year, The Authority has decided to implement ring-fencing of costs and income associated with rental of part of the office building to Elizabeth Glaser (EGPAF) as separate business from regulation which resulted in computation of income tax liability and payment of corporate tax to Revenue Services Lesotho (RSL)

<b>Note 30. Corporate Tax</b>	<b>Maloti</b>	<b>Maloti</b>
Opening balance	33,088,975	32,286,533
Provision per I/S	3,528,585	802,442
Income tax payments during the year	-	-
<b>Closing Balance</b>	<b>36,602,945</b>	<b>33,088,975</b>

### 31. Directors Emoluments

This represents the sitting and communication allowances expenditure incurred during the financial year 2023/24 as the board and its sub-committees held meetings.

### Note 32 Defered tax

	<b>31.03.24</b>	<b>31.03.23</b>
	<b>Maloti</b>	<b>Maloti</b>
<b>Opening Balance</b>	<b>4,629,005.11</b>	-
Gain on translation of WIOCC Investment	3,284,626.47	18,516,020
Deferred tax @ 25%	821,157	4,629,005
	<b>5,450,161.73</b>	<b>4,629,005</b>

### 33. Finance Income

This represents the interest generated from Authority's investments during the financial year 2023/24.

### 34. Increase in payables

This represents the difference between trade and other payables balance as at 31 March 2023 and 31 March 2024. The balance was M74.4 million as at March 2023 and it increased to M99.2 million as at 31 March 2024.

### 35. Proceeds on disposal of fixed assets

This represents the amount received on disposal of Authority's motor vehicles and office furniture during the financial year in line with Financial Procedural Rules.

### 36. Increase in receivables

This represents the difference between trade and other receivables balance as at 31 March 2023 and 31 March 2024. The balance was M8.1 million and it increased to M21.9 million as at 31 March 2024.

### 37. Related party disclosures

Related party income was generated in line with LCA Licensing Classification and Fee Rules of 2023. The income consists of license and spectrum fees charged to the licensees. No interested has been charged on related party receivables and they are unsecured. The USF reimbursable costs owed to the Authority do not attract interest and do not have fixed payment terms.

**Note :37 Related party transactions**

	<b>31.03.24</b>	<b>31.03.23</b>
	<b>Maloti</b>	<b>Maloti</b>
<b>Amounts included in trade and other receivables</b>		
USF reimbursable costs	12,897,526	1,828,647.79
Radio Lesotho	211,969	126,231.00
Ultimate FM	-	-
Lesotho Television	-	-
	<b>13,109,495.23</b>	<b>1,954,878.79</b>
<b>Amounts included in trade and other payables</b>		
Revenue Services Lesotho (RSL)	288,283	425,614.12
Ministry of Communications	10,488	10,488.00
WASCO	-	26,179.27
LEC	-	-
	<b>298,771.28</b>	<b>462,281.39</b>
<b>Income from related parties</b>		
Radio Lesotho	211,969	204,117.50
Ultimate FM	41,100	39,100.00
Lesotho Television	802,400	755,200.00
	<b>1,055,468.75</b>	<b>998,417.50</b>
<b>Board expenses</b>		
Directors fees (sitting & communication allowances)	1,715,002	2,853,022.00
Board expenses(Traveling & other expenses)	671,896	1,032,873.18
	<b>2,386,898.52</b>	<b>3,885,895.18</b>
<b>Compesation to key management</b>		
Remuneration paid	9,467,468.55	9,267,098.52
Other benefits	2,314,688.77	2,000,265.70
	<b>11,782,157.32</b>	<b>11,267,364.22</b>





**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**

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