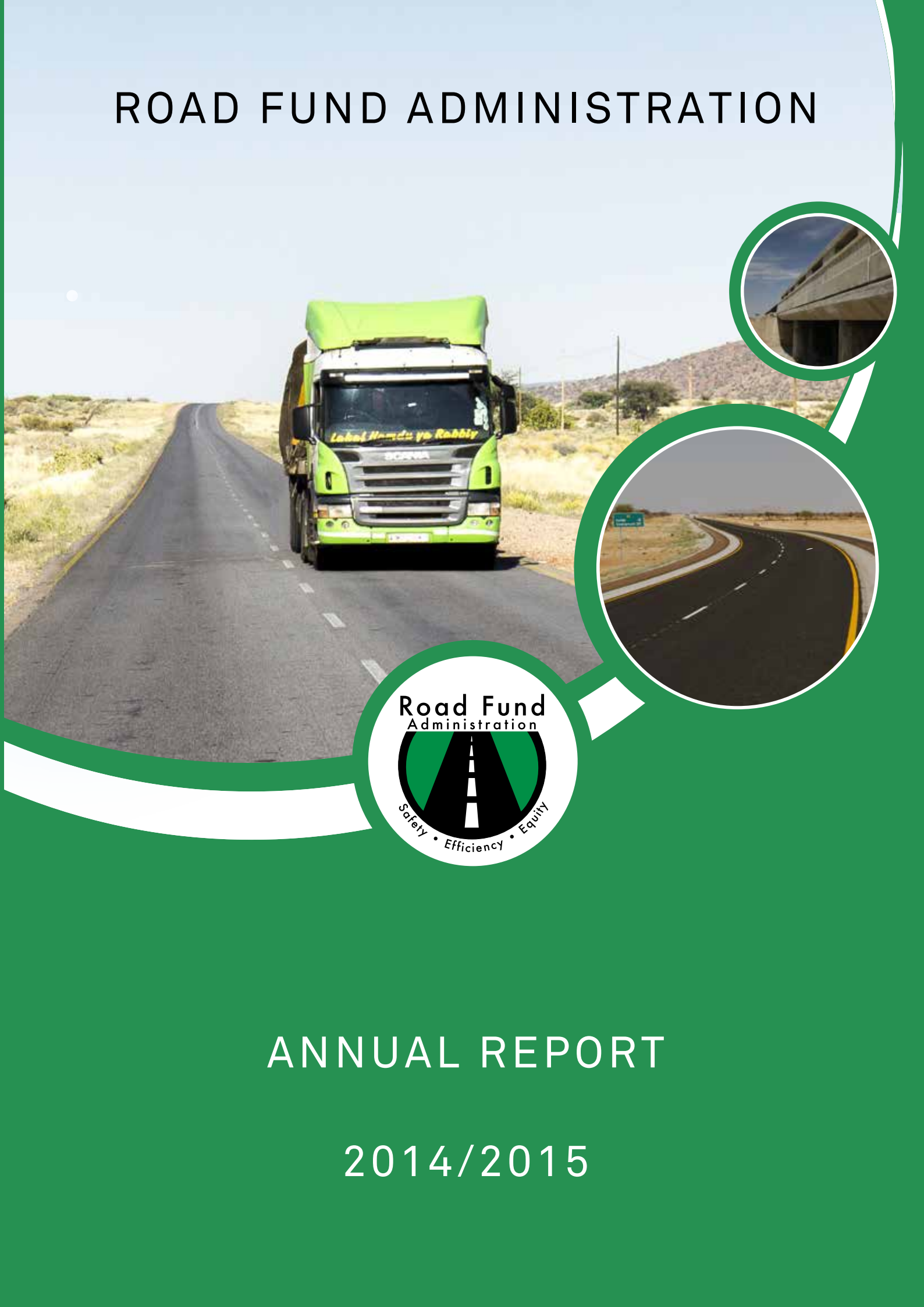


ROAD FUND ADMINISTRATION



ANNUAL REPORT

2014/2015

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1. VISION AND MISSION STATEMENTS

OUR VISION

To optimally fund the road sector to contribute towards Namibia becoming a logistics nation.

Medium-term, 5-year goal: By 2019, the Road Fund Administration (RFA) to fund 80 percent of (the) required financial resources to optimally manage the road network.

OUR MISSION

To manage Namibia's Road User Charging System to provide sufficient funding for a safe and economically efficient road sector, for the benefit of all road users.

OUR CORE VALUES

Integrity	Apply truthfulness and consistency in all our operations.
Safety	Promote and contribute towards a safe national road sector.
Accountability	Ensure reporting to all stakeholders on utilisation of resources.
Effectiveness	Implement monitoring and control mechanisms to enable us to achieve our objectives.
Efficiency	Promote efficient use of resources.
Equity	Apply principles of equity in determining rates of Road User Charges.
Transparency	Act fairly and openly in our operations by subscribing to ethical standards.

2. FOREWORD BY THE CHAIRPERSON

As the Chairperson of the Board of Directors of the Road Fund Administration (RFA), I am privileged to present the RFA's Annual Report for the period 1 April 2014 to 31 March 2015.

During the period under review the RFA collected total revenue from the Road User Charging System (RUCS) of N\$1.757 billion; resulting in a 9% revenue increase compared to the 2013/2014 Financial Year (FY). The RFA's Business Plan over the same period predicted an income of N\$1.780 billion; indicating that the RFA's total revenue fell slightly short of its Business Plan target by 1%.

Of this revenue, the following disbursements were made towards the development of the national road network:

- N\$1.531 billion to the Roads Authority (RA) for the management of the national road network, supporting a total road network of 44,932 km.
- N\$65.3 million to Approved Authorities for the maintenance of urban roads and streets.
- N\$49.4 million to the Namibian Traffic Information System, operated by the RA.
- N\$28.7 million to other Approved Authorities (AA) for traffic law enforcement.

The total RUCs revenue dedicated to the national road network thus amounted to N\$1.674 billion and represents an overall decline of 9.4% in funding availed to our institutions charged with the responsibility of managing the Namibian road network. This is mainly attributed to the RFA's strategy during the period under review to contain funding within the RUCS. The 2014/2015 FY saw the gap between the funding requested by the RA and what the RFA was able to fund increase by a further 7%. This gap suggests the increasing need for strengthening the optimal revenue-raising initiatives on the one hand and on the other, containing expenditure on new road development only to strategic priority projects, so that the maintenance budget does not exceed beyond the affordability range.

The following are some of the major projects funded by the RFA during the reporting period:

- Trunk Road 1/6: Windhoek – Okahandja upgrade to dual carriageway in the Khomas Region.
- Main Road 120: Okatana – Endola – Onunho upgrade to bitumen standards in Oshana and Ohangwena Regions.
- Bridges structure rehabilitation in Hardap Region.
- District Road 3615: Onamutuku – Oshikuku upgrade to bitumen standards in Omusati Region.

The Medium to Long-term Roads Master Plan of 2012 (MLTRMP) contemplated the optimal funding for road infrastructure within the RUCS to be at N\$2.87 billion for the 2014/15 FY alone, seen against N\$1.676 billion that is actually funded. The resultant



funding gap of N\$1.194 billion or some 42% of the required optimal allocation is largely indicative of the annual backlog in especially the maintenance of our road network. The funding gap, which has been accumulating for some time now underscores the need for internal rebalancing between road maintenance on the one hand, and new road development on the other hand. It also calls for strategic prioritization in project planning to avoid continuing to spread scarce resources too thinly.

Despite the resource constraints during the reporting period, Namibia has improved to a favourable ranking on the quality of road infrastructure in Africa, as published by the World Economic Forum. Annually the World Economic Forum in collaboration with the World Bank, Africa Development Bank and Denmark's Ministry of Foreign Affairs publishes the Africa Competitiveness Report. The report compares African countries on a number of indicators, which include amongst others their macroeconomic environments and infrastructure development.

Worldwide, Namibia is ranked 28th (from a total of 144 countries) in terms of quality of road infrastructure, which is a two point ranking improvement from 2014 and seven point ranking improvement since 2013. These results speak directly to the relative quality of our 44,932 km national road network, consisting of 7,165 km surfaced roads and 37,767 km unsealed roads. Congratulations are indeed in order to the Government of the Republic of Namibia (GRN), and all of stakeholders for achieving this success.

The GRN as sole shareholder of the RFA and strategic partner in terms of the national road network, contributed substantially to Namibia attaining this notable achievement. During the reporting period, the GRN funded the upgrading of the following roads to bitumen standards:

- Main Road 91: Gobabis – Aminuis – Aranos in Omaheke and Hardap Regions.
- Main Road 118: Oranjemund – Rosh Pinah in Karas Region.
- Main Road 67: Omakange – Ruacana in Omusati Region.
- Main Road 125: Liselo – Linyanti – Kongola in Zambezi Region.

As a country we can however not allow ourselves endless celebrations for the remarkable achievements, pretending that challenges do not exist with respect to the adequacy of both the funding for, and the quality of new roads development as well as the maintenance of our existing infrastructure. Strong collaboration and integrated planning are needed going forward.

From the organisational point of view, the critical factors for organisational success are the people, robustness of its business processes and harnessing of technological innovation to the business operations. It is the intention of the RFA, in terms of its strategic Business Plan to hone its strategic management skills, improve internal operational efficiency, enhance revenue generation and incubate a strong service-oriented work culture.

As a financing arm of the roads sector, we believe that the RUCS and overall revenue collection and administration apparatus should be modernized and simple to minimize the cost of compliance and administration. Potential collection gaps should be urgently closed in favour of fairness and equity; and levy rates should be the least distortionary and should reflect the underlying fundamentals and the ability to pay. It is our strategic intention to close the collection gaps and enhance the yield of existing and new revenue streams.

“Worldwide, Namibia is ranked 28th (from a total of 144 countries) in terms of quality of road infrastructure”



The RFA is governed by a qualified and experienced Board of Directors, and reports to the Honourable Minister of Finance.

No doubt, as we strive to contribute to the development and maintenance of the roads infrastructure of our country, we have to do so to the best of our ability and in a manner that does not compromise long-term sustainability and financial soundness of the Fund. In this regard, a mix of mutually-reinforcing initiatives are needed to:

- (i) enhance revenue collection and harness innovative financing solutions, and
- (ii) contain expenditure and align project planning to available resources.

Indeed, the RFA believes that development outcomes are better optimized if interventions are planned and programmed in an integrated and holistic manner. In this regard, initiatives in the road sector should be matched with similar efforts in the rail, port and airport infrastructure to avoid glitches in the infrastructure pipeline and to truly develop Namibia as a strategic logistics hub of choice in the sub-continent.

I am pleased to report that as the Board of Directors, we have been able to strengthen the RFA's leadership and technical capability first and foremost with the transparent and successful recruitment, and appointment of Mr Ali Ipinge as the new Chief Executive Officer (CEO) with effect from 1 November 2014. Mr Ipinge was introduced to key stakeholders at a stakeholder event on the 10th of November 2014 and thus needs no lengthy introduction. He is a banker by career, having worked with corporate business banking at the First National Bank Namibia and most recently, at Standard Bank Namibia. Numerous business corporates and SOEs have been his clients during his decade of banking experience. He brings with him an impeccable mix of human resources management, financial planning, banking and investment, business administration as well as project financing experience which are so critical to the business of RFA. The Board has every confidence in the ability and team leadership of Mr Ipinge to steer the operational affairs of the RFA to greater heights.

Together with the appointment of the CEO, we have been able to secure the appointment of Mr Fernando Somaeb as the Manager: Fund Management with effect from March 2015. The appointment of the Manager: Programme Management, Policy and Advice has also been concluded. Mr Rianus !Gonteb will assume duty with the RFA on the 1st of April 2015.

A leader is just as strong as his team and without the support and expertise of my fellow Board Members it would not have been possible to record the progress we have made to date. I would like to extend my sincere appreciation to my fellow Directors who were always prepared to give their time and their best in leading the RFA. I thank my portfolio Ministers for their indispensable support and the trust bestowed upon the Board to exercise its unfettered guidance.

To the management team and staff members of the Road Fund Administration, I offer my unalloyed appreciation for being prepared to perform under sometimes difficult and trying circumstances. Without your dedication, innovation and hard work, this organisation would not have been able to fulfil its mandate.

In conclusion I would also like to recognise the contribution of our stakeholders and road users in ensuring that Namibia is a safe destination to do business in. Like all the ingredients used to build a safe road, it is impossible to do without your support and cooperation. Let us collaborate to achieve the strategic goals we set for ourselves.

“From the organisational point of view, the critical factors for organisational success are the people, robustness of its business processes and harnessing of technological innovation to the business operations.”



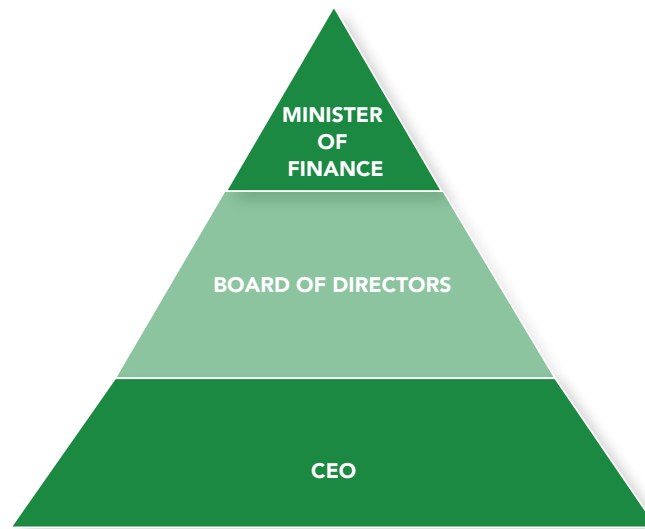
The Board is assisted by Board committees; being the Audit and Risk Management; Human Resources; Information and Communication Technology; and Tender and Investment Committees.

3. CORPORATE GOVERNANCE REPORT

Corporate Governance Framework of the RFA

The RFA is guided by a legislative framework and ascribes to the principles of good Corporate Governance as contained in the King III Report. The RFA strives to strictly comply with its governing legislative framework, and observes the principles of good Corporate Governance in its day to day operations.

Governance Structure



The following represents some of the key strategic and policy decisions that the Board took during the period under review:

- Approval of the RFA Corporate Strategy for the period 2015-2019.
- Approval of the RFA Business Plan for the period 2014/2015-2019/2020.
- Review of the high level organisational structure to ensure that it supports the RFA in attaining its key strategic objectives as set out in the aforementioned Corporate Strategy.
- Appointment of the Chief Executive Officer (CEO).
- Review of the RFA as a whole, CEO and Executives' performance for the period 2014/2015; in line with its Performance Management Policy.
- Approval of the 2013/2014 RFA Annual Report.
- Improvements in employee conditions of service, including the provision of much needed staff accommodation for employees located at the Mata-Mata, Velloorsdrift and Mohembo Border Posts.
- Construction of the RFA Cross Border Charges (CBC) office at the Trans-Kalahari Border Post, thereby improving efficiency and overall customer experience.



Following an extensive recruitment process by the Board of Directors, the RFA's Chief Executive Officer (CEO) was appointed on the 1st of November 2014 on a five year performance based contract.

Disclosure of Interest

The Directors of the RFA are required to declare their interest at all board and committee meetings, to ensure independent and transparent decision making. Should a conflict arise in respect of any matter to be deliberated on and decided upon, the Director concerned is excused from such deliberations and/or decision making.

Board Meetings and Attendance

- 02 August 2014 – Penda Ithindi, Simeon Amunkete, Denis Maxwell, and Elizabeth Asino-Joseph
- 12 December 2014 – Penda Ithindi, Akua Avafia, and Elizabeth Asino-Joseph
- 07 February 2015 – Penda Ithindi, Akua Avafia, Simeon Amunkete, and Elizabeth Asino-Joseph
- 14 March 2015 – Penda Ithindi, Akua Avafia, Simeon Amunkete, and Elizabeth Asino-Joseph

Board Remuneration

The Directors serving on the Board of RFA are remunerated in accordance with the remuneration levels for board members as set out in Directive Number 174, issued by the State-owned Enterprises Governance Council. The Chairperson of the Board of Directors, being in the full-time service of the State, does not receive any remuneration in line with Section 22 of the State-owned Enterprises Governance Act, (Act 2 of 2006).

Board Training and Development

All the Directors serving on the RFA Board are required to undergo Corporate Governance training, as well as specialised training in line with their respective duties as Committee members.

All Directors that serve on the Board are independent non-executive Directors, appointed by the Honourable Minister of Finance in terms of the RFA Act, Section 4(2).



Namibia's existing national road network consists of 7,165 km surfaced and 37,767 km unsurfaced roads.

4. BOARD OF DIRECTORS



Mr Andreas Penda Ithindi
Chairperson of the Board of Directors

Qualifications

Bachelor of Arts Degree majoring in Economics and Mathematics, and a Master of Science Degree majoring in Financial Economics



Ms Akua Avafia
Director and Chairperson of the Audit,
Risk and Compliance Committee

Qualifications

Bachelor of Commerce Degree;
Honours Degree in Accountancy;
Post-Graduate Diploma in
Accountancy, and a Master's
Degree in Business Administration;
CA (Namibia) (RSA)



Ms Elizabeth Asino-Joseph
Director and Chairperson of the ICT Committee

Qualifications

Bachelor of Science in Computer Science; Degree in Business Administration - Magna Cum Laude; Master of Science Degree in Computer Science



Mr Simeon Amunkete
Director and Chairperson of the HR Committee, and Tender / Investment Committee

Qualifications

Master of Arts Degree in Industrial Psychology; Master of Commerce Degree in Project Management - Cum Laude



5. BOARD COMMITTEES

1) Audit & Risk Management Committee

Two Directors serve on this Committee – Akua Avafia (Chairperson) and Elizabeth Asino-Joseph (Member).

Committee meetings held and attendance:

17 June 2014 – Elizabeth Asino-Joseph, Penda Ithindi
(standing in for Akua Avafia).

06 December 2014 – Akua Avafia, Elizabeth Asino-Joseph.

14 March 2015 – Akua Avafia, Elizabeth Asino-Joseph.

2) Human Resources Committee

Two Directors serve on this Committee – Simeon Amunkete (Chairperson) and Penda Ithindi (Member).

Committee meetings held and attendance:

12 July 2014 – Simeon Amunkete, Penda Ithindi.

27 November 2014 – Simeon Amunkete, Penda Ithindi.

18 March 2015 – Simeon Amunkete, Penda Ithindi.

3) Information & Communication Technology Committee

Two Directors serve on this Committee – Elizabeth Asino-Joseph (Chairperson) and Denis Maxwell (member up until 31 December 2014).

Committee meetings held and attendance:

12 July 2014 – Elizabeth Asino-Joseph, Denis Maxwell.

4) Tender & Investment Committee

Two Directors serve on this Committee – Simeon Amunkete (Chairperson) and Penda Ithindi (Member).

No Committee meetings were held during the period under review. Submissions were agreed upon on a round robin basis.



The management of the national road network is the responsibilities of the Roads Authority (RA) in terms of the Roads Authority Act (Act 17 of 1999). The RA annually submits budget requests for national road projects and programmes, as well as for its operations, to the RFA for funding.

6. CORPORATE OVERVIEW



Mr Ali Ipinge
Chief Executive Officer



Mr Edison Mberirua
Manager: Information and
Communication Technology



Mrs Mary Hansen
Manager: Corporate Services



Mr Alexander Botha
Manager: Special Projects



Mr Fernando Somaeb
Manager: Fund Management



Mr Elvis Kambatuku
Acting Manager: Audit and Risk
Management



Ms Melissa Mungunda
Company Secretary

Road Maintenance Report

The existing national road network of Namibia consist of 7,165 km surfaced roads and 37,767 km of gravel roads. These figures translates to a total road network of 44,932 km. The previous year, road network amounted to 44,121 km, which represent an increase of approximate 2%.

The main aim of the RFA is to fund road preservation operations to ensure a safe and economically responsive road network. The road maintenance activities performed through the executing agency, the Roads Authority during the reporting period are categorised as follows:

1. Routine maintenance
 - Blading works
 - Bitumen road maintenance
 - Road signs and guardrails maintenance
 - Concrete and steel works
 - Salt road maintenance
 - Sand removal operations
 - Road reserve maintenance
2. Periodic maintenance
 - Gravelling works
 - Reseal works
 - Repainting of road markings
 - Clearing and forming
 - Specialised maintenance

The routine and periodic maintenance activities executed during the Financial Year 2014/2015 are presented in Table 1 to 3 and Figures 1 to 3 below.

Table 1: Paved Road Maintenance

Paved Road Maintenance		
Activity	Production achieved (km)	Expenditure (N\$)
Resealing of Roads	748	148,646,912
Bitumen Road Maintenance	7116	84,045,223
Repainting of Road Markings	178	1,458,294
TOTAL	8042	234,150,430



In terms of the Global Competitiveness Index for 2015, Namibia is ranked 28th globally with respect to quality of roads (Africa Competitiveness Report 2015).

Figure 1: Paved Road Maintenance

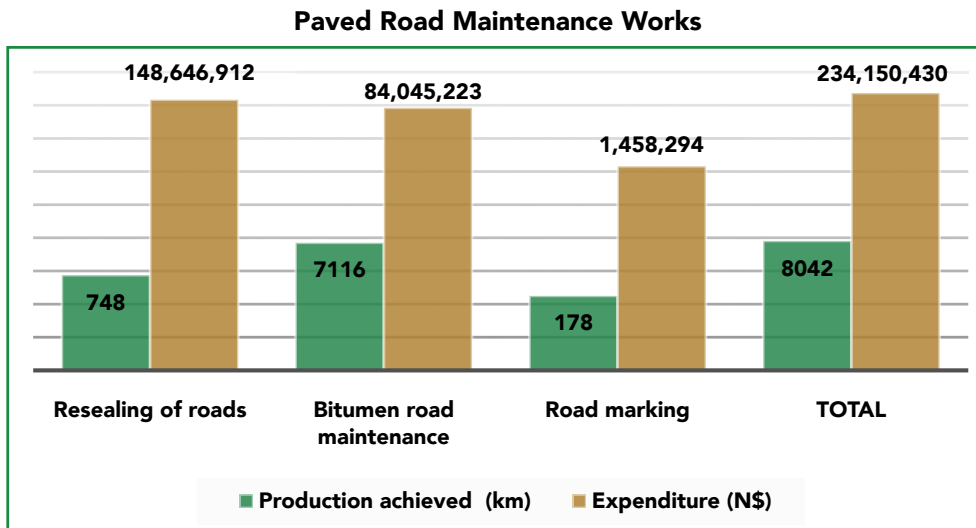
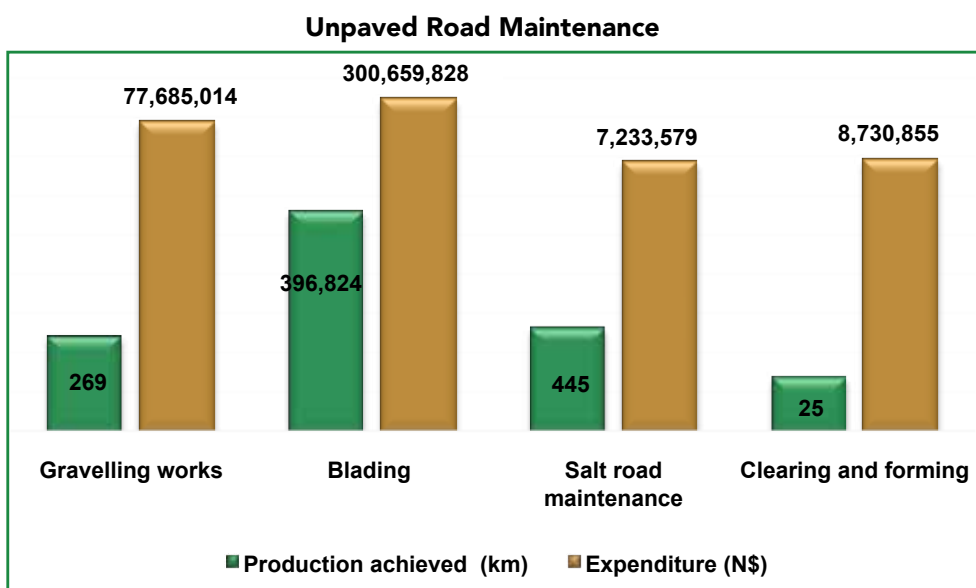


Table 2: Unpaved Road Maintenance

Unpaved Road Maintenance		
Activity	Production achieved (km)	Expenditure (N\$)
Gravelling Works	269	77,685
Blading	99,206	300,659,829
Salt Road Maintenance	445	7,233,579
Clearing and Forming	25	8,730,855
TOTAL	99,945	394,309,278

Figure 2: Unpaved Road Maintenance Works

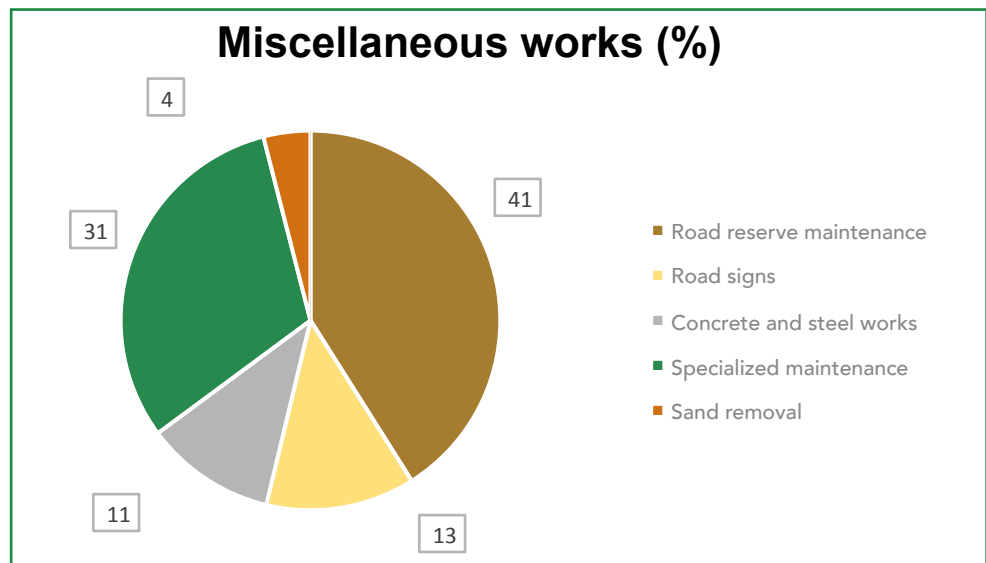


Funds collected by the RFA are distributed to the RA for road maintenance (including their operations and that of NaTIS), Local Authorities for road maintenance in the respective Local Authority Councils and for traffic law enforcement.

Table 3: Miscellaneous Works

Miscellaneous Works	
Activity	Expenditure (N\$)
Road reserve maintenance	31,356,512
Road Signs	9,710,096
Concrete and Steel works	8,500,483
Specialized Maintenance	23,785,812
Sand removal	3,053,191
TOTAL	76,406,097

Figure 3: Miscellaneous Works



Report on the construction of Trunk Road 1/6 between Windhoek and Okahandja

The upgrading of the Windhoek-Okahandja road (TR1/6) to a dual carriage-freeway standard, has been divided into four sections. The entire project is anticipated to be completed over a five year period - 2014 to 2019, with an approximate total construction value of N\$3.08 billion. The following table indicates how the sections have been divided and what the estimated costs per project phase would be:



The RFA collects fuel levies at N\$1.04 per litre sold by fuel wholesalers in Namibia – Engen, Puma, Total, Namcor and Vivo (Shell).

Section	From	To	Total Project Length (km)	Estimated Cost/ Section (N\$)
1	Mandume Ndemufayo Interchange	Otjomuise Interchange	6	670,000,000
2	Otjomuise Interchange	Brakwater	15	
3	Brakwater	Dobra River	10	332,900,000
4a	Dobra River	Omakunde Interchange	28	1,085,073,452
4b	Omakunde Interchange	Otjiwarongo Interchange	21	994,000,000
			80	3,081,973,452

Construction of section three, stretching the 10 km from the end of the existing dual carriage-way (Brakwater) to the Dobra River, commenced during the previous financial year and continued during the period under review. The total construction value of this section is estimated at N\$333 million and would result in a 10 km full freeway including two bridges at the interchanges. To date N\$127 million has been financed by the RFA on the project. It is anticipated that section three will be completed during the 2015/2016 financial year.



7. STRATEGIC PERFORMANCE

The RFA Board approved the 2014-2019 Corporate Strategic Plan in August 2014, which includes a revised vision and mission statement. The revised vision states that the RFA is "to optimally fund the road sector to contribute towards Namibia becoming a logistics nation", which dovetails with the GRN Fourth National Development Plan (NDP4) in which four economic priorities were defined of which "logistics" is one (with the other three being tourism, manufacturing and agriculture).

The revised mission states that the RFA is to "manage Namibia's RUCS to provide sufficient funding for a safe and economically efficient road sector, for the benefit of all road users". A medium-term, five year goal was also agreed upon, in which the RFA commits that "by 2019, the RFA is to fund 80% of the required financial resources to optimally manage the road network".



The Namibia Traffic Information System (NaTIS) offices countrywide collect motor vehicle license fees and annual registration fees on behalf of the RFA.

The Corporate Strategic Plan is summarised as follows:

	OBJECTIVE	KEY RESULT AREA	TARGET: YEAR 1 (2014/2015 – 2015/2016)
Theme 1: Optimise Funding	Secure sufficient funding to execute mandate	% of optimum budget funded	67%
		% efficiency gains on top of natural growth and already improved increases on all Road User Charges (RUCs): year-on-year growth	2%
	Optimal utilisation of resources	% budget variance (operational and capital)	operational – 20% capital – 5%
Theme 2: Stakeholder Synergy	Improve stakeholder satisfaction	% achievement of stakeholders satisfaction	65%
Theme 3: Manage Road User Charging System	Improve operational efficiency through an integrated business system	% business processes automated	60%
	Improve road user charging system	# of qualified audits on both internal and external audits	0
	Ensure legal compliance and uphold stringent corporate governance practices	% statutory compliance	70%
		% compliance with corporate governance framework	60%
Improve maturity level of enterprise risk management	% compliance with enterprise risk management framework	50%	
Theme 4: Competent Performing Teams	Improve staff performance	% performance index: staff achieving strategic targets	3
		% performance index: staff achieving operational targets	3



The RFA collects Cross Border Charges from foreign registered vehicles at its offices located at most of Namibian Border Posts, as well as Mass Distance Charges levied on local and foreign registered vehicles weighing in excess of 3 500 kilograms.

Fund Performance

During the period under review much focus was placed on the following strategic themes:

Management of the Road User Charging System

The RFA's Business Plan for the period 2015/2016-2020/2021 was developed in line with Section 21 of the RFA Act (Act 18 of 1999) and extended in scope to include provisions in terms of Clause 6.1 of the Governance Agreement between the RFA and the Honourable Minister of Finance. The Business Plan represents a budget consisting of revenue accrued to the Road Fund and expenses funded from the Road Fund for road sector projects and programmes provided for in Section 17 of

the RFA Act. The Business Plan was finalised with inputs from key stakeholders in the road sector and transport industry, where-after it was approved by the Board on the 14th of March 2015. The RFA Business Plan revenue projections over the reporting period amounted to N\$1,788 billion.

To improve Cross Border Charges (CBC) revenue collections, the CBC office situated at Katima Mulilo town was relocated to the Ngoma Border Post. In addition, whereas before employees had to work at both Katima and Wenela CBC offices, they were now split between the two and substantive supervisors were appointed for each office. For the coming financial year, the RFA plans to have representation at the Sarasungu and Kashamane Border Posts, as well as at Walvis Bay.

Furthermore the RFA constructed an office for CBC operations at the Trans- Kalahari Border Post to improve overall collections and customer experience, as well as employees working conditions.

Competent Performing Teams

The Board approved the RFA's revised high level organisational structure, that is strategically aligned to the Corporate Strategic Plan. It is envisaged that the new organisational structure will ensure that the RFA attains its strategic objectives and improve the management of the RUCS within the five-year period. The structure now makes provision for a total number of 131 positions to drive efficiencies and meet RFA strategic goals. A number of new positions will be filled from the start of the new Financial Year. The map below shows the RFA's countrywide footprint.



Paved Road Maintenance (resealing, bitumen road maintenance and repainting of road markings) completed for the 2014/2015 Financial Year amounted to 8 042km, with a total value of N\$234 million.

The below table depicts which RFA office is located at the above noted numbers on the map:

NUMBER	RFA OFFICE	Location
1	Omahenene	Namibia and Angola Border
2	Kashamane	Namibia and Angola Border
3	Oshikango	Namibia and Angola Border
4	Katitwi	Namibia and Angola Border
5	Sarasungu	Namibia and Angola Border
6	Wenela	Namibia and Zambia Border
7	Ngoma	Namibia and Botswana Border
8	Muhembo	Namibia and Botswana Border
9	Trans-Kalahari	Namibia and Botswana Border
10	Mata-Mata	Namibia and South Africa Border
11	Aroab	Namibia and South Africa Border
12	Ariamsvlei	Namibia and South Africa Border
13	Velloorsdrift	Namibia and South Africa Border
14	Noordoewer	Namibia and South Africa Border
15	Sendelingsdrift	Namibia and South Africa Border
16	Walvis Bay	NaTIS Office, c/o Theo - Ben Gurirab and Rooikop Streets, Industrial Area
17	Windhoek	21 Feld Street

The offices indicated on the map as numbers (2) Kashamane, (5) Sarasungu and (17) Walvis Bay will be opened at the start of the new Financial Year.

In addition to a number of new positions, the following key Divisions have now been created within the new organisational structure:

- Risk and Compliance office within the Office of the Chief Executive Officer.
- Human Capital division that will be responsible for amongst others organisational development, recruitment and remuneration, and employee relations functions.
- Corporate Communications and Property Management within the Corporate Services division.

The RFA's Performance Management Policy was also approved by the Board in August 2014. Initial implementation was confined to the Management level, with all having signed their performance contracts coupled with performance assessment by the end of March 2015. The second phase of implementation will be rolled out to all RFA employees within the coming Financial Year.

The RFA Executive team accompanied the Board on a familiarisation tour to the southern CBC offices during March 2015, as part of a countrywide Board familiarisation plan that will continue in the new financial year. These visits are aimed at ascertaining the conditions of work of the RFA employees stationed at the most remote and furthest corners of Namibia, with the view to determine what improvements can be made during the coming Financial Years. Additionally these visits are aimed at experiencing the Cross Border Charges operations first hand and to meet with key stakeholders at the respective Border Posts.



Unpaved Road Maintenance (gravelling works, blading, salt road maintenance, clearing and forming) works were completed over a 397,563 km at a total cost of N\$394 million.

During the period under review the RFA was supported by the following divisions in executing its mandate:

Fund Management

The RFA Act envisaged that the RFA should regulate funding to the road sector according to the Government policy of full cost recovery from road users for the economically justified cost of road sector projects and programmes as defined in the RFA Act. Such regulatory function is performed by managing the RUCS, as defined in Section 1 of the RFA Act, which explicitly entails full cost recovery from road users.

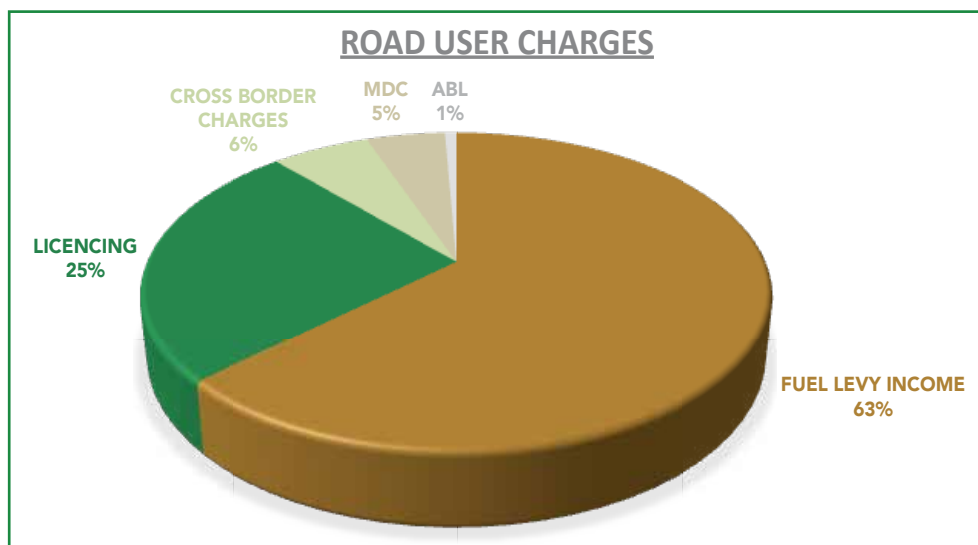
Management of the RUCS entails determining the amount and manner of funding for such projects and programmes, and determining the RUCs to be levied to secure the determined amounts. Currently the RFA has the following RUCs in place:

- Fuel Levies
- Motor Vehicle Licensing and Annual Registrations Fees
- CBC for foreign registered vehicles
- Mass Distance Charges (MDC) for both foreign and local registered vehicles exceeding a gross vehicle mass of 3500 kg
- Abnormal Load Fees

Operations

The Fund has been mandated to generate funding capacity for the maintenance and rehabilitation of the country's national road network. During the period under review, the Fund benefitted from a total collection income of N\$1,1 billion from fuel levies, representing an increase of 7% from the previous year.

The income generated from the vehicle licensing and annual registration fees amounted to N\$446.4 million which represent a 14% increase from the previous reporting period. CBC revenue totaled N\$106 million, 9.3% higher than the previous reporting period; whilst MDC showed an increase of 19.3%, generating a total of N\$85.8 million.



Miscellaneous road projects (road reserve maintenance, road signs, concrete and steel works, specialised maintenance, and sand removal) undertaken during the period under review amounted to N\$76 million.

Continuous closing of loopholes and driving internal efficiencies on all RUC collection systems, remains a key strategic imperative of the Fund.

During the reporting period the Fund generated a total income of N\$1.757 billion compared to budget of N\$1.788 billion projected in its Business Plan over the same period (1% below target).

To increase revenue and to close the funding gap, the RFA has embarked upon the following strategies:

- Continuous stakeholder engagement through campaigns embarked upon by the RFA's collecting agent NaTIS, to promote the registration and renewal of annual vehicle licenses; and
- Continuous closing of loopholes and driving of internal efficiencies particularly in CBC and MDC collection streams.

The RFA's investment strategy has been relatively conservative, with funds being invested in local money market instruments. The Fund accumulated total reserves into the Sinking Fund to the value of N\$278 million up until June 2014; where-after funds were redeemed to facilitate the funding of Section 3 of the Windhoek - Okahandja dual carriage way. Investments have been held across diversified fund portfolios to limit the risk of exposure for the Fund.

At year end, the RFA's funds were held in instruments with the following institutions:

- Nampost
- E-Bank
- Investec (Sinking Fund)
- Bank Windhoek

This has allowed the Fund to obtain competitive rates from these institutions, whilst maintaining a conservative risk profile.

The RFA is well positioned from a liquidity perspective to meet its short-term commitments, as the Fund has generated significant cash capacity to service its debts as they become due. The RFA 16 Loan Stock of N\$330 million due in January 2016, is one such example. This will be serviced by redeeming the investments from the aforementioned institutions.

The RFA reinvested a portion of funds generated from its fuel levy income into the Namibian economy, through its Fuel Levy Refunds programme to qualified off-road users. This has allowed these institutions to generate additional financial capacity to contribute to improving economic activities within their respective regions.

The following table indicates the amount and percentage refunds made to respective off-road user sectors during the period under review:

SECTOR	N\$' MILLIONS	PERCENTAGE
Fishing	92.6	50%
Mining	57.6	31%
Construction	15.8	8.5%
Agriculture & Rail	19.1	10.5%
	185.1	100%



The upgrading of Trunk Road 1/6 between Windhoek and Okahandja commenced in 2014 and is expected to be concluded in 2019, with an estimated total cost of N\$3,081 billion.

Below is the summarized Value Added Statement for the Fund as at 31 March 2015:

STAKEHOLDER VALUE ADDED STATEMENT

	N\$' millions 31 MARCH 2015	N\$' millions 31 MARCH 2014
Road User Charge Income	1 757	1 613
Investment Income	19.8	18.5
Total Value Added	1 777	1 632
Total Wealth Created	1 890	1 731
Procurement of Goods and Services from road service providers	1 580	1 412
Employee Costs	30.1	30.1
Reinvestments in economy through Fuel Refunding System	185.1	190.2
Investments in local authorities and law enforcement	94.8	99.0

Corporate Services

During the period under review the Corporate Services division was responsible for the following key functions: Human Resources Management, Corporate Communications, Procurement and Fleet Management.

Human Resources

Staff Complement – At the end of the reporting period the RFA had a staff complement of 94 employees, stationed in Windhoek and at various Namibian Border Posts. Females represented 62% of the staff complement, whilst males represented 38%. The average age profile of the RFA employees is 38 years old.

Recruitment - During the period under review, the RFA appointed 8 new staff members of whom the most crucial were the appointment of the Chief Executive Officer (CEO) from 1 November 2014 and the Chief Financial Officer from 16 March 2015. The Executive for Programme Management Policy and Advice, as well as the Executive for Human Capital are expected to commence their duties at the RFA from April 2015 and May 2015 respectively. The remaining appointments were mostly within the CBC department.

Employee Promotions – A total number of three employees were promoted to more senior level positions, two of which becomes effective from 1 April 2015 only.

Staff Turnover – The RFA has over the years in general experienced low staff turnover. As from 1 April 2014 to 31 March 2015 the RFA's staff turnover was around 1%, which includes four fixed term contracts that expired.

Staff Accommodation – The RFA built staff accommodation facilities for its CBC employees at the Mata-Mata, Velloorsdrift and Mohembo Border Posts. This has improved the employees' overall wellbeing and contributed towards internal efficiencies and improved customer service.



The RFA annually reinvests a portion of the fuel levies it collects into the Namibian economy by refunding off-road fuel users (e.g. fishing and mining industry). A total of N\$185.1 million was refunded to off-road fuel users during the period under review.

Corporate Communications

For the reporting period the RFA hosted the Kenya Roads Board from 22-26 September 2014, who visited Namibia to investigate the MDC operations, with a view to implement MDC in Kenya. A number of engagements were arranged for them with key stakeholders in the road sector, including the Roads Authority.

A media campaign targeting all MDC liable vehicle owners and operators was implemented during September to November 2014. The campaign was aimed at creating awareness amongst MDC liable vehicle owners and operators that need to register for MDC and educating them on how to maintain their MDC logbooks, calculate their assessments and where to submit same. The campaign contributed towards an increase in MDC revenue of 19.3% over the reporting period.

The RFA furthermore hosted a stakeholders' breakfast on the 10th of November 2014 to introduce the new CEO and share the RFA's future plans. The RFA annual Business Plan consultations took place on the 4th of March 2015 and was well attended by key stakeholders.

The Board and Management team, as part of their familiarisation tour of the southern CBC offices, held stakeholder engagements at Noordoewer, Ariamsvlei, Sendelingsdrift and Velloorsdrift Border Posts with key stakeholders (e.g. Immigration, Customs and Nampol) to establish how the RFA can assist in improving the respective Border Posts' management and how these agencies can help the RFA in terms of law enforcement with respect to CBC and MDC.

Information and Communication Technology

The RFA ICT Division provides information systems, applications, network and voice communications and data center infrastructure services to RFA Head Office and 16 regional offices. The activities carried out by the ICT Division for the 2014/2015 financial year were aligned to its strategic objectives and focused on achieving the following:

1. The transformation of the Ebizframe System Enterprise Resource Planning (ERP)
2. Disaster Recovery and Business Continuity plan
3. Deployment of network resources to all RFA regional offices

ERP Transformation

During the transformation process, critical concerns about the existing ERP environment were addressed. To effect the transformation, a detailed plan was systematically implemented over a two year period. This included adopting a new enterprise architecture strategy. The success of the ERP transformation depended on several key components, including system internal controls, governance and review of the business processes to keep it aligned with the changing business needs.

The transformation of the ERP system greatly reduced its complexity, providing increased business value through improved agility, increased reliability, enhanced system efficiency and internal support.

The ICT division intends to transform the ERP system to integrate a new out-of-the-box capability. This includes business intelligence capability, which will help in analysing business data and perform better predictive analytics.



The RFA is currently represented at 14 Namibian Border Posts, with its Head Office located in Windhoek and has a total of 94 employees.

Disaster Recovery Preparedness

Implementing a Disaster Recovery and Business Continuity Plan to elevate business resiliency has been the top priority for this year and the ICT Division has successfully completed 90% of its Disaster Recovery and Business Continuity Plan project.

An Information Technology Disaster Recovery Plan (IT DRP) was developed in conjunction with the business continuity plan. The division also developed and finalised recovery strategies for (IT) systems, applications and data. This include networks, servers, desktops, laptops, wireless devices, data and connectivity. Priorities for IT recovery was made consistent with the priorities for recovery of business functions and processes that were developed during the business impact analysis.

Deployment of Network Resources to all RFA Regional Offices

The ICT Division was involved in the upgrading of existing and deployment of new wide-area, high-performance computing and communications networking facilities to provide the RFA's remote offices at various Border Posts of Namibia with direct access to high-speed, networks and facilities. Linking the various locations through these networks enables massive data transfers, allows the accessibility of the essential Enterprise Resource Planning system, E-mail system, help desk system and all network resources accessible at the Head Office. The direct result in the service delivery can be recognised in the increased productivity and revenue.

In all cases, essential technical, security, and help desk support are integral to daily infrastructure operations. The ICT Division continues to strive for zero tolerance for service failure while keeping abreast with innovative ideas and cutting edge solutions.

8. RISK MANAGEMENT REVIEW

The RFA's Enterprise Risk Management (ERM) vision is to integrate risk management across the institution to support the RFA achieving its business objectives. The Board has accepted the responsibility for risk management within the RFA, based on which, a company-wide Risk Register was developed. The Risk Register remains a product of continuous assessment of current risks, as well as the identification of new risks as the operations/business evolves. All employees are encouraged to be alert to risk exposure within their respective areas of operation, as well as to express their concern relating to the strategic and operational risks faced by the RFA.

Risks are documented in the RFA's Risk Register and communicated to the Board of Directors and employees on a regular basis. Furthermore the Internal Audit Coverage Plan is risk based, with ongoing oversight by the RFA's Audit and Risk Committee.



The RFA's new Head Office construction continued during the financial year and is expected to be completed and ready for occupation by mid-2015.

9. ASSURANCE REPORT

The RFA Board of Directors and Executive Management acknowledge the value of combined assurance to ensure effective controls in performance, conforming to good corporate governance and managing risks where the:

- **Audit and Risk Management Division** provides an independent and objective assurance on the control system of the Administration to ensure effective and efficient corporate governance through risk management, the safeguarding of assets, maintenance and reliable financial information, as well as compliance with relevant laws, regulation and policies. The division performs the internal audit function and monitors all revenue collected and disbursed by the RFA.
- **External Auditor** expresses an independent opinion on whether or not the RFA's Annual Financial Statements fairly represent the financial position of the Fund and result of its operations.



During the period under review the RFA has built accommodation facilities for its employees stationed at the Mata-Mata, Velloorsdrift and Mohembo Border Posts.





ROAD FUND ADMINISTRATION
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015



Road Fund Administration
Annual Financial Statements for the year ended 31 March 2015

General Information

Country of establishment and domicile	Namibia
Nature of business and principal activities	To manage the Road User Charging System (RUCS) in such a manner that it secures and allocates sufficient funding for the management of the national road network and certain related expenses.
Directors	P Ithindi (Chairperson) A Avafia S Amunkete E O Asino-Joseph D Maxwell (Resigned 31 December 2014)
Business address	21 Feld Street Windhoek Namibia
Postal address	Private Bag 13372 Windhoek Namibia 9000
Bankers	Bank Windhoek Limited
Secretary	M E Mungunda
Auditors	PricewaterhouseCoopers Registered Accountants and Auditors Chartered Accountants (Namibia)

Road Fund Administration

Annual Financial Statements for the year ended 31 March 2015

Index

Set out below are the directors' reports and the annual financial statements presented to the shareholder:

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Independent Auditor's Report	31-32
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Statement of Financial Position	34
Statement of Surplus or Deficit and Other Comprehensive Income	35
Statement of Changes in Equity	36
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Detailed Statement of Surplus or Deficit	61-62

Directors' Responsibilities and Approval

The directors are required in terms of the Road Fund Administration Act (Act 18 of 1999) to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly represent the state of affairs of the Fund as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the basis of accounting described in note 1 to the financial statements. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the basis of accounting described in note 1 to the financial statements and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Fund and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Fund and all employees are required to maintain the highest ethical standards in ensuring the Fund's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Fund is on identifying, assessing, managing and monitoring all known forms of risk across the Fund. While operating risk cannot be fully eliminated, the Fund endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The directors have reviewed the Fund's cash flow forecast for the year to 31 March 2016 and, in the light of this review and the current financial position, they are satisfied that the Fund has or has access to adequate resources to continue in operational existence for the foreseeable future.

The independent auditors are responsible for independently reviewing and reporting on the Fund's annual financial statements. The annual financial statements have been examined by the Fund's independent auditors and their report is presented on pages 31-32.

The annual financial statements set out on pages 34-60, which have been prepared on the going concern basis, were approved by the board and were signed on its behalf by:

Director

Director

Windhoek
31/03/2016
(Date)



Independent Auditor's Report

To the Minister of Finance

We have audited the annual financial statements of the Road Fund Administration, which comprise the statement of financial position as at 31 March 2015, and the statements of comprehensive surplus and deficit, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and the directors' report, as set out on pages 6 to 33.

Directors' Responsibility for the Annual Financial Statements

The Fund's directors are responsible for the preparation and fair representation of these financial statements in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Road Fund Administration Act (Act 18 of 1999) for determining that the basis of preparation is acceptable in the circumstances and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

Mass Distance Charges (Local): During the year under review we have noted that there were 4 vehicles out of a sample of 55 with Gross Vehicle Mass (GVM) of more than 3,500 kg eligible for Mass Distance Charges (MDC) Local which could not be traced to the list of vehicles eligible for MDC (Local) on the database of RFA. We could therefore not satisfy ourselves as to the completeness of the list of vehicles eligible for MDC on the database of RFA. Consequently we could not satisfy ourselves as to the completeness of revenue from MDC (Local).

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Road Fund Administration as at 31 March 2015, and its financial performance and its cash flows for the year then ended in accordance with Road Fund Administration Act (Act 18 of 1999) and International Financial Reporting Standards.

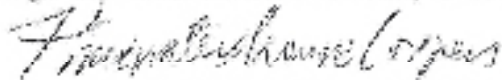
*PricewaterhouseCoopers, 344 Independence Avenue, Windhoek, P O Box 1571, Windhoek, Namibia
Practice Number 9406, T: 264 (61) 284 1000, F: +264 (61) 284 1001, www.pwc.com/na*

Country Senior Partner: R Nangula Uandja
Partners: Carl P van der Merwe, Louis van der Riet, Ansie EJ Rossouw, Seretta N Lombaard, Stéfán Hugo, Chantell N Husselmann, Gerrit Esterhuysen, Talita B Horn, Samuel N Ndahangwapo, Hans F Hashagen, Johannes P Nel, Annette van Coller

Independent Auditor's Report (continued)

Emphasis of Matter

Without further qualifying our opinion, we draw attention to the directors report which indicates that the Fund's total liabilities exceeded its total assets by N\$ 661 million (2014: N\$ 408 million). The directors' report indicates that these conditions, along with other matters, indicate the existence of a material uncertainty which may cast significant doubt on the Fund's ability to continue as a going concern.



PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)

Per: Samuel N Ndahangwapo
Partner

Windhoek, 20 May 2015

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Road Fund Administration
Annual Financial Statements for the year ended 31 March 2015

Directors' Report

The directors herewith submit their report on the annual financial statements of the Road Fund Administration for the year ended 31 March 2015.

1. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Road Fund Administration Act (Act 18 of 1999). The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the Fund are set out in these annual financial statements.

2. Directorate

The directors in office at the date of this report are as follows:

Directors	Nationality	Designation	Resignation
P Ithindi (Chairperson)	Namibian	Director	
A Avafia	Namibian	Director	
S Amunkete	Namibian	Director	
E O Asino-Joseph	Namibian	Director	
D Maxwell	Namibian	Director	31 December 2014

3. Events after the reporting period

Annual Road User Charges (RUC's) increases of 10% have been granted for the 2015/16 financial year.

4. Going concern

We draw attention to the fact that as at 31 March 2015, the Fund had a deficit of N\$ 145 million (2014: N\$ 143 million) and that the Fund's total liabilities exceeds it's assets by N\$ 561 million (2014: N\$ 408 million) for the year.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. The ability of the Fund to continue as a going concern is dependent on a number of factors. Management remains optimistic that the Fund will continue as a going concern into the foreseeable future.

Management have come to the conclusion based on the following initiatives that are underway:

- Annual Road User Charges (RUCs) increases of 10% have been granted for the 2015/16 financial year.
- The new business plan assumes a strategy to contain expenditure within the RUCs income.
- Key positions have been filled substantively, hence avoiding the management vacuum the Fund faced over the past couple of years.
- The Fund has a guarantee on the RFA16 Loan Stock from its shareholder, the Government of the Republic of Namibia.

5. Auditors

PricewaterhouseCoopers continued in office as auditors for the Fund for the 2015/16 financial year.



Road Fund Administration

Annual Financial Statements for the year ended 31 March 2015

Statement of Financial Position as at 31 March 2015

	Note(s)	2015 N\$ '000	2014 N\$ '000
Assets			
Non-Current Assets			
Property, plant and equipment	4	45,746	18,771
Current Assets			
Trade and other receivables	8	116,084	98,525
Available-for-sale financial asset	5	78,082	344,633
Cash and cash equivalents	9	229,002	94,366
		423,168	537,524
Total Assets		468,914	556,295
Equity and Liabilities			
Equity			
Reserves		1,804	9,476
Accumulated deficit		(563,230)	(417,828)
		(561,426)	(408,352)
Liabilities			
Non-Current Liabilities			
Other financial liabilities	10	95,990	424,260
Retirement benefit obligation	7	89,279	70,041
Provisions	11	4,207	3,108
		189,476	497,409
Current Liabilities			
Trade and other payables	12	510,864	467,238
Other financial liabilities	10	330,000	-
		840,864	467,238
Total Liabilities		1,030,340	964,647
Total Equity and Liabilities		468,914	556,295

Road Fund Administration
Annual Financial Statements for the year ended 31 March 2015
Statement of Surplus or Deficit and Other Comprehensive Income

	Note(s)	2015 N\$ '000	2014 N\$ '000
Road user charge revenue	14	1,756,616	1,613,042
Other income	15	11,193	5,188
Operating expenses	16	(1,907,598)	(1,750,494)
Operating deficit	16	(139,789)	(132,264)
Investment revenue	17	19,823	18,498
Finance costs	18	(33,080)	(32,540)
Deficit for the year		(153,046)	(146,306)
Other comprehensive income:			
Items that may be reclassified to surplus or loss:			
Available-for-sale financial assets adjustments	20	(28)	3,650
Other comprehensive income for the year	20	(28)	3,650
Total comprehensive deficit for the year		(153,074)	(142,656)



Road Fund Administration
Annual Financial Statements for the year ended 31 March 2015

Statement of Changes in Equity

	Fair value adjustment available-for- sale-financial asset reserve N\$ '000	Accumulated deficit N\$ '000	Total equity N\$ '000
Balance at 1 April 2013	5,826	(271,522)	(265,696)
Deficit for the year	-	(146,306)	(146,306)
Other comprehensive income	3,650	-	3,650
Total deficit for the year	3,650	(146,306)	(142,656)
Balance at 1 April 2014	9,476	(417,828)	(408,352)
Deficit for the year	-	(153,046)	(153,046)
Other comprehensive income	(28)	-	(28)
Total deficit for the year	(28)	(153,046)	(153,074)
Realisation of fair value adjustment on disposal	(7,644)	7,644	-
Total movement in equity	(7,644)	7,644	-
Balance at 31 March 2015	1,804	(563,230)	(561,426)
Note	20	20	

Road Fund Administration
Annual Financial Statements for the year ended 31 March 2015

Statement of Cash Flows

	Note(s)	2015 N\$ '000	2014 N\$ '000
Cash flows from operating activities			
Cash receipts from road users		1,739,057	1,621,770
Cash paid to suppliers and employees		(1,831,852)	(1,741,333)
Cash used in operations	21	(92,795)	(119,563)
Interest income	17	19,823	18,498
Finance costs	18	(31,350)	(31,350)
Net cash from operating activities		(104,322)	(132,415)
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(27,565)	(13,036)
Proceeds from sale of property, plant and equipment	4	-	121
Proceeds from sale of financial assets	5	266,523	40,150
Net cash from investing activities		238,958	27,235
Cash flows from financing activities			
Proceeds from sale of other financial liabilities		-	42,332
Total cash movement for the year		134,636	(62,848)
Cash at the beginning of the year		94,366	157,214
Total cash at end of the year	9	229,002	94,366

Road Fund Administration

Annual Financial Statements for the year ended 31 March 2015

Accounting Policies

1. Basis of preparation

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Road Fund Administration Act of Namibia (Act 18 of 1999). The annual financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value, and incorporate the principal accounting policies set out below. They are presented in Namibia Dollars.

These accounting policies are consistent with the previous financial year.

1.1 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chief Executive Officer of the Fund has been identified as the chief operating decision maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, heads the steering committee that makes strategic decisions.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgements is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables and other receivables

The Fund assesses its trade receivables and loans and receivables for impairment at each reporting date. In determining whether an impairment deficit should be recorded in the surplus or deficit, the Fund makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Fund is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

Impairment testing

The Fund reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

Provisions

Provisions were raised and management determined an estimate based on the information available.

Useful lives and residual values

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Road Fund Administration
Annual Financial Statements for the year ended 31 March 2015
Accounting Policies

1.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the Fund holds for its own use or for rental to others and which are expected to be used for more than one year.

<i>Item</i>	<i>Average useful life</i>
Land	Indefinite
Buildings	50 years
Furniture and fixtures	5 years
Motor vehicles	5 years
Office equipment	3 years
Computer Equipment	3 years

The residual value, useful life and depreciation method of each asset are reviewed, and adjusted if appropriate, at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

The gain or deficit arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or deficit arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

1.4 Financial instruments

Classification

The Fund classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition.

Initial recognition and measurement

Financial instruments are recognised initially when the Fund becomes a party to the contractual provisions of the instruments.

The Fund classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Regular way purchases of financial assets are accounted for at trade date.

Accounting Policies

1.4 Financial instruments (continued)

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in surplus or deficit as part of other income. Dividends received on available-for-sale equity instruments are recognised in surplus or deficit as part of other income when the Fund's right to receive payment is established.

Changes in fair value of available-for-sale financial assets denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost and other changes in the carrying amount. Translation differences on monetary items are recognised in surplus or deficit, while translation differences on non-monetary items are recognised in other comprehensive income and accumulated in equity.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Fund establishes fair value by using the counter-party statements.

Impairment of financial assets

At each reporting date the Fund assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the Fund, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been, had the impairment not been recognised.

Where financial assets are impaired through use of an allowance account, the amount of the deficit is recognised in surplus or deficit within operating expenses. When such assets are written off, the write-off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Trade and other receivables

Road Fund Administration

Annual Financial Statements for the year ended 31 March 2015

Accounting Policies

1.4 Financial instruments (continued)

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at amortised cost.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Fund's accounting policy for borrowing costs.

Bank overdrafts and borrowings are classified as current liabilities unless the Fund has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

1.5 Income tax

The Road Fund Administration is a Public Entity in terms of the Road Fund Administration Act (Act 18 of 1999). The Fund is consequently exempted from income taxation. The Fund was deregistered for VAT in April 2006 since it is not deemed to be a VAT vendor in terms of the VAT Act.

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset/liability. This asset/liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

Accounting Policies

1.7 Impairment of non-financial assets

The Fund assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Fund estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Fund also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment deficit.

An impairment deficit of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment deficit of a revalued asset is treated as a revaluation decrease.

The Fund assesses at each reporting date whether there is any indication that an impairment deficit recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment deficit does not exceed the carrying amount that would have been determined had no impairment deficit been recognised for the asset in prior periods.

A reversal of an impairment deficit of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in surplus or deficit. Any reversal of an impairment deficit of a revalued asset is treated as a revaluation increase.

1.8 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care) are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

1.9 Provisions and contingencies

Provisions are recognised when:

- the Fund has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Road Fund Administration
Annual Financial Statements for the year ended 31 March 2015

Accounting Policies

1.9 Provisions and contingencies (continued)

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If the Fund has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 23.

1.10 Government grants

Government grants are recognised when there is reasonable assurance that:

- the Fund will comply with the conditions attached to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Fund with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Grants related to income are presented as a credit in the surplus or deficit (separately).

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.

Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income balance by the amount repayable. The cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense.

Where a loan is received from government at below market interest rate, the difference between the fair value of the loan and the amount received is recognised as a government grant.

1.11 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for services provided in the normal course of business.

Finance Income

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Road User Charges



Road Fund Administration

Annual Financial Statements for the year ended 31 March 2015

Accounting Policies

1.11 Revenue (continued)

RUCs revenue of the Fund comprises of Road User Charges levied in terms of Section 18(1) of the Road Fund Administration Act (Act 18 of 1999). These RUCs comprise mainly of Fuel Levies, Vehicle Licence Fees, Cross Border Charges, MDC and Abnormal Load Fees. Such charges are recognised on the accrual basis and upon collection from the road users.

1.12 Post employment medical aid obligation

Employees of the Roads Authority are entitled to post-retirement medical benefits. The obligation for post-retirement medical aid benefits to employees is actuarially determined in respect of employees. The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period.

The directors resolved to provide for this liability in terms of International Accounting Statement IAS 19. The movement in the balance of the provision is included in the income statement in terms of the statutory funding arrangements as set out in the applicable Road Authority Act (Act 17 of 1999) and the Road Fund Administration Act (Act 18 of 1999).

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2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Fund has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"> • Amendment to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets 	1 January 2014	The adoption of this amendment has not had a material impact on the results of the Fund, but has resulted in more disclosure than would have previously been provided in the financial statements
<ul style="list-style-type: none"> • IFRIC 21 Levies 	1 January 2014	The impact of the interpretation is not material.

2.2 Standards and interpretations not yet effective

The Fund has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Fund's accounting periods beginning on or after 1 April 2015 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"> • IFRS 9 Financial Instruments 	1 January 2018	Unlikely there will be a material impact
<ul style="list-style-type: none"> • Amendment to IAS 16: Property, Plant and Equipment: Annual improvements project 	1 July 2014	Unlikely there will be a material impact
<ul style="list-style-type: none"> • Amendment to IAS 40: Investment Property: Annual improvements project 	1 July 2014	Unlikely there will be a material impact
<ul style="list-style-type: none"> • IFRS 14 Regulatory Deferral Accounts 	1 January 2016	Unlikely there will be a material impact
<ul style="list-style-type: none"> • Amendment to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations 	1 January 2016	Unlikely there will be a material impact
<ul style="list-style-type: none"> • Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation 	1 January 2016	Unlikely there will be a material impact
<ul style="list-style-type: none"> • IFRS 15 Revenue from Contracts with Customers 	1 January 2017	Unlikely there will be a material impact
<ul style="list-style-type: none"> • Amendments to IAS 16 and IAS 41: Agriculture: Bearer Plants 	1 January 2016	Unlikely there will be a material impact
<ul style="list-style-type: none"> • Amendment to IAS 27: Equity Method in Separate Financial Statements 	1 January 2016	Unlikely there will be a material impact
<ul style="list-style-type: none"> • Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture 	1 January 2016	Unlikely there will be a material impact
<ul style="list-style-type: none"> • Amendments to IFRS 10, 12 and IAS 28: Investment Entities. Applying the consolidation exemption 	1 January 2016	Unlikely there will be a material impact

Notes to the Annual Financial Statements

3. Risk management

Capital risk management

The Fund's capital risk management should be considered together with its mandate as provided for in the Road Fund Administration Act, (Act 18 of 1999).

The objective of the Fund is to manage the RUCs in such a way to secure and allocate sufficient funding for the payment of expenditures with a view to achieve a safe and economically sufficient road sector.

The Fund's objectives when managing the capital are to safeguard its ability to continue as a going concern so that it can continue to meet its financial obligations as and when they fall due without compromising on the execution of its mandate.

Current liabilities of N\$ 840 million, includes N\$ 330 million which is guaranteed for RFA 16 Loan Stock as at 31 January 2016, from its shareholder the Government of Republic of Namibia. The Fund is not obliged to repay the N\$ 218 million relating to vehicle license fees received in advance immediately. Hence in comparison with its current assets of N\$ 423 million, the Fund is in a position to service immediate obligations.

Financial risk management

The Fund's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The fair values of all the Fund's financial assets (cash and cash equivalent, trade and other receivables) and liabilities (trade and other payables) approximate their carrying value due to its short-term nature. The Loan Stock is carried at its nominal value.

Liquidity risk

Liquidity risk refer to the risk that the Fund will encounter difficulty in meeting its obligations associated with the financial liabilities.

The Fund's risk to liquidity is a result of the funds available to cover future commitments. The Fund manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flows forecasts are prepared and adequate utilised borrowings are monitored.

The Table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the Table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 March 2015 - N\$ '000	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	510,864	-	-	-
Other financial liabilities	330,000	-	-	-
At 31 March 2014 - N\$ '000	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	467,238	-	-	-
Other financial liabilities	-	330,000	-	-

The Government of the Republic of Namibia guarantees the due performance of the obligation of the RFA with respect to the due performance under the terms and conditions of the trust deed up to such amount equal to the value of the issued Loan Stock, plus interest, penalty interest and any other amount payable by the RFA. The amount of coupon payable in respect of each Loan Stock is calculated on the nominal value of N\$ 100,000 per Loan Stock equal to 9.5% per annum, compounded semi annually. The Loan Stock shall be redeemed on the 31st of January 2016.

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3. Risk management (continued)

Interest rate risk

Interest rate risks are the risks that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

The Fund's cash flow interest rate risk results mainly from its exposure to floating rate bearing long- and short-term funds invested. The Fund is not exposed to cash flow interest rate risk on its long-term borrowings.

The Fund has an investment in the Investec High Income Fund amounting to N\$ 78 million (2014: N\$ 345 million). The Fund invests in high-yielding Namibian and South African fixed-income assets, including government and corporate bonds, fixed deposits and money market instruments.

Had the interest rate changed by 100 basis points, the effect on the surplus and equity would have been

	Effect on profit 2015		Effect on profit 2014	
	100bp increase in market N\$ '000	100bp decrease in market N\$ '000	100bp increase in market N\$ '000	100bp decrease in market N\$ '000
Other financial assets	3,169	(3,169)	4,421	(4,421)
Other financial liabilities	5,462	(5,462)	5,621	(5,621)
	8,631	(8,631)	10,042	(10,042)

Fair value interest rate risk

Borrowings issued at fixed rate expose the Fund to fair value interest rate risk. The Fund has issued RFA 16 Loan Stock (3,500 Loan Stock units of N\$ 1,000 each) at a fixed interest rate of 9.5%.

Credit risk

The credit risk refers to the risk that a counter-party will cause financial deficit to the Fund by defaulting on its contractual obligations.

Credit risk consists mainly of investments, cash deposits, cash equivalents, and trade and receivables. The Fund only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience of default rates and other factors.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2015 N\$ '000	2014 N\$ '000
Trade and other receivables	116,084	98,525
Investments	78,082	344,633
Cash and cash equivalents	229,002	94,366

Price risk

The Fund is exposed to equity securities price risk because of investments held by the fund and classified on the statement of financial position as available-for-sale financial asset.

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Notes to the Annual Financial Statements

	2015 N\$ '000	2014 N\$ '000				
4. Property, plant and equipment - N\$ '000						
	2015	2014				
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land	5,314	-	5,314	5,314	-	5,314
Buildings	37,623	-	37,623	12,266	-	12,266
Furniture and fixtures	1,111	(873)	238	934	(835)	99
Motor vehicles	1,498	(640)	858	768	(498)	270
Office equipment	169	(120)	49	142	(86)	56
Computer equipment	7,487	(5,823)	1,664	6,212	(5,446)	766
Total	53,202	(7,456)	45,746	25,636	(6,865)	18,771

Reconciliation of property, plant and equipment - 2015 - N\$ '000

	Opening balance	Additions	Depreciation	Total
Land	5,314	-	-	5,314
Buildings	12,266	25,357	-	37,623
Furniture and fixtures	99	177	(38)	238
Motor vehicles	270	730	(142)	858
Office equipment	56	27	(34)	49
Computer equipment	766	1,274	(376)	1,664
	18,771	27,565	(590)	45,746

Reconciliation of property, plant and equipment - 2014 - N\$ '000

	Opening balance	Additions	Disposals	Depreciation	Total
Land	5,314	-	-	-	5,314
Buildings	-	12,266	-	-	12,266
Furniture and fixtures	105	49	(28)	(27)	99
Motor vehicles	359	-	-	(89)	270
Office equipment	90	3	(1)	(36)	56
Computer equipment	828	718	(369)	(411)	766
	6,696	13,036	(398)	(563)	18,771

Pledged as security.

There were no assets pledged for security during the year under review (2014: none).

Land comprises erven 5845 and 5846 situated in Feld Street, Windhoek.

5. Available-for-sale financial asset

Investec High Income Fund Namibia	78,082	344,633
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Investments are currently invested in a mixed portfolio, which consists of N\$ 37 million in Capital Markets and N\$ 41 million in Money Markets. While in the previous financial year, the total investment of N\$ 345 million was invested in Unit Trusts, which consisted of 31 million units @ N\$ 11.062 per unit. Fair values are determined annually at reporting date.

Road Fund Administration
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	2015 N\$ '000	2014 N\$ '000
5. Available-for-sale financial asset (continued)		
<i>Current assets</i>		
Available-for-sale financial asset	78,082	344,633
<i>Fair value hierarchy of available-for-sale financial assets</i>		
For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.		
Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets.		
Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).		
Level 3 applies inputs which are not based on observable market data.		
<i>Level 1</i>		
Investments - Investec High Fund Namibia	78,082	344,633
<i>Credit quality of other financial assets</i>		
The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings.		
<i>Credit rating</i>		
Investec Bank Ltd SR Unsecured 06/015 Var - A+ (F1)	78,082	344,633
<i>Reconciliation of investment</i>		
Opening balance	344,633	381,132
Interest earned	16,217	14,725
Disposals	(282,740)	(54,874)
Fair value adjustment	(28)	3,650
	78,082	344,633

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Annual Financial Statements for the year ended 31 March 2015

Notes to the Annual Financial Statements

	2015 N\$ '000	2014 N\$ '000
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6. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2015 - N\$ '000

	Loans and receivables	Available-for- sale	Total
Other financial assets	-	78,082	78,082
Trade and other receivables	9,776	-	9,776
Cash and cash equivalents	229,002	-	229,002
	238,778	78,082	316,860

2014 - N\$ '000

	Loans and receivables	Available-for- sale	Total
Other financial assets	-	344,632	344,632
Trade and other receivables	3,109	-	3,109
Cash and cash equivalents	94,366	-	94,366
	97,475	344,632	442,107

7. Retirement benefits

Defined benefit plan

The Road Fund Administration has an obligation to continue paying contributions towards the medical costs for Roads Authority's employees when qualifying employees retire, become redundant or disabled. The post-employment medical aid benefits is for Roads Authority's employees and not for Road Fund Administration's employees.

Carrying value

Present value of the defined benefit obligation-wholly unfunded	(89,279)	(70,041)
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Movements for the year

Opening balance	(70,041)	(62,300)
Net expense recognised in surplus or deficit	(19,238)	(7,741)
	(89,279)	(70,041)

Net expense recognised in the income statement

Current service cost	(11,704)	(2,855)
Interest cost	(6,740)	(4,886)
Actuarial loss	(794)	-
	(19,238)	(7,741)

Road Fund Administration
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Notes to the Annual Financial Statements

	2015 N\$ '000	2014 N\$ '000
7. Retirement benefits (continued)		
Key assumptions used		
Assumptions used on last valuation on Tuesday, 31 March 2015.		
Discount rates used	7.39 %	7.50 %
Namibian Consumer Price Index	5.56 %	4.50 %
Medical Aid contribution inflation	6.56 %	7.89 %
Net effective discount rate	0.78 %	0.94 %

Sensitivity analysis

The valuation above is only an estimate of the cost of providing post-employment medical aid benefits. The actual cost to the Fund will be dependent on actual future levels of assumed variables.

In order to illustrate the sensitivity of our results to changes in certain key variables, we have recalculated the liabilities using the following assumptions:

A 1% increase/decrease in the Medical Aid inflation assumption,

A 20% increase/decrease in the assumed level of mortality

Mortality Rates

Deviations from the assumed level of mortality experience of the current employees and the continuation members will have a large impact on the actual cost to the Fund. If the actual rates of mortality turns out higher than the rates assumed in the valuation basis, the cost to the Fund in the form of subsidies will reduce and vice versa.

We have illustrated the effect of higher and lower mortality rates by increasing and decreasing the mortality rates by 20%. The effect is as follows:

Road Fund Administration
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	2015	2014
	N\$ '000	N\$ '000

7. Retirement benefits (continued)

	-20% Mortality Rate N\$ '000	Valuation Assumption N\$ '000	+20% Mortality Rate N\$ '000
Total accrued liability	100,350	91,636	84,641
Interest cost	7,706	7,031	6,490
Service cost	9,078	8,247	7,578
	117,134	106,914	98,709

Medical Aid inflation

The cost of the subsidy after retirement is dependent on the increase in the contributions to the medical aid scheme before and after retirement. The rate at which these contributions increase will thus have a direct effect on the liability of future retirees.

We have tested the effect of a 1% p.a. change in the medical aid inflation assumption. The effect is as follows:

	-1% Medical Aid Inflation N\$ '000	Valuation Assumption N\$ '000	+1% Medical Aid Inflation N\$ '000
Total accrued liability	75,917	91,636	111,872
Interest cost	5,808	7,031	8,608
Service cost	6,583	8,247	10,450
	88,308	106,914	130,930

8. Trade and other receivables

Road user receivables	9,731	2,957
Cross border receivables	3,325	3,325
Fuel levy & vehicle license fees receivables	102,983	92,091
PAYE paid in advance	-	112
Other receivables	45	40
	116,084	98,525

The carrying amount of the trade and other receivable approximates its fair value.

Credit quality of trade and other receivables

Trade and other receivables relates to a number of independent entities with no credit ratings. These balances are neither past due nor impaired. The above balances comprises of a number of independent entities whom have no recent history of defaults.

Trade receivables

Counterparties without external credit rating

Group 1	102,983	92,090
Group 2	13,101	6,435
	116,084	98,525

Group 1 – Fuel levies and license fees receivable from oil companies and NaTIS respectively (less than 1 month).

Road Fund Administration
Annual Financial Statements for the year ended 31 March 2015

Notes to the Annual Financial Statements

	2015 N\$ '000	2014 N\$ '000
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8. Trade and other receivables (continued)

Group 2 – Other receivable (between 1 to 6 months) with some defaults in the past. All defaults were fully recovered.

Trade and other receivables past due but not impaired

As at 31 March 2015, there were no trade and other receivables past due but not impaired.

Trade and other receivables impaired

As of 31 March 2015, there were no trade and other receivables impaired and provided for (2014 N\$ nil).

9. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances - Current	201,775	55,986
Bank balance - Kunene project accounts	27,227	38,380
	229,002	94,366

Included in the cash and cash equivalent balance is an amount of N\$ 27 million (2014: N\$ 38 million) held by the Fund that are not available for use by the Fund.	27,227	38,380
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Restricted Cash

Included in the bank balance is an amount of N\$ 27 million (2014: N\$ 38 million) received from the Government of Republic of Namibia for specific projects and the funds are held in a designated bank deposit account to be used only for the purpose of the specific development of road projects.

The Fund has received no directive from its shareholder, the Government of the Republic of Namibia in deploying funds to a specific project.

The carrying amount of cash and cash equivalents approximates its fair value.

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired is assessed by reference to external credit ratings (if available) or historical information about counterparty defaults rates.

Bank Windhoek Limited (A1+ Moody's credit rating)	53,652	51,801
E-Bank Limited - No credit rating and no history of default	74,860	-
Namibia Post Limited - State-owned entity with no credit rating and no history of default.	100,490	42,565
	229,002	94,366



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	2015 N\$ '000	2014 N\$ '000
10. Other financial liabilities		
<i>Held at amortised cost</i>		
Ministry of Finance onlending loan	95,990	424,260
KfW loan through the Ministry of Finance at 2% interest rate, which is the market interest rate in Germany. The loan is repayable from 2018 semi-annually.		
RFA 16 Loan Stock (3,500 Loan Stock units of N\$1,000 each)	330,000	-
At 9.5% interest rate, interest is payable semi-annually and the capital is payable on maturity (31 January 2016). The holders of the Loan Stock are: CBN Nominees (Pty) Ltd, First National Bank Nominees (Pty) Ltd and Standard Bank Namibia Nominees (Pty) Ltd.		
	425,990	424,260
 The carrying amount of other financial liabilities approximates its fair value.		
<i>Non-current liabilities</i>		
At amortised cost	95,990	424,260
 <i>Current liabilities</i>		
At amortised cost	330,000	-
	425,990	424,260

The Government of the Republic of Namibia guarantees the obligation of the RFA with respect to the terms and conditions of the trust deed up to such amount equal to the value of the issued Loan Stock, plus interest, penalty interest and any other amount payable by the RFA. The amount of coupon payable in respect of each Loan Stock is calculated on the nominal value of N\$ 100 million per Loan Stock equal to 9.5% per annum, compounded semi annually. The Loan Stock shall be redeemed on the 31st of January 2016.

Road Fund Administration
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Notes to the Annual Financial Statements

	2015	2014
	N\$ '000	N\$ '000

11. Provisions

Reconciliation of provisions - 2015 - N\$ '000

	Opening balance	Additions	Total
Leave pay provision	1,545	588	2,133
Severance pay provision	1,563	511	2,074
	3,108	1,099	4,207

Reconciliation of provisions - 2014 - N\$ '000

	Opening balance	Additions	Total
Leave pay provision	641	904	1,545
Severance pay provision	1,007	556	1,563
	1,648	1,460	3,108

Provision for severance pay

In accordance with section 35(1) of the Namibia Labour Act, 2007, severance benefits are payable to an employee, if the employee is unfairly dismissed, dies while employed or resigns/retires on reaching the age of 65 years. The statutory termination benefits provided are classified as defined benefits and are determined based on one week's salary/wages of each completed year of service.

12. Trade and other payables

Roads Authority project administration	122,649	131,823
Fuel levy refund	72,202	44,520
Traffic law enforcement	28,650	28,712
Other accruals	738	1,127
Accrual - Local Authorities	19,953	15,005
KfW and vehicle and driving testing stations	11,803	11,803
Amounts received in advance - (CBC)	1,160	1,055
Vehicle licence fee - refunds payable	2,770	-
Vehicle licence fees revenue received in advance	218,487	189,588
Interest accrual - Loan Stock	5,225	5,225
Government Kunene Road Project	27,227	38,380
	510,864	467,238

Included in the Government Kunene Road project is an amount of N\$ 27 million (2014: N\$ 38 million) relating to government specific projects. These funds are kept in a separate bank account in the name of the Road Fund Administration. These accounts are recorded in the books of Road Fund Administration with a corresponding liability as disclosed above.

Vehicle licence fee - Refunds payable, relates to licence fees that are refundable to clients upon the de-registration of motor vehicles.

The carrying amount of trade and other payables approximates its fair value.



Road Fund Administration
Annual Financial Statements for the year ended 31 March 2015

Notes to the Annual Financial Statements

	2015	2014
	N\$ '000	N\$ '000
13. Financial liabilities by category		
The accounting policies for financial instruments have been applied to the line items below:		
2015 - N\$ '000		
	Financial liabilities at amortised cost	Total
Other financial liabilities	330,000	330,000
Trade and other payables	216,246	216,246
	546,246	546,246
2014 - N\$ '000		
	Financial liabilities at amortised cost	Total
Other financial liabilities	330,000	330,000
Trade and other payables	232,075	232,075
	562,075	562,075
14. Road user charge revenue		
Road User Charges (Refer to 14.1 below)	651,025	577,674
Fuel Levies	1,105,591	1,035,368
	1,756,616	1,613,042
14.1 Road user charges included in revenue are as follows:		
Vehicle Licence Fees	446,378	390,480
Mass Distance Charges - Local	63,435	52,208
Cross Border Charges	106,341	97,241
Abnormal Load Fees	12,517	18,061
Mass Distance Charges - Foreign	22,354	19,684
	651,025	577,674
15. Other income		
Sundry Income	13	29
Roads Authority Payment	11,180	5,159
	11,193	5,188

Road Fund Administration
Annual Financial Statements for the year ended 31 March 2015

Notes to the Annual Financial Statements

	2015 N\$ '000	2014 N\$ '000	
16. Operating deficit			
Operating deficit for the year is stated after accounting for the following:			
(Loss)/profit on sale of property, plant and equipment	-	(277)	
Depreciation on property, plant and equipment	590	563	
Employee costs	30,038	30,293	
Expenses by nature			
Employee costs	30,038	30,293	
Depreciation, amortisation and impairments	590	563	
Lease rentals on operating lease	2,472	1,980	
Bank charges	4,024	3,607	
National road network expenditure	28 1,580,728	1,412,628	
Transfer to Local Authorities	65,322	71,304	
Fuel levy refunds	185,182	190,259	
Traffic law enforcement	28,650	28,708	
Advertising	302	236	
Other expenses	10,290	10,916	
Total operating and administrative expenses	1,907,598	1,750,494	
17. Investment revenue			
Interest income			
Interest on current accounts	3,606	3,773	
Interest on investment	16,217	14,725	
	19,823	18,498	
18. Finance costs			
Interest and commitment fee on KfW loan	1,730	1,190	
Interest paid on Loan Stock RFA 16	31,350	31,350	
	33,080	32,540	
19. Auditor's remuneration			
Fees (external audit and other)	690	997	
20. Other comprehensive income			
Components of other comprehensive income - 2015 - N\$ '000			
	Gross	Tax	Net
Items that may be reclassified to surplus or deficit			
Available-for-sale financial assets adjustments			
Gains and losses arising during the year	(28)	-	(28)



Road Fund Administration
Annual Financial Statements for the year ended 31 March 2015

Notes to the Annual Financial Statements

	2015 N\$ '000	2014 N\$ '000
20. Other comprehensive income (continued)		
Components of other comprehensive income - 2014 - N\$ '000		
	Gross	Tax
		Net
Items that may be reclassified to surplus or deficit		
Available-for-sale financial assets adjustments		
Gains and losses arising during the year	3,650	-
		3,650
21. Cash used in operations		
Loss for the year	(153,046)	(146,306)
Adjustments for:		
Depreciation and amortisation	590	563
Net loss on disposal of property, plant and equipment	-	277
Interest received - bank and other investments	(19,823)	(18,498)
Finance costs	33,080	32,540
Movements in retirement benefit liabilities	19,238	7,740
Movements in provisions	1,099	1,459
Changes in working capital:		
Trade and other receivables	(17,559)	(8,728)
Trade and other payables	43,626	11,390
	(92,795)	(119,563)
22. Commitments		
Operating leases – as lessee (expense)		
Minimum lease payments due		
- within one year	371	371

Operating lease payments represent rentals payable by the Fund for certain of its office properties.

23. Contingencies

In terms of Section 17(1)(i) of the Road Fund Administration Act (Act 18 of 1999), the Road Fund Administration is obliged to utilise the money available in the Fund, to make payments, as the Minister may determine, in respect of the capital, interest, and incidental cost or charges of any loan obtained by the Government of Namibia, before the commencement of the Act, for any purpose related to the management of the national road network. The Ministry has not yet made a determination in this effect.

Road Fund Administration
Annual Financial Statements for the year ended 31 March 2015

Notes to the Annual Financial Statements

	2015 N\$ '000	2014 N\$ '000
24. Related parties		
Relationships		
RFA receives monies from RA that is collected for Licence and Overloading Fees. RFA then distributes monies collected to RA for roads maintenance.	Roads Authority	
The RFA gives monies to the Local Authorities for roads maintenance in their respective Local Authority Councils.	Local Authorities	
RFA receives monies from the Ministry for specific projects.	Ministry of Works & Transport (Unutilised project funds)	
The RFA gives monies to Traffic Law Enforcement for law enforcement in their respective jurisdictions.	Traffic Law Enforcement	
The RFA received a loan from KfW through the Government.	KfW Loan	
Related party balances		
Amounts included in Trade payables and provision regarding related parties		
Roads Authority	206,042	200,362
Local Authorities	19,953	15,005
Ministry of Works & Transport (Unutilised project funds)	11,803	11,803
Traffic Law Enforcement Agencies	28,647	28,708
Government Kunene Road Projects	27,227	38,380
Related party transactions		
Payments made to related parties		
Roads Authority	1,580,728	1,412,628
Local Authorities	66,209	71,304
Government Kunene Road Projects	-	16,154
Traffic Law Enforcement Agencies	28,650	28,708
Receipts from related parties		
Government Kunene Road Projects	11,153	-
25. Directors' emoluments		
Non-executive		
Directors fees		
For services rendered	317	338

26. Government Kunene Road Project

The Fund administers some bank accounts that are used to finance certain projects on behalf of the Government of Republic of Namibia. The bank accounts are opened and operated by the Road Fund Administration. The Road Fund Administration has recorded those accounts as restricted cash with corresponding amounts included in payables.

The Fund has received no directive from its shareholder, the Government of the Republic of Namibia in deploying funds to a specific project.



Road Fund Administration
Annual Financial Statements for the year ended 31 March 2015

Notes to the Annual Financial Statements

	2015	2014
	N\$ '000	N\$ '000
26. Government Kunene Road Project (continued)		
<i>The balance at the end of the year is made up as follows:</i>		
Balance at the beginning of the year	38,380	22,226
(Utilised)/advance during the year	(11,153)	16,154
	27,227	38,380
<i>The amount is represented by:</i>		
Project accounts included in bank balances	27,227	38,380
27. Other Income		
Sundry Income	13	28
Roads Authority Payment	11,180	5,159
	11,193	5,187
28. National road network expenditure		
Roads Authority - Business Systems	15,630	6,742
Roads Authority - Administration	315,549	252,440
Roads Authority - Construction & rehabilitation	217,496	216,069
Roads Authority - Maintenance	880,802	845,672
Roads Authority - NaTIS	49,370	43,826
Roads Authority - Network Planning	24,233	17,002
Roads Authority - Road Management	19,512	18,145
Roads Authority - Office Accommodation	51,398	10,250
Roads Authority - Road Transport Inspection Services	6,738	2,482
	1,580,728	1,412,628

Road Fund Administration
Annual Financial Statements for the year ended 31 March 2015

Detailed Statement of Surplus or Deficit

	Note(s)	2015 N\$ '000	2014 N\$ '000
Road user charge revenue			
Other Road User Charges		651,025	577,674
Fuel Levy		1,105,591	1,035,368
	14	1,756,616	1,613,042
Other income			
Sundry income		13	28
Roads Authority payment		11,180	5,159
Interest received	17	19,823	18,498
		31,016	23,685
Expenses (Refer to page 35)			
		(1,907,598)	(1,750,494)
Operating deficit			
	16	(119,966)	(113,767)
Finance costs	18	(33,080)	(32,540)
(Deficit)/surplus for the year		(153,046)	(146,307)



Road Fund Administration
Annual Financial Statements for the year ended 31 March 2015

Detailed Statement of Surplus or Deficit

	Note(s)	2015 N\$ '000	2014 N\$ '000
Operating expenses			
Accounting fees		(341)	(176)
National road network expenditure	28	(1,580,728)	(1,412,628)
Advertising		(302)	(236)
Auditor's remuneration	19	(690)	(997)
Bad debts		-	-
Bank charges		(4,024)	(3,611)
Cleaning		(20)	(3)
Computer expenses		(112)	-
Professional fees		(361)	(1,253)
Stationery & consumables		(397)	(385)
Depreciation, amortisation and impairments		(590)	(563)
Employee costs		(30,038)	(30,293)
Entertainment		(63)	(99)
Fuel levy refunds		(185,182)	(190,259)
Urban road maintenance		(65,322)	(71,304)
Traffic law enforcement		(28,650)	(28,708)
Books		-	(1)
Seminars & conference		(928)	(67)
E-Mail & internet		(1,388)	(1,015)
Loan Stock agency fees		(42)	(30)
Equipment hiring		(133)	(131)
IT expenses		(1,291)	(1,931)
Incorporation costs		-	-
Insurance		(247)	(130)
Lease rentals on operating lease		(2,472)	(1,980)
Legal expenses		(289)	(380)
Vehicle license fees- refunds		(60)	(420)
Motor vehicle expenses		(111)	(66)
Water and electricity		(107)	(95)
Refunds - MDC & CBC		(42)	(47)
Public relations activities		-	(462)
Placement fees		(602)	-
Postal and courier services		(157)	(150)
Printing and stationery		(552)	(379)
Loss on disposal of assets		-	(277)
Routine and periodic maintenance		(119)	(222)
Security		(1,011)	(1,049)
Relocation costs		-	(16)
Subscriptions		(182)	(123)
Telephone and fax		(378)	(540)
Training		(329)	(196)
Subsistence & travelling		(338)	(272)
		(1,907,598)	(1,750,494)

ROAD FUND ADMINISTRATION
FUND ACCOUNT
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015



Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2015

General Information

Country of establishment and domicile	Namibia
Nature of business and principal activities	To manage the Road User Charging System (RUCS) in such a manner that it secures and allocates sufficient funding for the management of the national road network and certain related expenses.
Directors	P Ithindi (Chairperson) A Avafia S Amunkete E O Asino-Joseph D Maxwell (Resigned 31 December 2014)
Registered office	21 Feld Street Windhoek Namibia
Postal address	Private Bag 13372 Windhoek Namibia 9000
Bankers	Bank Windhoek Limited
Secretary	M E Mungunda
Auditors	PricewaterhouseCoopers Registered Accountants and Auditors Chartered Accountants (Namibia)



Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2015

Contents

Set out below are the directors' reports and the annual financial statements presented to the shareholder:

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Detailed Statement of Comprehensive Income	96

Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2015

Director's Responsibilities and Approval

The directors are required in terms of the Road Fund Administration Act (Act 18 of 1999) to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Fund as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with with the basis of accounting described in note 1 to the financial statements.

The annual financial statements are prepared in accordance with with the basis of accounting described in note 1 to the financial statements and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.


The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Fund and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Fund and all employees are required to maintain the highest ethical standards in ensuring the Fund's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Fund is on identifying, assessing, managing and monitoring all known forms of risk across the Fund. While operating risk cannot be fully eliminated, the Fund endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

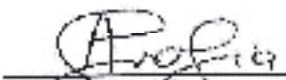
The directors have reviewed the Fund's cash flow forecast for the year to 31 March 2016 and, in the light of this review and the current financial position, they are satisfied that the Fund has or has access to adequate resources to continue in operational existence for the foreseeable future.

The independent auditors are responsible for independently reviewing and reporting on the Fund's annual financial statements. The annual financial statements have been examined by the Fund's independent auditors and their report is presented on pages 67-68.

The annual financial statements set out on pages 70-96, which have been prepared on the going concern basis, were approved by the board and were signed on its behalf by:



Director



Director

Windhoek
31/03/2016
(Date)

Independent Auditor's Report

To the Minister of Finance

We have audited the annual financial statements of the Road Fund Administration, which comprise the statement of financial position as at 31 March 2015, and the statements of comprehensive surplus and deficit, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and the directors' report, as set out on pages 6 to 32.

Directors' Responsibility for the Annual Financial Statements

The Fund's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the IFRS and in the manner required by the Road Fund Administration Act (Act 18 of 1999) for determining that the basis of preparation is acceptable in the circumstances and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

Mass Distance Charges (Local): During the year under review we have noted that there were 4 vehicles out of a sample of 55 with Gross Vehicle Mass (GVM) of more than 3,500 kg eligible for Mass Distance Charges (MDC) (Local) which could not be traced to the list of vehicles eligible for MDC (Local) on the database of RFA. We could therefore not satisfy ourselves as to the completeness of the list of vehicles eligible for MDC on the database of RFA. Consequently we could not satisfy ourselves as to the completeness of revenue from Mass Distance Charges (Local).

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Country Senior Partner: R Nangula Uaandja
Partners: Carl P van der Merwe, Louis van der Riet, Ansie E J Rossouw, Seretta N Lombaard, Stéfán Hugo, Chantell N Husselmann, Gerrit Esterhuysen, Talita B Horn, Samuel N Ndahangwapo, Hans F Hashagen, Johannes P Nel, Annette van Coller

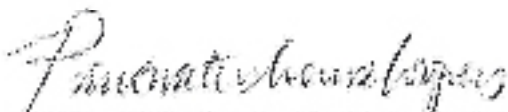
Independent Auditor's Report (continued)

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the annual financial statements of Road Fund Administration - Fund Account for the year then ended 31 March 2015 are prepared, in all material respects, in accordance with the basis of accounting described in note to the annual financial statements, and the requirements of the Road Fund Administration Act (Act 18 of 1999) and International Financial Reporting Standard.

Emphasis of Matter

Without further qualifying our opinion, we draw attention to the directors report which indicates that the Fund's total liabilities exceeded its total assets by N\$ 562 million (2014: N\$ 406 million). The directors report indicates that these conditions, along with other matters, indicate the existence of a material uncertainty which may cast significant doubt on the Fund's ability to continue as a going concern.



PricewaterhouseCoopers
Samuel N Ndahangwapo
Registered Accountants and Auditors
Chartered Accountants (Namibia)

Per: Samuel N Ndahangwapo
Partner

Windhoek, 20 May 2016

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Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2015

Directors' Report

The directors submit their report for the year ended 31 March 2015.

1. Review of activities

The Road Fund Administration is a Public Entity, established under the Road Fund Administration Act (Act 18 of 1999). The Road Fund Administration provide administration framework within which the road user charging system is managed as contemplated by the Act.

The Fund recorded a deficit for the year ended 31 March 2015 of N\$ 148 million (2014: N\$ 142 million).

The operating results and state of affairs of the Fund are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

2. Directorate

The directors in office at the date of this report are as follows:

<i>Directors</i>	<i>Nationality</i>	<i>Designation</i>	<i>Resignation</i>
P Ithindi (Chairperson)	Namibian	Director	
A Avafia	Namibian	Director	
S Amunkete	Namibian	Director	
E O Asino-Joseph	Namibian	Director	
D Maxwell	Namibian	Director	31 December 2014

3. Events after the reporting period

Annual Road User Charges (RUCs) increases have been granted for the 2015/16 financial year and further endorsed for a subsequent four years. It is envisaged that it will curtail the deficit position going forward as of the 2015/16 financial year.

4. Auditors

PricewaterhouseCoopers continued in office as auditors for the Fund for the 2015/16 financial year.

5. Going concern

We draw attention to the fact that at 31 March 2015, the Fund had a deficit for the year of N\$ 148 million (2014: N\$ 142 million) and that the Fund's total liabilities exceed its assets by N\$ 562 million (2014: N\$ 406 million)

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. The ability of the Fund to continue as a going concern is dependent on a number of factors. Management remains optimistic that the Fund will continue as a going concern into the foreseeable future.

Management have come to the conclusion based on the following initiatives that are underway:

- Annual Road User Charges (RUCs) increases of 10% have been granted for the 2015/16 financial year.
- The new business plan assumes a strategy to contain expenditure within the RUCs income.
- Key positions have been filled substantively, hence avoiding the management vacuum the Fund faced over the past couple of years.
- The Fund has a guarantee on the RFA16 Loan Stock from its shareholder, the Government of the Republic of Namibia.



Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2015

Statement of Financial Position as at 31 March 2015

	Note(s)	2015 N\$ '000	2014 N\$ '000
Assets			
Non-Current Assets			
Property, plant and equipment	3	42,937	17,580
Current Assets			
Available-for-sale financial asset	4	78,082	344,633
Trade and other receivables	7	116,039	98,373
Cash and cash equivalents	8	224,606	93,816
		418,727	536,822
Total Assets		461,664	554,402
Equity and Liabilities			
Equity			
Reserves		1,805	9,477
Accumulated deficit		(563,749)	(415,645)
		(561,944)	(406,168)
Liabilities			
Non-Current Liabilities			
Other financial liabilities	9	95,990	424,260
Retirement benefit obligation	6	89,279	70,041
		185,269	494,301
Current Liabilities			
Other financial liabilities	9	330,000	-
Trade and other payables	10	508,339	466,269
		838,339	466,269
Total Liabilities		1,023,608	960,570
Total Equity and Liabilities		461,664	554,402

Road Fund Administration - Fund Account
Annual Financial Statements for the year ended 31 March 2015

Statement of Surplus or Deficit and Other Comprehensive Income

	Note(s)	2015 N\$ '000	2014 N\$ '000
Road user charge revenue	12	1,756,616	1,613,042
Other income	20	11,180	5,159
Operating expenses	13	(1,910,243)	(1,749,890)
Operating deficit	13	(142,447)	(131,689)
Investment revenue	14	19,779	18,467
Finance costs	15	(33,080)	(32,540)
Deficit for the year		(155,748)	(145,762)
Other comprehensive income:			
Items that may be reclassified to surplus or loss:			
Available-for-sale financial assets adjustments		(28)	3,651
Other comprehensive income for the year	16	(28)	3,651
Total comprehensive deficit for the year		(155,776)	(142,111)

Road Fund Administration - Fund Account
Annual Financial Statements for the year ended 31 March 2015

Statement of Changes in Equity

	Fair value adjustment available-for- sale-financial asset reserve N\$ '000	Accumulated deficit N\$ '000	Total equity N\$ '000
Balance at 1 April 2013	5,826	(269,883)	(264,057)
Surplus for the year	-	(145,762)	(145,762)
Other comprehensive income	3,651	-	3,651
Total deficit for the year	3,651	(145,762)	(142,111)
Balance at 1 April 2014	9,477	(415,645)	(406,168)
Deficit for the year	-	(155,748)	(155,748)
Other comprehensive income	(28)	-	(28)
Total deficit for the year	(28)	(155,748)	(155,776)
Realisation of fair value adjustment on disposal	(7,644)	7,644	-
Total movement in equity	(7,644)	7,644	-
Balance at 31 March 2015	1,805	(563,749)	(561,944)
Note	16	16	

Road Fund Administration - Fund Account
Annual Financial Statements for the year ended 31 March 2015

Statement of Cash Flows

	Note(s)	2015 N\$ '000	2014 N\$ '000
Cash flows from operating activities			
Cash receipts from road users		1,774,282	1,621,865
Cash paid to suppliers and employees		(1,873,087)	(1,742,345)
Cash used in operations	17	(98,805)	(120,480)
Interest income	14	19,779	18,467
Finance costs	15	(31,350)	(31,350)
Net cash from operating activities		(110,376)	(133,363)
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(25,357)	(12,266)
Proceeds from sale of financial assets	4	266,523	40,150
Net cash from investing activities		241,166	27,884
Cash flows from financing activities			
Proceeds from sale of other financial liabilities	9	-	42,332
Net cash from financing activities		-	42,332
Total cash and cash equivalents movement for the year		130,790	(63,147)
Cash and cash equivalents at the beginning of the year	8	93,816	156,963
Total cash and cash equivalents at end of the year	8	224,606	93,816

Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2015

Accounting Policies

1. Basis of preparation

The annual financial statements have been prepared in accordance with the basis of accounting described in this note and the Road Fund Administration Act. The annual financial statements have been prepared on the historical cost basis, except for the measurement and certain financial instruments at fair value, and incorporate the principal accounting policies set out below. They are presented in Namibia Dollars.

These accounting policies are consistent with the previous financial year.

1.1 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chief Executive Officer of the Fund has been identified as the chief operating decision maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, heads the steering committee that makes strategic decisions.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables and loans and receivables

The Fund assesses its trade receivables or loans and receivables for impairment at each balance sheet date. In determining whether an impairment deficit should be recorded in the surplus or deficit, the Fund makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Fund is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

Impairment testing

The Fund reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

Provisions

Provisions were raised and management determined an estimate based on the information available.

Useful lives and residual values

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1.2 Significant judgements and sources of estimation uncertainty (continued)

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

1.3 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Fund; and
- the cost of the item can be measured reliably.

Property, plant and equipment are initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of surplus and deficit during the financial year in which they are incurred.

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

Land is not depreciated. Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land	Indefinite
Buildings	50 years
Computer equipment	3 years

The residual value, useful life and depreciation method of each asset are reviewed, and adjusted if appropriate, at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

The gain or deficit arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or deficit arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

1.4 Financial instruments

Classification

The Fund classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities measured at amortised cost

1.4 Financial instruments (continued)

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition.

Initial recognition and measurement

Financial instruments are recognised initially when the Fund becomes a party to the contractual provisions of the instruments.

The Fund classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Regular way purchases of financial assets are accounted for at trade date.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in surplus or deficit as part of other income. Dividends received on available-for-sale equity instruments are recognised in surplus or deficit as part of other income when the Fund's right to receive payment is established.

Changes in fair value of available-for-sale financial assets denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost and other changes in the carrying amount. Translation differences on monetary items are recognised in surplus or deficit, while translation differences on non-monetary items are recognised in other comprehensive income and accumulated in equity.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Fund establishes fair value by using the counterparty statement.

Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2015

Accounting Policies

1.4 Financial instruments (continued)

Impairment of financial assets

At each reporting date the Fund assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the Fund, significant financial difficulties of the trade receivables, probability that the trade receivables will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been, had the impairment not been recognised.

Where financial assets are impaired through use of an allowance account, the amount of the deficit is recognised in surplus or deficit within operating expenses. When such assets are written off, the write-off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2015

Accounting Policies

1.4 Financial instruments (continued)

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Fund's accounting policy for borrowing costs.

Bank overdrafts and borrowings are classified as current liabilities unless the Fund has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

1.5 Income tax

The Road Fund Administration is a Public Entity in terms of the Income Tax Act and is consequently exempt from income taxation. The Fund was deregistered for VAT in April 2006 since it is not deemed to be a VAT vendor in terms of the VAT Act.

1.6 Impairment of non-financial assets

The Fund assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Fund estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Fund also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment deficit.

An impairment deficit of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment deficit of a revalued asset is treated as a revaluation decrease.

The Fund assesses at each reporting date whether there is any indication that an impairment deficit recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment deficit does not exceed the carrying amount that would have been determined had no impairment deficit been recognised for the asset in prior periods.

Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2015

Accounting Policies

1.6 Impairment of non-financial assets (continued)

A reversal of an impairment deficit of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in surplus or deficit. Any reversal of an impairment deficit of a revalued asset is treated as a revaluation increase.

1.7 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

1.8 Provisions and contingencies

Provisions are recognised when:

- the Fund has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If the Fund has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 18.

Post employment medical aid obligation

Employees of the Roads Authority are entitled to post-retirement medical benefits. The obligation for post-retirement medical aid benefits to employees is actuarially determined in respect of employees. The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period.

The directors resolved to provide for this liability in terms of International Accounting Statement IAS 19. The movement in the balance of the provision is included in the income statement in terms of the statutory funding arrangements as set out in the applicable Roads Authority Act (Act 17 of 1999) and the Road Fund Administration Act (Act 18 of 1999).

Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2015

Accounting Policies

1.9 Government grants

Government grants are recognised when there is reasonable assurance that:

- the Fund will comply with the conditions attached to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Grants related to income are presented as a credit in the surplus or deficit (separately).

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.

Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income balance by the amount repayable. The cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense.

Where a loan is received from government at below market interest rate, the difference between the fair value of the loan and the amount received is recognised as a government grant.

1.10 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for services provided in the normal course of business.

Finance Income

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Road User Charge

RUCs revenue of the Fund comprises of RUCs levied in terms of Section 18(1) of the Road Fund Administration Act (Act 18 of 1999). These road user charges comprise mainly of Fuel Levies, Vehicle License Fees, Cross Border Charges, MDCs and Abnormal Load Fees. Such charges are recognised on the accrual basis and upon collection from the road users.

Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2015

Notes to the Annual Financial Statements

2. Risk management

Capital risk management

The Fund's capital risk management should be considered together with its mandate as provided for in the Road Fund Administration Act, (Act 18 of 1999).

The objective of the Fund is to manage the RUCs in such a way to secure and allocate sufficient funding for the payment of expenditures with a view to achieve a safe and economically sufficient road sector.

The Fund's objectives when managing the capital are to safeguard its ability to continue as a going concern so that it can continue to meet its financial obligations as and when they fall due without compromising on the execution of its mandate.

Current liabilities of N\$ 838 million, includes N\$ 330 million which is guaranteed for RFA 16 Loan Stock as at 31 January 2016, from its shareholder the Government of Republic of Namibia. The Fund is not obliged to repay the N\$ 218 million relating to vehicle license fees received in advance immediately. Hence in comparison with its current assets of N\$ 419 million, the Fund is in a position to service immediate obligations.

Financial risk management

The Fund's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The fair values of all the Fund's financial assets (cash and cash equivalent, trade and other receivables) and liabilities (trade and other payables) approximate their carrying value due to its short-term nature. The Loan Stock is carried at its nominal value.

Liquidity risk

Liquidity risk refers to the risk that the Fund will encounter difficulty in meeting its obligations associated with the financial liabilities.

The Fund's risk to liquidity is a result of the funds available to cover future commitments. The Fund manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised borrowings are monitored.

The Table below analyses the Fund's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the Table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 March 2015 - N\$ '000	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	508,339	-	-	-
Loan Stock	330,000	-	-	-
At 31 March 2014 - N\$ '000	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	466,269	-	-	-
Loan Stock	-	330,000	-	-

Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2015

Notes to the Annual Financial Statements

2. Risk management (continued)

The Government of the Republic of Namibia guarantees the due performance of the obligation of the RFA with respect to the due performance under the terms and conditions of the trust deed up to such amount equal to the value of the issued Loan Stock, plus interest, penalty interest and any other amount payable by the RFA. The amount of coupon payable in respect of each Loan Stock is calculated on the nominal value of N\$ 100,000 per Loan Stock equal to 9.5% per annum, compounded semi annually. The Loan Stock shall be redeemed on the 31st of January 2016.

Interest rate risk

Interest rate risks are the risks that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

The Fund's cash flow interest rate risk results mainly from its exposure to a floating rate bearing long- and short-term funds invested. The Fund is not exposed to cash flow interest rate risk on its long-term borrowings.

The Fund has an investment in Investec High Income Fund amounting to N\$ 78 million (2014: N\$ 345 million). The Fund invests in high-yielding Namibian and South African fixed-income assets, including government and corporate bonds, fixed deposits and money market instruments.

Had the interest rate changed by 100 basis points, the effect on the surplus and equity would have been

	Effect on profit 2015		Effect on profit 2014	
	100bp increase in market N\$ '000	100bp decrease in market N\$ '000	100bp increase in market N\$ '000	100bp decrease in market N\$ '000
Other financial assets	3,124	(3,124)	4,414	(4,414)
Other financial liabilities	3,437	(3,437)	5,611	(5,611)
	6,561	(6,561)	10,025	(10,025)

Fair value interest rate risk

Borrowings issued at fixed rate expose the Fund to fair value interest rate risk. The Fund has issued RFA 16 Loan Stock (3,500 Loan Stock units of N\$ 1,000 each) at a fixed interest rate of 9.5%.

Credit risk

The credit risk refers to the risk that a counterparty will cause financial deficit to the Fund by defaulting on its contractual obligations.

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The Fund only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience of default rates and other factors.

Financial assets exposed to credit risk at year end were as follows:

Road Fund Administration - Fund Account

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Notes to the Annual Financial Statements

2. Risk management (continued)

Financial instrument	2015 N\$ '000	2014 N\$ '000
Trade and other receivables	116,039	98,373
Investments	78,082	344,633
Cash and cash equivalents	224,606	93,816

Price risk

The Fund is exposed to equity securities price risk because of investments held by the Fund and classified on the statement of financial position as available-for-sale financial asset.

Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2015

Notes to the Annual Financial Statements

	2015 N\$ '000	2014 N\$ '000
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3. Property, plant and equipment - N\$ '000

	2015			2014		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land	5,314	-	5,314	5,314	-	5,314
Buildings	37,623	-	37,623	12,266	-	12,266
Computer equipment	153	(153)	-	153	(153)	-
Total	43,090	(153)	42,937	17,733	(153)	17,580

Reconciliation of property, plant and equipment - 2015 - N\$ '000

	Opening balance	Additions	Total
Land	5,314	-	5,314
Buildings	12,266	25,357	37,623
	17,580	25,357	42,937

Reconciliation of property, plant and equipment - 2014 - N\$ '000

	Opening balance	Additions	Total
Land	5,314	-	5,314
Buildings	-	12,266	12,266
	5,314	12,266	17,580

Pledged as security

There were no assets pledged for security during the year under review, (2014: none).

Land comprises erven 5845 and 5846 situated in Feld Street, Windhoek.

4. Available-for-sale financial asset

Investec High Income Fund Namibia	78,082	344,633
Investments are currently invested in a mixed portfolio, which consists of N\$ 37 million in Capital Markets and N\$ 41 million in Money Markets. While in the previous financial year, the total Investment value of N\$ 345 million was invested in Unit Trusts, which consisted of 31 million units @ N\$ 11.062 per unit. Fair values are determined annually at reporting date.		

Current assets

Available-for-sale financial assets	78,082	344,633
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Fair value hierarchy of available-for-sale financial assets

Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2015

Notes to the Annual Financial Statements

	2015 N\$ '000	2014 N\$ '000
4. Available-for-sale financial asset (continued)		
For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.		
Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets.		
Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).		
Level 3 applies inputs which are not based on observable market data.		
Level 1		
Investments - Investec High Fund Namibia	78,082	344,633
Credit quality of other financial assets		
The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings.		
Credit rating		
Investec Bank Ltd SR Unsecured 06/015 Var - A+ (F1)	78,082	344,633
Reconciliation of available-for-sale Investment		
Opening balance	344,633	381,132
Interest earned	16,217	14,725
Disposals	(282,740)	(54,874)
Fair value adjustment	(28)	3,650
	78,082	344,633



Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2015

Notes to the Annual Financial Statements

	2015 N\$ '000	2014 N\$ '000
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5. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2015 - N\$ '000

	Loans and receivables	Available-for- sale	Total
Investments	-	78,082	78,082
Trade and other receivables	9,731	-	9,731
Cash and cash equivalents	224,606	-	224,606
	234,337	78,082	312,419

2014 - N\$ '000

	Loans and receivables	Available-for- sale	Total
Investments	-	344,632	344,632
Trade and other receivables	2,957	-	2,957
Cash and cash equivalents	93,816	-	93,816
	96,773	344,632	441,405

6. Retirement benefit obligation

Defined benefit plan

The Road Fund Administration has an obligation to continue paying contributions towards the medical costs for Roads Authority's employees when qualifying employees retire, become redundant or disabled. The post-employment medical aid benefits is for Road Authority's employees and not for Roads Fund Administration's employees.

Carrying value

Present value of the defined benefit obligation-wholly unfunded	(89,279)	(70,041)
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Movements for the year

Opening balance	(70,041)	(62,300)
Net expense recognised in surplus or deficit	(19,238)	(7,741)
	(89,279)	(70,041)

Net expense recognised in the income statement

Current service cost	(11,704)	(2,855)
Interest cost	(6,740)	(4,886)
Actuarial loss	(794)	-
	(19,238)	(7,741)

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Annual Financial Statements for the year ended 31 March 2015

Notes to the Annual Financial Statements

	2015 N\$ '000	2014 N\$ '000
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6. Retirement benefit obligation (continued)

Key assumptions used

Assumptions used on last valuation on Tuesday, 31 March 2015.

Discount rates used	7.39 %	7.50 %
Consumer Price inflation	5.56 %	4.50 %
Medical Aid contribution inflation	6.56 %	6.50 %
Net effective discount rate	0.78 %	0.94 %

Sensitivity analysis

The valuation above is only an estimate of the cost of providing post-employment medical aid benefits. The actual cost to the Fund will be dependent on actual future levels of assumed variables.

In order to illustrate the sensitivity of our results to changes in certain key variables, we have recalculated the liabilities using the following assumptions:

A 1% increase/decrease in the Medical Aid inflation assumption,

A 20% increase/decrease in the assumed level of mortality

Mortality Rates

Deviations from the assumed level of mortality experience of the current employees and the continuation members will have a large impact on the actual cost to the Fund. If the actual rates of mortality turns out higher than the rates assumed in the valuation basis, the cost to the Fund in the form of subsidies will reduce and vice versa.

We have illustrated the effect of higher and lower mortality rates by increasing and decreasing the mortality rates by 20%. The effect is as follows:

	-20% Mortality Rate N\$ '000	Valuation Assumption N\$ '000	+20% Mortality Rate N\$ '000
Total Accrued Liability	100,350	91,636	84,641
Interest Cost	7,706	7,031	6,490
Service Cost	9,078	8,247	7,578

Medical Aid inflation

The cost of the subsidy after retirement is dependent on the increase in the contributions to the medical aid scheme before and after retirement. The rate at which these contributions increase will thus have a direct effect on the liability of future retirees.

We have tested the effect of a 1% p.a. change in the medical aid inflation assumption. The effect is as follows:



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	2015 N\$ '000	2014 N\$ '000	
6. Retirement benefit obligation (continued)			
	<i>-1% Medical Aid Inflation N\$ '000</i>	<i>Valuation Assumption N\$ '000</i>	<i>+1% Medical Aid Inflation N\$ '000</i>
Total Accrued Liability	75,917	91,636	111,872
Interest Costs	5,808	7,031	8,608
Service Cost	6,583	8,247	10,450
7. Trade and other receivables			
Road user receivables		9,731	2,957
Cross border receivables		3,325	3,325
Fuel levy & vehicle license fees receivables		102,983	92,091
		116,039	98,373

The carrying amount of the trade and other receivable approximates its fair value.

Credit quality of trade and other receivables

Trade and other receivables relates to a number of independent entities with no credit ratings. These balances are neither past due nor impaired. The above balances comprises of a number of independent entities whom have no recent history of defaults.

Trade receivables

Counter-parties without external credit rating

Group 1	102,983	92,091
Group 2	13,056	6,282
	116,039	98,373

Group 1 – Fuel levies and license fees receivable from oil companies and NaTIS respectively (less than 1 months).

Group 2 – Other entities (between 1 to 6 months) with some defaults in the past. All defaults were fully recovered.

Trade and other receivables past due but not impaired

At 31 March 2015, there were no trade and other receivables past due but not impaired.

Trade and other receivables impaired

As of 31 March 2015, there were no trade and other receivables impaired and provided for (2014 N\$ nil).

8. Cash and cash equivalents

Cash and cash equivalents consist of:

Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2015

Notes to the Annual Financial Statements

	2015 N\$ '000	2014 N\$ '000
8. Cash and cash equivalents (continued)		
Bank balances - current account	197,379	55,436
Bank balance - project accounts	27,227	38,380
	224,606	93,816

Included in the cash and cash equivalent balance is an amount of N\$ 27 million (2014: N\$ 38 million) held by the Fund that are not available for use by the Fund.

	27,227	38,380
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Restricted Cash

Included in the bank balance is an amount of N\$ 27 million (2014: N\$ 38 million) received from the Government of Republic of Namibia for specific projects and the funds are held in a designated bank deposit account to be used only for the purpose of the specific development of road projects.

The Fund has received no directive from its shareholder, the Government of the Republic of Namibia in deploying funds to a specific project.

The carrying amount of cash and cash equivalents approximates its fair value.

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counter-party default rates:

Credit rating

Bank Windhoek Limited (A1+ Moody's credit rating)	49,256	51,251
E-Bank Limited - No credit rating and no history of default	74,860	-
Namibia Post limited - State Owned Entity with no credit rating	100,490	42,565
	224,606	93,816

9. Other financial liabilities

Held at amortised cost

Ministry of Finance onlending loan	95,990	424,260
KfW loan through the Ministry of Finance at 2% interest rate, which is the market interest rate in Germany. The loan is repayable from 2018 semi-annually.		
RFA 16 Loan Stock (3,500 Loan Stock units of N\$ 1,000 each) At 9.5% interest rate, interest is payable semi-annually and the capital is payable on maturity (31 January 2016). The holders of the Loan Stock are: CBN Nominees (Pty) Ltd, First National Bank Nominees (Pty) Ltd and Standard Bank Namibia Nominees (Pty) Ltd.	330,000	-
	425,990	424,260

The carrying amount of other financial liabilities approximates its fair value.



Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2015

Notes to the Annual Financial Statements

	2015 N\$ '000	2014 N\$ '000
9. Other financial liabilities (continued)		
Non-current liabilities		
At amortised cost	95,990	424,260
Current liabilities		
At amortised cost	330,000	-
	425,990	424,260

The Government of the Republic of Namibia guarantees the due performance of the obligation of the RFA with respect to the due performance under the terms and conditions of the trust deed up to such amount equal to the value of the issued Loan Stock, plus interest, penalty interest and any other amount payable by the RFA. The amount of coupon payable in respect of each Loan Stock is calculated on the nominal value of N\$ 100 million per Loan Stock equal to 9.5% per annum, compounded semi-annually. The Loan Stock shall be redeemed on the 31st of January 2016.

10. Trade and other payables

Road Authority project administration	120,771	131,984
Amounts received in advance - (CBC)	1,160	1,055
Vehicle and driving testing stations	97	96
KfW loan	11,708	11,708
Accruals - Local Authorities	19,953	15,005
Interest accruals - Loan Stock	5,225	5,225
Fuel levy refunds credit	72,202	44,520
Accruals - traffic law enforcement	28,647	28,708
Other accruals	92	-
Vehicle licence fees revenue received in advance	218,487	189,588
Vehicle licence fee - refunds payable	2,770	-
Government Kunene Road Project (refer to note) 21	27,227	38,380
	508,339	466,269

Included in the Government Kunene Road project is an amount of N\$ 27 million (2014: N\$ 38 million) relating to government specific projects. These funds are kept in a separate bank account in the name of the Road Fund Administration. These accounts are recorded in the books of the Road Fund Administration with a corresponding liability as disclosed above.

Vehicle licence fee - Refunds payable, relates to licence fees that are refundable to clients upon the de-registration of motor vehicles.

The carrying amount of trade and other payables approximates its fair value.

Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2015

Notes to the Annual Financial Statements

	2015 N\$ '000	2014 N\$ '000
11. Financial liabilities by category		
The accounting policies for financial instruments have been applied to the line items below:		
2015 - N\$ '000		
	Financial liabilities at amortised cost	Total
Other financial liabilities	330,000	330,000
Trade and other payables	213,720	213,720
	543,720	543,720
2014 - N\$ '000		
	Financial liabilities at amortised cost	Total
Other financial liabilities	330,000	330,000
Trade and other payables	231,106	231,106
	561,106	561,106
12. Revenue		
Fuel Levies	1,105,591	1,035,368
Road User Charges (Refer to 12.1 below)	651,025	577,674
	1,756,616	1,613,042
12.1 Road User Charges		
Vehicle License Fees	446,378	390,480
Cross Border Charges	106,341	97,241
Abnormal Load Fees	12,517	18,061
Mass Distance Charges - Local	63,435	52,208
Mass Distance Charges - Foreign	22,354	19,684
	651,025	577,674



Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2015

Notes to the Annual Financial Statements

	2015 N\$ '000	2014 N\$ '000	
13. Operating deficit			
Operating surplus for the year is stated after accounting for the following:			
Expenses by nature			
National road network expenditure	22 1,580,728	1,412,628	
Transfer to administration account	44,400	41,925	
Advertising	-	9	
Fuel Levy Refunds	185,182	190,259	
Transfer to Local Authorities (urban road maintenance)	66,209	71,304	
Traffic law enforcement agencies	28,650	28,708	
Other expenses	4,731	4,880	
Total operating and administrative expenses	1,909,900	1,749,713	
14. Finance income			
Interest income			
Interest on current account	3,563	3,742	
Interest on investment	16,216	14,725	
	19,779	18,467	
15. Finance costs			
Interest and Commitment fee on KfW loan	1,730	1,190	
Interest paid on loan stock	31,350	31,350	
	33,080	32,540	
16. Other comprehensive income			
Components of other comprehensive income - 2015 - N\$ '000			
	Gross	Tax	Net
Items that may be reclassified to surplus or deficit			
Available-for-sale financial assets adjustments			
Gains and losses arising during the year	(28)	-	(28)

Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2015

Notes to the Annual Financial Statements

	2015 N\$ '000	2014 N\$ '000
16. Other comprehensive income (continued)		
<i>Components of other comprehensive income - 2014 - N\$ '000</i>		
	Gross	Tax
		Net
<i>Items that may be reclassified to surplus or deficit</i>		
Available-for-sale financial assets adjustments		
Gains and losses arising during the year	3,651	-
	<u>3,651</u>	<u>3,651</u>
17. Cash used in operations		
Surplus for the year	(155,748)	(145,762)
Adjustments for:		
Interest received - investment	(19,779)	(18,467)
Finance costs	33,080	32,540
Movements in retirement benefit assets and liabilities	19,238	7,740
Changes in working capital:		
Trade and other receivables	(17,666)	(8,823)
Trade and other payables	42,070	12,292
	<u>(98,805)</u>	<u>(120,480)</u>

18. Contingencies

In terms of Section 17(1)(i) of the Road Fund Administration Act (Act 18 of 1999), the Road Fund Administration is obliged to utilise the money available in the Fund, to make payments, as the Minister may determine, in respect of the capital, interest, and incidental cost or charges of any loan obtained by the Government of Namibia, before the commencement of the Act, for any purpose related to the management of the national road network. The Ministry has not yet made a determination in this effect.



Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2015

Notes to the Annual Financial Statements

	2015 N\$ '000	2014 N\$ '000
19. Related parties		
RFA receives monies from RA that is collected for Licence and Overloading Fees. RFA then distributes monies collected to RA for roads maintenance.	Roads Authority	
The RFA gives monies to the Local Authorities for urban roads maintenance in their respective Local Authority Councils	Local Authorities	
RFA receives monies from the Ministry for specific projects.	Ministry of Works & Transport (Unutilised project funds)	
The RFA gives monies to the Traffic Law Enforcement Agencies for law enforcement in their respective jurisdictions.	Traffic Law Enforcement Agencies	
RFA received a loan from KfW through the Government.	KfW loan	
Related party balances		
Amounts included in Trade payables and Provisions regarding related parties:		
Roads Authority	206,042	200,362
Local Authorities	19,953	15,005
Ministry of Works & Transport (Unutilised project funds)	11,803	11,803
Traffic Law Enforcement Agencies	28,647	28,708
Government Kunene Road Projects	27,227	38,380
Related party transactions		
Payments made to related parties		
Roads Authority	1,580,728	1,412,628
Local Authorities	66,209	71,304
Government Kunene Road Projects	-	16,154
Traffic law enforcement Agencies	28,650	28,708
Receipts from related parties		
Government Kunene Road Projects	11,153	-
20. Other income		
Roads Authority Payment	11,180	5,159

21. Government Kunene Road Projects

The Fund administers some bank accounts that are used to finance certain projects on behalf of the Government of Republic of Namibia. The bank accounts are opened and operated by the Road Fund Administration. The Road Fund Administration has recorded those accounts as restricted cash with a corresponding amounts included in payables.

The Fund has received no directive from its shareholder, the Government of the Republic of Namibia in deploying funds to a specific project.

Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2015

Notes to the Annual Financial Statements

	2015 N\$ '000	2014 N\$ '000
21. Government Kunene Road Projects (continued)		
<i>The balance at the end of the year is made up as follows:</i>		
Balance at the beginning of the year	38,380	22,226
Advance during the year	(11,153)	16,154
	27,227	38,380
<i>The amount is represented by:</i>		
Project accounts included in bank balances	27,227	38,380
22. National road network expenditure		
Roads Authority - Business Systems	15,630	6,742
Roads Authority - Administration	315,549	252,440
Roads Authority - Construction & Rehabilitation	217,496	216,069
Roads Authority - Maintenance	880,802	845,672
Roads Authority - NaTIS	49,370	43,826
Roads Authority - Network Planning	24,233	17,002
Roads Authority - Road Management	19,512	18,145
Roads Authority - Office Accommodation	51,398	10,250
Roads Authority - Road Transport Inspection Services	6,737	2,481
	1,580,727	1,412,627



Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2015

Detailed Statement of Comprehensive Income

	Note(s)	2015 N\$ '000	2014 N\$ '000
Revenue			
Fuel Levy		1,105,591	1,035,368
Other road user charges		651,025	577,674
	12	1,756,616	1,613,042
Other income			
Interest received	14	19,779	18,467
Roads Authority Payment		11,180	5,159
		30,959	23,626
Operating expenses			
Administrative expenses			
National road network expenditure		(1,581,070)	(1,412,804)
Advertising		-	(9)
Bank charges		(4,008)	(3,588)
IT expenses		(580)	(628)
		(1,585,658)	(1,417,029)
Other operating expenses			
Professional fees - Fund management		(20)	(168)
Vehicle License Fees - refunds		(60)	(420)
Transfer to Administration Account		(44,400)	(41,925)
Local Authorities		(66,209)	(71,304)
Traffic Law Enforcement Agencies		(28,650)	(28,708)
Fuel Levy Refunds		(185,182)	(190,259)
Other expenses		(64)	(77)
		(324,58)	(332,86)
		(1,910,243)	(1,749,890)
Operating deficit	13	(122,668)	(113,222)
Finance costs	15	(33,080)	(32,540)
Deficit for the year		(155,748)	(145,762)

The supplementary information presented does not form part of the annual financial statements and is unaudited

**ROAD FUND ADMINISTRATION
ADMINISTRATION ACCOUNT
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**



Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2015

General Information

Country of establishment and domicile	Namibia
Nature of business and principal activities	To manage the Road User Charging System (RUCS) in such a manner that it secures and allocates sufficient funding for the management of the national road network and certain related expenses.
Directors	P Ithindi (Chairperson) A Avafia S Amunkete E O Asino-Joseph D Maxwell (Resigned 31 December 2014)
Business address	21 Feld Street Windhoek Namibia
Postal address	Private Bag 13372 Windhoek Namibia
Bankers	Bank Windhoek Limited
Secretary	M E Mungunda
Auditors	PricewaterhouseCoopers Registered Accountants and Auditors Chartered Accountants (Namibia)

Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2015

Contents

Set out below are the directors' reports and the annual financial statements presented to the shareholder:

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Statement of Surplus or Deficit	105
Statement of Changes in Equity	106
Statement of Cash Flows	107
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Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2015

Directors' Responsibilities and Approval

The directors are required in terms of the Road Fund Administration Act, (Act 18 of 1999) to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Fund as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the basis of accounting described in note 1 to the financial statements.


The annual financial statements are prepared in accordance with the basis of accounting described in note 1 to the financial statements and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Fund and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Fund and all employees are required to maintain the highest ethical standards in ensuring the Fund's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Fund is on identifying, assessing, managing and monitoring all known forms of risk across the Fund. While operating risk cannot be fully eliminated, the Fund endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The independent auditors are responsible for independently reviewing and reporting on the Fund's annual financial statements. The annual financial statements have been examined by the Fund's independent auditors and their report is presented on pages 101-102.

The annual financial statements set out on pages 104-119, which have been prepared on the going concern basis, were approved by the board and were signed on its behalf by:



Director



Director

Windhoek
31/03/2015
(Date)



Independent Auditors' Report

To the Minister of Finance

Report on the Financial Statements

We have audited the annual financial statements of the Road Fund Administration - Administration Account, which comprise the statement of financial position as at 31 March 2015, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and the directors' report, as set out on pages 6 to 22.

Directors' Responsibility for the Financial Statements

The Fund's directors are responsible for the preparation and fair presentation of these financial statements accordance with with the basis of accounting described in note 1 to the financial statements and in the manner required by the Road Fund Administration Act (Act 18 of 1999) for determining that the basis of preparation is acceptable in the circumstances and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of Road Fund Administration for the year ended 31 March 2015 are prepared in all material respects, in accordance with the basis of accounting described in note 1 of the financial statements and in the manner required by the Road Fund Administration Act of Namibia and International Financial Reporting Standards.

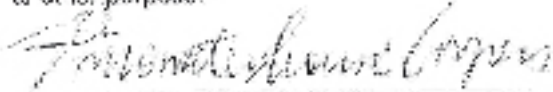
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Practice Number 9406, T: 264 (61) 284 1000, F: +264 (61) 284 1001, www.pwc.com/na*

Country Senior Partner: R Nangula Uaandja
Partners: Carl P van der Merwe, Louis van der Riet, Ansie EJ Rossouw, Seretta N Lombaard, Stéfán Hugo, Chantell N Husselmann, Gerrit Esterhuyse, Talita B Horn, Samuel N Ndahangwapo, Hans F Hashagen, Johannes P Nel, Annette van Coller

Independent Auditors' Report (continued)

Base of Accounting

Without further qualifying our opinion, we draw attention to note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to ensure compliance with Section 24(1)(g) of the Road Fund Administration Act (Act 18 of 1999). As a result, the financial statements may not be suitable for another purpose.



PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)

Per: Samuel N Ndahangwapo
Partner

Windhoek, 20 May 2015

*PricewaterhouseCoopers, 344 Independence Avenue, Windhoek, P O Box 1571, Windhoek, Namibia
Practice Number 9406, T: 264 (61) 284 1000, F: +264 (61) 284 1001, www.pwc.com/na*

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Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2015

Directors' Report

The directors herewith submit their report on the annual financial statements of Road Fund Administration - Administration Account for the year ended 31 March 2015.

1. Review of financial results and activities

The Road Fund Administration is a Public Fund, established under the Road Fund Administration Act (Act 18 of 1999). The Administration Account provides the administration framework within which the road user charging system is managed as contemplated by the Act.

The operating results and state of affairs of the Fund are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

The Fund recorded a net surplus for the year ended 31 March 2015 of N\$ 3 million. This represented an increase from the net deficit of the prior year of N\$1 million.

2. Directorate

The directors in office at the date of this report are as follows:

<i>Directors</i>	<i>Nationality</i>	<i>Designation</i>	<i>Resignation</i>
P Ithindi (Chairperson)	Namibian	Director	
A Avafia	Namibian	Director	
S Amunkete	Namibian	Director	
E O Asino-Joseph	Namibian	Director	
D Maxwell	Namibian	Director	31 December 2014

3. Events after the reporting period

The directors are not aware of any material events which occurred after the reporting date and up to the date of this report.

4. Going concern

The directors believe that the Fund has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the Fund is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the Fund. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Fund.

5. Auditors

PricewaterhouseCoopers continued in office as auditors for the Fund for the 2015/16 financial year.



Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2015

Statement of Financial Position as at 31 March 2015

	Note(s)	2015 N\$ '000	2014 N\$ '000
Assets			
Non-Current Assets			
Property, plant and equipment	3	2,809	1,191
Current Assets			
Trade and other receivables	5	45	153
Cash and cash equivalents	6	4,396	549
		4,441	702
Total Assets		7,250	1,893
Equity and Liabilities			
Equity			
Accumulated surplus/(deficit)		516	(2,184)
Liabilities			
Non-Current Liabilities			
Provisions	7	4,207	3,108
Current Liabilities			
Trade and other payables	8	2,527	969
Total Liabilities		6,734	4,077
Total Equity and Liabilities		7,250	1,893

Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2015

Statement of Surplus or Deficit

	Note(s)	2015 N\$ '000	2014 N\$ '000
Capital contribution	10	44,413	41,953
Operating expenses		(41,756)	(42,529)
Operating deficit		2,657	(576)
Investment revenue	11	43	31
Total surplus/(deficit) for the year		2,700	(545)
Other comprehensive income		-	-
Total comprehensive surplus/(deficit) for the year		2,700	(545)



Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2015

Statement of Changes in Equity

	Accumulated surplus/(deficit) N\$ '000	Total equity N\$ '000
Balance at 1 April 2013	(1,639)	(1,639)
Deficit for the year	(545)	(545)
Other comprehensive income	-	-
Total deficit for the year	(545)	(545)
Balance at 1 April 2014	(2,184)	(2,184)
Surplus for the year	2,700	2,700
Other comprehensive income	-	-
Total surplus for the year	2,700	2,700
Balance at 31 March 2015	516	516

Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2015

Statement of Cash Flows

	Note(s)	2015 N\$ '000	2014 N\$ '000
Cash flows from operating activities			
Cash receipts from road users		44,305	41,750
Cash paid to suppliers and employees		(38,292)	(40,833)
Cash generated from operations	13	6,013	917
Investment income	11	43	31
Net cash to operating activities		6,056	948
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(2,209)	(770)
Proceeds from sale of property, plant and equipment	3	-	121
Net cash from investing activities		(2,209)	(649)
Total cash and cash equivalents movement for the year			
Cash and cash equivalents at the beginning of the year	6	549	250
Total cash and cash equivalents at end of the year	6	4,396	549

Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2015

Accounting Policies

1. Basis of preparation

The annual financial statements have been prepared in accordance with the basis of accounting described in this note with the basis of accounting described in note 1 to the financial statements, and the Road Fund Administration Act, (Act 18 of 1999). The annual financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value, and incorporate the principal accounting policies set out below. They are presented in Namibia Dollars.

These accounting policies are consistent with the previous financial year.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables and receivables

The Fund assesses its trade receivables or loans and receivables for impairment at each balance sheet date. In determining whether an impairment deficit should be recorded in the surplus or deficit, the Fund makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables or loans and receivables is calculated on a portfolio basis, based on historical deficit ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual deficit ratios are applied to loan balances in the portfolio and scaled to the estimated deficit emergence period.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Fund is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

Impairment testing

The Fund reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

Provisions

Provisions were raised and management determined an estimate based on the information available.

Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2015

Accounting Policies

1.2 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Fund; and
- the cost of the item can be measured reliably.

Property, plant and equipment are initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Plant and machinery	5 years
Furniture and fixtures	5 years
Motor vehicles	5 years
Office equipment	3 years
IT equipment	5 years
Computer software	3 years

The residual value, useful life and depreciation method of each asset are reviewed, and adjusted if appropriate, at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

The gain or deficit arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or deficit arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

1.3 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:

- Loans and receivables; and
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

Initial recognition and measurement

Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2015

Accounting Policies

1.3 Financial instruments (continued)

Financial instruments are recognised initially when the Fund becomes a party to the contractual provisions of the instruments.

The Fund classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Regular way purchases of financial assets are accounted for at trade date.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Fund establishes fair value by using counterparty statements.

Impairment of financial assets

At each reporting date the Fund assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the Fund, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Where financial assets are impaired through use of an allowance account, the amount of the deficit is recognised in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Trade and other receivables

Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2015

Accounting Policies

1.3 Financial instruments (continued)

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at amortised costs.

1.4 Income tax

The Road Fund Administration is a Public Fund in terms of the Income Tax Act and is consequently exempt from income taxation. The Fund was deregistered for VAT in April 2006 since it's not deemed to be a VAT vendor.

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset/liability. This asset/liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.6 Impairment of non-financial assets

The Fund assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Fund estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Fund also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2015

Accounting Policies

1.6 Impairment of non-financial assets (continued)

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment deficit.

An impairment deficit of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment deficit of a revalued asset is treated as a revaluation decrease.

A reversal of an impairment deficit of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in surplus or deficit. Any reversal of an impairment deficit of a revalued asset is treated as a revaluation increase.

1.7 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.8 Provisions and contingencies

Provisions are recognised when:

- the Fund has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2015

Accounting Policies

1.9 Revenue

Transfers from Fund Account

Revenue comprise of fair value of grants received and receivable from the Fund Account of the Road Fund Administration. Revenue is recognised at nominal value on an accrual basis.

Finance income

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2015

Notes to the Annual Financial Statements

2. Risk management

Financial risk management

The Fund does not trade in financial instruments, but in the normal course of operations it is exposed to credit risk, liquidity risk and market risks. These risks are managed by the Fund through formal documented policies and procedures as approved by its Board of Directors. These policies are continuously reviewed and updated as and when the need arises.

The Fund's overall risk management focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on its financial performance.

Risk management of the Fund is carried out under policies carried out by the Board. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investments of excess liquidity.

Liquidity risk

Liquidity risk refers to the risk that the Fund will encounter difficulty in meeting its obligations associated with the financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, management maintains flexibility in funding by maintaining availability under committed credit lines.

The table below analyses the Fund's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the Table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

The Fund's risk to liquidity is a result of the funds available to cover future commitments. The Fund manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised borrowing are monitored.

At March 31, 2015 - N\$ '000	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	2,527	-	-	-
At March 31, 2014 - N\$ '000	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	969	-	-	-

Market risks

Market risks refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market prices such as interest rates.

Interest rate risk

Interest rate risks are the risks that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2015

Notes to the Annual Financial Statements

2. Risk management (continued)

The Fund's interest rate risk results mainly from its exposure to floating interest bearing long and short term funds invested. Any realistic fluctuation in interest rates would not have a material impact on the Fund's surplus and equity.

Credit risk

The credit risk refers to the risk that a counter-party will cause financial deficit to the Fund by defaulting on its contractual obligations.

Trade receivables comprise of staff/bursary loans at which once the studies are completed it is converted into a grant. Management evaluated credit risk by ensuring that if the employee does not complete their studies then a direct deduction is done from their salaries.

Credit risks arise from cash and cash equivalents, as well as credit exposures to outstanding receivables.

3. Property, plant and equipment - N\$ '000

	2015			2014		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Furniture and fixtures	1,111	(873)	238	934	(835)	99
Motor vehicles	1,498	(640)	858	768	(498)	270
Office equipment	169	(120)	49	142	(86)	56
Computer software	7,334	(5,670)	1,664	6,059	(5,293)	766
Total	10,112	(7,303)	2,809	7,903	(6,712)	1,191

Reconciliation of property, plant and equipment - 2015 - N\$ '000

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	99	177	(38)	238
Motor vehicles	270	730	(142)	858
Office equipment	56	27	(34)	49
Computer software	766	1,275	(377)	1,664
	1,191	2,209	(591)	2,809

Reconciliation of property, plant and equipment - 2014 - N\$ '000

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	105	49	(28)	(27)	99
Motor vehicles	359	-	-	(89)	270
Office equipment	90	3	(1)	(36)	56
Computer software	828	718	(369)	(411)	766
	1,382	770	(398)	(563)	1,191



Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2015

Notes to the Annual Financial Statements

	2015 N\$ '000	2014 N\$ '000
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4. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2015 - N\$ '000

	Loans and receivables	Total
Trade and other receivables	45	45
Cash and cash equivalents	4,396	4,396
	4,441	4,441

2014 - N\$ '000

	Loans and receivables	Total
Trade and other receivables	153	153
Cash and cash equivalents	549	549
	702	702

5. Trade and other receivables

PAYE paid in advance	-	112
Sundry debtors	2	9
Staff loans	43	32
	45	153

Credit quality of trade and other receivables

Trade and other receivables relate to a number of independent customers with no credit ratings. These balances are neither past due nor impaired. The above balances comprises of a number of independent customers whom have no recent history of defaults.

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	4,396	549
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Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired, can be assessed by reference to external credit ratings (if available) or historical information about counter-party default rates:

Credit rating

Bank Windhoek Limited (A1+ Moody's credit rating)	4,396	549
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Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2015

Notes to the Annual Financial Statements

	2015 N\$ '000	2014 N\$ '000
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7. Provisions

Reconciliation of provisions - 2015 - N\$ '000

	Opening balance	Additions	Total
Leave pay provision	1,545	588	2,133
Severance pay provision	1,563	511	2,074
	3,108	1,099	4,207

Reconciliation of provisions - 2014 - N\$ '000

	Opening balance	Additions	Total
Leave pay provision	641	904	1,545
Severance pay provision	1,007	556	1,563
	1,648	1,460	3,108

Provision for severance pay

In accordance with section 35(1) of the Namibia Labour Act, 2007, severance benefits are payable to an employee, if the employee is unfairly dismissed, dies while employed or resigns/retires on reaching the age of 65 years. The statutory termination benefits provided are classified as defined benefits and are determined based on one weeks salary/wages of each completed year of service.

8. Trade and other payables

Trade payables	1,880	949
Accrued social security	20	20
Other payables	627	-
	2,527	969

Other payables relates to PAYE and salary control.

9. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

2015 - N\$ '000

	Financial liabilities at amortised cost	Total
Trade and other payables	6,733	6,733



Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2015

Notes to the Annual Financial Statements

	2015 N\$ '000	2014 N\$ '000
9. Financial liabilities by category (continued)		
2014 - N\$ '000		
	Financial liabilities at amortised cost	Total
Trade and other payables	4,076	4,076
10. Capital Contribution		
Sundry Income	13	28
Transfer from the Fund	44,400	41,925
	44,413	41,953
11. Investment revenue		
Interest revenue		
Interest from Banks	43	31
12. Auditor's remuneration		
Audit fees (external audit and other fees)	690	997
13. Cash generated from operations		
Surplus/(deficit) for the year	2,700	(545)
Adjustments for:		
Depreciation and amortisation	591	564
Deficit on sale of assets	-	277
Interest received - investment	(43)	(31)
Movements in provisions	1,099	-
Changes in working capital:		
Trade and other receivables	108	95
Trade and other payables	1,558	557
	6,013	917
14. Related parties		
Relationships		
RFA Administration receives monies from Road Fund Account to Road Fund Account cover day to day expenses.		
Related party transactions		
Funds Transferred from the Road Fund		
Road Fund Account	44,400	41,921

Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2015

Notes to the Annual Financial Statements

	2015 N\$ '000	2014 N\$ '000
15. Directors' emoluments		
<i>Non-executive</i>		
<i>Directors fees</i>		
For services as directors	317	338



Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2015

Detailed Statement of Surplus or Deficit

	Note(s)	2015 N\$ '000	2014 N\$ '000
Capital contribution			
Sundry Income		13	28
Capital contribution		44,400	41,925
	10	44,413	41,953
Other income			
Interest received	11	43	31
Expenses (Refer to page 24)			
		(41,756)	(42,528)
Surplus/(deficit) for the year			
		2,700	(544)
Other comprehensive income		-	-
Total comprehensive surplus/(deficit) for the year			
		2,700	(544)

Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2015

Detailed Statement of Surplus or Deficit

	Note(s)	2015 N\$ '000	2014 N\$ '000
Operating expenses			
Administrative expenses			
Advertising		(302)	(227)
Audit fees	12	(690)	(997)
Bank charges		(16)	(19)
Computer expenses		(112)	(9)
Books		-	(1)
Depreciation, amortisation and impairments		(591)	(564)
Employee costs		(30,127)	(30,298)
IT Support Services		(1,291)	(1,922)
Insurance Expenses		(247)	(130)
Lease rentals on operating lease		(2,472)	(1,980)
Placement fees		(943)	(1,086)
Postage		(157)	(150)
Printing and stationery		(586)	(379)
Security		(1,011)	(1,049)
Subscriptions		(182)	(123)
Telephone and fax		(288)	(538)
Water and Electricity		(106)	(95)
		(39,121)	(39,567)
Other operating expenses			
Consumables		(323)	(273)
Cleaning		(20)	(3)
Entertainment		(63)	(96)
Minor Computer Equipment		(48)	(15)
E-mail & Internet Services		(411)	(388)
Seminars & Conferences		(41)	(67)
Public Relations Activities		(397)	(462)
Motor Vehicle Expenses		(111)	(66)
Hire		(133)	(131)
Legal expenses		(289)	(380)
Deficit on disposal of assets		-	(277)
Other expenses		-	(16)
Corporate Items		(40)	(112)
Repairs and maintenance		(98)	(208)
Training		(329)	(196)
Travel - local		(332)	(271)
		(2,635)	(2,961)
		(41,756)	(42,528)



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