ANNUAL REPORT
2015/2016

Road Fund Administration

Safety • Efficiency • Equity

ANNUAL REPORT
2015/2016

CONTENTS

ABBREVIATIONS

AA	Approved Authorities
ARMFA	African Road Maintenance Fund Association
ASAFG	ARMFA Southern African Focal Group
BEE	Black Economic Empowerment
CBC	Cross Border Charges
CEO	Chief Executive Officer
ERP	Enterprise Resource Planning
FY	Financial Year
HPP	Harambee Prosperity Plan
KfW	Kreditanstalt für Wiederaufbau Development Bank
GRN	Government of the Republic of Namibia
ICT	Information, Communication and Technology
ICTD	Information and Communication Technology Division
ITS	Intelligent Transport Services
LA	Local Authorities
MDC	Mass Distance Charges
MWT	Ministry of Works and Transport
NaTIS	Namibia Traffic Information System
NCCI	Namibia Chamber of Commerce and Industry
NDP	National Development Plan
PAYE	Pay As You Earn
PE	Public Enterprise
PMPA	Programme Management, Policy Advise Division
RA	Roads Authority
RFA	Road Fund Administration
RUC	Road User Charges
RUCS	Road User Charging System
RWBLP	Review of the Weighbridge Location Plan
SADC	Southern African Development Community
SUTMP	Sustainable Urban Transport Master Plan
TLE	Traffic Law Enforcement
TOR	Terms of Reference
VAT	Value Added Tax
VET	Vocational Education and Training
WBCG	Walvis Bay Corridor Group

CHAIRPERSON'S REPORT

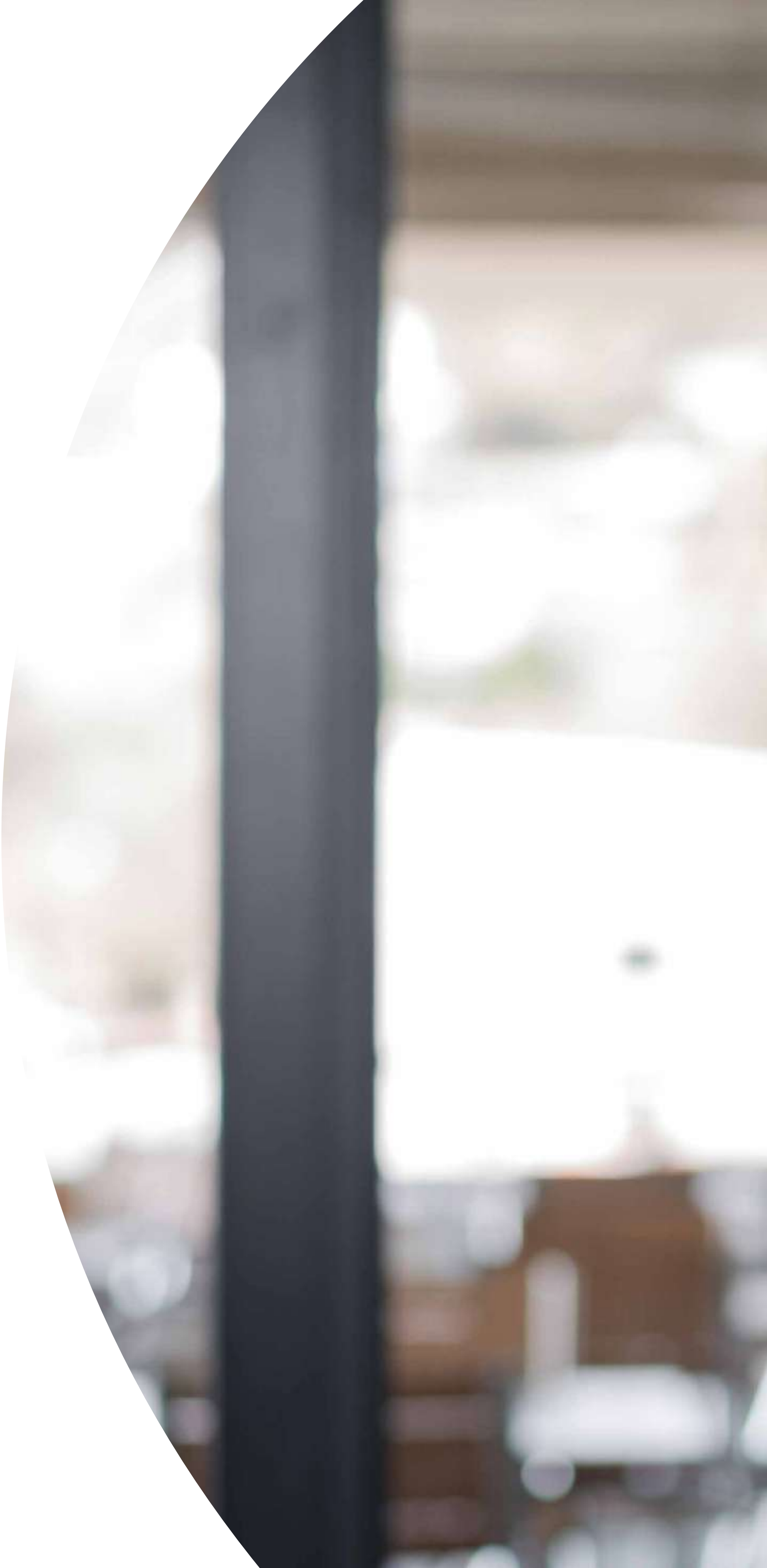
As Chairperson of the Board of Directors of the Road Fund Administration (RFA), it gives me great pleasure to present this Annual Report for the year ended 31 March 2016.

Established 15 years ago, the RFA has a huge ongoing responsibility towards contributing to the achievement of the Government of the Republic of Namibia's (GRN) national development goals, as contained in Vision 2030, the Harambee Prosperity Plan (HPP) and the National Development Plans (NDP). As such, it is critical that the RFA not only collect sufficient revenue through the Road User Charging System (RUCS), but also that this income is properly allocated and applied to rehabilitation and road maintenance projects and to the extent possible, to new road development.

Given this enormous obligation, one which we at the RFA take very seriously, I am pleased to report that despite adverse economic headwinds and some external turbulences during the past Financial Year (FY), the RFA has managed to remain focussed and steadfast in the implementation of its strategy. This has culminated in significant gains, not only for the RFA, but to its shareholders and road users. This is evident from an overall improvement in the Fund's liquidity position, with current assets increasing from N$419 million (2015) to N$275 million (2016). The accumulated Fund deficit raised in the previous FY has been reduced from N$550 million to N$66 million. This clearly demonstrates the RFA's commitment and ability to honour its obligations.

Furthermore, through the RUCS, the Fund generated a surplus of N$277 million for the 2015/2016 FY, compared to a deficit of N$124 million recorded during the 2014/2015 FY. Total revenue increased by approximately 17%, while overall operational and administrative expenses were reduced by about 3%.

The Fund's diversified investment approach has yielded positive results, with the total investment portfolio standing at approximately N$490 million in comparison to N$225 million achieved in the previous FY. The Fund additionally recorded no audit qualification, as was the case in previous FYs.



MR PENDA ITHINDI
Chairperson of the Board

As with all business entities, none of these accomplishments could have been attained without continuously investing in our internal resources. To this effect, as outlined in our corporate strategy, the RFA has invested in its employees, infrastructure and information management systems. These investments have led to a number of positive changes, such as improved internal business efficiencies and improvement in employee working conditions, thereby enhancing productivity and by implication, delivering one of our core values: Service Excellence.

Some of the highlights of the year under review are:

- Following a successful engagement process with key stakeholders, a 10% increment on all Road User Charges (RUC) was granted and implemented; the first increment since the 2010 FY.

- The RFA16 Loan Stock was fully settled in January 2016, with N$330 million repaid to loan stockholders.

- A government guaranteed loan agreement was reached between the RFA and KfW Development Bank in November 2015, for 30 million Euros (equivalent to N$447 million), as part of the RFA mandate "… to secure and allocate sufficient funding …" (the RFA Act, Section 3). The loan was made possible through a financial cooperation agreement between the GRN and the Federal Republic of Germany, under the Programme Sector Wide Approach Road Transport 2 and 3. The loan is specifically earmarked to bridge the funding gap for the upgrading of Trunk Road 1/6: Windhoek – Okahandja to a dual carriage freeway. Trunk Road 1/6 is an important section of the B1 route, linking the capital city, Windhoek, to the hinterland and the northern regions enroute to landlocked neighbouring countries. The upgrading of this road is essential as it contributes to the national development goal of becoming a regional logistical hub.

- The long awaited and much anticipated new RFA Head Office was completed in August 2015. This four-storey office complex, known as the RFA House, was inaugurated by the Minister of Finance, Honourable Calle Schlettwein, on 12 February 2016. In line with proper management and efficiency requirements, the project was completed within the budget of N$43 million and within agreed project timelines. The RFA Head Office ushers in a new chapter for the RFA, contributing towards the establishment of the RFA corporate brand, which centres on service excellence, innovation and accountability.

- The RFA expanded its footprint in Namibia by adding five new offices to ensure appropriate representation at all major entry and exit points, as well as bringing our services closer to road users and stakeholders. Additional representation points were added at the Namibia Traffic Information System (NaTIS) Valley in Windhoek and Walvis Bay. These new offices bring the total number of RFA offices to 19 countrywide.

- The RFA's website, a key communication tool in reaching stakeholders, was revamped and launched in November 2015. Apart from other improvements, the website now enables users to download the forms for Mass Distance Charges (MDC) and Cross Border Charges (CBC) which were previously only available at the RFA's Head Office. The website will be further enhanced in the coming FY with the addition of the self-service CBC portal.

- In line with the strategy to have strong stakeholder engagement, the RFA held its first technical workshop for Local Authorities (LA) in Windhoek during February 2016. The workshop focused on the formulae and method of funding to LA, as well as the monitoring thereof. Key recommendations from the workshop were incorporated into a Terms of Reference (TOR) for the development of a Policy and Toolkit for the Allocation and Monitoring of Funding to LA. It is our expressed intention to align our support to LAs to the national development priorities such as new residential area development catering for the provision of mass housing to more Namibians.

- During the period under review, key positions at Executive level were filled with the appointment of the Executives for Programme Management, Policy and Advice; Human Capital; Risk and Compliance; as well as a Company Secretary and Legal Advisor. These appointments have consolidated the RFA Executive Team, which is now fully equipped and able to execute the RFA mandate and attain the corporate strategic goals.

Despite these many pleasing successes, we cannot dwell on them excessively, as the RFA also faces a number of challenges. Amongst these, are that a major part of the national road network has already exceeded its lifespan and requires urgent attention, coupled with a huge backlog on the rehabilitation of paved roads and regravelling of gravel roads. Although government's focus with respect to the road network is mainly on the funding of road construction (i.e. new development), there is a need to find a balance between road construction and road preservation. The road sector also faces unpredictable funding, and therefore additional funding options through the RUCS need to be investigated.

As a key stakeholder within the road sector and wider transport sector, we need to ensure that we preserve and improve the quality of our road infrastructure. Whilst we continue to fare well in global rankings when it comes to the quality of our road infrastructure, we still have a long way to go to ensure that there is balance between the preservation, maintenance and construction of new roads.

The RFA remains committed to contributing to Namibia's national development goals by delivering on its mandate to manage the RUCS in such a manner as to secure and allocate sufficient funding for the payment of expenditure, as outlined in the RFA Act, as well as delivering on our vision to become one of the global leaders in sustainable road infrastructure funding and management.

ROAD FUND ADMINISTRATION: BACKGROUND TO ROAD SECTOR REFORM

"Transport infrastructure and services remain crucial for generating economic growth, alleviating poverty, reducing the scourge of inequality and increasing domestic and international competitiveness, hence the need to ensure its development and sustainability. In the past 10 years, the ministry has recorded huge successes in the development of transportation networks such as roads, railway lines and maritime and air transport." **- Honourable Erkki Nghimtina, Member of Parliament, Minister of Works and Transport (2014)**

The importance of Namibia's road sector

Due to the large landmass and low population of Namibia, the country's road network is crucial to economic development. Namibia's position along the coast also provides essential road transportation links for neighbouring landlocked African countries, serving as a trade route for moving goods from ports throughout Southern Africa.

Ensuring that the basic road infrastructure within the country, as well as routes to neighbouring countries, is therefore a high priority. The development of Namibia's transport sector is a key component of the national goals of the country, including the NDPs, Vision 2030 and the HPP.

Road Reform 2000

Although the government inherited a fairly good road network at independence, it was unequal in its distribution; and although road taxation was in place, these revenues were not specifically used for road maintenance and preservation.

The vision was to develop and sustain an efficient and safe road network, which would promote trade, connectivity and economic activity.

In order to ensure that adequate financing and proper road network management principles were in place, the government adopted a broader and more comprehensive approach by establishing the following three key institutions, each with specific responsibilities to manage the national road network:

- **Road Fund Administration**: to manage the Road Fund and RUCS to raise revenue and regulate road funding using the user-pay-principle;
- **Roads Authority**: to manage the national road network on behalf of the government, and
- **Roads Contractor Company**: a government owned civil engineering company operating on commercial principles, to undertake road maintenance projects.

The Road Fund Administration

The RFA was established through an Act of Parliament; the Road Fund Administration Act, (Act 18 of 1999). The Act empowered the RFA to establish and manage the Namibian RUCS and the Road Fund. The RFA's main objective was to manage the RUCS in such a manner as to secure and allocate sufficient funding for the payment of expenditure, as contemplated in Section 17(1) of the Act, with the view to achieve a safe and economically efficient road sector.

The RFA's basic role is thus as a regulator to ensure that it meets the economically justified funding requirements of the Roads Authority (RA) and other recipient authorities.

Furthermore it acts as a trustee on behalf of road users, to ensure value for their money paid into the Road Fund and that the RUCS revenue is used for their benefit.

The Mandate and Function of the RFA, under the Act:

- Manage the Road Fund;
- Impose RUC;
- Determine the manner in which funds collected will be allocated; and
- Implement appropriate measures for the effective monitoring of compliance by the RA and approved authorities (AA), with the conditions under which they were granted funding.

Revenue Streams

Based on the user-pay-principle, the RFA depends mainly on road user funding to fulfil its mandate. RUC are imposed on all vehicles utilising Namibia's road network; specifically through fuel levies, vehicle registration and licensing fees, CBC, MDC and abnormal load fees.

Funding Allocation

RFA funding is allocated towards:

- Maintenance and rehabilitation of Namibia's national road network;
- Maintenance of major urban and arterial roads;
- Traffic-related maintenance of urban roads and streets;
- Traffic law enforcement and traffic information systems;
- Road research, and
- RA and RFA administrative costs.

Driving Forward

The 2015/2016 Global Competitiveness Report ranked Namibia's road quality as 28th out of the 144 countries assessed. This achievement is not to be taken lightly. Namibia's roads are currently considered to be of the best in Africa, and conform to international standards.

Vision 2030

The RFA is committed to contributing towards Namibia achieving its Vision 2030 goal: to have a prosperous and industrialised country that is developed in terms of human resources, enjoys peace, harmony and stability. Vision 2030 is linked and integrated into the respective NDPs. By monitoring long-term indicators, the National Planning Commission coordinates a sectoral and inter-sectoral analysis of progress towards achieving Vision 2030 through the NDPs.

National Development Plan 4

The NDPs are also referred to as sector policies, plans and projects that follow an integrated, sustainable development and approach. The overall focus of the NDP4 is on prioritisation for the period 2013/2014–2016/2017.

Based on its mandate, the RFA is regarded as a basic enabler of the Public Infrastructure strategic area of the NDP4. In terms of transport infrastructure, the NDP4 goal for 2017 is for Namibia to have a well-functioning, high quality transport infrastructure connected to major local and regional markets and to the Port of Walvis Bay.

Harambee Prosperity Plan (HPP)

The HPP has the following goals highlighted under Transport Infrastructure:

The desired outcomes regarding the upgrade of road transport infrastructure during the HPP period are as follows, with the RFA's contribution within the FY indicated where relevant:

- **The extension of bitumen roads by 526 kilometres, including the selective introduction of dual carriageways.**
  The RFA co-funds this aspect of the HPP through the RA's construction, rehabilitation and maintenance projects, as well as network planning and administrative functions. Dual carriage freeway are currently being introduced on the following roads: Windhoek– Okahandja freeways, Windhoek– Hosea Kutako International Airport, and Swakopmund – Walvis Bay.

- **Road upgrades**: The following road upgrades will be carried out during the HPP period:
  - **Upgrade of the Windhoek – Okahandja road to a dual carriage way by December 2019.**
    Apart from direct funding to the RA, in terms of project management, the RFA is responsible for total funding of the rehabilitation of Section 3 (Brakwater to Dobra River) and a part of Section 4A of this road (Dobra River to the Omakunde interchange).
  - **Upgrade of the Windhoek – Hosea Kutako International Airport road to a dual carriage way by December 2019.**
    The RFA co-funds this road through direct funding to the RA.
  - **Upgrade of the Omuthiya – Ongwediva road to dual carriage way.** Work will begin during the HPP period, but will only be completed after 2020.
    Apart from direct funding to the RA, in terms of project management, the RFA specifically funded the feasibility study.

- **Upgrading of the Karibib – Usakos – Swakopmund road to a two plus one cross section road.** Work will begin during the HPP period but will only be completed after 2020.

- **Upgrading of the Swakopmund – Walvis Bay road to a dual carriage way** by December 2019.
  The RFA co-funds this road through direct funding to the RA, who is responsible for this project. This project is currently underway.

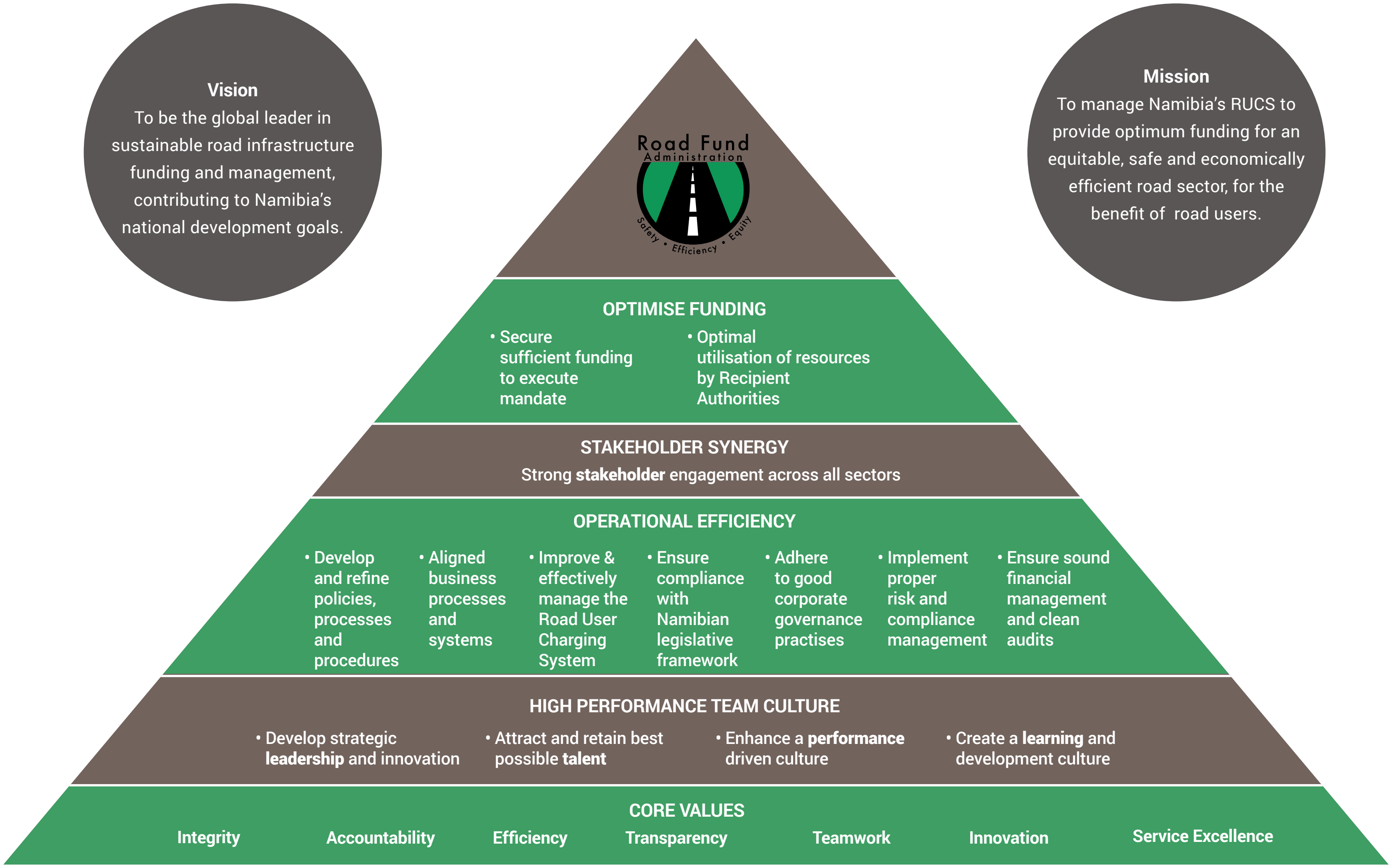
- **Upgrading of the Swakopmund – Henties Bay – Kamanjab road to bitumen.**
  The RFA co-funds this road through direct funding to the RA, who is responsible for this project. The project is currently underway and work on this road is expected to continue beyond the HPP period.

OUR STRATEGIC PLAN

In 2014, the RFA developed a five-year strategic plan for the years' 2014-2019, which was adopted by the Board. In line with the principle of good corporate governance, a one-year strategy review was held in July 2015.

The focus of the review was to assess progress made to strategy implementation, and also to familiarise the new Executive Management members with the RFA vision, purpose and mandate. The main outcome of this was a strategic update, which is a refocused version of the strategy, taking into consideration the progress over one year.

The revised priorities going forward for the remainder of the strategic plan for 2015-2019, are herewith represented in the RFA Strategy Map:



The updated strategic objectives and key initiatives for the new FY, and going forward, will cover the following:

Perspectives	Objectives: Key Result Areas
Theme 1: Optimise Funding (Financial Perspective)	• Secure sufficient funding to execute mandate • Optimal utilisation of resources by Recipient Authorities
Theme 2: Stakeholder Synergy (Customer Perspective)	• Strong stakeholder engagement across all sectors
Theme 3: Operational Efficiency (Internal Business Perspective)	• Develop and refine policies, processes and procedures • Aligned business processes and systems • Improve and effectively manage the Road User Charging System • Ensure compliance with Namibian legislative framework • Adhere to good corporate governance practises • Implement proper risk and compliance management • Ensure sound financial management and clean audits
Theme 4: High Performance Team Culture (Learning and Growth Perspective)	• Develop strategic leadership and innovation • Attract and retain best possible talent • Enhance a performance driven culture • Create a learning and development culture

Progress towards these strategic objectives is reported on, in the Corporate Overview section of this report, page 17.

Core Values

Accountability
As RFA we acknowledge and assume responsibility for our actions, decisions and policies, and learn from all situations to improve our internal and external services.

Efficiency
As RFA we allocate and utilise resources in a way that maximises benefit to customers, by ensuring that we deliver quality outputs on time to meet or exceed expectations.

Transparency
As RFA we make decisions that are clear in terms of their context, rationale and communication.

At the RFA, we strive to uphold the core values of integrity, accountability, efficiency, transparency, teamwork, innovation and service excellence.

Innovation
As RFA we continuously seek new ways of unlocking value for our stakeholders through better ways of planning and doing.

Service Excellence
As RFA we maintain the highest possible standards in implementation, with a continuous focus on internal and external stakeholder needs and providing clear feedback on our performance.

Integrity
As RFA we inspire trust through honesty and ethical behaviour – what we say matches what we do.

Teamwork
As RFA we work co-operatively, supporting and respecting one another and recognising group achievements, while resolving conflict in an open and agreed manner.

BUSINESS PHILOSOPHY

Vision

To be the global leader in sustainable road infrastructure funding and management, contributing to national development goals.

Mission

To manage Namibia's RUCS to provide optimum funding for an equitable, safe and economically efficient road sector for the benefit of road users.

MR PENDA ITHINDI
Chairperson of the Board

MS AKUA AVAFIA
Director

MS ELIZABETH ASINO-JOSEPH
Director

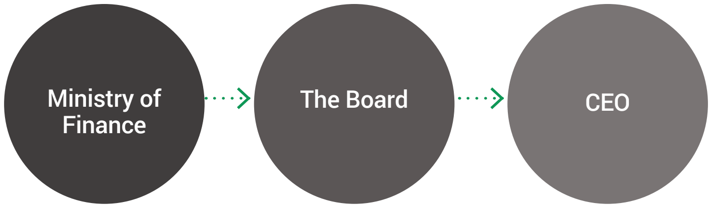
DR SIMEON AMUNKETE
Director

RFA CORPORATE GOVERNANCE

1. Governance

The RFA is led by a Board of Directors appointed by the Minister of Finance, in consultation with the now Ministry of Public Enterprises. It is the responsibility of the Board to exercise effective Corporate Governance by means of strategic planning, which includes taking a long-term view of the role and needs of the RFA to ensure future success, sustainability and performance of the organisation.

2. Governance Structure



3. Key Decisions made during Reporting Period Strategy

- The Board approved the business plan for the RFA, for the period 1 April 2015 to 31 March 2021.
- The Board approved the 2016/2017 RFA administration budget.
- The Board approved the revised strategic plan and supported its implementation.

Management of Road User Charging System

- The Board approved the design and project implementation of the MDC Automation Project.

Governance

- The Board approved a revised Audit and Risk Management Committee Charter.
- The Board approved the 2014/2015 Annual Report and Annual Financial Statements.
- The Board approved the risk framework for the RFA.

Human Capital

- The Board endorsed the appointment of various senior managers in executive positions which had been vacant for a prolonged period of time, namely: Executive: Programme Management and Policy Advice; Executive: Human Capital; Executive: Risk and Compliance; Company Secretary and Legal Advisor.
- The Board approved a revised Personnel Handbook, Part 1 and 2, which deals with various human resource and governance policies.
- The Board approved a revised Remuneration Policy for the RFA.
- The Board endorsed the revised organisational structure. The core business unit, Fund Management, was also restructured, and further positions required for operational efficiency were created.
- The Board approved Phase 2 and 3 of the CBC Accommodation Project. The aim of the project is to build housing units for RFA staff stationed at various Namibian border posts. Phase 1 was completed during the 2015/2016 FY. The rollout of Phase 2 and 3 has been scheduled to take place over two consecutive financial years (2016/2017 and 2017/2018).

4. Disclosure of Interests

As an accepted principle in law, as a result of the trust placed in the RFA's executive team, all Directors are bound to put the interests of the company before his or her own personal interests. This practise of law imposes a clear duty on the Directors to not allow their personal interests to conflict in any way with any matter discussed at any level related to the RFA. Directors of the RFA are therefore expected to be transparent.

When a Director has a conflicting personal interest in respect of any matter on the Board's agenda, such interest is immediately declared and the Director is then excused from the meeting. This is also recorded in the minutes of the meeting.

5. Board Meetings and Attendance

Meeting Number	Meeting Date	Meeting Type	Akua Avafia	Elizabeth Asino-Joseph	Simeon Amunkete	Penda Ithindi
3/2015	11/04/2015	Ordinary	–	X	X	X
4/2015	11/08/2015	Ordinary	X	X	X	X
5/2015	21/11/2015	Ordinary	X	X	X	X
1/2016	23/01/2016	Extra Ordinary	X	X	X	X
2/2016	12/03/2016	Ordinary	X	X	X	X
3/2016	17/03/2016	Extra Ordinary	X	X	X	X

6. Board Remuneration

The Directors are remunerated in terms of Government Notice No. 174, of 12 August 2010, issued under the Public Enterprises Governance Act, No. 2 of 2006. The Chairperson of the Board of Directors is a full time employee of the State and therefore does not receive remuneration (provided for in Section 22(2) of the Public Enterprises Governance Act, No. 2 of 2006).

7. Board Committees

The RFA Board operates with the support of the following key board committees:

7.1 Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee is chaired by Akua Avafia. Elizabeth Asino-Joseph is a Member.

Attendance Table

Meeting Number	Meeting Date	Akua Avafia	Elizabeth Asino-Joseph	Penda Ithindi
2/2015	13/05/2015	X	X	–
6/2015	13/06/2015	X	X	X (by invitation)
7/2015	03/10/2015	X	X	–
1/2016	02/03/2016	X	X	–

7.2 Human Capital Committee

The Human Capital Committe is chaired by Simeon Amunkete. Penda Ithindi is a Member.

Attendance Table

Meeting Number	Meeting Date	Simeon Amunkete	Penda Ithindi
2/2015	18/06/2015	X	X
3/2015	15/09/2015	X	X
1/2016	03/03/2016	X	Apologies

7.3 Information and Communication Technology Committee

The Information and Communication Technology Committee is chaired by Elizabeth Asino-Joseph. Penda Ithindi is a Member.

Attendance Table

Meeting Number	Meeting Date	Elizabeth Asino-Joseph	Penda Ithindi
1/2015	17/07/2015	X	X
1/2016	11/02/2016	X	X

7.4 Tender and Investment Committee

The Tender and Investment Committee is chaired by Simeon Amunkete. Penda Ithindi is a Member.

Attendance Table

Meeting Number	Meeting Date	Simeon Amunkete	Penda Ithindi
1/2015	30/05/2015	X	X
2/2015	22/09/2015	X	X
1/2016	09/02/2016	X	X


MDC

MR ALI IPINGE
Chief Executive Officer

OUR CORPORATE OVERVIEW

RFA performs its various functions with the support of the following divisions/departments.

1. OFFICE OF THE CHIEF EXECUTIVE OFFICER

In line with the RFA Act, Section (14)(2), the Chief Executive Officer (CEO) is responsible for the administration of the affairs of the RFA in accordance with policies and directives from the Board of Directors. The main function of this office, therefore, is to manage the RFA and ensure that it operates in compliance with the RFA Act, including various Board approved policies and procedures. This requires the CEO to give visionary leadership in the development and execution of the RFA's approved business plan and corporate strategic plan, thereby maximising the shareholders' and road users' interests. The CEO furthermore acts as a direct liaison between the Board of Directors and the Executive team.

The Office of the CEO consists of the following departments: Risk and Compliance, Legal and Company Secretary, and Internal Audit.

1.1 Risk and Compliance

The Risk and Compliance department was created in recognition of the potential risk in operations and the importance of complying with legal instruments, which have a bearing on the day-to-day running of the RFA. Although this department only recently began operations, with the appointment of the Executive: Risk and Compliance, it has already made great strides in identification and management, as well as complying with the legislative and policy instruments necessary to fulfil this function optimally.

Risk Management

The vision of the RFA's Enterprise Risk Management is to integrate risk management across the institution in order to support the RFA in achieving its business objectives. The Board accepted responsibility for risk management within the RFA, based on which a company-wide Risk Register was developed. Risks are documented in this register and regularly communicated to the Board of Directors and employees. The Risk Register remains a product of continuous assessment of current risks, as well as identification of new risks as the business evolves. All employees are encouraged to be alert to risk exposure within their respective areas of operation, as well as to express concern relating to strategic and operational risks faced by the RFA. Furthermore, the Internal Audit Coverage Plan is risk based, with on-going assistance from the Audit, Risk and Compliance Committee.

Compliance Management

The RFA Compliance Framework ensures that the RFA adheres to laws and regulations that govern the organisation, as well as the Namibian nation. It focuses on the legal requirements that employees and employers have to adhere to, and guarantees that policies and procedures are put in place to ensure the RFA's compliance in this regard. The RFA conducts its business in a heavily regulated industry. Legislation that directly influences the operations of the RFA includes the RFA Act, Financial Intelligent Act, Roads Authority Act, Labour Act, Road Traffic and Transportation Act, Public Enterprises Governance Act and the Roads Contractor Company Act. The RFA is also influenced indirectly by the Employment Equity Act, Vocational Education and Training Act, Petroleum Product Energy Act and the recently promulgated Procurement Act.

A Compliance Register has recently been compiled, which gives management and employees clear guidelines on the requirements of complying with enabling legislative instruments. This is an on-going process that involves everybody in the RFA and brings about cohesion. It is hoped that through this framework, the RFA will eliminate risks of non-awareness and possible financial losses caused thereby.

1.2 Legal and Company Secretary

The Legal and Company Secretarial department performs the role of Board Advisor, responsible for, amongst others, advising the Board of Directors on statutory duties under law, disclosure obligations, corporate governance requirements and practises; to help ensure effective Board processes. This department is also responsible for providing the RFA with legal opinions and advice on relevant legislation, as well as the drafting of key legal documents and contracts. This department reports administratively to the CEO and functionally to the Board of Directors. It is staffed by a Company Secretary and Legal Advisor, and an Assistant Company Secretary.

EXECUTIVE TEAM

CHIEF EXECUTIVE OFFICER
Mr Ali Ipinge

CHIEF FINANCIAL OFFICER
Mr Fernando Somaeb

EXECUTIVE: HUMAN CAPITAL
Mr Tuhafeni Nekongo

EXECUTIVE: INTERNAL AUDIT
Mr George Itembu

EXECUTIVE: PROGRAMME MANAGEMENT, POLICY AND ADVICE Mr Rianus !Gonteb

EXECUTIVE: CORPORATE SERVICES
Mrs Mary Hansen

EXECUTIVE: INFORMATION AND TECHNOLOGY COMMUNICATION DIVISION Mr Edison Mberirua

COMPANY SECRETARY AND LEGAL ADVISOR Ms Anna Matabele

EXECUTIVE: RISK AND COMPLIANCE
Mr Elvis Kambatuku

1.3 Internal Audit

Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It assists organisations in accomplishing their objectives by bringing a systematic, disciplined approach which evaluates and improves the effectiveness of risk management, control and governance processes.

This department reports administratively to the CEO and functionally to the Audit, Risk and Compliance Committee, and has unrestricted access to any staff, document or operation required to fulfil its mandate. It is staffed by the Executive: Internal Audit and Internal Auditors. The division is now separated from Risk and Compliance, as a dedicated department has been established. Internal Audit follows a Risk Management approach towards its planning and its conduct in carrying out audits.

During the period under review, Internal Audit issued a number of reports to the Executive Committee and the Audit, Risk and Compliance Committee, which included management recommendations. The departmental focus has been on the Revenue Collection Cycle, specifically MDC and CBC, and this has added significant value to these critical cycles.

SENIOR INTERNAL AUDITOR
Ms Tulonga Neputa

WE FUND
the construction and maintenance of major urban arterial roads.

2. FUND MANAGEMENT

The Fund Management division is responsible for the management of the Road Fund, collection of RUC, disbursement of funds to the RA and other recipient authorities, as well as the overall accounting function of the RFA. This division is also the custodian of the internal Fuel Levy Refunding System, as operated in terms of the RFA Act Section 18(1)(d) and Government Gazette, No. 2608, dated 6 September 2001.Headed by the Chief Financial Officer, and supported by a management team, this division is the biggest employer within the RFA and its employees are stationed across the country.

The strategic plan of the RFA hinges on the pillars of generating sufficient funding for the national road network through improved operational efficiency, robust stakeholder engagement and ensuring an adequate governance framework for the organisation.

In line with the five-year strategic goal of closing the funding gap from 61% to 20%, the Fund has undertaken numerous initiatives, which have proven fruitful during the past FY:

- A 10% tariff adjustment was implemented across all RUC, effective from 01 April 2015. This is the first increment since the 2010 FY.
- Deliberate focus was given to driving internal efficiencies and enforcing the mandate of the RFA, which resulted in the opening of border post offices in Oranjemund and Walvis Bay. Improved visibility of the RFA through roadblock visits and regular client engagement sessions has also helped to implement an environment of sound controls across the organisation.
- During the year under review, the Fund underwent a structure re-alignment in an effort to decentralise service delivery and to increase the efficiency of collecting RUC. To this end, regional supervisors have been appointed for the north and south of the country.

The Fund generated a total revenue of N$2.1 billion through RUC, for the 2015/2016 FY. This is a 2.1% increase against the approved business plan budget and a 17% year-on-year growth. This impressive growth is attributed to the 10% tariff increments, improved operational efficiencies and general economic growth.

Due to the strategy adopted to contain expenses in relation to the RUCS income, the Fund ended with a surplus at the end of the past FY. The Fund's cost base was contained, as overall funding deployed 20% to administrative expenditure and 80% to road related maintenance and rehabilitation. All other expenses approved in terms of the Act were utilised in accordance with the budget.

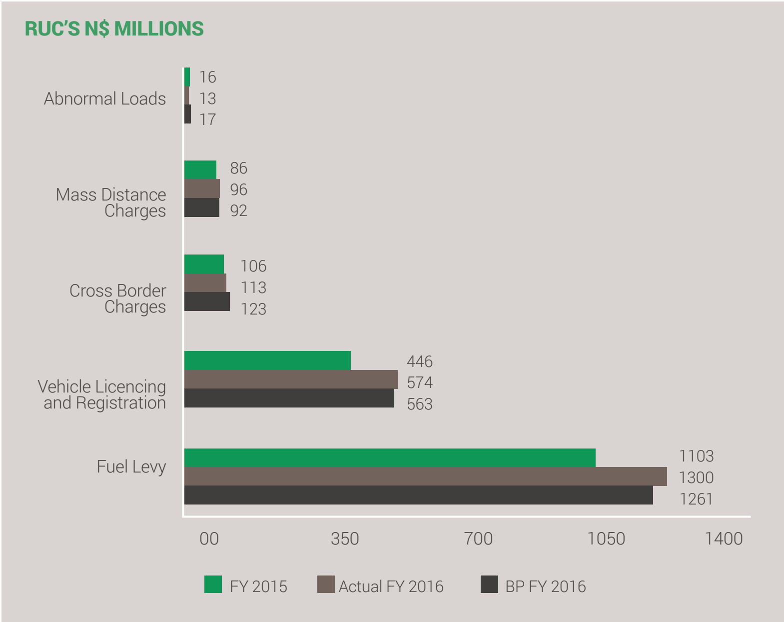
The Fund's overall solvency and liquidity improved during the reporting year as a result of improved cash collections from N$1,78 billion (2015) to N$2,1 billion (2016). Overall gearing also improved when compared to the previous year from 38.8% (2015) to 70.9% (2016).

Loan Stock Programme

The Fund ended its RFA16 Loan Stock Programme in January 2016, with the settlement of the final loan stock amount of N$330 million to various loan stock holders. Throughout the duration of the programme, the Fund provided annual coupon payments of N$33 million. This represents a 10% return on investments for the stock holders. The fact that the Fund maintained the repayment of the coupons, as well as settled the capital amount on its due date, are clear indications that the Fund is more than capable of meeting its debt obligations.

Funding

As part of its mandate to secure additional funding capacity, an agreement was reached with KfW Development Bank to facilitate a loan of N$447 million, under the NDP4 Road Maintenance and Rehabilitation Programme. The loan was primarily sourced to the upgrading of the TR1/6 road between Windhoek and Okahandja, from a single lane to dual carriage freeway.



Income from Road User Charges

• **Fuel Levies**

The Fund received approximately N$1.3 billion income from fuel levies, which is an 18% increase in relation to the previous FY, and 3% above budget. This increase is due to an increase in volumes sold, as well as the 10% tarrif adjustments.

• **Vehicle Licencing and Registration**

The vehicle licencing and registration income recorded a 29% increase in relation to the previous FY, and 2% above budget.

• **Cross Border Charges**

CBC collections recorded a 15% increase in relation to the previous FY, and 1.3% above budget.

• **Mass Distance Charges**

MDC Local and Foreign collections showed an overall decline of 0.45%, with the decline attributed to MDC Local.

As indicated above, 62% of all collections received were from fuel levies, which indicates a high dependency on one revenue stream. The Fund is currently investigating other avenues to diversify RUC income in an effort to diversify its revenue base and reduce dependency on fuel levies.

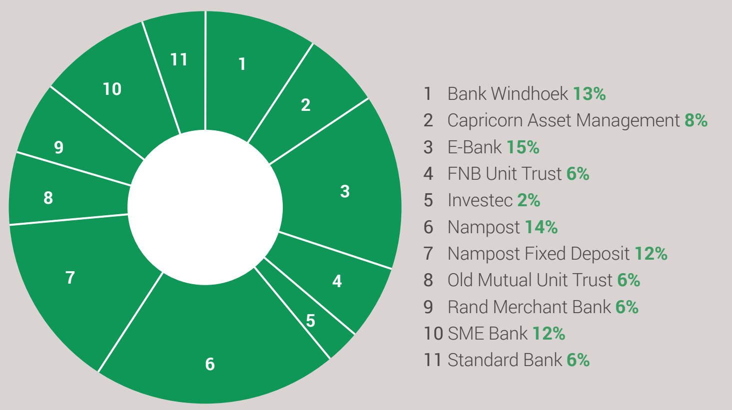
Investments

The Fund held investments to the value of N$490 million as at 31 March 2016. The Fund's investment growth for the past three years is outlined below.

INVESTMENTS N$

In line with the overall strategy of managing a diversified investment portfolio, the Fund held investments in the portfolios listed below, as at year-end.

INVESTMENTS SPLIT (%)



Fuel Levy Fund

The fuel levy refund ratio has stayed in line with the fuel levy income, as the coverage ratio increased from 15.9% in the 2015 FY to 16.1% in the 2016 FY. The increase has been attributed to new registrations of fuel levy refund applicants, totalling in excess of 35 new claimants. In total, the RFA refunded N$209 million to fuel levy refund clients.

Sector	N$' millions – 2016	Percentage	N$' Millions – 2015	Percentage
Fishing	N$78.6	38%	N$79.00	50%
Mining	N$98.3	48%	N$67.47	31%
Construction	N$13.8	6.7%	N$13.8	8.5%
Agriculture & Rail	N$14.4	7.02%	N$15.06	10.5%

The Value Added Statement for the Fund as at 31 March 2015 is as follows:

Summarised Stakeholder Value Added Statement

Procurement of Good and Services - RFA	14 743 000
Procurement of Good and Services - RA	1 034 753 000
	1 049 496 000
GRN Payments - Pay As You Earn (PAYE)	6 251 006
GRN Payments - Vocational Education and Training (VET) Levy	409 262
	1 056 156 268

The RFA reinvested a total of N$1.056 billion into the Namibian economy through the procurement of goods and services for both the RFA and RA. By implication, this has had a positive trickle-down effect to all involved in the economy value chain, especially through the creation and maintaining of jobs by means of the various contracts awarded.

The RFA's Procurement Policy further places an emphasis on local Black Economic Empowerment (BEE) and requires all public tenders be evaluated with this preference in mind. To this effect, tenders have a maximum BEE scoring of 25 out of 100, that primarily focuses on the promotion of BEE ownership, control, small and medium enterprises. The RFA has recently embarked upon a project to ensure that its Procurement Policy is aligned with the GRN Procurement Bill.

In addition to the Value Added Tax (VAT) that the RFA contributed to the national treasury based on the value of the goods and services procured, it furthermore contributed to the GRN's reserves through the payment of PAYE. These contributions are utilised by the GRN to help finance public utilities. The RFA also paid a VET Levy of N$409,262, which will be used to fund training and development in Namibia.

In terms of employment creation, the RFA recruited 28 permanent employees and 14 temporary workers during the period under review. Of the 28 new permanent employees, 57% were recruited from the remote Namibian border post areas. This demonstrates the RFA's commitment to uplift and develop the communities it operates from. In addition, the RFA invested N$226,324 and 97 working days into the development of its employees through both formal training and informal skills development.

Fund Management Members:

MANAGER: CBC AND MDC
Mr Ephraim Phillemon

MANAGER: INSPECTIONS
Mr Theophilus Shapota

MANAGER: FINANCE
Mr Talaska Katjiruru

MANAGEMENT ACCOUNTANT
Mr Jeremiah Hishitongo

MANAGER: REVENUE COLLECTIONS (FUEL LEVY, NATIS AND ABNORMAL LOAD)
Ms Namasiku Mutumba

3. PROGRAMME MANAGEMENT AND POLICY ADVICE

3.1 Mandate

Programme Management and Police Advice (PMPA) is predominantly responsible for the strategic road network planning, as well as the management and technical monitoring of the RA and other AA programmes and projects.

The roles and responsibilities of this division are further divided into:

- Policy advice
- Business plan
- Project management
- Finance and administration of road projects

3.2 Overview

Road transport remains the most dominant mode of transporting goods and services in Namibia. It handles the bulk of imports and exports to landlocked neighbouring countries, thus providing a vital transport link.

It has become increasingly apparent that, in the competition for scarce financial resources, the criteria for allocation of funds should not be based on a declared need but rather on how well road assets are managed and how comprehensively the future has been planned.

Roads constitute a vital asset for all countries, an asset that needs to be taken care of. For too long, roads have known an endless cycle of construction followed by inadequate maintenance, which causes deterioration and collapse and eventually requires rehabilitation or complete reconstruction.

It is therefore essential that our road network is managed efficiently and effectively, invariably within a constrained budgetary situation, in support of the socio-economic growth and development of the country.

3.3 Development of Road User Charges

Mass Distance Charges Automation Project

The most important strategic priority of the RFA is to introduce various instruments to boost its revenue. Some initiatives, such as representation at most of the border posts, have already been undertaken. However, there remain other operational efficiency drives in the form of business processes re-engineering. These processes mainly entail the automation of some revenue collection techniques, such as MDC.

In this regard, the RFA conducted interviews with interested and affected parties. These formal sessions, carried out from October 2015 to January 2016, involved transport operators and several technology service providers. Engagement with legal experts was also undertaken in order to determine the legislative implications that could arise with the introduction of any electronic revenue collection technique.

The internal desktop review and research was completed by the end of February 2016. It is predicted that the initial stages of this project will be implemented during the next FY.

3.4. Strategic Partnership Division

a) Road Fund Industry Forums

In line with the RFA's strategic intent to undertake robust stakeholder engagement across all sectors within and beyond Namibia, the PMPA division represented the RFA at the following African Road Maintenance Fund Association (ARMFA) and ARMFA Southern African Focal Group (ASAFG) forums:

- ASAFG Meeting Host and Presentation on the *RFA's background, mandate and strategy,* held 25-29 April 2015 in Windhoek, Namibia
- ASAFG Meeting and Presentation on *Optimising Local Resources: Namibia Salt Roads Experience and Namibi*a ***Case Study: Cross Border Charges***, held 25-29 August 2015 in Moroni, Comoros
- 14th ARMFA Annual General Assembly, Presentation of the Paper on *Optimising Local Resources: Namibia Salt Roads Experience*, held 23 November 2015 in Kinshasa, Democratic Republic of Congo

b) Involvement in National Transport Policies

During the reporting period, the RFA actively participated and contributed to the review of the National Transport Policies under the auspices of the Ministry of Works and Transport (MWT). These policies put particular emphasis on the Revision of the White Paper on Transport Policies, Sustainable Urban Transport Master Plan (SUTMP) and the Review of the Tripartite Regional Weighbridge Location Plan (RWBLP) report.

Revision of the White Paper on Transport Policies

The revised White Paper on Transport Policies has been drafted to achieve the overall goal of the government in the Transport Sector, which is to ensure that Namibia has safe, effective, efficient and affordable transport services. These services should also compliment the national goals with regard to economic development, reduction in poverty, the environment and social issues.

Sustainable Urban Transport Master Plan

The SUTMP focuses on the integration of public transport and non-motorised transport into the existing urban transport models.

Review of the Tripartite Regional Weighbridge Location Plan Report

The review and validation of the RWBLP report forms part of the harmonisation of road transport and transit policies, regulations and standards in the Common Market for eastern and southern Africa, the Eastern African Community and the Southern Africa Development Community (SADC) regions.

It is envisaged that the MWT will finalise these national transport plans and tripartite regional reports during the next FY.

3.5 Support to Recipient Authorities

a) Roads Authority

The RFA business plan for the period FY2015/16–FY2019/20 allowed for the following fund allocations to the RA:

Budget Item No.	Budget Category	Financial Year 2015-16	
		Budget Amount (N$'000)	Allocation (%)
01.01	RA Administration	406,050	24.9
01.02	Network Planning and Consultation	36,040	2.2
01.03	Road Works: Maintenance	954,000	58.5
01.04	Road Works: Rehabilitation	105,500	6.5
01.05	Road Works: Development	36,500	2.2
01.07	Road Management System	21,698	1.3
01.08	Overload Control	38,450	2.4
04.01	Traffic Information System	31,250	1.9
Total budget (N$'000)		**1,629,488**	100.0

In addition, the RFA also availed N$36,800,000, that was recorded as surplus from the GRN's Kunene projects account and reimbursement from labour-based projects, towards road rehabilitation and maintenance programmes.

Planning and Road Management Systems

The RFA made allocations for the planning of the national road network, which included the preparation of road master plans, feasibility studies of new road projects and investigations for road preservation and rehabilitation.

For the year under review, the following road network planning initiatives were funded by the RFA:

Item no.	Project Type	Project Description
1	Road Master Plans	Revision of Oshikoto, Oshana, Omusati, Ohangwena and Kavango Regional Master Plans
2	Road Master Plans	Rural Road Access Programmes for //Karas and Hardap Regions and Tsumkwe Constituency, Otjozondjupa Region
3	Feasibility Studies	Upgrading of M0115: Okakarara – Okondjatu Road to Bitumen Standard
4	Feasibility Studies	Rehabilitation of T0111: Omuthiya – Ongwediva
5	Feasibility Studies	Rehabilitation of T0203: Karibib – Omaruru
6	Investigation of Road Preservations	Rehabilitation of T0601: Windhoek – Gobabis
7	Investigation of Road Preservations	Rehabilitation of T0104: Rehoboth – Mariental

Further funded project studies included the creation of a Transport Data Bank, which gives relevant information on the Namibian road network. The document covers road transport and includes the general contribution of the transport sector to the national economy.

The RFA also funds research and development studies, such as the development of the Sustainable Plan for Namibia. Funds are further allocated to road safety improvement measures, fencing, proclamation and land compensation to parties affected by road construction projects.

The RFA remains committed to adequately allocate funds to road management systems projects and programmes. These types of projects ensure the continuation of data collection, and the acquisition of new tools and techniques that assist the RA in the effective management of the road network.

Roads Works: Development and Rehabilitation

• Bridge Project

This project involved the rehabilitation and widening of three bridges on Trunk Road 1/04 between Mariental and Rehoboth (Hardap Region, southern Namibia). It included the design, documentation, contract management and site supervision for bridges No. B0157 (Tsumis), BM2312 (Tributary to Rooi dam) and B0158 (Mansguber). Trunk Road 1/04 is a strategically important link in the Namibian road network and the SADC region. Therefore, it was important to rehabilitate and widen these bridges to the SADC standard. Transport safety along this route has also greatly been enhanced.

Job creation and the general upliftment of living conditions of the population settled along the route were achieved from the project. More than 90% of project staff were recruited from within the Rehoboth and Kalkrand areas. A total staff complement of approximately 144 were on site during peak production days.

Local workers	No.
Skilled	39
Semi-skilled	19
Unskilled	86
Total	**144**

Gender	Percentage distribution (%)
Male	78%
Female	22%

The final project construction contract amount was recorded as N$ 44,385,679.64 (incl. VAT) on the completion date of 07 March 2016. During the period under review, the RFA paid out N$287,500 (incl. VAT) as retention monies that were due on 07 March 2016, after the 12-month defects and notification period ended.

• Windhoek – Okahandja Road Project

The project involves the rehabilitation and upgrading of TR1/6 between Windhoek and Okahandja to dual carriage freeway. Section 3 stretches from Brakwater to Dobra River in the Khomas Region. The RFA is responsible for funding Section 3.

The total construction value for Section 3, which is 10 km in length, is estimated at N$335 million. To date, the RFA has financed N$274 million towards to the project construction cost.

The table below depicts the detailed progress made on the project at the end of the reporting period:

Construction: Progress to Date (%)

Project Activities	Planned	Actual
Mobilisation	100%	100%
Site Establishment	100%	100%
Roadbed Preparation	100%	100%
Mass Earthworks	100%	100%
Culverts Completed	100%	85%
Bridge Works Completed	100%	95%
SSG	100%	85%
Sub Base	100%	90%
Base Course	100%	75%
Slurry Seal	100%	59%
Finishing of Road Reserve	100%	50%
Road Furniture	100%	0%

The contractor further recorded the following labour return figures:

Contractor Labour Distribution

Total Number of Employees	Non-Namibian Employees	Namibian Employees	Male	Female
161	3	158	135	26

The project completion date was initially scheduled for April 2016. However, as a result of complications, the project completion date is now envisaged for September 2016.

Road Works: Maintenance

The major portion of the RFA's budget allocation to the RA is for road preservation. However, the backlog of maintenance and rehabilitation works has created an extra burden, further aggravated by severe budgetary constraints, which has dramatically retarded the pace of much needed rehabilitation work. During the year under review, the RFA further increased funding levels in an effort to alleviate this backlog.

The major aspects funded are categorised as follows:

- Unpaved road maintenance, focusing on routine blading, periodic clearing and forming works, as well as periodic re-gravelling works on gravel roads;
- Paved road maintenance, which includes activities such as routine bitumen works, reseal works and periodic road marking works;
- Structures maintenance and repair works of bridges and concrete drainage structures, and
- Miscellaneous works, such as bush clearing, grass cutting, road sign erection and road reserve maintenance, for the purpose of ensuring road safety.

Localised road maintenance works

Asphalt paving works

Preparation of works

Placement of ashpalt material

Culvert construction

Regravelling works

Gravelling works

Road markings operations

Bitumen road works maintenance

Trunk Road 1/6: Windhoek Okahandja project

Blasting works underway on Trunk Road 1/6

New bridges being constructed on Trunk Road 1/6

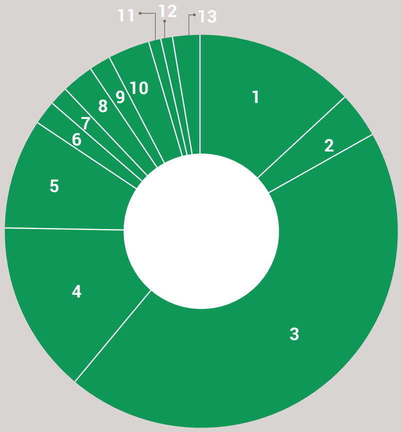
Concrete works for deck slab on Trunk Road 1/6

Specific details of the achievements and associated expenditure on the major road maintenance activities are presented in the table below:

Activity	Production	Cost
Blading	1,625 million bl-km	N$ 295,300,000
Gravelling/Recomp	295 km	N$ 114,000,000
Routine Bitumen Road Maintenance	Entire network	N$ 94,000,000
Resealing	15.2 km single sealed 226.3 km slurry sealed 165 km rejuvenated	N$ 85,000,000
Road Signs	Entire network	N$ 22,500,000

The actual expenditure of the operational budget (N$743 million, including VAT), apportioned amongst the different activities, is shown in the pie chart below:

ROAD MAINTENANCE EXPENDITURE DISTRIBUTION (N$743 MIL)



1 Gravelling (periodic) **15.3%**
2 Clearing and forming (periodic) **4.3%**
3 Blading of gravel roads (routine) **39.8%**
4 Bitumen roads (routine) **12.6%**
5 Resealing of bitumen roads (periodic) **11.5%**
6 Road marking (periodic) **2%**
7 Road signs and guard rails (routine) **3%**
8 Concrete and steel works (routine) **1.5%**
9 Specialised maintenance (routine) **4.8%**
10 Sand removal (routine) **0.6%**
11 Consulting services (routine) **0.4%**
12 Contingencies (routine) **0.2%**
13 Road reserve maintenance (routine) **4%**

b) Approved Authorities

Overview

To ensure that the funds dispersed to the recipient authorities are utilised efficiently, the RFA conducted technical visits with the following AA:

- Omaheke Regional Council
- Bukalo Ikumwe Village Council
- Koës Village Council
- Keetmanshoop Municipality
- Katima Mulilo Town Council
- City of Windhoek
- Karasburg Municipality

Strategic partnership with approved authorities

Workshop with Nampol, City of Windhoek

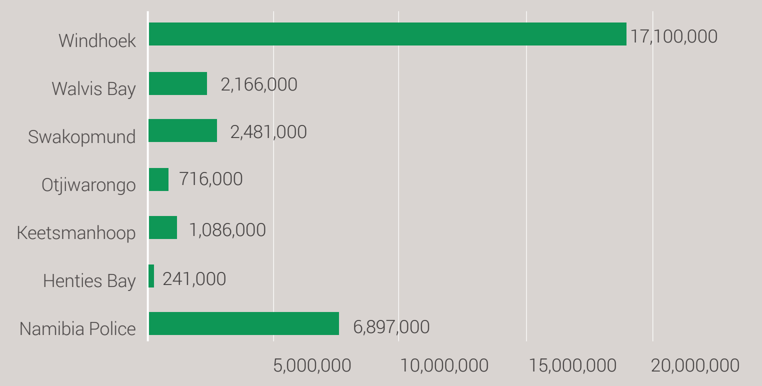
RA representatives with EfKON SA

Contributions made to approved authorities

During the period under review the RFA contributed N$73,552,239 towards the maintenance of Village Council and municipality roads. The expenditure by Regional Councils for the same purpose amounted to N$407,761.

The utilisation of funds for Traffic Law Enforcement (TLE) are indicated in the graph below:

TRAFFIC LAW ENFORCEMENT FUND EXPENDITURE (TOTAL N$ 31 MILLION)



Technical workshop

The RFA consulted with stakeholders in road sector funding on 17 November 2015 at the occasion of presenting its draft business plan for the period 2015/2016–2019/2020.

These consultations were held in terms of the RFA Act, which requires the RFA to consult with stakeholders on the allocation of road sector funding through the RUCS and the Road Fund. During these consultations, a key recommendation made was that the RFA should arrange a technical workshop for stakeholders to further discuss issues, with a view to recommending potential solutions for further action.

The workshop, held at the Hotel Safari Conference Centre, Windhoek, from 16 to 17 February 2016, focused on local and regional authorities, with regard to their responsibilities in both urban/village roads maintenance and TLE. Workshop participants suggested potential solutions to policy and organisational issues.

The policy solutions provided addressed the review of the RUCS, the urban road maintenance funding strategy and TLE matters.

The workshop concluded with the outcomes:

- Urban road maintenance rates
- Difference in reporting cycles of RFA and LA
- Fiscal weaknesses
- Weak LA capacity for planning and execution of works
- Enforcement of efficiency and accountability
- RFA monitoring of TLE institutions
- Conversion of procedures agreements into procedures manuals
- Overall capacity building in planning, execution and monitoring

3.6 Divisional Outlook

This division currently consists of three staff members. It is well documented that the shortage of experienced technical staff (such as professional engineers) remains a major threat for the entire road sub-sector in Namibia. In order to realise the objectives of both its strategic and business plans, the RFA plans to strengthen its engineering capacity through the recruitment of an additional senior engineer, as well as by strengthening the capacity of LA.

The following three aspects were identified and will receive the necessary attention during the next FY (2016-2017):

Transportation Planning

The RFA is responsible for conducting an independent review of the projects and programmes submitted by the recipient authorities. These reviews ensure that projects and programmes conform to technical, transportation, economic and financial practises. It is critical that the RFA remains actively engaged in the strategic planning of the road sector and, on a larger scale, the transportation network, in order to achieve the successful logistical hub development concept of Namibia.

Technical Assessments

The RFA is reponible for conducting ad-hoc technical assessments of road work done by service providers to ensure value-for-money to road users. However, direct supervisory duties of service providers (such as consultants and contractors) are performed by the recipient authorities.

Assessment instruments, such as technical audits, will be introduced during the following FY.

Mechanism for Planning and Monitoring of Road Works

LA and regional councils have limited technical capacity. As such, it has become necessary to provide a mechanism for proper project and programme planning (i.e. budget planning), and monitoring of the works contracted to third parties. It is the RFA's aim to provide technical assistance in order to establish these mechanisms during the following FY.

PMPA Management Team Members:

SENIOR TECHNICAL ADVISOR TO THE RFA
Mr Boris Bottcher

ENGINEER
Mr Erkenwald Khiba

WE FUND maintenance, rehabilitation and construction of the national road network.

4. HUMAN CAPITAL

The Human Capital division is responsible for human capital management and human resources general administration.

4.1 Organisational Development

In order to support the implementation of the five-year strategic plan, the following projects have been successfully implemented by the RFA:

Organisational Development Project

This project consisted of revising the organisational structure of the RFA. Thereafter, all job descriptions were updated and roles redesigned, in order to include the new dimensions of the structure. A cascading of the performance management system was also implemented to all levels of the organisation. It is envisaged that this system will help to drive performance towards the RFA attaining its strategic objectives.

Middle Management Provision Layer

The new structure of the RFA now makes provision for a middle management layer, which has effectively done away with the previous flat structure. New divisions have been created, the structure of the Fund Management Division overhauled and five departments established. As a result, key strategic and operational objectives, such as improvement of revenue collections, have been met.

4.2 Staffing and Employment

At the end of the period under review, the RFA staff complement had grown by 28 employees, representing a 19% increase. This brought the total staff complement to 115 employees, with 49 stationed at the RFA House in Windhoek and 66 at the CBC offices located at Namibian border posts.

Key positions, such as the Executives for PMPA; Human Capital; and Risk and Compliance, were filled. 12 middle management positions were created, of which 4 were internal promotions, There were 2 external appointments, and the remaining were existing positions that were elevated. The staff turnover rate was 5% for the FY.

The staff complement can be broken down into the following categories:

Employment Category	Number of positions	Filled		Vacancies
		Male	Female	
Chief executive officer	1	1	–	0
Executive	8	5	2	1
Management and professional	14	8	5	1
Skilled/supervisory	16	7	6	3
Administration	93	27	53	13
Labour	1	–	1	0
	133	48	67	18

- Executive: all employees appointed at senior management positions;
- Management and Professional: all employees appointed in management positions, including specialists and engineering-related positions;
- Skilled/Supervisory: all employees appointed as accountants, internal auditors, ITC or supervisory-related positions;
- Administration: all employees appointed as assessors (fuel levy and MDC), administrators (Head Office and CBC), secretaries, inspectors, receptionists or drivers, and
- Labour: all employees appointed in labourer and cleaner positions.

The current female to male employee ratio is 4:3, and average age range between 25-42 years.

4.3 Training and Development

The RFA granted assistance to 12 employees to pursue formal studies at various institutions of higher learning. The assistance was granted either through direct funding and/or by being granted study leave. The studies range from transport management and human resources to business administration. One employee was granted a study loan to pursue postgraduate studies in the field of engineering. In addition to the assistance of formal studies, the RFA also provided informal skills development interventions to its employees. In this regard, various staff members attended conferences, seminars and on-the-job training. RFA invested an amount of N$226,324 and 97 working days for this purpose.

Human Capital Management:

HC PRACTITIONER: EMPLOYEE RELATIONS
Mr Naftal Nendongo

HC PRACTITIONER: ORGANISATIONAL DEVELOPMENT
Ms Innocentia Gei-Khoibes

HC PRACTITIONER: REMUNERATION AND RECRUITMENT
Ms Ingridt Namases

5. CORPORATE SERVICES

The Corporate Services division performs an enabling role and is one of the key support functions within the RFA. This division is responsible for:

- Corporate Communication and Marketing
- Procurement
- Property Management
- Fleet Management
- General Administrative and Logistical Support

5.1 Inauguration of the RFA House

Following a 20-month construction period, the RFA House was inaugurated on 12 February 2016. This huge milestone coincided with the RFA's 15th anniversary.

The inauguration was officiated by the RFA's line minister, the Minister of Finance, Honourable Calle Schlettwein, and attended by a number of key stakeholders, including the Minister of Public Enterprises, Honourable Leon Jooste.

The RFA House is a four-storey office complex with the capacity to accommodate 120 employees. It has vastly improved the working environment for all employees and enhanced customer experience with a dedicated customer service centre. The construction period took place from October 2013 to August 2015, and within budget at a total cost of N$43 million. The project directly created 49 jobs during the construction phase.

The RFA House has contributed to the value of government stock assets and freed up funds that were locked into rental agreements for the past 15 years. These funds will now be reassigned to other priority projects within the road sector.

The RFA House has ushered in a new chapter for the RFA, contributing towards the establishment of the RFA corporate brand, which focuses on, amongst others, service delivery, innovation and accountability.

5.2 Expansion of the RFA Footprint

The RFA has expanded its footprint across Namibia with the opening of 5 new offices. This has increased the CBC offices from 14 to 19.

- NaTIS Valley in Windhoek (Khomas Region)
- Walvis Bay (Erongo Region)
- Sarasungu (Kavango East Region)
- Kashamane (Omusati Region)
- Swartkop (!Karas Region)

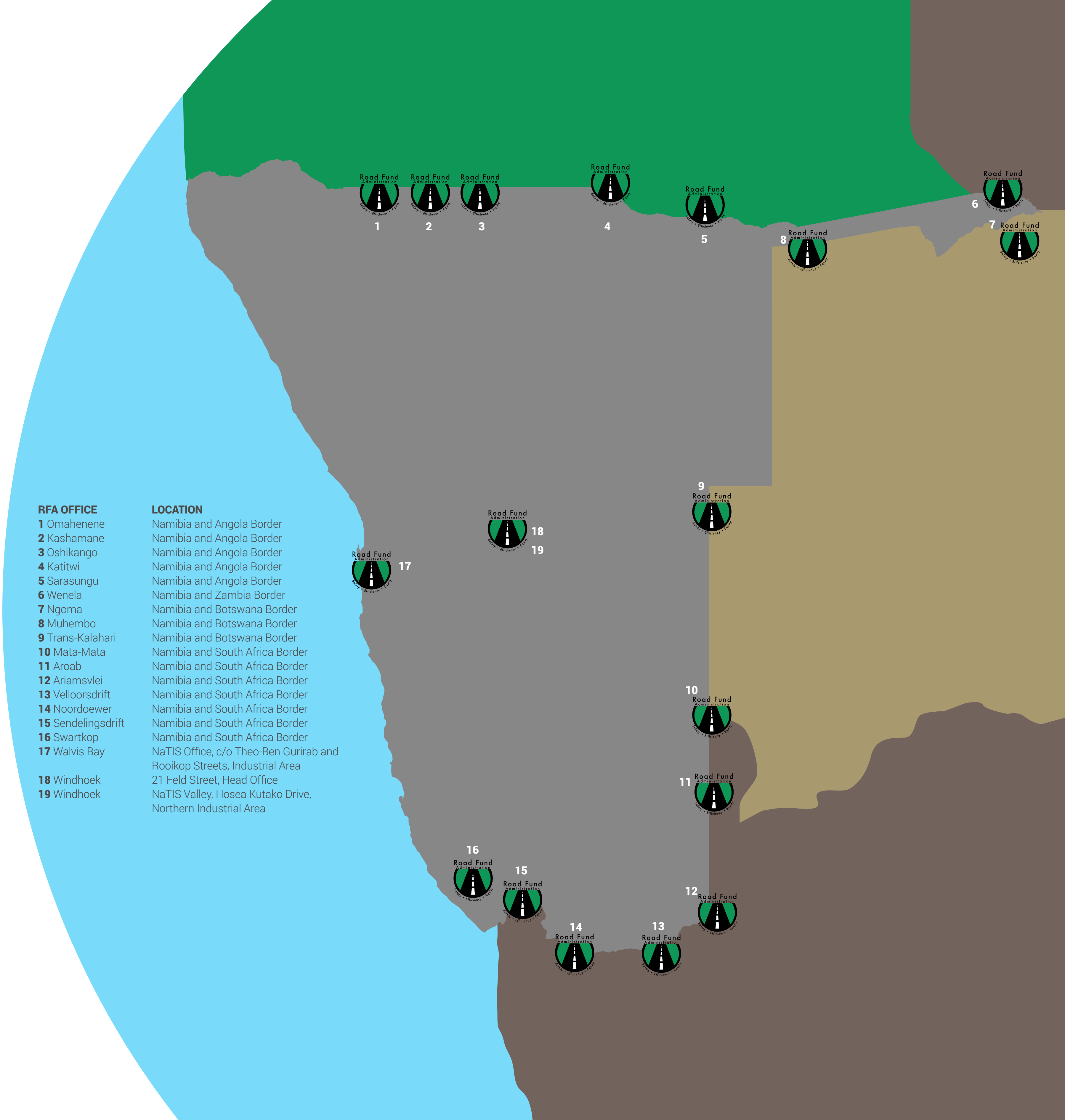
This is indicative of the RFA's continued commitment to improving its revenue streams by closing all possible collection loopholes, improving customer service and bringing the RFA closer to its clients, as well as delivering on one of its core values: the promise of service excellence.

5.3 CBC Accommodation Project

The CBC Accommodation Project is aimed at addressing the need for decent accommodation for RFA employees stationed at remote areas across Namibia. This forms part of the RFA's overall plan to improve its employees' conditions of employment. This project also ties in with the government's national drive to address the dire housing needs of Namibians.

Following the huge success of the Phase 1 Pilot Project during the previous FY, the RFA extended the project across the country. This roll out is scheduled in two phases, over two consecutive FYs.

- **Phase 2: 2016/2017**
  - Noordoewer – 11 housing units
  - Ariamsvlei – 11 housing units
  - Trans-Kalahari – 7 housing units
  - Klein Menasse (Aroab) – 2 housing units
  - Ngoma – 3 housing units
  - Sendelingsdrift – 2 housing units



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 Swartkop	Namibia and South Africa Border
17 Walvis Bay	NaTIS Office, c/o Theo-Ben Gurirab and Rooikop Streets, Industrial Area
18 Windhoek	21 Feld Street, Head Office
19 Windhoek	NaTIS Valley, Hosea Kutako Drive, Northern Industrial Area

- **Phase 3: 2017/2018**
  - Oshikango – 5 housing units
  - Wenela – 3 housing units
  - Katwitwi – 2 housing units
  - Omahenene – 2 housing units
  - Kashamane – 2 housing units

Phase 2 commenced during the current FY, with the appointment of a principal agent. Key responsibilities of the principal agent include architectural drawings of all housing units, quantity surveying and project management.

5.4 Stakeholder Engagement

The RFA continued its stakeholder engagement throughout the year under review. This forms part of Theme 2 (Stakeholder Synergy) of the strategic plan, with the objective of achieving strong stakeholder engagement across all sectors.

The following represent highlights of key engagements for the year:

Strategic Alliances

Forming strategic partnerships within Namibia and beyond, are key for the RFA in terms of delivering upon its mandate. In this regard, the RFA formed strategic alliances with various organisations, including:

- **Public Enterprise CEO Forum**

  The RFA's CEO joined the Public Enterprise (PE) CEO Forum. This forum provides CEOs with a platform to share ideas and experiences, aimed at enriching all members' understanding of the mandates of each PE, and how they can jointly contribute towards Namibia attaining its national development goals. It is also aimed at creating synergies towards overall improved service delivery by PEs.

- **Namibia Chamber of Commerce and Industry**

  Through the strategic alliance with the Namibia Chamber of Commerce and Industry (NCCI), the RFA has been able to reach key stakeholders within the business sector. This gave the RFA an opportunity to present its mandate and progress on strategic initiatives at the NCCI Annual General Meeting during December 2015. The RFA also participated in other stakeholder engagements organised by the NCCI.

- **Walvis Bay Corridor Group**

  Through the strategic alliance with the Walvis Bay Corridor Group (WBCG), the RFA has been able to reach key stakeholders within the transport sector, specifically those involved in the transport corridors. This platform allowed the RFA the opportunity to present its mandate and progress on strategic initiatives at the WBCG Logistics Hub on 19 November 2016. Engagement through this platform is on-going.

- **Joint RFA and RA Management Committee**

  The RFA established a Joint Management Committee with the RA, one of its key stakeholders. The Joint RFA and RA Management Committee meets on a monthly basis to review progress on the implementation of the RFA and RA business plans, in line with the Procedures Agreement between the RFA and RA. This has added tremendous value to the overall service delivery to all road users in Namibia, in terms of project implementation and the monitoring thereof.

- **African Roads Maintenance Funds Association**

  The RFA joined the African Roads Maintenance Funds Association **(**ARMFA), which is a 34-member continental body. The aim of ARMFA is to share knowledge, experiences and good practises in the mobilisation and judicious application of road funds in Africa. Given that the RFA is already the African leader in terms of quality road infrastructure, this membership is essential in retaining that position and assisting other Road Funds on the continent through its own experiences and valuable knowledge, gained over the last 16 years.

  The ARMFA operates through four regional focal groups: West, Central, Southern and Eastern Africa. The RFA slots into the ARMFA Southern Africa Focal Group (ASAFG), and was privileged to host the ASAFG meeting from the 26 to 29 April 2016; for the first time in Windhoek, Namibia. CEOs and representatives from Southern African Road Fund Administrators met to share best practices on road fund administration and road financing models. The meeting highlighted the urgent need for effective stakeholder engagement in order to deliver value for money to road users. Countries represented included Namibia, Lesotho, Comoros, Mozambique, Zambia, Zimbabwe, Madagascar and Malawi.

  The RFA also made presentations on a number of road related topics at ARMFA meetings held in Moroni (Comoros) and Kinshasa (Democratic Republic of Congo).

Annual Stakeholder Consultation

RFA Website

The RFA website, a key stakeholder communication tool for the organisation, was revamped and launched on 17 November 2015. The revamped website is a repository of information and new functionalities, that is not just aesthetic in appeal, but reengineered to enable clients to directly engage with the RFA from anywhere and access relevant information more efficiently. MDC forms, which previously were only attainable from the RFA House, can now be downloaded from the website and CBC transactions can now be undertaken from the comfort of clients' homes. This is another example of innovation within the RFA to improve service excellence and efficiency.

Working Group for Intelligent Transport Systems

Transport is a key driver for economic growth and helps to connect people to places of work and leisure. Finding ways to make transport work smarter and more efficiently is an on-going effort. The use of Intelligent Transport Systems (ITS) is one of the strategies towards this.

The aim of ITS is to make transport operations more efficient and people-friendly, to improve road and transport safety, and to reduce the carbon footprint of the transport sector. It was developed from the convergence between transport/traffic engineering, IT and telecommunication.

The working group for ITS Namibia was established at a joint workshop on 23 February 2016 by the RFA and ITS South Africa, as well as transport stakeholders from various agencies and organisations in Namibia. It is foreseen that the working groups for ITS Namibia and ITS South Africa will continue their close cooperation and the sharing of information. The RFA invites stakeholders to make use of this platform to engage in ways to make transport work smarter.

Technical Workshop for Local Authorities

One key outcome from the RFA's Annual Consultation on its business plan was the technical workshop for LA, which was held from 16 to 17 February 2016. The workshop primarily dealt with the responsibility of road maintenance and TLE within urban and village councils, and consequent RFA funding allocations. Key recommendations from the workshop were incorporated into a TOR for the development of the Toolkit for the Allocation of Funding to LA. This study is envisaged to take-off during the next FY.

5.5 Corporate Social Responsibility

The RFA's Corporate Social Responsibility Policy is aimed at addressing some of Namibia's socio-economic backlogs and forming strategic alliances, thereby contributing towards empowerment and becoming involved in strategic advocacies. The policy is specifically directed towards education and training, women and children, the elderly and physically impaired, as well as activities that ensure road safety and RFA staff involvement.

In this regard, the RFA made contributions to the following initiatives:

- The National Road Safety Council, 2015 Festive Season Road Safety Campaign;
- Rotary Club Windhoek, for schools within the Rehoboth area, through their Project Cycle Classic in 2015.
- Ounongo Technology Centre in Gobabis, through the Trans-Kalahari Expo in 2015.
- Walvis Bay Corridor Group, through the Logistics Hub in November 2015.

Following the relocation to the new and fully fitted RFA House at the end of August 2015, the RFA faced the predicament of what to do with the furniture, fittings and appliances held at the rented property which were no longer required. Within the guidelines of its policy, and to contribute towards the upliftment of the communities within which the RFA operates, a consultation process was initiated with CBC staff to identify institutions that would benefit from the items. This led to the decision to donate these items to schools situated at border posts. CBC Supervisors, together with their staff, identified 29 schools. Each school received an office desk, a bookshelf, a credenza, an office high-back chair and a visitor's chair.

The Walvis Bay and Windhoek based schools received reception counters and bookshelves, with one school receiving the entire boardroom furniture for their staff room. In addition to the schools, Nampol in Noordoewer also received much needed staff canteen furniture.

Corporate Services Management Team Member:

CORPORATE COMMUNICATION AND MARKETING PRACTITIONER
Ms Beaulah Garises

6. INFORMATION AND COMMUNICATION TECHNOLOGY DIVISION

The Information and Communication Technology division (ICTD) provides technology leadership for the RFA. This encompasses governance, architecture, resources and expertise in deploying modern information technologies to improve the RFA's efficiency.

ICTD is responsible for much of the technical infrastructure that makes the RFA operate; such as telephones, computer networks, desktop and server support, data centre, website, customer portals, building and information security, and the RFA cable television.

6.1 Our Strategic Objective and Focus

The strategic objective and focus for the last FY included the following three major initiatives:

IT Disaster Recovery and Business Continuity Plan

A fully functional IT Disaster Recovery and Business Continuity Plan has been successfully completed. It includes the virtualisation of the data centre into a pool of server, network, and storage resources by means of deploying VMWare and NetApp technologies that provide high availability data protection and disaster recovery capabilities. This technology ensures the continuation of vital business processes in the event of a disaster and also provides an effective solution to recover all business systems within the required time frame (using records stored off-site).

Deployment of Network Resources to all RFA Regional Offices

The ICTD completed the upgrade of existing network resources at the regional offices. All new regional offices are now linked to the local network, which allows accessibility of the essential Ebizframe Enterprise Resource Planning System (ERP), email system and all network resources accessible at the Head Office. This has improved the collection method of revenue streams and enabled efficient communication within and outside the organisation.

Transformation of the Ebizframe Enterprise Resource Planning System

The enhancement project of the ERP system added value to the business in many ways. Listed below are the major strategic initiatives that were successfully delivered:

- **Admin Budget Module**: This module enables defining, planning and enhanced control of budgets through different periods of time. It is a powerful tool which streamlines the organisation's financial activity.
- **Business Plan Budget Sub-Module**: This module automates the RFA five-year strategic plan.
- **User Care Module**: This centralised module allows employees to access internal services, get help and communicate easily. Some of the module's functions include the Automated Leave Application and the Automated Application for Subsistence and Travel Allowance.

6.2 Other Accomplishments

The ICTD completed work on additional priorities designed to improve stakeholder experience when using technology at RFA.

- The ICTD successfully accomplished the data centre relocation to the new RFA Head Office. This high-risk project required rigorous planning. It was completed with minimal complications and only 6 hours downtime. Network resources, peripherals and user desktops were all relocated.
- The ICTD and the Corporate Services Division were instrumental in the design of the newly launched RFA website.
- The ICTD was instrumental in the successful installation of the Polycom HD Video Conferencing System that interfaces with Apple TV technology. The system enables the organisation to conduct meetings and video conference calls with participants and employees at different locations.
- The ICTD launched the 24/7 IT Services Helpdesk, which enables the end user to get support around the clock.
- The ICTD implemented Wi-Fi technology that allows electronic devices to connect to a wireless local area network.

ICTD will continue to look for technology solutions that add value and potential lower cost, while providing employees with the necessary tools to do their jobs efficiently.

SYSTEMS ADMINISTRATOR
Mr Arthur Platt

The ICTD successfully accomplished the data centre relocation to the new RFA Head Office.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DKVM-8E
D-Link

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) S Amunkete Z Stellmacher R Amadhila N Henok
Business address	21 Feld Street, Windhoek, Namibia
Postal address	Private Bag 13372 Windhoek, Namibia
Bankers	Bank Windhoek Limited
Auditors	PricewaterhouseCoopers Registered Accountants and Auditors Chartered Accountants (Namibia)
Secretary	Anna Matebele

CONTENTS

ROAD FUND ADMINISTRATION

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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 International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards 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 an environment of strong control. 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 that 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 2017 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 49 to 85.

The annual financial statements set out on pages 49 to 85, which have been prepared on the going concern basis, were approved by the Board and were signed on its behalf by:

		30 September 2016
Director	**Director**	**WIndhoek, Date**

INDEPENDENT AUDITORS' REPORT

To the Minister of Finance

We have audited the annual financial statements of the Road Fund Administration, which comprise of the statement of financial position as at 31 March 2016, and the statements of surplus or deficit and other 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 50 to 85.

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 International Financial Reporting Standards 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 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 auditors' 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 Fund's preparation and fair presentation of thefinancial 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Road Fund Administration – Consolidated as at 31 March 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: Samuel N Ndahangwapo
Partner, Windhoek

DIRECTORS' REPORT

The directors submit their report for the year ended 31 March 2016.

1. Review of Activities

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

The Fund recorded a surplus for the year ended 31 March 2016 of N$ 277 million (2015: deficit of N$ 124 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:

Directors	Nationality	Changes
P Ithindi (Chairperson)	Namibian	Re-appointed on 1 September 2016
A Avafia	Namibian	Service term ended on 31 August 2016
S Amunkete	Namibian	Re-appointed on 1 September 2016
E O Asino-Joseph	Namibian	Service term ended on 31 August 2016
Z Stellmacher	Namibian	Appointed on 01 September 2016
R Amadhila	Namibian	Appointed on 01 September 2016
N Henok	Namibian	Appointed on 01 September 2016

3. Events after the reporting period

There have been no material events subsequent to the end of the reporting period.

4. Going Concern

We draw attention to the fact that at 31 March 2016, the Fund had a surplus for the year of N$ 277 million (2015: deficit (N$ 124 million)) and that the Fund's total liabilities exceed its assets by N$ 66 million (2015: N$ 345 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 is optimistic that the Fund will continue operating as going concern into foreseeable future based on the following conclusions:

- Strategies have been deployed to contain expenditure within Road User Charges income.
- Road User Charges increases of 7% have been received for the 2016/2017 financial year.

5. Auditors

PricewaterhouseCoopers continued in office as auditors for the Fund for the 2016/17 financial year.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	Note(s)	2016 N$'000	2015 Restated N$ '000	2014 Restated N$ '000
Assets				
Non-Current Assets				
Property, plant and equipment	4	67,740	45,746	18,770
Current Assets				
Trade and other receivables	5	135,910	116,084	98,526
Other financial assets	6	8,845	78,082	344,633
Cash and cash equivalents	7	494,819	229,002	94,366
		639,574	**423,168**	**537,525**
Total Assets		**707,314**	**468,914**	**556,295**
Equity and Liabilities				
Equity				
Reserves		-	1,804	9,476
Accumulated deficit		(65,603)	(344,742)	(228,241)
		(65,603)	**(342,938)**	**(218,765)**
Non-Current Liabilities				
Other financial liabilities	9	387,516	89,648	419,704
Retirement benefit obligation	10	105,652	89,279	70,041
Provisions	11	980	2,074	1,563
		494,148	**181,001**	**491,308**
Current Liabilities				
Other financial liabilities	9	-	330,000	-
Trade and other payables	12	276,840	298,718	282,207
Provisions	11	1,929	2,133	1,545
		278,769	630,851	283,752
Total Liabilities		**772,917**	**811,852**	**775,060**
Total Equity and Liabilities		**707,314**	**468,914**	**556,295**

STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME

	Note(s)	2016 N$ '000	2015 Restated N$ '000
Revenue	14	2,094,537	1,785,515
Other income	15	27,422	11,193
Operating expenses		(1,842,128)	(1,907,596)
Operating deficit	16	**279,831**	**(110,888)**
Investment revenue	17	30,510	19,823
Finance costs	18	(32,950)	(33,080)
Surplus / (deficit) for the year		**277,391**	**(124,145)**

STATEMENT OF CHANGES IN EQUITY

	Fair value adjustment available-for-sale-financial asset reserve N$ '000	Accumulated deficit N$ '000	Total equity N$ '000
Opening balance as previously reported	9,476	(417,828)	(408,352)
Adjustments			
Change in accounting policy	-	189,587	189,587
Balance at 01 April 2014 as restated	**9,476**	**(228,241)**	**(218,765)**
Deficit for the year	-	(124,145)	(124,145)
Other comprehensive income	(28)	-	(28)
Total comprehensive loss for the year	(28)	(124,145)	(124,173)
Realisation of fair value adjustment on disposal	(7,644)	7,644	-
Balance at 01 April 2015	**1,804**	**(344,742)**	**(342,938)**
Surplus for the year	-	277,391	277,391
Other comprehensive income	(1,804)	(56)	(1,860)
Total comprehensive income for the year	**(1,804)**	**277,335**	**275,531**
Transfer between reserves	-	1,804	1,804
Balance at 31 March 2016	**-**	**(65,603)**	**(65,603)**
Note(s)	20	20	

STATEMENT OF CASH FLOWS

	Note(s)	2016 Restated N$ '000	2015 Restated N$ '000
Cash flows from operating activities			
Cash generated from operations	21	256,450	(91,065)
Interest income	17	30,510	19,823
Finance costs	18	(32,950)	(33,080)
Net cash from operating activities		**254,010**	**(104,322)**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(23,579)	(27,565)
Sale of property, plant and equipment	4	85	-
Proceeds from sale of other financial assets		67,433	266,523
Net cash from investing activities		**43,939**	**238,958**
Cash flows from financing activities			
Proceeds of loan from KfW		297,868	-
Repayment of RFA 16 Loan Stock		(330,000)	-
Net cash from financing activities		**(32,132)**	**-**
Total cash and cash equivalents movement for the year		**265,817**	**134,636**
Cash and cash equivalents at the beginning of the year		229,002	94,366
Total cash and cash equivalents at end of the year	7	**494,819**	**229,002**

ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the Road Fund Administration Act. 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 period with the exception of the adoption of the IPSAS 23 "Revenue from Non-Exchange Transactions (Transfers and Taxes)" in the current year as per Note 23. The effects of the adoption of this standard have been applied retrospectively.

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

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.

ACCOUNTING POLICIES (CONTINUED)

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
Furniture and fixtures	10 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 profit or loss 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

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

ACCOUNTING POLICIES (CONTINUED)

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.

Impairment of financial assets

At each reporting date the Fund assesses all financial assets, other than those at fair value through profit or loss, 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 loss 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 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 loss 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.

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

ACCOUNTING POLICIES (CONTINUED)

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 taxation

Current tax assets and liabilities

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 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. This liability is not discounted.

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

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 loss.

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 loss 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 loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss 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 loss 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

ACCOUNTING POLICIES (CONTINUED)

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.

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.

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 IAS 19R – "Employee Benefits". 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).

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 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 setup 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.

ACCOUNTING POLICIES (CONTINUED)

1.11 Revenue

Revenue is measured at the fair value of the assets acquired through non-exchangable transactions at the date of acquisition.

Revenue on road user charges are recognised when they become due, i.e when the road user debtor is identified or when the cash is received.

Finance income

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

Road user charges

Road user charges (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 road user charges comprise mainly of Fuel Levies, Vehicle License Fees, Cross Border Charges, Mass Distance Charges (MDCs) and Abnormal Load Fees. Such charges are recognised on the accrual basis and upon collection from the road users.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted 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:
• Amendment to IAS 16: Property, Plant and Equipment: Annual improvements project	01 July 2014	The impact of the interpretation is not material.

2.2 Standards and interpretations not yet effective

The fund has chosen not to adopt the following standards and interpretations, which have been published and are mandatory for the fund's accounting periods beginning on or after 01 April 2016 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• IFRS 9 Financial Instruments	01 January 2018	Unlikely there will be a material impact
• IFRS 15 Revenue from Contracts with Customers	01 January 2017	Unlikely there will be a material impact
• Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	01 January 2016	Unlikely there will be a material impact
• IFRS 14 Regulatory Deferral Accounts	01 January 2016	Unlikely there will be a material impact
• Amendment to IFRS 7: Financial Instruments: Disclosures: Annual Improvements Project	01 January 2016	Unlikely there will be a material impact
• Amendment to IAS 19: Employee Benefits: Annual Improvements Project	01 January 2016	Unlikely there will be a material impact

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

3. Risk management

Capital risk management

The Fund's capital risk management should be considered together with its mandate as a 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 become due without compromising on the execution of its mandate.

As at 31 March 2016, current assets amounted to N$ 640 million (2015: N$ 423 million) compared to liabilities of N$ 279 million (2015: N$ 631 million). This represent an improvement in the liquidity position of the Fund as it is in position to repay its liabilities as they become due.

The improvement in the current ratio from 0.67:1 to 2.29:1 indicates that the Fund is in a position to service its obligations as they become due.

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, other financial assets, trade and other receivables) and liabilities (trade and other payables) approximate their carrying value due to its short-term nature.

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 on the following page 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

3. Risk management (continued)

At 31 March 2016 – N$ '000	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	276,840	-	-	-
Other financial liabilities	-	-	154,579	232,937

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	298,718	-	-	-
Other financial liabilities	330,000	-	8,927	80,721

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	282,207	-	-	-
Other financial liabilities	-	330,000	4,464	85,240

The Government of the Republic of Namibia guaranteed 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 coupons 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 was 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 is not exposed to cash flow interest rate risk on its long-term borrowings, because the interest rate is fixed.

The Fund has an investment in the Investec High Income Fund amounting to N$ 8,8 million (2015: N$ 78 million).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

3. Risk management (continued)

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 2016		Effect on profit 2015	
	100bp increase in market N$ '000	100bp decrease in market N$ '000	100bp increase in market N$ '000	100bp decrease in market N$ '000
Cash and cash equivalents	4,948	(4,948)	2,290	(2,290)
Other financial assets	88	(88)	781	(781)
Other financial liabilities	(3,875)	3,875	(4,196)	4,196
	1,161	**(1,161)**	**(1,125)**	**1,125**

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%, which redeemed on the 31st January 2016. In addition, the Fund has two KfW loans of N$ 89 million and N$ 298 million, bearing a fixed interest rate at 2% and 7.81% respectively and repayable semi-annually from 2018.

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 investments, cash deposits, cash equivalents 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 evaluates 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2016 N$'000	2015 Restated N$ '000	2014 Restated N$ '000

3. Risk management (continued)

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

Financial instrument	**2016**	**2015**	**2014**
	N$ '000	**N$ '000**	**N$ '000**
Trade and other receivables	135,910	116,084	98,526
Other financial assets	8,845	78,082	344,633
Cash and cash equivalents	489,819	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 (other financial assets).

4. Property, plant and equipment

Reconciliation of property, plant and equipment – 2016 N$ '000

	Opening balance	**Additions**	**Disposals**	**Depreciation**	**Total**
Land	5,314	-	-	-	5,314
Buildings	37,623	20,400	-	(1,033)	56,990
Furniture and fixtures	238	2,189	(85)	(341)	2,001
Motor vehicles	858	-	-	(18)	840
Office equipment	49	106	-	(41)	114
Computer software	1,664	884	-	(67)	2,481
	45,746	**23,579**	**(85)**	**(1,500)**	**67,740**

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	98	177	(37)	238
Motor vehicles	270	730	(142)	858
Office equipment	56	27	(34)	49
Computer software	766	1,274	(376)	1,664
	18,770	**27,565**	**(589)**	**45,746**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2016 N$'000	2015 Restated N$ '000	2014 Restated N$ '000

4. Property, plant and equipment (continued)

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)	(28)	98
Motor vehicles	359	-	-	(89)	270
Office equipment	90	3	(1)	(36)	56
Computer software	828	718	(369)	(411)	766
	6,696	**13,036**	**(398)**	**(564)**	**18,770**

Pledged as security

There were no assets pledged for security during the year under review (2015 and 2014: none).

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

5. Trade and other receivables

	2016 N$'000	2015 Restated N$ '000	2014 Restated N$ '000
Road user receivables	12,683	9,731	2,957
Cross border receivables	3,325	3,325	3,325
Fuel levy & vehicle license fees receivables	119,032	102,983	92,091
KfW Grant	781	-	-
Other receivables	89	45	153
	135,910	**116,084**	**98,526**

The carrying amount of 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 comprise of a number of independent entities whom have no recent history of defaults.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2016 N$'000	2015 Restated N$ '000	2014 Restated N$ '000
5. Trade and other receivables (continued)			
Trade receivables			
Counter-parties without external credit rating			
Group 1	119,032	102,983	92,091
Group 2	16,878	13,101	6,435
	135,910	**116,084**	**98,526**

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 2016, there were no trade and other receivables past due but not impaired (2015 and 2014: N$ nil).

	2016 N$'000	2015 Restated N$ '000	2014 Restated N$ '000
6. Other financial assets			
Investec High Income Fund Namibia	8,845	78,082	344,633

Investments are currently invested in a mixed portfolio, which consists of N$ 4.658 million (2015: N$ 37 million) in Capital Markets and N$ 4.187 million (2015: N$ 41 million) in Money Markets.

	2016 N$'000	2015 Restated N$ '000	2014 Restated N$ '000
Current assets			
Other financial assets	8,845	78,082	344,633

Fair value hierarchy of available-for-sale financial assets

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2016 N$'000	2015 Restated N$ '000	2014 Restated N$ '000
6. Other financial assets (continued)			
Level 1			
Other financial assets - Investec High Income Fund Namibia	8,845	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 Limited SR Unsecured AA- (ZA) and A1+ (ZA)	8,845	78,082	344,633
Reconciliation of available-for-sale investment			
Opening balance	78,082	344,633	381,132
Interest earned	4,684	16,217	14,725
Disposals	(73,921)	(282,740)	(54,874)
Fair value adjustment	-	(28)	3,650
	8,845	**78,082**	**344,633**
7. Cash and cash equivalents			
Cash and cash equivalents consist of:			
Cash on hand	3	-	-
Bank balances – Current	54,978	201,774	55,985
Short-term deposits	439,824	-	-
Bank balance – Road project accounts	14	27,228	38,381
	494,819	**229,002**	**94,366**
Included in the cash and cash equivalents is an amount of N$ 2.9 million (2015: N$ 27 million and 2014: N$ 38 million) held by the Fund that are not available for use by the Fund.	2,938	27,227	38,380

Restricted cash

Included in the cash and cash equivalents is an amount of N$ 2.9 million (2015: N$ 27 million and 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2016 N$'000	2015 Restated N$ '000	2014 Restated N$ '000

7. Cash and cash equivalents (continued)

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	2016 N$'000	2015 Restated N$ '000	2014 Restated N$ '000
Bank Windhoek Limited (A1+ Moody's credit rating)	73,531	53,652	51,801
Standard Bank Namibia Limited (BB+ Fitch credit rating)	30,225	-	-
Capricorn Asset Management (A+ Global credit rating)	40,098	-	-
First National Bank Namibia Limited (A1+ Global credit rating)	30,141	-	-
Old Mutual Namibia Limited (A+ Global credit rating)	30,632	-	-
Rand Merchant Bank (A1+ Global credit rating)	30,152	-	-
Namibia Post Limited – (not rated)	128,232	100,490	42,565
SME Bank (Not rated)	60,000	-	-
E-Bank Limited – (not rated)	71,805	74,860	-
	494,816	**229,002**	**94,366**

Although Namibia Post Limited is not rated, it is a reputable state-owned entity with no history of default.

Although SME Bank is not rated, it is a partially owned by the state with no history of default.

Although E-Bank Limited is not rated, it has no history of default.

Cash and cash equivalents pledged as collateral

8. Financial assets by category

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

2016 – N$ '000	Loans and receivables	Available for sale	Total
Other financial assets	-	8,845	8,845
Trade and other receivables	135,910	-	135,910
Cash and cash equivalents	494,819	-	494,819
	630,729	**8,845**	**639,574**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2016 N$'000	2015 Restated N$ '000	2014 Restated N$ '000

8. Financial assets by category (continued)

2015 – N$ '000	Loans and receivables	Available for sale	Total
Other financial assets	-	78,082	78,082
Trade and other receivables	116,084	-	116,084
Cash and cash equivalents	229,002	-	229,002
	345,086	**78,082**	**423,168**

2014 – N$ '000	Loans and receivables	Available for sale	Total
Other finacial assets	-	344,633	344,633
Trade and other receivables	98,526	-	98,526
Cash and cash equivalents	94,366	-	94,366
	192,892	**344,633**	**537,525**

9. Other financial liabilities

	2016	2015	2014
Held at amortised cost			
Ministry of Finance onlending loan	89,277	89,648	89,704
The KfW loan through the Ministry of Finance bears a fixed interest rate of 2% per annum and is repayable in 40 bi-annual payments of N$ 2.2 million starting 10 June 2018. The loan is guaranteed by the Government of the Republic of Namibia.			
KfW Loan	298,239	-	-
The loan bears a fixed interest rate of 7.81% per annum and its repayable in 20 bi-annual payments of N$ 23.5 million starting 30 June 2018. The loan is guaranteed by the Government of the Republic of Namibia. The loan is denominated in Rand (Rand is pegged to the Namibia Dollar).			
RFA 16 Loan Stock (3,500 Loan Stock units of N$ 1,000 each)	-	330,000	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.			
	387,516	419,648	419,704

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2016 N$'000	2015 Restated N$ '000	2014 Restated N$ '000
9. Other financial liabilities (continued)			
The carrying amount of other financial liabilities approximates its fair value.			
Non-current liabilities			
At amortised cost	387,516	89,648	419,704
Current liabilities			
At amortised cost	-	330,000	-
	387,516	**419,648**	**419,704**

The Government of the Republic of Namibia guaranteed 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 coupons 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 was redeemed on the 31st of January 2016.

10. 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 are for Road Authority employees and not for Road Fund Administration employees.

	2016 N$'000	2015 Restated N$ '000	2014 Restated N$ '000
Carrying value			
Present value of the defined benefit obligation wholly unfunded	(105,652)	(89,279)	(70,041)
Movements for the year			
Opening balance	(89,279)	(70,041)	(62,300)
Benefits paid	1,262	1,095	1,946
Net expense recognised in profit or loss	(17,635)	(20,333)	(9,687)
	(105,652)	**(89,279)**	**(70,041)**
Net expense recognised in the income statement			
Current service cost	(10,604)	(14,387)	(4,801)
Interest cost	(7,031)	(6,740)	(4,886)
Actuarial loss	-	794	-
	(17,635)	**(20,333)**	**(9,687)**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2016 N$'000	2015 Restated N$ '000	2014 Restated N$ '000

10. Retirement benefit obligation (continued)

Key assumptions used

Assumptions used on last valuation as at 31 March 2016.

	2016	2015	2014
Discount rates used	7.39 %	7.39 %	7.50 %
Consumer price inflation	5.56 %	5.56 %	4.50 %
Medical aid contribution inflation	6.56 %	6.56 %	7.89 %
Net effective discount rate	0.78 %	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:

2016 – N$'000	-20% Mortality rate N$ '000	Valuation assumption N$ '000	+20% Mortality rate N$ '000
Total accrued liability	87,051	105,652	129,663
Interest cost	7,069	8,856	11,222
Service cost	6,649	8,089	9,950
	100,769	**122,597**	**150,835**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2016 N$'000	2015 Restated N$ '000	2014 Restated N$ '000

10. Retirement benefit obligation (continued)

2015 – N$'000	-20% Mortality rate N$ '000	Valuation Assumption N$ '000	+20% Mortality rate N$ '000
Total accrued liability	100,350	89,279	84,641
Interest cost	7,706	6,740	6,490
Service cost	9,078	14,387	7,578
	117,134	**110,406**	**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:

2016 – N$'000	-1% Medical Aid inflation N$ '000	Valuation Assumption N$ '000	+1% Medical Aid inflation N$ '000
Total accrued liability	115,872	105,652	97,447
Interest cost	9,749	8,856	8,138
Service cost	8,877	8,089	7,456
	134,498	**122,597**	**113,041**

2015 – N$'000	-1% Medical Aid inflation N$ '000	Valuation Assumption N$ '000	+1% Medical Aid inflation N$ '000
Total accrued liability	75,917	89,279	111,872
Interest cost	5,808	6,740	8,608
Service cost	6,583	14,387	10,450
	88,308	**110,406**	**130,930**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2016 N$'000	2015 Restated N$ '000	2014 Restated N$ '000

11. Provisions

Reconciliation of provisions – 2016 – N$ '000

	Opening balance	Utilised during the year	Total
Leave pay provision	2,133	(204)	1,929
Severance pay provision	2,074	(1,094)	980
	4,207	**(1,298)**	**2,909**

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**

	2016	2015	2014
Non-current liabilities	980	2,074	1,563
Current liabilities	1,929	2,133	1,545
	2,909	**4,207**	**3,108**

Provision of 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.

Reclassifications

During the year, provision for leave pay have been reclassified from non-current liabilities to current liabiblities. The impact of the reclassification is a decrease and increase of N$ 2.1 million (2014: N$ 1.5 million) in non-current liabilities and current liabilities respectively.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

		2016 N$'000	2015 Restated N$ '000	2014 Restated N$ '000
12. Trade and other payables				
Road Authority project administration		151,588	122,649	131,823
Fuel levy refund		94,030	72,202	44,520
Traffic law enforcement		-	28,647	28,708
Other accruals		1,524	740	1,131
Accruals - Local Authorities		16,820	19,953	15,005
KfW and vehicle and driving testing stations		-	11,803	11,803
Interest accrual - KfW loans		5,462	6,342	4,557
Amounts received in advance - (CBC)		1,708	1,160	1,055
Vehicle licence fee - refunds payable		2,770	2,770	-
Interest accrual - Loan Stock		-	5,225	5,225
Government Kunene Road Project	25	2,938	27,227	38,380
		276,840	**298,718**	**282,207**

Included in the Government Kunene Road project is an amount of N$ 2.9 million (2015: N$ 27 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2016 N$'000	2015 Restated N$ '000

13. Financial liabilities by category

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

2016 – N$ '000	Financial liabilities at amortised cost	Total
Retirement benefit obligation	105,652	105,652
Other financial liabilities	387,516	387,516
Trade and other payables	276,840	276,840
Provisions	2,909	2,909
	772,917	**772,917**

2015 – N$ '000	Financial liabilities at amortised cost	Total
Retirement benefit obligation	89,279	89,279
Other financial liabilities	419,648	419,648
Trade and other payables	298,718	298,718
Provisions	4,207	4,207
	811,852	**811,852**

2014 – N$ '000	Financial liabilities at amortised cost	Total
Retirement benefit obligation	70,041	70,041
Other financial liabilities	419,704	419,704
Trade and other payables	282,207	282,207
Provisions	3,108	3,108
	775,060	**775,060**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2016 N$'000	2015 Restated N$ '000
14. Revenue		
Fuel levies	1,299,616	1,105,591
Road user charges (refer to 13 below)	794,921	679,924
	2,094,537	**1,785,515**
14.1 Road user charges included in revenue are as follows:		
Vehicle license fees	573,715	475,277
Cross border charges	122,817	106,341
Abnormal permit fees	12,986	12,517
Mass distance charges - local	59,465	63,435
Mass distance charges - foreign	25,938	22,354
	794,921	**679,924**
15. Other income		
Sundry income	114	13
Goverment grant – TR 1/6 Project – Windhoek/Okahandja road	25,976	-
Grant income from government	231	-
Roads Authority – transfer of income	1,101	11,180
	27,422	**11,193**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2016 N$'000	2015 Restated N$ '000
16. Operating deficit		
Operating surplus for the year is stated after accounting for the following:		
Operating lease charges		
Premises		
• Contractual amounts	1,432	2,472
Depreciation on property, plant and equipment	1,500	589
Employee costs	**41,851**	**30,038**
Expenses by nature		
National road network exependiture	1,467,102	1,581,070
Fuel levy refunds	208,856	185,182
Transfer to Local Authorities	68,470	65,322
Employee costs	41,851	30,038
Traffic law enforcement	28,990	28,650
Bank charges	4,589	4,023
Lease rentals on operating lease	1,432	2,472
Depreciation, amortisation and impairments	1,500	589
Advertising	925	302
Other expenses	18,413	9,948
Total operating and administrative expenses	**1,842,128**	**1,907,596**
17. Finance income		
Interest income		
Interest on current account	3,619	3,606
Interest on investments	26,891	16,217
	30,510	**19,823**
18. Finance costs		
Non-current borrowings	6,825	1,730
Interest paid on Loan Stock RFA 16	26,125	31,350
	32,950	**33,080**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2016 N$'000	2015 Restated N$ '000
19. Auditors's remuneration		
Fees (external audit and other)	414	690
20. Other comprehensive income		
Components of other comprehensive income – 2015 – N$ '000	Gross	Net
Items that may be reclassified to profit or loss		
Available-for-sale financial assets adjustments		
Gains and losses arising during the year	(28)	(28)
21. Cash generated from operations		
Surplus/(Deficit) for the year	277,391	(124,145)
Adjustments for:		
Depreciation	1,500	589
Interest received – bank and other investments	(30,510)	(19,823)
Finance costs	32,950	33,080
Movements in retirement benefit assets and liabilities	16,373	19,238
Movements in provisions	(1,298)	1,099
Other non-cash items	1,748	(56)
Changes in working capital:		
Trade and other receivables	(19,826)	(17,558)
Trade and other payables	(21,878)	16,511
	256,450	**(91,065)**
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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2016 N$'000	2015 Restated N$ '000

23. Contingencies

1. 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

2. The Road Fund Administration is required by the RFA Act, (Act 18 of 1999) to refund fuel not consumed for on road-use. Government Gazette Notice 2608 governs the operation of the fuel levy refunding system. The Fund was sued by Skorpion Mining for two rejected claims amounting to N$1 065 653. The judge ruled in favour of Skorpion Mining to be refunded a total amount of N$1 918 963. The Fund has appealed the judgement through the High Court. There was no certainty at year end what the outcome of the case would be after the appeal was lodged.

24. Related parties

RFA receives monies from Roads Authority (RA) that is collected for licence and abnormal load fees. RFA then distributes monies collected to RA for roads maintenance, administration and systems.	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 road 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 receives loans from KfW.	KfW loans

Related party balances

Amounts included in trade payables and provisions regarding related parties:

	2016	2015
Roads Authority	257,240	210,051
Local Authorities	16,820	19,953
Ministry of Works and Transport (Unutilised project funds)	11,803	11,803
Traffic Law Enforcement Agencies	-	28,647
Government Kunene Road Projects	2,938	27,227

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2016 N$'000	2015 Restated N$ '000
Related party transactions		
Payments made to related parties		
Roads Authority	1,467,102	1,581,070
Local Authorities	68,470	66,209
Traffic law enforcement Agencies	28,990	28,650
Receipts from related parties		
Government Kunene Road Projects	-	11,153

25. 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.

During the current financial year, the Fund has received a directive from its shareholder, the Government, relating to the deployment of N$ 25,975,642 to the TR1/6 Project – Windhoek/Okahandja road.

	2016 N$'000	2015 Restated N$ '000
The balance at the end of the year is made up as follows:		
Balance at the beginning of the year	27,227	38,380
Advance utilised during the year	(24,289)	(11,153)
	2,938	**27,227**
The amount is represented by:		
Project accounts included in bank balances	**2,938**	**27,227**

26. National road network expenditure

	2016 N$'000	2015 Restated N$ '000
Roads Authority – Business Systems	3,738	15,630
Roads Authority – Administration	339,630	315,549
Roads Authority – Construction & Rehabilitation	202,502	217,496
Roads Authority – Maintenance	738,849	880,802
Roads Authority – NaTIS	45,342	49,370
Roads Authority – Network Planning	20,930	24,233
Roads Authority – Road Management	19,837	19,512
Roads Authority – Office Accommodation	93,402	51,398
Roads Authority – Road Transport Inspection Services	2,872	7,080
	1,467,102	**1,581,070**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

27. Changes in accounting policy

The annual financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following standard.

• IPSAS 23 "Revenue From Non-Exchange Transactions (Transfers and Taxes)"

The Road Fund Administration (RFA) is an agency of the Government of the Republic Namibia, and charged with the management of 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.

In order to do this the RFA collects Road User Charges (RUCs) as described in Note 14. RUCs revenue of the RFA comprises of RUCs levied in terms of Section 18(1) of the Road Fund Administration Act, (Act 18 of 1999).

In the past, management has measured the revenue from these transactions with reference to IAS 18 presuming that the Fund was rendering services to the road users.

In the current year concluded that the RUCs should be seen as a tax since the value provided to the road users cannot be directly compare to the charges paid by the road users to the Fund.

IFRS does not cater for the scenario above, except to apply IAS 18 by analogy.

In terms of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', management is allowed to develop an accounting policy when IFRS does not have a specific standard dealing directly and appropriately with a particular transaction. The policy should result in information that is:

(a) relevant to the economic decision-making needs of users; and

(b) reliable, in that the financial statements:

- (i) represent faithfully the financial position, financial performance and cash flows of the Fund;
- (ii) reflect the economic substance of transactions, other events and conditions, and not merely the legal form;
- (iii) are neutral, i.e free from bias;
- (iv) are prudent; and
- (v) are complete in all material respects.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

27. Changes in accounting policy (continued)

In making the judgement described in paragraph 10, management referred to, and considered the applicability of, the following sources in descending order:

(a) the requirements in IFRSs dealing with similar and related issues; and

(b) the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the framework.

The aggregate effect of the changes in accounting policy on the annual financial statements for the year ended 31 March 2015 & 2014 is as follows:

	2015	2014
	N$ '000	N$ '000
Statement of financial position		
Trade and other payables		
Previously stated	(514,682)	(466,269)
Adjustment	218,487	189,588
	(296,195)	**(276,681)**
Opening retained earnings		
Previously stated	415,645	-
Adjustment	(189,588)	-
	226,057	**-**
Profit or Loss		
Revenue		
Previously stated	1,756,616	1,613,042
Adjustment	28,898	189,588
	1,785,514	**1,802,630**

DETAILED STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME

	Note(s)	2016 N$ '000	2015 N$ '000
Revenue			
Fuel levy		794,921	679,924
Other road user charges		1,299,616	1,105,591
	14	**2,094,537**	**1,785,515**
Other income			
Goverment grant – TR 1/6 Project – Windhoek/Okahandja road		25,976	-
Sundry income		114	13
Investment income	17	30,510	19,823
Roads Authority payment		1,101	11,180
Sundry income		231	-
		57,932	**31,016**
		(1,842,128)	**(1,907,596)**
Operating surplus / (deficit)	16	**310,341**	**(91,065)**
Finance costs	18	(32,950)	(33,080)
Surplus / (Deficit) for the year		**277,391**	**(124,145)**
Other comprehensive income	20	-	-
Total comprehensive income (loss) for the year		**277,391**	**(124,145)**

DETAILED STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME

	Note(s)	2016 N$ '000	2015 N$ '000
Operating expenses			
Advertising		(925)	(302)
Transport		(468)	-
Auditors' remuneration	19	(414)	(690)
Bank charges		(4,589)	(4,023)
Computer expenses		(416)	(112)
Depreciation		(1,500)	(589)
Employee costs		(41,851)	(30,038)
IT expenses		(1,728)	(1,291)
Insurance		(310)	(247)
Lease rentals on operating lease		(1,432)	(2,472)
National road network expenditure	26	(1,467,102)	(1,581,070)
Vehicle license fees – refunds		(200)	(60)
Placement fees		-	(602)
Postal and courier services		(176)	(157)
Printing and stationery		(1,122)	(552)
Security		(1,303)	(1,011)
Subscriptions		(221)	(182)
Telephone and fax		(1,626)	(378)
Water and electricity		(494)	(107)
Stationery & consumables		(818)	(397)
Cleaning		(305)	(20)
Professional fees		(1,415)	(361)
Entertainment		(259)	(63)
Cleaning		(52)	(20)
Urban road maintenance		(68,470)	(65,322)
Legal expenses		(477)	(289)
Seminars & conference		(297)	(928)
Fuel levy refunds		(208,856)	(185,182)
Other expenses		(57)	(63)
Traffic law enforcement		(28,990)	(28,650)
E-mail & internet		(1,344)	(1,388)
Management fees – KfW loan		(1,118)	-
Equipment hiring		(163)	(133)
Motor vehicle expenses		(189)	(111)
Public relations		(49)	-
Property maintenance		(458)	(119)
Relocation costs		(170)	-
Training		(797)	(329)
Subsistence & travelling		(1,967)	(338)
		(316,251)	**(283,713)**
		(1,842,128)	**(1,907,596)**

CONTENTS

ROAD FUND ADMINISTRATION – FUND

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

The reports and statements set out below comprise the annual financial statements presented to the Minister of Finance:

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 International Financial Reporting Standards.

The annual financial statements are prepared in accordance with International Financial Reporting Standards 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 an environment of strong control. 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 2017 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 89 to 118.

The annual financial statements set out on pages 91 to 118, which have been prepared on the going concern basis, were approved by the board and were signed on its behalf by:

Director

Director

30 September 2016

WIndhoek, Date

INDEPENDENT AUDITORS' REPORT

To the Minister of Finance

We have audited the annual financial statements of the Road Fund Administration, which comprise of the statement of financial position as at 31 March 2016, and the statements of surplus or deficit and other 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 90 to 118.

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 International Financial Reporting Standards 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 auditors' 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Road Fund Administration - Fund Account as at 31 March 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per. Samuel N Ndahangwapo
Partner, Windhoek

DIRECTORS' REPORT

The directors submit their report for the year ended 31 March 2016.

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 provides administration framework within which the road user charging system is managed as contemplated by the Act.

The Fund recorded a surplus for the year ended 31 March 2016 of N$ 272 million (2015: deficit of N$ 127 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:

Directors	Nationality	Changes
P Ithindi (Chairperson)	Namibian	Re-appointed on 1 September 2016
A Avafia	Namibian	Service term ended on 31 August 2016
S Amunkete	Namibian	Re-appointed on 1 September 2016
E O Asino-Joseph	Namibian	Service term ended on 31 August 2016
Z Stellmacher	Namibian	Appointed on 01 September 2016
R Amadhila	Namibian	Appointed on 01 September 2016
N Henok	Namibian	Appointed on 01 September 2016

3. Events after the reporting period

There have been no material events subsequent to the end of the reporting period.

4. Going concern

We draw attention to the fact that at 31 March 2016, the Fund had a surplus for the year of N$ 272 million (2015: deficit (N$ 127 million)) and that the Fund's total liabilities exceed its assets by N$ 72 million (2015: N$ 343 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 is optimistic that the Fund will continue operating as going concern into foreseeable future based on the following conclusions:

- Strategies have been deployed to contain expenditure within Road User Charges income.
- Road User Charges increases of 7% have been received for the 2016/2017 financial year.

5. Auditors

PricewaterhouseCoopers continued in office as auditors for the Fund for the 2016/17 financial year.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	Notes	2016 N$'000	2015 Restated N$ '000	2014 Restated N$ '000
Assets				
Non-Current Assets				
Property, plant and equipment	3	62,304	42,937	17,580
Current Assets				
Trade and other receivables	5	135,821	116,039	98,373
Other financial assets	4	8,845	78,082	344,633
Cash and cash equivalents	6	489,828	224,606	93,816
		634,494	**418,727**	**536,822**
Total Assets		**696,798**	**461,664**	**554,402**
Equity and Liabilities				
Equity				
Reserves		-	1,776	9,477
Accumulated deficit		(71,691)	(345,235)	(226,057)
		(71,691)	**(343,459)**	**(216,580)**
Liabilities				
Non-Current Liabilities				
Other financial liabilities	8	387,516	89,648	419,704
Retirement benefit obligation	9	105,652	89,279	70,041
		493,168	**178,927**	**489,745**
Current Liabilities				
Other financial liabilities	9	-	330,000	-
Trade and other payables	10	275,321	296,196	281,237
		275,321	**626,196**	**281,237**
Total Liabilities		**768,489**	**805,123**	**770,982**
Total Equity and Liabilities		**696,798**	**461,664**	**554,402**

STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME

	Note(s)	2016 N$ '000	2015 N$ '000
Revenue	12	2,094,537	1,785,514
Other income	13	27,308	11,180
Operating expenses		(1,847,551)	(1,910,243)
Operating deficit	14	**274,294**	**(113,549)**
Investment revenue	15	30,423	19,779
Finance costs	16	(32,949)	(33,080)
Surplus / (deficit) for the year		**271,768**	**(126,850)**
Total comprehensive income (loss) for the year		**271,768**	**(126,850)**

STATEMENT OF CHANGES IN EQUITY

	Fair value adjustment available-for-sale-financial asset reserve N$ '000	Accumulated deficit N$ '000	Total equity N$ '000
Opening balance as previously reported	9,477	(415,645)	(406,168)
Adjustments			
Change in accounting policy	-	189,588	189,588
Balance at 01 April 2014 as restated	**9,477**	**(226,057)**	**216,580)**
Deficit for the year	-	(126,850)	(126,850)
Other comprehensive income	(28)	-	(28)
Total comprehensive loss for the year	**(28)**	**(126,850)**	**(126,878)**
Realisation of fair value adjustment on disposal	(7,673)	7,672	(1)
Balance at 01 April 2015	**1,776**	**(345,235)**	**(343,459)**
Surplus for the year	-	271,768	271,768
Other comprehensive income	(1,776)	(28)	(1,804)
Total comprehensive income for the year	**(1,776)**	**271,740**	**269,964**
Transfer between reserves	-	1,804	1,804
Balance at 31 March 2016	**-**	**(71,691)**	**(71,691)**
Note(s)	17	17	

STATEMENT OF CASH FLOWS

	Note(s)	2016 N$ '000	2015 Restated N$ '000
Cash flows from operating activities			
Cash generated from operations	18	251,043	(97,075)
Interest income	15	30,423	19,779
Finance costs	16	(32,949)	(33,080)
Net cash from operating activities		**248,517**	**(110,376)**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(20,400)	(25,357)
Proceeds from sale of other financial assets		69,237	266,523
Net cash from investing activities		**48,837**	**241,166**
Cash flows from financing activities			
Proceeds of loan from KfW		297,868	-
Repayment of RFA 16 Loan Stock		(330,000)	-
Net cash from financing activities		**(32,132)**	**-**
Total cash and cash equivalents movement for the year		**265,222**	**130,790**
Cash and cash equivalents at the beginning of the year		224,606	93,816
Total cash and cash equivalents at end of the year	**6**	**489,828**	**224,606**

ACCOUNTING POLICIES

1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the Road Fund Administration Act. 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 period with the exception of the adoption of the IPSAS 23 “Revenue from Non-Exchange Transactions (Transfers and Taxes)” in the current year as per Note 23. The effects of the adoption of this standard have been applied retrospectively.

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

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.

ACCOUNTING POLICIES (CONTINUED)

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 profit or loss 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

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 profit or loss as part of other income. Dividends received on available-for-sale equity instruments are recognised in profit or loss 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 profit or loss, while translation differences on non-monetary items are

ACCOUNTING POLICIES (CONTINUED)

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.

Impairment of financial assets

At each reporting date the Fund assesses all financial assets, other than those at fair value through profit or loss, 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 loss 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 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 loss 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.

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.

ACCOUNTING POLICIES (CONTINUED)

1.5 Income taxation

Current tax assets and liabilities

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 loss.

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 loss 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 loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss 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 loss 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 19.

Post employment medical aid obligation

Employees of the Roads Authority are entitled to post-retirement medical benefits. The obligation for postretirement 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 IAS 19R - "Employee Benefits". 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).

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 setup 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 assets acquired through non-exchangable transactions at the date of acquisition.

Revenue on road user charges are recognised when they become due, i.e when the road user debtor is identified or when the cash is received.

Finance Income

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

Road User Charge

Road User Charges (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.

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 a 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 become due without compromising on the execution of its mandate.

As at 31 March 2016, current assets amounted to N$ 634 million (2015: N$ 419 million) compared to liabilities of N$ 275 million (2015: N$ 626 million). This represent an improvement in the liquidity position of the Fund as it is in position to repay its liabilities as they become due.

The improvement in the current ratio from 0.68:1 to 2.21:1 indicates that the Fund is in a position to service its obligations as they become due.

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, other financial assets, trade and other receivables) and liabilities (trade and other payables) approximate their carrying value due to its short-term nature.

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 on the following page 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

2. Risk management (continued)

At 31 March 2016 – N$ ‘000	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	275,321	-	-	-
Other financial liabilities	-	-	154,579	232,937

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	296,196	-	-	-
Other financial liabilities	330,000	-	8,928	80,720

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	281,237	-	-	-
Other financial liabilities	-	330,000	4,464	85,240

The Government of the Republic of Namibia guaranteed 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 coupons 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 was 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 is not exposed to cash flow interest rate risk on its long-term borrowings, because the interest rate is fixed.

The Fund has an investment in the Investec High Income Fund amounting to N$ 8,8 million (2015: N$ 78 million).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

2. Risk management (continued)

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 2016		Effect on profit 2015	
	100bp increase in market N$ '000	100bp decrease in market N$ '000	100bp increase in market N$ '000	100bp decrease in market N$ '000
Cash and cash equivalents	4,898	(4,898)	2,246	(2,246)
Other financial assets	88	(88)	78	(78)
Other financial liabilities	(3,875)	3,875	(4,196)	4,196
	1,111	(1,111)	(1,872)	1,872

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%, which was redeemed on the 31st January 2016. In addition, the Fund has two KfW loans, which includes interest repayable at 2% and 7.81% respectively, from 2018 semi-annually.

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 investments, cash deposits, cash equivalents 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 evaluates 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

2. Risk management (continued)

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

Financial instrument	2016	2015	2014
	N$ ‘000	N$ ‘000	N$ ‘000
Trade and other receivables	135,821	116,039	98,373
Other financial assets	8,845	78,082	344,633
Cash and cash equivalents	489,828	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 (other financial assets).

3. Property, plant and equipment

Reconciliation of property, plant and equipment - 2016 N$ ‘000

	Opening balance	Additions	Depreciation	Total
Land	5,314	-	-	5,314
Buildings	37,623	20,400	(1,033)	56,990
	42,937	**20,400**	**(1,033)**	**62,304**

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**

Pledged as security

There were no assets pledged for security during the year under review (2015: none). Land comprises of erven 5845 and 5846 situated in Feld Street, Windhoek, Namibia.

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**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2016 N$'000	2015 Restated N$ '000	2014 Restated N$ '000
4. Other financial assets			
Investec High Income Fund Namibia	8,845	78,082	344,633

Investments are currently invested in a mixed portfolio, which consists of N$ 4.658 million (2015: N$ 37 million) in Capital Markets and N$ 4.187 million (2015: N$ 41 million) in Money Markets.

Current assets			
Other financial assets	8,845	78,082	344,633

Fair value hierarchy of available-for-sale financial assets

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			
Other financial assets - Investec High Income Fund Namibia	8,845	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 Limited SR Unsecured AA- (ZA) and A1+ (ZA)	8,845	78,082	344,633

Reconciliation of available-for-sale investment			
Opening balance	78,082	344,633	381,132
Interest earned	4,684	16,217	14,725
Disposals	(73,921)	(282,740)	(54,874)
Fair value adjustment	-	(28)	3,650
	8,845	**78,082**	**344,633**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2016 N$'000	2015 Restated N$ '000	2014 Restated N$ '000
5. Trade and other receivables			
Road user (payable) / receivables	12,683	9,731	2,957
Cross border receivables	3,325	3,325	3,325
Fuel levy & vehicle license fees receivables	119,032	102,983	92,091
KFW Grant	781	-	-
	135,821	**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

	2016	2015	2014
Counter-parties without external credit rating			
Group 1	119,032	102,983	92,091
Group 2	16,789	13,056	6,282
	135,821	**116,039**	**98,373**

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

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 2016, there were no trade and other receivables past due but not impaired (2015 and 2014: N$ nil).

Trade and other receivables impaired

As of 31 March 2016, there were no trade and other receivables impaired and provided for (2015 and 2014: N$ nil).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2016 N$'000	2015 Restated N$ '000	2014 Restated N$ '000
6. Cash and cash equivalents			
Cash and cash equivalents consist of:			
Cash on hand	3	-	-
Bank balances - current account	10,819	16,492	55,436
Short-term deposits	479,006	180,888	-
Bank balance - Road project accounts	-	27,226	38,380
	489,828	**224,606**	**93,816**
Included in the cash and cash equivalents is an amount of N$ 2.9 million (2015: N$ 27 million and 2014: N$ 38 million) held by the Fund that are not available for use by the Fund.	2,938	27,226	38,380

Restricted Cash

Included in the cash and cash equivalents is an amount of N$ 2.9 million (2015: N$ 27 million and 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	2016	2015	2014
Bank Windhoek Limited (A1+ Moody's credit rating)	68,540	46,592	27,935
Standard Bank Namibia Limited (BB+ Fitch credit rating)	30,225	2,664	23,316
Capricorn Asset Management (A+ Global credit rating)	40,098	-	-
First National Bank Namibia Limited (A1+ Global credit rating)	30,141	-	-
Old Mutual Namibia Limited (A+ Global credit rating)	30,632	-	-
Rand Merchant Bank (A1+ Global credit rating)	30,152	-	-
Namibia Post Limited - (not rated)	128,232	100,490	42,565
SME Bank (Not rated)	60,000	-	-
E-Bank Limited - (not rated)	71,805	74,860	-
	489,825	**224,606**	**93,816**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2016 N$'000	2015 Restated N$ '000	2014 Restated N$ '000

6. Cash and cash equivalents (continued)

Although Namibia Post Limited is not rated, it is a reputable state-owned entity with no history of default.

Although SME Bank is not rated, it is a partially owned by the state with no history of default.

Although E-Bank Limited is not rated, it has no history of default.

7. Financial assets by category

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

2016 - N$ '000	Loans and receivables	Available for sale	Total
Other financial assets	-	8,845	8,845
Trade and other receivables	135,821	-	135,821
Cash and cash equivalents	489,828	-	489,828
	625,649	**8,845**	**634,494**

2015 - N$ '000	Loans and receivables	Available for sale	Total
Other financial assets	-	78,082	78,082
Trade and other receivables	116,039	-	116,039
Cash and cash equivalents	224,606 -		224,606
	340,645	**78,082**	**418,727**

2014 - N$ '000	Loans and receivables	Available for sale	Total
Other financial assets	-	344,633	344,633
Trade and other receivables	98,373	-	98,373
Cash and cash equivalents	93,816	-	93,816
	192,189	**344,633**	**536,822**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2016 N$'000	2015 Restated N$ '000	2014 Restated N$ '000
8. Other financial liabilities			
Held at amortised cost			
Ministry of Finance onlending loan	89,277	89,648	89,704
The KfW loan through the Ministry of Finance bears a fixed interest rate of 2% per annum and is repayable in 40 bi-annual payments of N$ 2.2 million starting 10 June 2018. The loan is guaranteed by the Government of the Republic of Namibia.			
KfW Loan	298,239	-	-
The loan bears a fixed interest rate of 7.81% per annum and its repayable in 20 bi-annual payments of N$ 23.5 million starting 30 June 2018. The loan is guaranteed by the Government of the Republic of Namibia. The loan is denominated in Rand (Rand is pegged to the Namibia Dollar)			
RFA 16 Loan Stock (3,500 Loan Stock units of N$ 1,000 each)	-	330,000	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.			
	387,516	**419,648**	**419,704**

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

Non-current liabilities			
At amortised cost	387,516	89,648	419,704
Current liabilities			
At amortised cost	-	330,000	-
	387,516	**419,648**	**419,704**

The Government of the Republic of Namibia guaranteed 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 coupons 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 was redeemed on the 31st of January 2016.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2016 N$'000	2015 Restated N$ '000	2014 Restated N$ '000

9. 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 are for Road Authority employees and not for Road Fund Administration employees.

	2016 N$'000	2015 Restated N$ '000	2014 Restated N$ '000
Carrying value			
Present value of the defined benefit obligation–wholly unfunded	(105,652)	(89,279)	(70,041)
Movements for the year			
Opening balance	(89,279)	(70,041)	(62,300)
Benefits Paid	1,262	1,095	1,946
Net expense recognised in profit or loss	(17,635)	(20,333)	(9,687)
	(105,652)	**(89,279)**	**(70,041)**
Net expense recognised in the income statement			
Current service cost	(10,604)	(14,387)	(4,801)
Interest cost	(7,031)	(6,740)	(4,886)
Actuarial loss	-	794	-
	(17,635)	**(20,333)**	**(9,687)**
Key assumptions used			
Assumptions used on last valuation as at 31 March 2016.			
Discount rates used	7.39 %	7.39 %	7.50 %
Consumer price inflation	5.56 %	5.56 %	4.50 %
Medical aid contribution inflation	6.56 %	6.56 %	7.89 %
Net effective discount rate	0.78 %	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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2016 N$'000	2015 Restated N$ '000	2014 Restated N$ '000

9. Retirement benefit obligation (continued)

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:

2016 - N$'000	-20 % Medical Aid inflation N$ '000	Valuation assumption N$ '000	+20% Medical Aid inflation N$ '000
Total accrued liability	87,051	105,652	129,663
Interest cost	7,069	8,856	11,222
Service cost	6,649	8,089	9,950
	100,769	**122,597**	**150,835**

2015 - N$'000	-20% Medical Aid inflation N$ '000	Valuation assumption N$ '000	+20% Medical Aid inflation N$ '000
Total accrued liability	100,350	89,279	84,641
Interest cost	7,706	6,740	6,490
Service cost	9,078	14,387	7,578
	117,134	**110,406**	**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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	Note(s)	2016 N$'000	2015 Restated N$ '000	2014 Restated N$ '000

9. Retirement benefit obligation (continued)

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

2016 - N$'000	-1 % Medical Aid Inflation N$ '000	Valuation Assumption N$ '000	+1% Medical Aid Inflation N$ '000
Total accrued liability	115,872	105,652	97,447
Interest cost	9,749	8,856	8,138
Service cost	8,877	8,089	7,456
	134,498	**122,597**	**113,041**

2015 - N$'000	-1% Medical Aid Inflation N$ '000	Valuation Assumption N$ '000	+1% Medical Aid Inflation N$ '000
Total accrued liability	75,917	89,279	111,872
Interest cost	5,808	6,740	8,608
Service cost	6,583	14,387	10,450
	88,308	**110,406**	**130,930**

10. Trade and other payables

	Note(s)	2016	2015	2014
Road Authority project administration		151,593	120,775	131,985
Fuel levy refund		94,030	72,202	44,519
Traffic law enforcement		-	28,647	28,708
Accruals - Local Authorities		16,820	19,953	15,005
KfW and vehicle and driving testing stations		-	11,803	11,803
Interest accrual - KfW Loans		5,462	6,434	4,557
Amounts received in advance - (CBC)		1,708	1,160	1,055
Vehicle licence fee - refunds payable		2,770	2,770	-
Interest accrual - Loan Stock		-	5,225	5,225
Government Kunene Road Project	21	2,938	27,227	38,380
		275,321	**296,196**	**281,237**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2016 N$'000	2015 Restated N$ '000	2014 Restated N$ '000

10. Trade and other payables (continued)

Included in the Government Kunene Road project is an amount of N$ 2.9 million (2015: N$ 27 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.

11. Financial liabilities by category

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

2016 - N$ '000	Financial liabilities at amortised cost	Total
Retirement benefit obligation	105,652	105,652
Other financial liabilities	387,516	387,516
Trade and other payables	275,321	275,321
	768,489	**768,489**

2015 - N$ '000	Financial liabilities at amortised cost	Total
Retirement benefit obligation	89,279	89,279
Other financial liabilities	419,648	419,648
Trade and other payables	296,195	296,195
	805,122	**805,122**

2014 - N$ '000	Financial liabilities at amortised cost	Total
Retirement benefit obligation	70,041	70,041
Other financial liabilities	419,704	419,704
Trade and other payables	281,237	281,237
	770,982	**770,982**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	Note(s)	2016 Restated N$ '000	2015 Restated N$ '000
12. Revenue			
Fuel levies		1,299,616	1,105,591
Road user charges (refer to 12.1 below)		794,921	679,923
		2,094,537	**1,785,514**
12.1 Road user charges			
Vehicle license fees		573,715	475,276
Cross border charges		122,817	106,341
Abnormal loan fees		12,986	12,517
Mass distance charges - local		59,465	63,435
Mass distance charges - foreign		25,938	22,354
		794,921	**679,923**
13. Other income			
Grant income from government		26,207	-
Roads Authority payment		1,101	11,180
		27,308	**11,180**
14. Operating surplus/(deficit)			
Operating surplus for the year is stated after accounting for the following:			
Depreciation on property, plant and equipment		1,033	-
Expenses by nature			
National road network expenditure	22	1,467,102	1,581,070
Transfer to administration account		65,945	44,400
Fuel levy refunds		209,084	185,182
Transfer to local authorities (urban road maintenance)		68,470	66,209
Traffic law enforcement agencies		28,990	28,650
Other expenses		7,960	4,732
Total operating and administrative expenses		**1,847,551**	**1,910,243**
15. Finance income			
Interest income			
Interest on current account		3,532	3,563
Interest on investments		26,891	16,216
		30,423	**19,779**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2016 Restated N$ '000	2015 Restated N$ '000
16. Finance costs		
Non-current borrowings	6,824	1,730
Interest paid on loan stock	26,125	31,350
	32,949	**33,080**
17. Other comprehensive income		
Components of other comprehensive income - 2015 - N$ '000	Gross	Net
Items that may be reclassified to profit or loss		
Available-for-sale financial assets adjustments		
Reclassification adjustments for available-for-sale financial assets	(28)	(28)
18. Cash generated from operations		
Surplus/(Deficit) for the year	271,768	(126,850)
Adjustments for:		
Depreciation	1,033	-
Interest received - investment	(30,423)	(19,779)
Finance costs	32,949	33,080
Movements in retirement benefit assets and liabilities	16,373	19,238
Other non-cash items	-	1,731
Changes in working capital:		
Trade and other receivables	(19,782)	(17,666)
Trade and other payables	(20,875)	13,171
	251,043	**(97,075)**

19. Contingencies

1. 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

2. The Road Fund Administration is required by the RFA Act, (Act 18 of 1999) to refund fuel not consumed for on road-use. Government Gazette Notice 2608 governs the operation of the fuel levy refunding system. The Fund was sued by Skorpion Mining for two rejected claims amounting to N$1 065 653. The judge ruled in favour of Skorpion Mining to be refunded a total amount of N$1 918 963. The Fund has appealed the judgement through the High Court. There was no certainty at year-end what the outcome of the case would be after the appeal was lodged.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

		2016 Restated N$ '000	2015 Restated N$ '000
20. Related parties			
RFA receives monies from Roads Authority (RA) that is collected for licence and abnormal load fees. RFA then distributes monies collected to RA for roads maintenance, administration and systems.	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 road 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 receives loans from KfW	KfW loans		
Related party balances			
Amounts included in Trade payables and Provisions regarding related parties:			
Roads Authority		151,590	210,051
Local Authorities		16,820	19,953
Ministry of Works and Transport (Unutilised project funds)		11,803	11,803
Traffic Law Enforcement Agencies		-	28,647
Government Kunene Road Projects		2,938	27,227
Related party transactions			
Payments made to related parties			
Roads Authority		1,467,102	1,581,070
Local Authorities		68,470	66,209
Traffic law enforcement Agencies		28,990	28,650
Receipts from related parties			
Government Kunene Road Projects		-	11,153

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2016 Restated N$ '000	2015 Restated N$ '000

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.

During the current financial year, the Fund has received a directive from its shareholder, the Government, relating to the deployment of N$ 25,975,642 to the TR1/6 Project – Windhoek/Okahandja road.

The balance at the end of the year is made up as follows:

	2016 Restated N$ '000	2015 Restated N$ '000
Balance at the beginning of the year	27,227	38,380
Advance utilised during the year	(24,289)	(11,153)
	2,938	**27,227**

The amount is represented by:

	2016 Restated N$ '000	2015 Restated N$ '000
Project accounts included in bank balances	2,938	27,227

22. National road network expenditure

	2016 Restated N$ '000	2015 Restated N$ '000
Roads Authority - Business Systems	3,738	15,630
Roads Authority - Administration	339,630	315,549
Roads Authority - Construction & Rehabilitation	202,502	217,496
Roads Authority - Maintenance	738,849	880,802
Roads Authority - NaTIS	45,342	49,370
Roads Authority - Network Planning	20,930	24,233
Roads Authority - Road Management	19,837	19,512
Roads Authority - Office Accommodation	93,402	51,398
Roads Authority - Road Transport Inspection Services	2,872	7,080
	1,467,102	**1,581,070**

23. Changes in accounting policy

The annual financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following standard.

• IPSAS 23 "Revenue From Non-Exchange Transactions (Transfers and Taxes)"

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

23. Changes in accounting policy (continued)

The Road Fund Administration (RFA) is an agency of the Government of the Republic Namibia, and charged with the management of 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.

In order to do this the RFA collects Road User Charges (RUCs) as described in Note 12. RUCs revenue of the RFA comprises of RUCs levied in terms of Section 18(1) of the Road Fund Administration Act, (Act 18 of 1999).

In the past, management have measured the revenue from these transactions with reference to IAS 18 presuming that the Fund was rendering services to the road users.

In the current year, management has concluded that the RUC should be seen as a tax since the value provided to the road users cannot be directly compare to the charges paid by the road users to the Fund.

IFRS does not cater for the scenario above, except to apply IAS 18 by analogy.

In terms of IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’, management is allowed to develop an accounting policy when IFRS does not have a specific standard dealing directly and appropriately with a particular transaction. The policy should result in information that is:
(a) relevant to the economic decision-making needs of users; and
(b) reliable, in that the financial statements:
(i) represent faithfully the financial position, financial performance and cash flows of the Fund;
(ii) reflect the economic substance of transactions, other events and conditions, and not merely the legal form;
(iii) are neutral, i.e free from bias;
(iv) are prudent; and
(v) are complete in all material respects.

In making the judgement described in paragraph 10, management referred to, and considered the applicability of, the following sources in descending order:
(a) the requirements in IFRSs dealing with similar and related issues; and
(b) the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the Framework.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2016 Restated N$ '000	2015 Restated N$ '000

23. Changes in accounting policy (continued)

The aggregate effect of the changes in accounting policy on the annual financial statements for the year ended 31 March 2015 & 2014 is as follows:

	2015 N$ '000	2014 N$ '000
Statement of Financial Position		
Trade and other payables		
Previously stated	(514,682)	(466,269)
Adjustment	218,487	189,588
	(296,195)	**(276,681)**
Opening retained earnings		
Previously stated	415,645	-
Adjustment	(189,588)	-
	226,057	**-**
Profit or Loss		
Revenue		
Previously stated	1,756,616	1,613,042
Adjustment	28,898	189,588
	1,785,514	**1,802,630**

DETAILED STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME

	Note(s)	2016 N$ '000	2015 N$ '000
Revenue			
Fuel levy		1,299,616	1,105,591
Other road user charges		794,921	679,923
	12	**2,094,537**	**1,785,514**
Other income			
Investment income	15	30,423	19,779
Roads Authority payment		1,101	11,180
Sundry income		26,207	-
		57,731	**30,959**
		(1,847,551)	**(1,910,243)**
Operating expenses			
Administrative expenses			
Audit fees		(64)	-
Bank charges		(4,557)	(4,008)
Depreciation, amortisation and impairments		(1,118)	-
Depreciation		(1,033)	-
IT expenses		(453)	(580)
National road network expenditure		(1,467,102)	(1,581,070)
		(1,474,327)	**(1,585,658)**
Other operating expenses			
Fuel levy refunds		(209,084)	(185,182)
Legal expenses		(66)	-
Local authorities		(68,470)	(66,209)
Other expenses		(204)	(64)
Professional fees - Fund management		(265)	(20)
Traffic law enforcement agencies		(28,990)	(28,650)
Transfer to administration account		(65,945)	(44,400)
Vehicle license fees - refunds		(200)	(60)
		(373,224)	**(324,585)**
		(1,847,551)	**(1,910,243)**
Operating surplus / (deficit)	14	**304,717**	**(93,770)**
Finance costs	16	(32,949)	(33,080)
Surplus / (Deficit) for the year		**271,768**	**(126,850)**
Other comprehensive income	17	-	-
Total comprehensive income (loss) for the year		**271,768**	**(126,850)**

CONTENTS

ROAD FUND ADMINISTRATION - ADMINISTRATION ACCOUNT

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required, in terms of the Road Fund Administration, (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 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 an environment of strong control. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss 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 loss.

The directors have reviewed the company's cash flow forecast for the year to 31 March 2017 and, in light of this review and the current financial position, they are satisfied that the Fund has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Fund's annual financial statements. The annual financial statements have been examined by the Fund's external auditors and their report is presented on pages 123 to 139.

The annual financial statements set out on pages 125 to 139, which have been prepared on the going concern basis, were approved by the board and were signed on their behalf by:

		30 September 2016
Director	**Director**	**WIndhoek, Date**

INDEPENDENT AUDITORS' REPORT

To the Minister of Finance

We have audited the annual financial statements of the Road Fund Administration - Administration Account, which comprise of the statement of financial position as at 31 March 2016, and the statements of surplus or deficit and other 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 124 to 139.

Directors' Responsibility for the Financial Statements

The Fund's directors are responsible for the preparation and fair presentation of these financial statements in 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 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 Fund'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 2016 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, (Act 18 of 1999) and International Financial Reporting Standards.

Basis 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)(b) of the Road Fund Administration Act, (Act 18 of 1999). As a result, the financial statements may not be suitable for another purpose.

PricewaterhouseCoopers

PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: Samuel N Ndahangwapo Partner
Windhoek

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 2016.

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.

Full details of the financial position, results of operations and cash flows of the company 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**	**Changes**
P Ithindi (Chairperson)	Namibian	Re-appointed on 1 September 2016
A Avafia	Namibian	Service term ended on 31 August 2016
S Amunkete	Namibian	Re-appointed on 1 September 2016
E O Asino-Joseph	Namibian	Service term ended on 31 August 2016
Z Stellmacher	Namibian	Appointed on 01 September 2016
R Amadhila	Namibian	Appointed on 01 September 2016
N Henok	Namibian	Appointed on 01 September 2016

There have been no changes to the Directorate for the year under review.

3. Events after the reporting period

There have been no material events subsequent to the end of the reporting period.

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.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	Note(s)	2016 N$ '000	2015 N$ '000
Assets			
Non-Current Assets			
Non-Current Assets			
Property, plant and equipment	3	5,436	2,809
Current Assets			
Trade and other receivables	4	89	45
Cash and cash equivalents	5	4,991	4,396
		5,080	**4,441**
Total Assets		**10,516**	**7,250**
Equity and Liabilities			
Equity			
Retained surplus		6,240	516
Liabilities			
Non-Current Liabilities			
Provisions	7	2,909	4,207
Current Liabilities			
Trade and other payables	8	1,367	2,527
Total Liabilities		**4,276**	**6,734**
Total Equity and Liabilities		**10,516**	**7,250**

STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME

	Note(s)	2016 N$ '000	2015 N$ '000
Capital contribution	10	66,059	44,413
Operating expenses		(60,422)	(41,756)
Operating surplus		**5,637**	**2,657**
Interest income	11	87	43
Surplus for the year		**5,724**	**2,700**
Other comprehensive income	-	-	
Total comprehensive income for the year		**5,724**	**2,700**

STATEMENT OF CHANGES IN EQUITY

	Accumulated surplus/deficit N$ '000	Total equity N$ '000
Balance at 01 April 2014	**(2,184)**	**(2,184)**
Surplus for the year	2,700	2,700
Other comprehensive income	-	-
Total comprehensive income for the year	**2,700**	**2,700**
Balance at 01 April 2015	**516**	**516**
Surplus for the year	5,724	5,724
Other comprehensive income	-	-
Total comprehensive income for the year	**5,724**	**5,724**
Balance at 31 March 2016	**6,240**	**6,240**

STATEMENT OF CASH FLOWS

	Note(s)	2016 N$ '000	2015 N$ '000
Cash flows from operating activities			
Cash receipts from road users		66,015	44,305
Cash paid to suppliers and employees		(62,413)	(38,292)
Cash generated from operations	13	3,602	6,013
Interest income	11	87	43
Net cash from operating activities		**3,689**	**6,056**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(3,179)	(2,209)
Sale of property, plant and equipment	3	85	-
Net cash from investing activities		**(3,094)**	**(2,209)**
Total cash and cash equivalents for the year		595	3,847
Cash and cash equivalents at the beginning of the year		4,396	549
Total cash and cash equivalents at end of the year	**5**	**4,991**	**4,396**

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 period.

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 loss should be recorded in the profit or loss, 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 loss 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 loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss 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.

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 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.

ACCOUNTING POLICIES (CONTINUED)

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	10 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 profit or loss 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 profit or loss 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 Fund classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- 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 profit or loss, which shall not be classified out of the fair value through profit or loss category.

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 profit or loss, 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 profit or loss, 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.

ACCOUNTING POLICIES (CONTINUED)

Impairment losses are recognised in profit or loss.

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 loss is recognised in profit or loss 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 loss 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 loss is recognised in profit or loss 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 profit or loss.

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 is 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. This 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.
- tests goodwill acquired in a business combination for impairment annually.

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 loss.

ACCOUNTING POLICIES (CONTINUED)

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

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill, is recognised immediately in profit or loss. Any reversal of an impairment loss 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 profit sharing and 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.

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.

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 31 March 2016 - N$ '000	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	1,367	-	-	-

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	2,527	-	-	-

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 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2016 N$ ‘000	2015 N$ ‘000

3. Property, plant and equipment - N$ ‘000

	2016			2015		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Furniture and fixtures	3,253	(1,252)	2,001	1,111	(873)	238
Motor vehicles	1,498	(658)	840	1,498	(640)	858
Office equipment	237	(123)	114	169	(120)	49
Computer software	8,218	(5,737)	2,481	7,334	(5,670)	1,664
Total	**13,206**	**(7,770)**	**5,436**	**10,112**	**(7,303)**	**2,809**

Reconciliation of property, plant and equipment – N$ ‘000 – 2016

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	238	2,189	(85)	(341)	2,001
Motor vehicles	858	-	-	(18)	840
Office equipment	49	106	-	(41)	114
Computer software	1,664	884	-	(67)	2,481
	2,809	**3,179**	**(85)**	**(467)**	**5,436**

Reconciliation of property, plant and equipment – N$ ‘000 – 2015

	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**

4. Trade and other receivables

	2016	2015
Sundry debtors	2	2
Payroll control accounts	87	43
	89	**45**

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2016 N$ '000	2015 N$ '000
5. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	4,991	4,396

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 counterparty default rates:

Credit rating		
Bank Windhoek Limited (A1+ Moody's credit rating)	4,991	4,396

6. Financial assets by category

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

2016

	Fair value through profit or loss - held for trading	Total
Trade and other receivables	89	89
Cash and cash equivalents	4,991	4,991
	5,080	**5,080**

6. Financial assets by category (continued)

2015

	Fair value through profit or loss - held for trading	Total
Trade and other receivables	45	45
Cash and cash equivalents	4,396	4,396
	4,441	**4,441**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2016 N$ '000	2015 N$ '000

7. Provisions

Reconciliation of provisions - 2016

	Opening balance	Utilised during the year	Total
Leave pay provision	2,133	(204)	1,929
Severance pay provision	2,074	(1,094)	980
	4,207	**(1,298)**	**2,909**

Reconciliation of provisions - 2015

	Opening balance	Utilised during the year	Total
Leave pay provision	1,545	588	2,133
Severance pay provision	1,563	511	2,074
	3,108	**1,099**	**4,207**

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

	2016	2015
Trade payables	1,293	1,880
Accrued social security	22	20
Other payables	52	627
	1,367	**2,527**

Other payables related to PAYE and salary control.

9. Financial liabilities by category

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

2016	Financial liabilities at amortised cost	Total
Trade and other payables	4,276	4,276

2015	Financial liabilities at amortised cost	Total
Trade and other payables	6,734	6,734

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	2016 N$ '000	2015 N$ '000
10. Revenue		
Transfer from Fund	65,945	44,400
Sundry income	114	13
	66,059	**44,413**
11. Interest income		
Interest on current account	87	43
12. Auditor's remuneration		
Audit fees (external audit and other fees)	350	690
13. Cash generated from operations		
Profit before taxation	5,724	2,700
Adjustments for:		
Depreciation and amortisation	467	591
Interest income	(87)	(43)
Movements in provisions	(1,298)	1,099
Other non-cash items	-	-
Changes in working capital:		
Trade and other receivables	(44)	108
Trade and other payables	(1,160)	1,558
	3,602	**6,013**
14. Related parties		
Relationships		
Related party transactions		
Funds transferred from the Road Fund		
Road Fund Account	65,945	44,400
Compensation to directors and other key management		
For services as directors	259	317

DETAILED STATEMENT OF SURPLUS OR DEFICIT

	Note(s)	2016 N$ '000	2015 N$ '000
Capital contribution			
Sundry Income		114	13
Capital contribution		65,945	44,400
	10	**66,059**	**44,413**
Other income			
Interest income	11	87	43
Expenses (Refer to page 139)		**(60,422)**	**(41,756)**
Surplus for the year		**5,724**	**2,700**
Other comprehensive income		-	-
Total comprehensive income for the year		**5,724**	**2,700**

DETAILED STATEMENT OF SURPLUS OR DEFICIT

	Note(s)	2016 N$ '000	2015 N$ '000
Direct expenses			
Administrative expenses			
Advertising		(925)	(302)
Audit fees	12	(350)	(690)
Bank charges		(30)	(16)
Books		(6)	-
Computer expenses		(371)	(112)
Depreciation and amortisation		(467)	(591)
Employee costs		(42,160)	(30,127)
Insurance expenses		(310)	(247)
IT Support services		(1,728)	(1,291)
Lease rentals on operating lease		(1,432)	(2,472)
Placement fees		(920)	(943)
Postage		(170)	(157)
Printing and stationery		(1,121)	(586)
Security		(1,231)	(1,011)
Subscriptions		(272)	(182)
Telephone and fax		(1,271)	(288)
Transport and freight		(468)	-
Water and electricity		(495)	(106)
		(53,727)	**(39,121)**
Operating expenses			
Cleaning		(306)	(20)
Consumables		(318)	(323)
Corporate Items		(380)	(40)
Entertainment		(257)	(63)
E-mail and internet services		(252)	(411)
Hire		(161)	(133)
Legal expenses		(412)	(289)
Minor computer equipment		(194)	(48)
Motor vehicle expenses		(133)	(111)
Other expenses		(188)	-
Public relations activities		(688)	(397)
Relocation costs		(19)	-
Repairs and maintenance		(626)	(98)
Seminars and conferences		(234)	(41)
Training		(448)	(329)
Travel - local and foreign		(2,079)	(332)
		(6,695)	**(2,635)**
		(60,422)	**(41,756)**

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