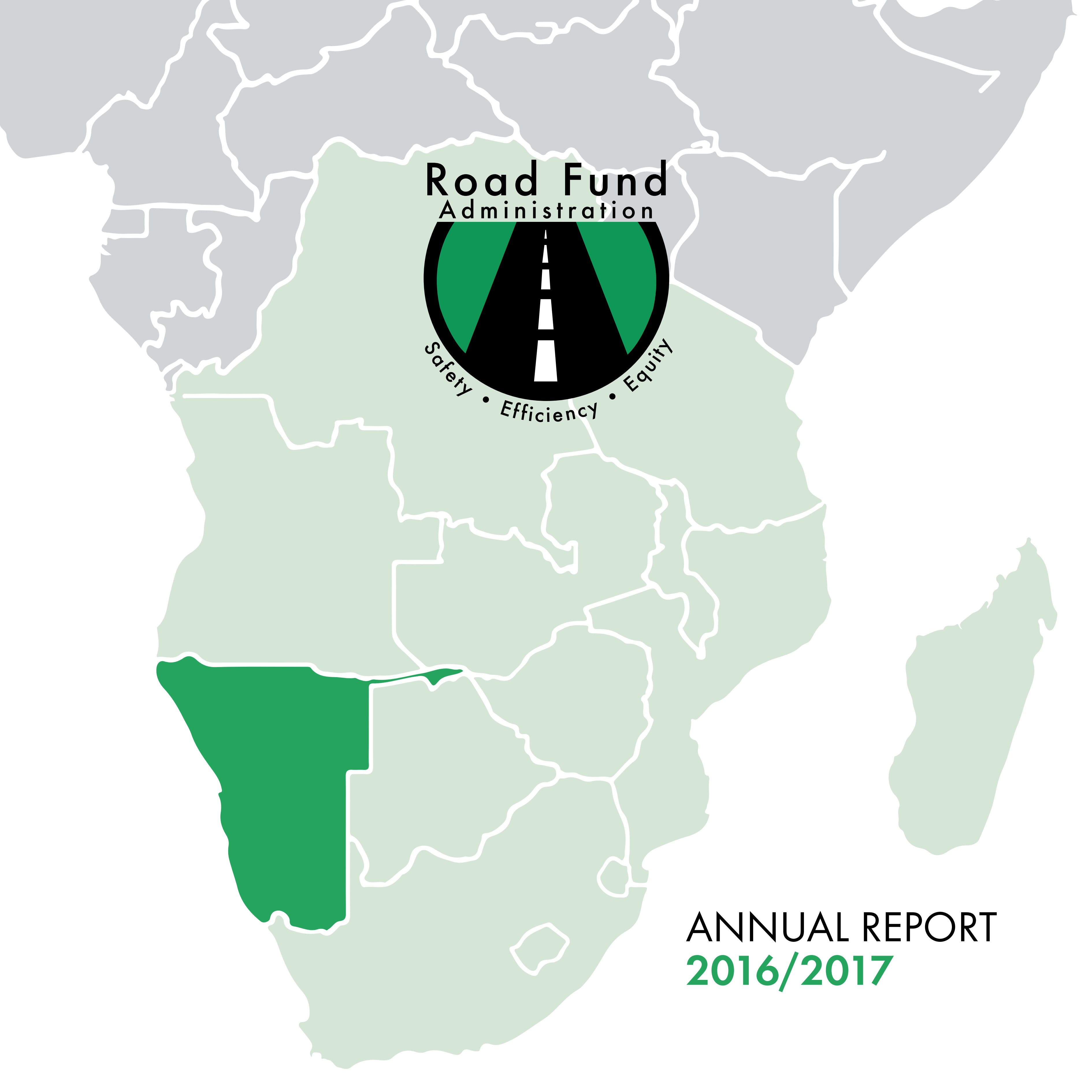
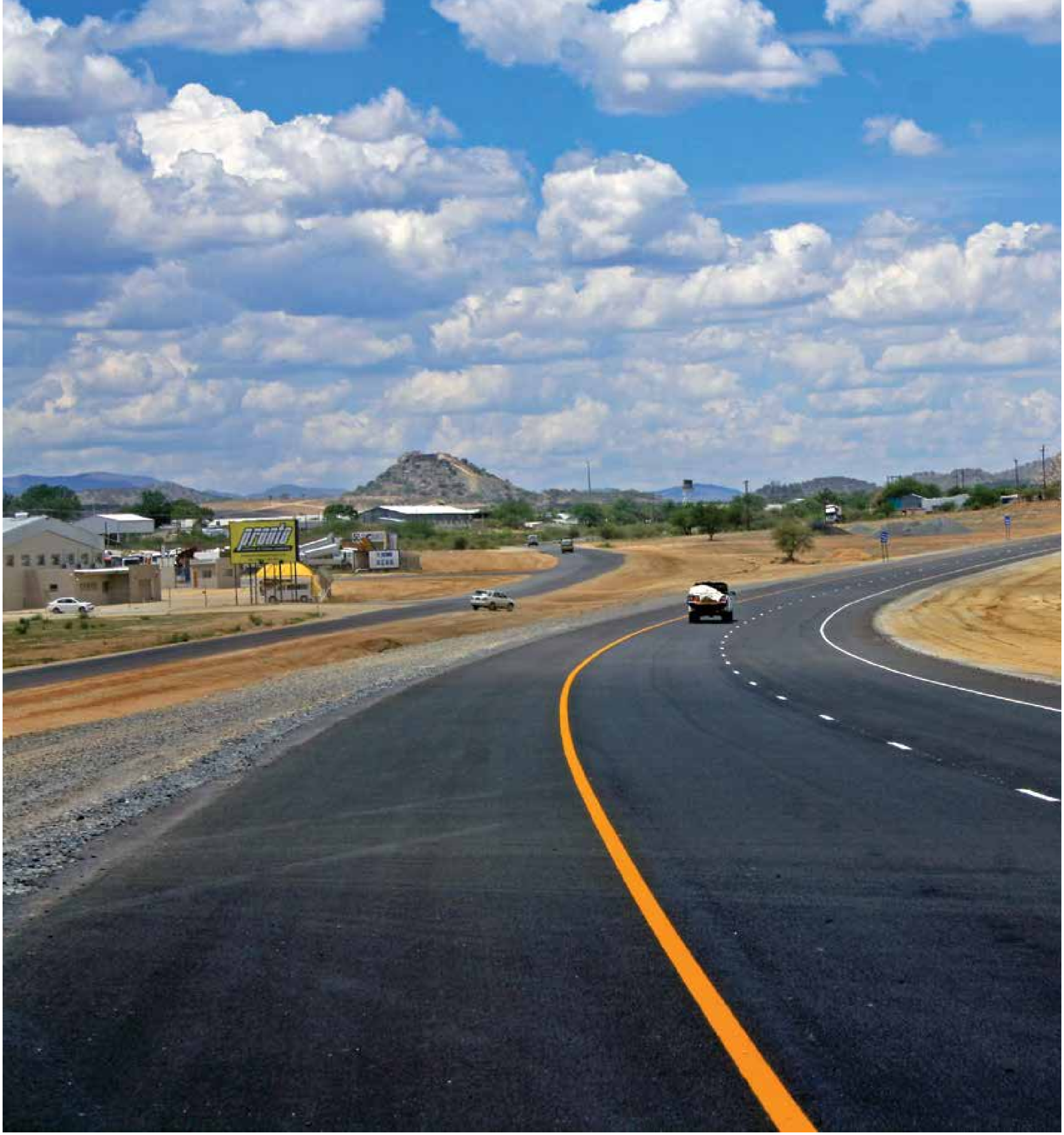


Road Fund Administration

Safety • Efficiency • Equity

ANNUAL REPORT 2016/2017



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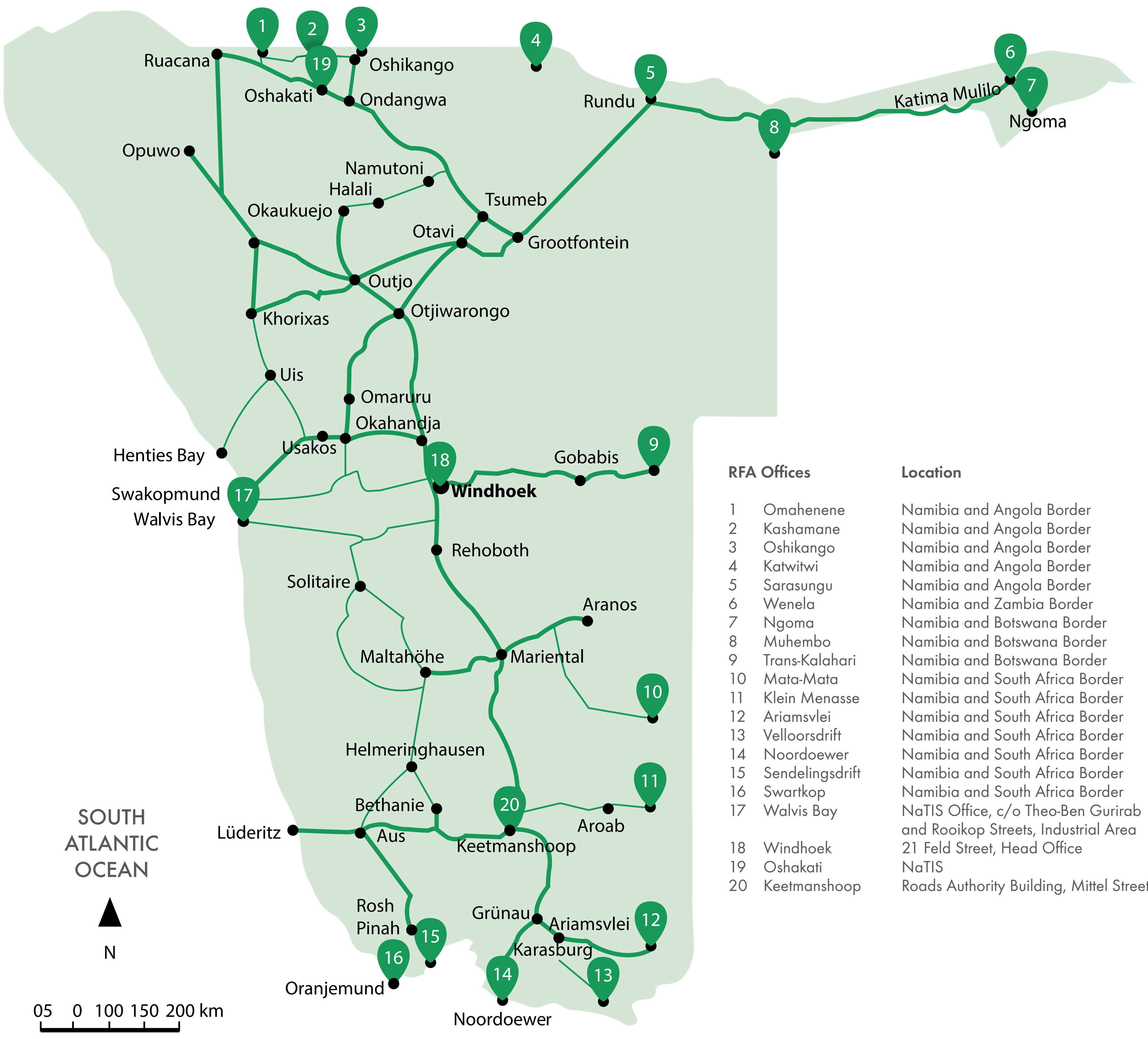
ABBREVIATIONS

AA	Approved Authorities
ARCC	Audit, Risk and Compliance Committee
ARMFA	African Road Maintenance Fund Association
ASAFG	ARMFA Southern African Focal Group
bl-km	Blading kilometre
CCTV	Close Circuit Television
CBC	Cross Border Charges
CEO	Chief Executive Officer
COW	City of Windhoek
ERMS	Emergency Medical Rescue Services
ERP	Enterprise Resource Planning
EXCO	Executive Committee
FY	Financial Year
HPP	Harambee Prosperity Plan
GRN	Government of the Republic of Namibia
GNP	Gross National Product
IIA	Institute of Internal Auditors
ICT	Information, Communication and Technology
ICTD	Information, Communication and Technology Division
KfW	Kreditanstalt für Wiederaufbau
LA	Local Authorities
MANCO	Management Committee
MDC	Mass Distance Charges
MVA	Motor Vehicle Accident Fund
MWT	Ministry of Works and Transport
NAMPOL	Namibian Police
NaTIS	Namibia Traffic Information System
NCCI	Namibia Chamber of Commerce and Industry
NDC	Namibia Development Corporation
NDP	National Development Plan
NRSC	National Road Safety Council
NUST	Namibia University of Science and Technology
PAYE	Pay As You Earn
PE	Public Enterprise
PMPA	Programme Management, Policy and Advice
RA	Roads Authority
RFA	Road Fund Administration
RUCs	Road User Charges
RUCS	Road User Charging System
SADC	Southern African Development Community
SMME	Small, Medium and Micro Enterprises
TLE	Traffic Law Enforcement
TOR	Terms of Reference
VAT	Value Added Tax
WBCG	Walvis Bay Corridor Group

ROAD FUND ADMINISTRATION REPRESENTATION MAP



	RFA Offices	Location
1	Omahenene	Namibia and Angola Border
2	Kashamane	Namibia and Angola Border
3	Oshikango	Namibia and Angola Border
4	Katwitwi	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	Klein Menasse	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	Oshakati	NaTIS
20	Keetmanshoop	Roads Authority Building, Mittel Street

ROAD FUND ADMINISTRATION BUSINESS PHILOSOPHY

VISION

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

MISSION

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

CORE VALUES

INTEGRITY

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

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 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.

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.

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.

OUR STRATEGY

The Road Fund Administration (RFA) developed a five-year strategic plan during 2014 which was adopted by the RFA Board. In line with the principles of good corporate governance, a One Year Strategy Review was held in July 2015 by way of an EXCO retreat. In September 2016, the second One Year Strategy Review was conducted, this time involving both the Executive Committee (EXCO) and Management (MANCO) teams - with the focus placed on engagement, accountability and building leadership depth in the organisation.

The key objectives of the 2016 retreat were to:

- Ensure an aligned understanding of the RFA vision, mandate and strategic plan across the organisation.
- Ensure ongoing alignment with the national development goals for Namibia, i.e. Haram-bee Prosperity Plan (HPP), NDP4/5 and Vision 2030.
- Assess the progress of strategic initiatives against targets and review these in light of potential changes to the environment within which RFA operates and the expectations of key stakeholders.
- Identify challenges and opportunities faced in the implementation of the strategic plan.
- Agree on initiatives to address the above and drive performance.
- Build a strong and cohesive leadership and management team.

Road Fund Administration

Safety • Efficiency • Equity

OPTIMISE FUNDING

- Secure sufficient funding to execute mandate
- Optimal utilisation of resources by Recipient Authorities

STAKEHOLDER SYNERGY

Strong stakeholder engagement across all sectors

OPERATIONAL EFFICIENCY

- Develop and refine policies, processes and procedures
- Improve & effectively manage the Road User Charging System
- Adhere to good corporate governance practises
- Align business processes and systems
- Ensure compliance with Namibian legislative framework
- Implement proper risk and compliance management
- Ensure sound financial management and clean audits

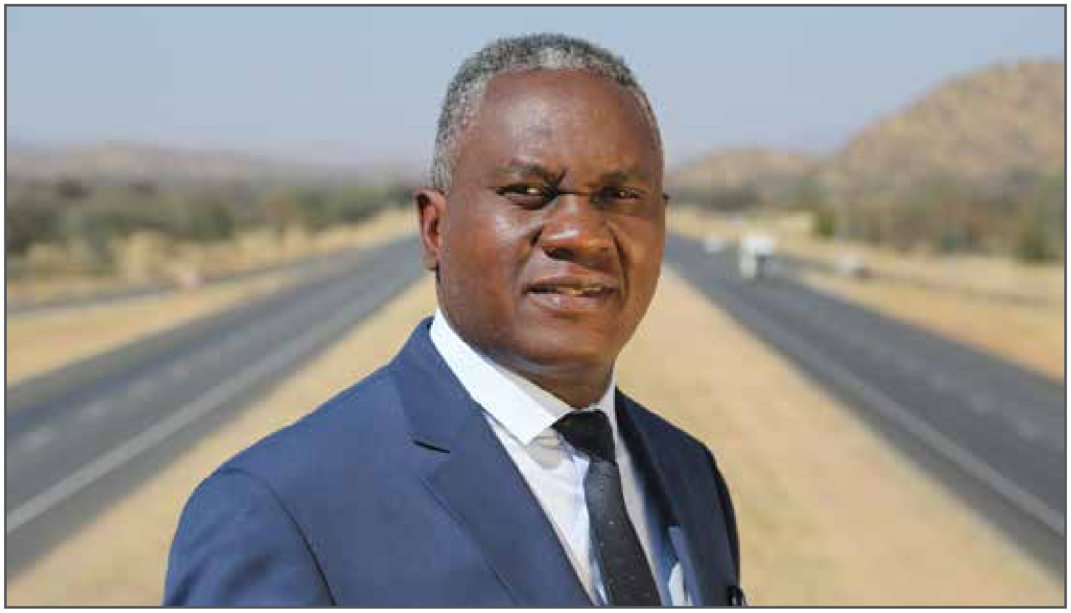
HIGH PERFORMANCE TEAM CULTURE

- Develop strategic leadership and innovation
- Attract and retain best possible talent
- Enhance a performance driven culture
- Create a learning and development culture

CORE VALUES

Integrity Accountability Efficiency Transparency Teamwork Innovation Service Excellence

RFA STRATEGIC ROAD MAP



Penda Ithindi
Chairperson of the Board of Directors

"The RFA is striving to be a driving force to achieve the road sector goals as set out by Central Government."

STRATEGY

This 2016/2017 Annual Report of the Road Fund Administration (RFA), which I have the honour to present to the public, is the second such accountability report following the adoption of the revised Strategic Plan of the Administration for 2014/15 – 2019/20 period. **Over the remainder of this envisaged yet uncharted and exciting period, the RFA, with the support of its stakeholder community, has committed itself to the attainment of the following strategic goals:**

- optimising funding for the road sector, through the development of an optimum funding strategy and implementation of credible annual business plans as means of implementing strategic initiatives;
- achieving operational efficiency by aligning business systems and processes as well as leveraging the power of Information Communication Technology to hone business strategies, while remaining accountable and compliant with corporate governance standards;
- developing stakeholder engagement and exploiting synergies of an integrated approach that assists in the execution of the mandate of the RFA; and
- instilling a performance driven culture by strengthening strategic skills formation, an effective performance management system, employee satisfaction and by cultivating a sense of belonging.

To achieve these strategic goals, the RFA is seized with the implementation of strategic initiatives in its organisational scorecard. These initiatives entail putting in place predictable and credible multi-year business plans, collecting increasing revenue relative to activity rate, business process re-engineering, systems integration, harnessing ICT platforms, implementation of risk management frameworks and effective stakeholder engagement initiatives.

This Annual Report, therefore, presents a summary of the key achievements against the corporate scorecard targets, the RFA financial position and the main strategic outcomes, seen in the context of the overall national objectives in the road sector. The Fourth National Development Plan (NDP4) has articulated Namibia's national goal for becoming a logistics hub in the Southern Africa sub-continent. Substantial investments have been made in the infrastructure sector during the NDP4 period. As such, the Harambee Prosperity Plan (HPP) has prioritised specific road sector investments to fast-track the realisation of this national goal as we transition to the Fifth National Development Plan (NDP5). In this respect, the current RFA five-year Business Plan contemplates a total investment outlay of about N$14.1 billion.

This Report and, thus, the RFA financial position, are presented against the backdrop of overall developments in the national economy, which faced headwinds propelled by a combination of external and internal factors. This is particularly so, given the fact that the RFA revenue streams are intimately related to the performance of the domestic economy.

OVERALL OUTCOME AND OUTPUTS

Against this backdrop, the overall outcomes point to the ability of the RFA to meet its budgeted targets and fund the planned capital investments and its administrative operations and those of the Roads Authority (RA) as required by statute. In addition, and thanks to the surplus buffer position accumulated during 2015/16, the RFA was able to respond timeously to the request to meet urgent funding needs arising from the Central Government budgetary commitments in the road sector. The investment outlay made during the reporting period is a critical addition to the stock and quality of the national road network.

During this reporting period, the main strategic outputs entailed:

- a total of N$ 2.21 billion was invested in the local economy, 81 percent of which accrued to national road sector projects, 5 percent to local authorities, road safety and other approved authorities, thus adding to capital formation, creating and retaining jobs as well as facilitating other economic opportunities;
- up to N$318 million additional injection was deployed in the economy from Fund reserves to defray the cost of urgent funding needs in the road sector;
- a total of N$2.21 billion Road User Charges (RUCs) revenue was collected during the reporting period as the main basis for funding the business plan;
- Completing Phase 1 of TR 1/6 Windhoek-Okahandja dual carriageway, which is now operational;
- funding key road maintenance and rehabilitation projects country wide;
- constructing up to 36 staff housing units at various border posts;
- strengthening governance, financial management and other technical skills development of personnel; and
- upgrading the functionality and recovery capacity of the business information systems, implementing systems integration with the Namibian Traffic Information System (e-NaTIS) and initiating automation of some of its revenue collection and monitoring operations.

These outputs are a critical addition to the desired national goals of building resilient institutions and positioning our country as a competitive logistics hub of choice. Indeed, it is an investment outlay which adds to the good standard of our road sector infrastructure. We take pride from the fact that our country continues to fare well on the global competitiveness index in terms of the quality of infrastructure. The Global Competitiveness Report for 2016/17, ranked Namibia at 23rd position on the quality of roads infrastructure out of 138 countries assessed. This standard, which we should seek to maintain and improve, augurs well with our realistic goal of being a logistics hub of choice from which trajectories for advancing wider regional integration obtain.

The RFA is striving to be a driving force to achieve the road sector goals as set out by Central Government.

- Total Road User Charges (RUCs) revenue for the reporting period stood at N$2.21 billion, 5.7% moderate growth from the previous year. This, however, represents a shortfall of 1.2% against budget targets mainly due to low economic activity which manifested itself in the underlying revenue streams, particularly fuel consumption, new vehicle licensing and Mass Distance Charges.
- Total expenditure stood at N$2.3 billion, this being the quantum of money released in the national economy, of which 81% was on the road sector projects. This is more so because the RFA has been requested to respond to the urgent need for defraying costs associated with outstanding payments for invoices emanating from road projects funded by the Government. To this effect, budgeted expenditure has to be revised upward to the same score.
- The RFA has kept its presence in the lending market, based on its revenue flow ability. The second tranche of N$149 million of the N$447 million KfW loan secured during 2015 was released and it was material in funding the completion of the Phase 1 of the Windhoek–Okahandja dual carriage roadway.
- Total Investment/Cash reduced to some N$101 million, mirroring drawdowns on investments on account of elevated funding needs in the sector.

FINANCIAL STATEMENTS

The financial statements for the year ending March 2017 reflect an unqualified audit opinion, a standard of financial management and internal control which the RFA aspires to maintain. This is in line with the organisational strategy to strengthen internal control and management systems on the back of information communication technology innovations.

The combination of reduced revenue outturn and the mobilisation of RFA reserves to meet urgent spending needs in the road sector had a temporary effect of weakening the RFA financial position by the year end. The surplus position of N$277 million recorded as at the end of March 2016 reversed into an operating deficit of some N$59 million at the end of March 2017. Given the narrow RFA asset base, the drawdown on reserves and liabilities arising from the loan undertakings imply weakening in the accumulated Fund deficit. This is, however, counterbalanced by the revenue collection capacity and a series of strategic measures to strengthen the RFA financial position going forward.

As I have stressed before, the level of spending commitments is a matter of choice, save when emergencies and natural calamities become manifest. The recent experience in the road sector with multiple large-scale road construction and maintenance projects running concurrent is unprecedented and exerts funding pressures on the RFA and the Government. This situation calls for greater coordination and prioritisation so that future project commitments are within sustainable and affordable means of financing.

Let me take this opportunity to thank our stakeholders, particularly the road users who are the main contributors to the RFA revenue base, and whose contribution has ensured the upkeep of our road infrastructure both at national and local authority levels. I thank the shareholder for the stewardship and my board colleagues for their invaluable guidance and teamwork. The entire RFA Management and staff deserve due recognition for chasing increasingly steeper targets.

I invite you to delve further into this report for detail and for your feedback on various platforms.

BOARD OF DIRECTORS

Mr Penda Ithindi
Board Chairperson

Ms Zia Stellmacher
Director

Ms Naemi Henok
Director

Dr Simeon Amunkete
Director

Mr Robanus Amadhila
Director

"The Board is responsible for ensuring that it provides the organisation with strategic direction but also that best governance practices and effective internal control systems are entrenched within the organisation."

1. RFA BOARD APPPOINTMENTS

The Road Fund Administration hereinafter referred to as the RFA is a creature of statute created by the Road Fund Administration Act, (Act 18 of 1999) as amended ("the Act"). As a Public Enterprise the appointment of Board Members is effected in terms of the Public Enterprise Governance Act, (Act 2 of 2006) as amended. During the 2016/2017 financial year a new Board was appointed for the RFA for a period of three years from the 1st of September 2016. The Board is responsible for ensuring that it provides the organisation with strategic direction, but also that best governance practices are entrenched within the organisation.

2. RFA GOVERNANCE FRAMEWORK

The new Board established Board Sub-Committees soon after their appointment to ensure the proper functioning of Board structures. The Board Committees are constituted as follows:

Audit Risk and Compliance Committee

(a) Ms Zia Stellmacher - Chairperson
(b) Ms Naemi Henok - Member

Human Resources Committee

(a) Dr Simeon Amunkete - Chairperson
(b) Mr Penda Ithindi - Member

Tender and Investment Committee

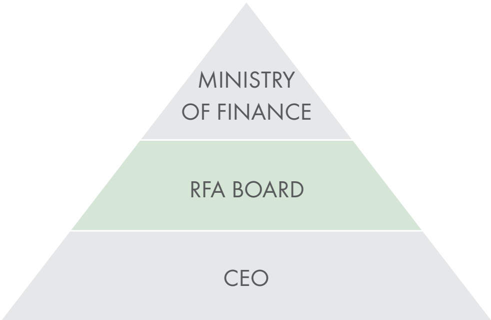
(a) Mr Robanus Amadhila - Chairperson
(b) Dr Simeon Amunkete - Member

ICT Committee

(a) Ms Naemi Henok - Chairperson
(b) Mr Robanus Amadhila - Member

The Committees ensured that the Terms of Reference of each Committee were finalised in the financial year to ensure clarity on the functions of each Committee.

3. GOVERNANCE STRUCTURE



The RFA's governance structure is similar to that of other Public Enterprises in that the RFA Board reports to a Line Ministry, which is the Ministry of Finance. The CEO of the RFA reports as part of senior management to the Board. The Board has, in the past financial year, finalised their governance and performance agreements to facilitate the reporting of the CEO and Board to their various reporting lines.

4. DECISIONS OF THE BOARD RELATED TO GOVERNANCE MATTERS

(a) The Board approved the ICT Committee Charter.
(b) The Board approved the Governance Agreement and Performance Agreement for each member.
(c) The Board approved the Annual Financial Statements for the year 2015/2016.
(d) The Board approved the Annual Report for the financial year 2015/2016.
(f) The Board approved the Business Plan for the Period 2017/2018 – 2021/2022.
(g) The Board approved the Administration Budget 2017/2018.

5. DISCLOSURE OF INTEREST

Disclosure of Interest is a standing item on the Agenda for each Committee and Board Meeting. The Board and Management is guided by Section 10 of the Act in declaring their interest and how to deal with the conflict of interests.

Where a Director may have a conflict of interest in respect of any matter on the Board agenda, such interest is to be declared and the Director/s will be excused from the meeting for the purpose of decision making.

6. BOARD REMUNERATION

The Board is strictly remunerated in terms of the Government Notice No. 174, of 12 August 2010 issued under the Public Enterprises Governance Act, (Act 2 of 2006) as amended. Directors that are in the full-time employment of the State do not receive any remuneration.

7. BOARD TRAINING AND DEVELOPMENT

For the new Board a training and development plan has been developed in consultation with Management. For the past financial year Directors training has focused on strengthening their understanding of governance matters. In further years, training will focus on road sector issues.

8. BOARD AND COMMITTEE MEETINGS ATTENDANCE

TABLE 4: BOARD MEETING ATTENDANCE

MEETING DATE	AKUA AVAFIA	ELIZABETH ASINO-JOSEPH	PENDA ITHINDI	SIMEON AMUNKETE	ZIA STELLMACHER	ROBANUS AMADHILA	NAEMI HENOK
23/07/2016	√	√	√	√	N/A	N/A	N/A
10/08/2016	√	√	√	√	N/A	N/A	N/A
15/09/2016	N/A	N/A	√	√	√	√	√
29/09/2016	N/A	N/A	√	√	√	√	√
15/12/2016	N/A	N/A	√	√	X	√	√
22/03/2017	N/A	N/A	√	√	X	√	√

TABLE 5: AUDIT RISK AND COMPLIANCE COMMITTEE

MEETING DATE	AKUA AVAFIA	ELIZABETH ASINO-JOSEPH	ZIA STELLMACHER	NAEMI HENOK
02/06/2016	√	√	N/A	N/A
21/09/2016	N/A	N/A	√	√
16/11/2016	N/A	N/A	√	√
06/12/2016	N/A	N/A	√	√
17/03/2017	N/A	N/A	√	√

TABLE 6: TENDER AND INVESTMENT COMMITTEE

MEETING DATE	PENDA ITHINDI	SIMEON AMUNKETE	ROBANUS AMADHILA
15/06/2016	√	√	N/A
20/09/2016	N/A	√	√
15/11/2016	N/A	√	√
22/03/2017	N/A	√	√

TABLE 7: INFORMATION AND COMMUNICATION TECHNOLOGY COMMITTEE

MEETING DATE	ELIZABETH ASINO-JOSEPH	PENDA ITHINDI	NAEMI HENOK	ROBANUS AMADHILA
18/06/2016	√	√	N/A	N/A
17/11/2016	N/A	N/A	√	√
30/03/2017	N/A	N/A	√	√

TABLE 8: HUMAN RESOURCE COMMITTEE

MEETING DATE	SIMEON AMUNKETE	PENDA ITHINDI
04/07/2016	√	√
30/11/2016	√	√
15/03/2017	√	√

Ali Ipinge
Chief Executive Officer

"Our mandate of providing a safe and economically efficient road network in Namibia ties in with objectives as set out in Vision 2030, NDP 4 and the HPP."

The RFA was established 17 years ago and has since the year 2000 managed the Namibian Road User Charging System (RUCS) and the Road Fund. Our mandate of providing a safe and economically efficient road network in Namibia ties in with objectives as set out in Vision 2030, NDP 4 and the HPP.

Vision 2030, adopted in 2004, highlighted the fact that Namibia needed an established network of modern infrastructure which included roads to contribute towards sustained economic growth. NDP 4 further addressed the need for a reliable and affordable road transport system as this formed part of the social safety net, enabling trade and employment opportunities in both urban and rural communities. Road infrastructure plays a key role in the socio-economic development of Namibia and has made great strides in the overall Namibian economic growth.

When looking at the road network status, more than 2700 km have been bitumen surfaced and paved since 1990, while another 283 km were low volume surfaced (paved) in the last year alone. The total distance of road improvements from 1990 to 2017 stands at an additional 46498 km, which is looked after by RFA since 1990.

TABLE 1: THE ROAD NETWORK STATUS

ITEM	ROAD TYPE (By Surface)	1990 (Network 0)	2005 (Network 4)	2014 (Network 8)	2017 (Network 10)
		Total (km)	Total (km)	Total (km)	Total (km)
1	Bitumen surfaced (paved)	4,572	6,199	6,199	7,568
2	Gravel (unpaved)	37,017	35,629	37,170	38,626
3	Salt Road (unpaved)	226	272	288	304
	TOTAL	**41,815**	**42,100**	**44,122**	**46,498**

Note: The distances have been rounded off to the nearest kilometre (Source: Roads Authority)

The road network growth is further displayed in Table 2.

TABLE 2: THE ROAD NETWORK GROWTH

YEAR	PAVED (KM)	% GROWTH	GRAVEL ONLY (KM)	% GROWTH	TOTAL (KM)	% GROWTH
1990	4,572	0.0%	25,550	0.0%	41,815	0.0%
2005	6,199	35.6%	24,944	-2.4%	42,100	0.7%
2014	6,664	7.5%	25,710	3.1%	44,122	4.8%
2017	**7,568**	**13.6%**	**25,604**	**-0.4%**	**46,498**	**5.4%**

Note: The distances have been rounded off to the nearest kilometre (Source: Roads Authority)

TABLE 3: REVENUE STREAMS OVER THE PAST 10 YEARS

RFA ROAD USER CHARGES ('000)											
	2007	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
FUEL LEVY	633,014	687,742	711,031	785,775	852,321	937,823	975,012	1,035,368	1,105,591	1,299,616	1,341,065
VEHICLE LICENCE FEES, ABL	231,483	213,828	234,499	276,972	330,650	392,144	410,064	408,541	458,895	586,701	634,414
CROSS BORDER CHARGES	30,178	24,201	24,811	65,429	67,182	78,360	86,734	97,241	106,341	122,817	125,976
MASS DISTANCE CHARGES	3,048	42,282	56,904	31,329	38,031	51,431	63,919	71,892	85,789	85,403	98,169
TOTAL REVENUE	**897,732**	**968,052**	**1,027,245**	**1,159,505**	**1,288,184**	**1,459,758**	**1,535,729**	**1,613,042**	**1,756,616**	**2,094,537**	**2,199,624**

Over the past years, Namibia was doing well economically which meant that people had more disposable income which was also spent on purchasing vehicles and enjoying weekends away from home. A variety of revenue streams have thus assisted us in collecting good revenue over the past 10 years.

At the inception of RFA, total collections from the Road User Charging System stood at about N$ 490 million and collection has grown steadily over the years. In 2016/17, the year under review, we collected almost N$ 2.21 billion from fuel levies, vehicle licences, cross border charges and mass distance charges. This increase in revenue has enabled us to ensure that we actively live up to our mandate of providing a safe, efficient and effective national road network.

It is important for us to be able to prove to all our stakeholders that funds collected are spent wisely, accountably and that we deliver sound investments for all our stakeholders, from the shareholders to employees, clients and the Namibian public at large.

The RFA adds further value to the Namibian economy and the central government through payment of employee taxes. Pay-As-You-Earn (PAYE) for the 2016/2017 financial year amounted to N$8.2 million.

We also maintain and introduce more effective and efficient systems which enhance our business and keep costs to a minimum.

The most important strategic priority of the RFA is to introduce various instruments to boost its revenue. To further enhance effective collection and employee wellbeing, the RFA started constructing houses at the border posts. However, other operational efficiency drives in the form of business processes re-engineering, remain. These processes would mainly entail policy reviews, system refinements and integration with the Roads Authority's Namibian Traffic Information System (NaTIS) as well as automation of some revenue collection techniques, such as the automation of the collection of Mass Distance Charges.

When looking back at the last financial year, I am proud of the achievements which propelled us closer to our strategic objectives:

1. The completion of the first 10 km road section of the rehabilitation and upgrading to a dual carriageway of the Windhoek – Okahandja road with an investment of N$ 370 million.
2. In terms of the major road maintenance programme, a total of 411 km road sections have been re-gravelled with a further 409 km of road sections resurfaced.
3. Although tough economic conditions prevailed, we reached budget and can show a year-on-year revenue growth of 5% from the previous year.
4. From a governance point of view, we have put in a lot of effort to be compliant with legislation at all times and we are proud of our clean external audit which proves that we are doing the right things, right.

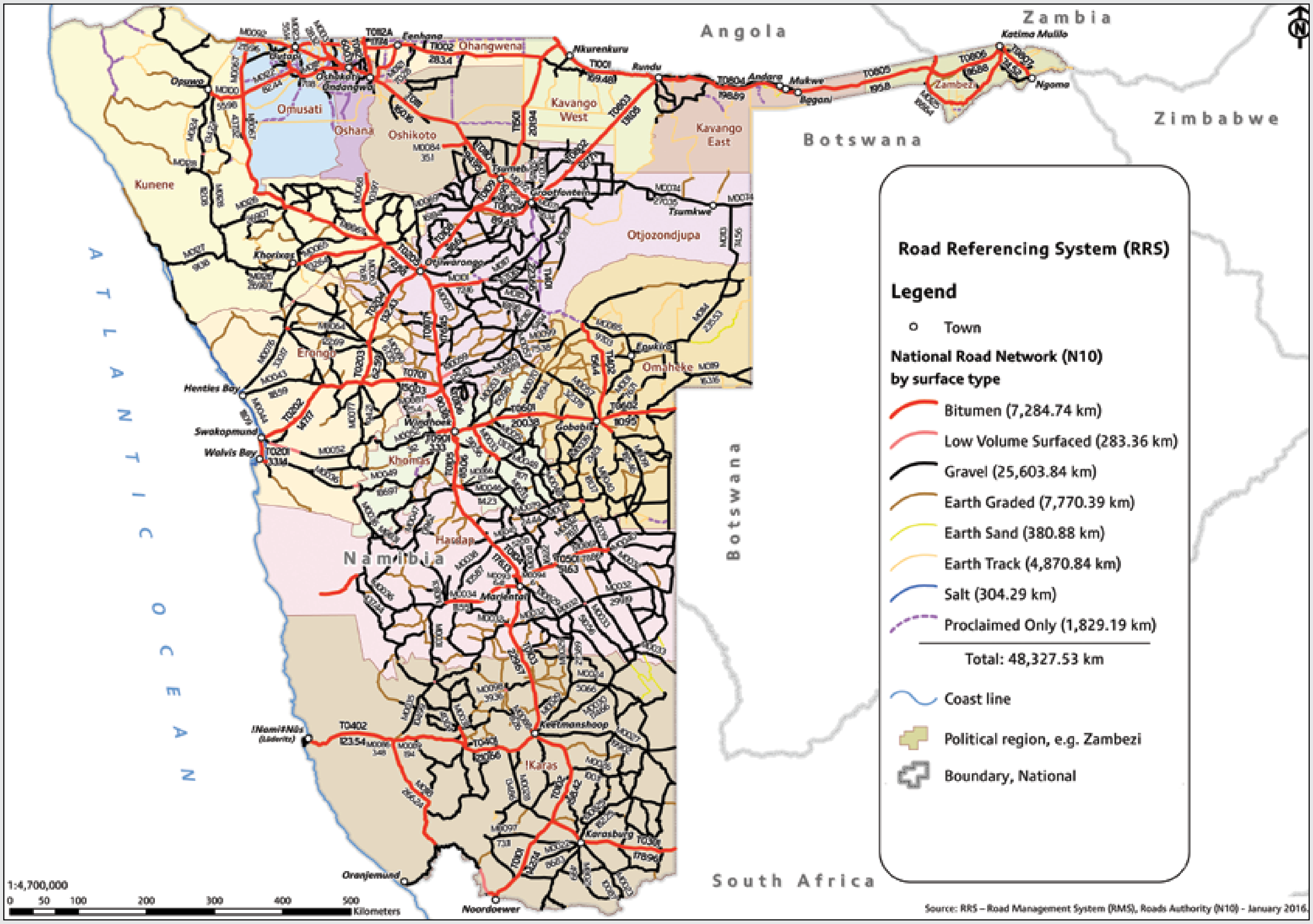
One of the challenges faced during the period under review include the retention of key qualified senior staff. Due to limitations on remuneration, as per the PE guidelines, it has become increasingly difficult to attract qualified experts which we need to fulfil our mandate.

In the next financial year, we will take stock when four years into our strategic plan have passed. In all areas of our strategic plan, ranging from a high-performance team culture and operational efficiency, to stakeholder synergy and optimisation of funding, great strides have been made. The plan, however, will be reviewed to ensure that we are still on track to achieve all our goals by 2019.

The development of transport infrastructure has been prioritized in all NDP's and in NDP 4 our Government took it a bit further with the ambitious aim of Namibia becoming a transport and logistics hub. We are proud to have been part of the progress that has already been made on our national roads and are confident that we will achieve the goals and outcomes as set out by the HPP and NDP5.

The office of the CEO consists of the Risk and Compliance, Legal and Company Secretary as well as Internal Audit divisions.

NAMIBIA NATIONAL ROAD NETWORK



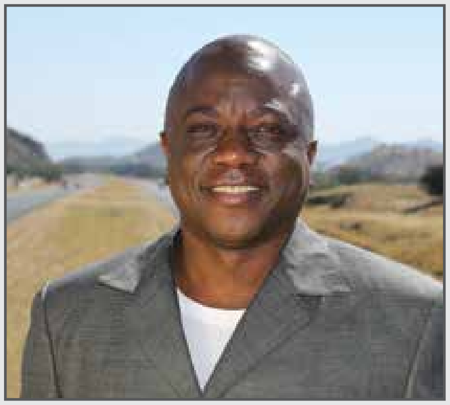
EXECUTIVE COMMITTEE MEMBERS

Mr Ali Ipinge
Chief Executive Officer

Mr Fernando Somaeb
Chief Financial Officer

Mr Rianus !Gonteb
Executive:
Programme Management, Policy and Advice

Mrs Mary Hansen
Executive: Corporate Services



Mr Tuhafeni Nekongo
Executive: Human Capital

Ms Anna Matebele
Company Secretary

Mr George Itembu
Executive: Internal Audit

Mr Elvis Kambatuku
Executive: Risk and Compliance

Mr Edison Mberirua
Executive: Information and Communication Technology

INTERNAL AUDIT, OFFICE OF THE CEO

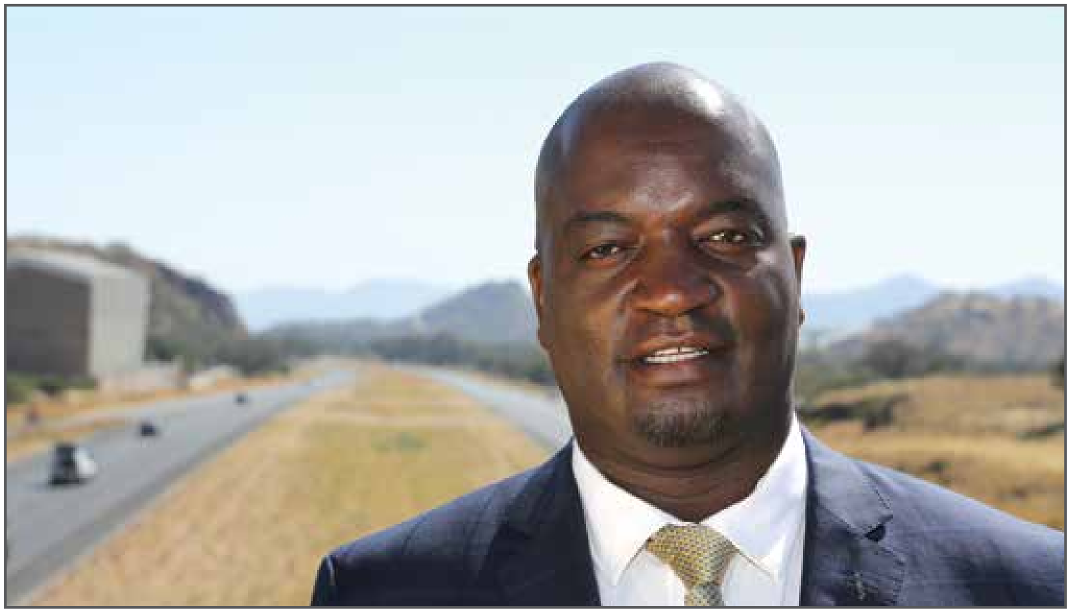
George Itembu
Executive: Internal Audit

"One of the key outcomes our government would like to see as part of the HPP is a more transparent Namibia and a new culture of efficiency and accountability. Through the audits completed at the Road Fund Administration, we ensure that there are good controls, and governance. Reports with recommendation are issued to Management and ARCC. We agree that it is no longer 'business as usual' and enact change in all aspects of transparency and accountability at the RFA."

During the period under review, Internal Audit achieved the following milestones:

1. The Charter for the division to meet new IIA (Institute of Internal Auditors) Standards was updated;
2. The Risk-Based Audit plan was drafted and approved by the ARCC (Audit Risk and Compliance Committee);
3. Various audits have been completed as per the plan; and
4. All border posts were audited during the financial year under review.

Value addition reports are issued and discussed with Management after each audit, with concrete recommendations to improve the control environment on risks identified. The independence and objectivity of the Internal Audit function is further enhanced by the fact that these reports are tabled at the Board's Audit, Risk and Compliance Committee, as provided for by the governance framework of the RFA. Synergies flowing from this process are also achieved as the External Auditors place reliance on these reports, during the conduct of the annual external audit, whose results are incorporated in this report. This combined assurance adds onto the integrity of these results and controls within RFA.



Elvis Kambatuku
Executive: Risk and Compliance

"Government has committed to a variety of changes under the HPP pillar of effective governance such as a Whistle Blower's Protection Act, improvement in the law-making process and overall transparency and accountability. At the RFA, we ensure that all strategic and operational business risks are assessed, classified and mitigated. Compliance to all laws and regulations is ensured via monitoring of the Compliance Register."

In today's environment of changes and challenges, fully integrated risk management processes, embedding risk management into existing processes as key to making informed decisions and proactively planning for possible future events, stemming from internal as well as external sources, have been implemented.

The strategic and operation risk register is updated on a regular basis and management of the compliance law and regulation is managed through the compliance management process.

During the year under review, the Risk and Compliance division highlights some of the major achievements:

1. The compliance policies and Enterprise Risk Management Framework have been approved and implemented;
2. Strategic and Operational risks as well as Compliance registers are monitored throughout the year and new key risks are identified, evaluated and mitigated to achieve RFA strategic objectives.

Institutional risk management ensures the execution of the RFA mandate. It assists the Road Fund Administration to attain its goals while avoiding pitfalls and surprises along the way. It involves people at every level and requires applying a portfolio view of risk across the entire organisation. By embedding risk management techniques into day-to-day operations, the Road Fund Administration is better equipped to identify events affecting its objectives and to manage risks in ways that are consistent with the corporate strategy.

LEGAL AND COMPANY SECRETARY, OFFICE OF THE CEO

Anna Matebele
Company Secretary and Legal Advisor

"Accountability and transparency are two main watch-words under the Effective Governance pillar of the HPP and when dealing with money these are critical elements in any business. As a public service enterprise, we always remain cognisant of this fact and ensure that all our dealings are honest, open and transparent as we are dealing with public funds. Together with Government we have declared war on corruption and ensure that we remain effective and efficient at all times. Only then can prosperity for all - and not just a few - be achieved."

During the year under review the Legal and Company Secretary division looks back at some of the highlights of the past year:

1. A new Board was appointed on 1 September 2016, the office of the Company Secretariat ensured that appropriate Board Structures in terms of various Committees and relevant Terms of References for such Committees were finalised to ensure appropriate governance structures for an effective functioning Board.
2. A legal review of all applicable Namibian Legislation as part of a process to ensure that the RFA is compliant with all relevant legislation took place.
3. A paperless board document system was introduced to minimise the administration of Board Packs. The system further ensures that historical board information is stored on one system for knowledge management.
4. The division successfully established an in-house legal function to provide a service to all business units of the RFA. The establishment of the in-house function also ensures that skills capacity is built within this area for the organisation thereby reducing legal costs for the organisation.

FUND MANAGEMENT DIVISION

Fernando Somaeb
Chief Financial Officer

"The drive to optimally collect road user charges in an effort to deploy more funding towards maintenance and rehabilitation of the national road network of the country remains key. The Road Fund Administration remains a catalyst pillar for the Harambee Prosperity Plan and NDP 4 on promoting Namibia as a Logistics Hub in, the Southern African Development Community (SADC). A good road network supports our country's key developmental goals, both from a social and economic point of view. The RFA also proudly assisted the Namibian Government by paying several of their outstanding invoices for road construction projects to the tune of N$320 million. We are an agent for Government and are pleased that we had the reserves to lend a helping hand and in turn contribute towards the HPP through retaining of employment for our fellow Namibians, and ensuring that the road users are served without compromise."

The Fund Management Division remains a critical player in enforcing the mandate of the Road Fund's ability to optimally collect road user charges. Over the past financial year, the division improved its overall internal business processes through various programmes including the re-alignment of business and functional plans, re-defining of policies and procedures and improvement of stakeholder engagement and co-ordination.

These programme enhancements have contributed to several major milestones in the period under review such as:

1. Year-on-Year improvement of the collection trend pertaining to the vehicle licensing and registration as well as the cross-border charges.
2. The Fund has been able to enforce compliance to road user charges and due to enhanced staff support structures, the Fund could fulfil its mandate effectively and efficiently. Some border posts, despite the prevailing external economic climate, outperformed previous targets and the catalyst has been the driving of operational efficiencies.
3. The Fund was able to add an additional income stream during the 2016/2017 year under review by adding road user permits for passenger and goods. Total collections for this stream amounted to N$1 million. This further assists the Fund in maintaining a sustainable diversified income stream base.
4. The Fund performed a comprehensive stakeholder analysis to place key stakeholders into Groups, namely Governance, Enablers, Customers and Interest Groups. Governance stakeholders remain priority and are key to effectively managing and achieving the mandate. The RFA increased its RUCS rates during the previous financial year by 7% with the input and approval of key stakeholders being the Ministry of Finance and the Board of Directors of the Road Fund.

5. Various workshops, training interventions and road blocks were conducted in cooperation with traffic law enforcement agencies and key enablers of the RFA including NAMPOL, the Roads Authority Traffic Inspectorate and Windhoek City Police. These initiatives greatly assisted the Fund in driving compliance with Road User Charges. The inspection report findings and the post-inspection report on how the findings were addressed are shown on the next page in Graph 1 and 2.

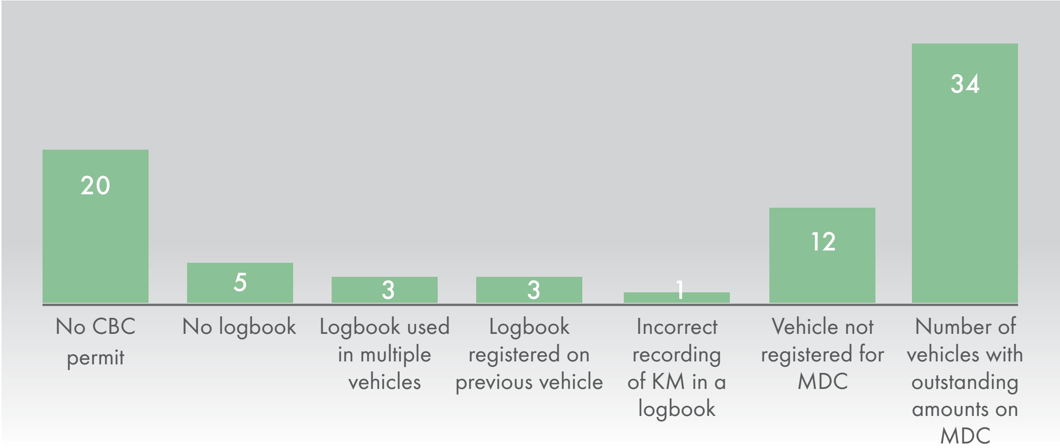
Challenges of the past financial year relate to the overall contracting of the Namibian economy and the contraction of the vehicle population growth in Namibia. This impacted the RFA's ability to collect in line with budgetary expectations in many aspects. The RFA was however still able to achieve its mandate and honour all its commitments to the Roads Authority and other Approved Authorities.

Lastly, growing the funding allocation for road development with limited Government support for maintenance and rehabilitation of roads remains a challenge for the Fund.

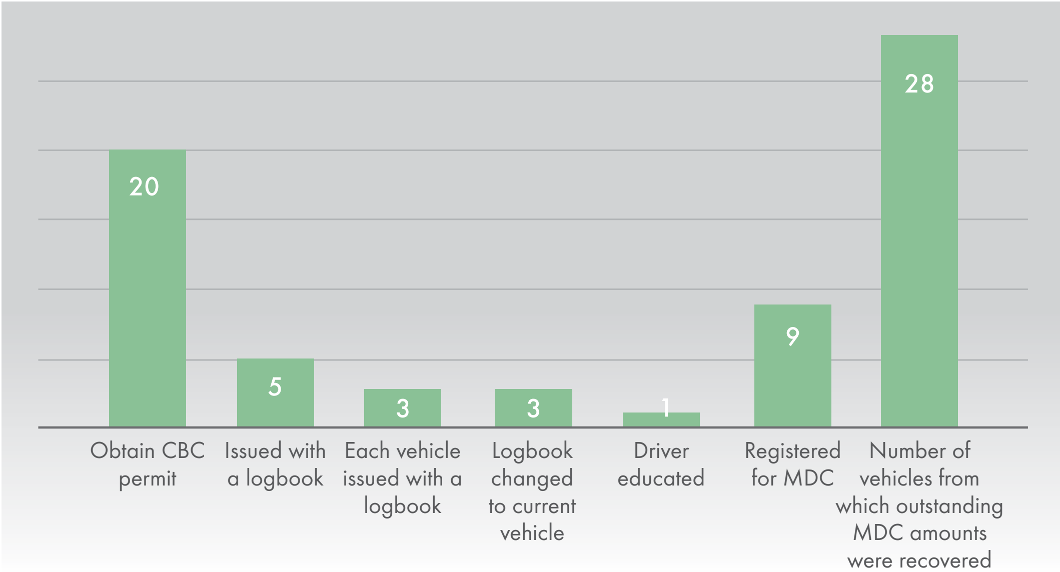

Logbook inspection conducted by Traffic Law Officials.


Cross Border Permit (CBC) inspection of a foreign-registered vehicle.

GRAPH 1: INSPECTION REPORT FINDINGS



GRAPH 2: POST-INSPECTION REPORT



Rianus !Gonteb
Executive:
Programme Management, Policy and Advice

"An efficient road transport system is seen by most countries as an essential pre-condition for general economic development, and considerable resources are devoted to road construction and maintenance as evident in the National Development Plans. The resultant road networks usually have an asset value that represents a significant portion of the national wealth, thus the road sub-sector makes an important contribution to the Gross National Product (GNP)."

The RFA secured and allocated substantial funding to realise road preservation at acceptable levels during the reporting period. The PMPA division has been involved in national transport planning, which adopted a positive approach by defining goals and objectives, identifying problems and generating and evaluating alternative solutions, before developing an overall time-bound plan.

With the launch of NDP5 in the ensuing financial year, the RFA envisages to raise the economic profile in terms of road transport development and maintenance as per the set targets. It is recognised that some desired outcomes will be challenging to achieve unless the current trend of implementation is based on an integrated approach.

ROADS AUTHORITY - NATIONAL ROAD NETWORK

In accordance with its mandate, the RFA remains committed to fund the management of the national road network. The RFA Business Plan for the period FY2016/17-2020/21 allowed for the following fund allocations to the Roads Authority (RA):

In addition to the fund allocations, the RFA also availed N$318 million towards Capital Road Projects and N$10.5 million towards the Gravelling Maintenance Projects, more specifically aimed at the Flood Emergency Repair Programme.

During the reporting period, the RFA increased the funding levels towards the much needed road preservation needs by approximately 5% as compared to the previous year.

TABLE 9: FUND ALLOCATIONS TO THE ROADS AUTHORITY

		FINANCIAL YEAR 2016-17	
BUDGET ITEM NO.	BUDGET CATEGORY	Budget Amount (N$'000)	Allocation (%)
01.01	RA Administration	515,887	29.0
01.02	Network Planning and Consultation	26,000	1.5
01.03	Roadworks-Maintenance	1,000,000*	56.1
01.04	Roadworks-Rehabilitation	152,757	8.6
01.05	Roadworks-Development	1,253	0.1
01.07	Road Management System	25,000	1.4
01.08	Overload control	18,800	1.1
04.01	Traffic Information System	41,450	2.3
TOTAL BUDGET (N$'000)		**1,781,147**	**100.0**

The RFA is pleased with the annual maintenance programme and its overall performance, which achieved a 92.4% level of the allocated budget*.

The major aspects funded are categorised as follows:

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

Specific detail of the production achieved and associated expenditure on the major road maintenance activities is presented in Table 10.

TABLE 10: ROAD MAINTENANCE EXPENDITURE DISTRIBUTION

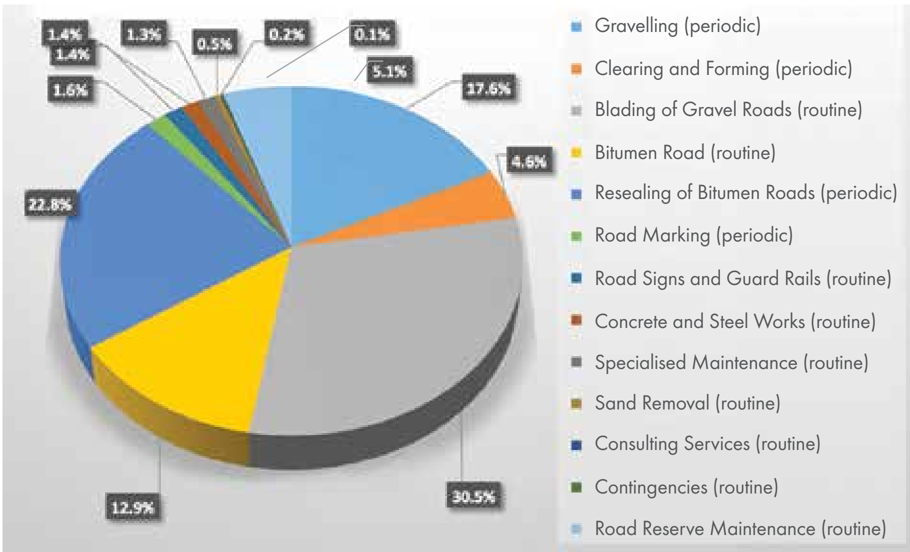
ACTIVITY	PRODUCTION	TOTAL COST (INCL. VAT)
	1,716 million bl-km	N$ 281,643,722
	412 km	N$ 162,820,603
	Entire Network	N$ 119,482,576
	409 km	N$ 210,952,145
	Entire Network	N$ 13,216,632

TABLE 11: ROAD MAINTENANCE EXPENDITURE DISTRIBUTION

ITEM NO.	ACTIVITY	AMOUNT (N$)	%
1	Gravelling (periodic)	162,820,603	17.6
2	Clearing and Forming (periodic)	42,943,444	4.6
3	Blading of Gravel Roads (routine)	281,643,722	30.5
4	Bitumen Road (routine)	119,482,576	12.9
5	Resealing of Bitumen Roads (periodic)	210,952,145*	22.8
6	Road Marking (periodic)	14,333,157	1.6
7	Road Signs and Guard Rails (routine)	13,216,632	1.4
8	Concrete and Steel Works (routine)	12,690,575	1.4
9	Specialised Maintenance (routine)	11,917,476	1.3
10	Sand Removal (routine)	4,239,584	0.5
11	Consulting Services (routine)	1,615,410	0.2
12	Contingencies (routine)	818,442	0.1
13	Road Reserve Maintenance (routine)	47,564,657	5.1
Total Maintenance Expenditure (N$)		**924,238,424**	**100**

*The reseal works have created about 229 direct job opportunities, of which 20% are occupied by women

CHART 1: ROAD MAINTENANCE EXPENDITURE DISTRIBUTION (N$924 million)



ROADS AUTHORITY - FLOOD EMERGENCY REPAIRS

The national road network was faced by major damages due to floods during the reporting period. The emergency storm water damage rectification works were implemented under the Project: Periodic Maintenance of Gravel Roads: Re-gravelling Operations in the Roads Authority's Oshakati Maintenance Region.

The project provided job opportunities in the local community and was realised based on labour-based techniques. The works were undertaken and completed in the least amount of time to restore the road profile to provide accessibility. At the start of the project, only temporary measures could be applied due to the prevailing high water levels. Consequently, the permanent solutions could only be deployed once the surrounding water levels had subsided and the rainy season was over.

The affected road sections were mostly situated in the Kunene, Omusati, Oshana and Zambezi Regions of the Country. It is realised that the rainfall in the project areas occurs in the form of thunderstorms. The intense rainfall showers occur over short periods and lead to high storm water runoffs onto the roads.

Flood damage to a road

Repair works on flood damaged roads

APPROVED AUTHORITIES (LOCAL AUTHORITIES AND REGIONAL COUNCILS)

In terms of its founding legislation, the RFA's function, *inter alia*, is to:

- Regulate the amount of funding to be approved for expenditure on the local and rural road network; traffic law enforcement and road safety as managed by the Approved Authorities. These include Local Authorities, Regional Councils, Traffic Police and the National Road Safety Council. Evaluating individual road projects and programmes proposed for funding to confirm whether they qualify as being "economically efficient", i.e. whether there is compliance with the approved national economic development objective of ensuring optimum use of scarce resources, is essential.

At present, the RFA allocates funding to 57 Local Authorities and 13 Region Councils, except for the Khomas Regional Council. During the reporting period, an amount of about N$73 million was allocated to the Local Authorities as compared to N$6 million earmarked for the Regional Councils. As a result, the total committed budget towards this cause is reflected as approximately N$79 million. However, the project implementations were generally below par due to a lack of technical capacity, thus only an amount of about N$72 million could be spent, which relates to 91% of the allocated budget spent.

CASE STUDIES

AROAB VILLAGE COUNCIL

Although plagued by a high unemployment rate, the Village of Aroab is said to be well developed in comparison to other places in the //Karas Region. As per the recent development parameters, the Village is completely electrified and has no temporary housing facilities. The current 500 households with approximately 2,500 inhabitants are all connected to water and sanitation facilities. As part of its annual road maintenance funding obligations, the RFA allocated an amount of about N$375,000 to the Aroab Village Council. The funds were mostly utilised for periodic (i.e re-gravelling activities) and routine maintenance operations (i.e. blading works) of the gravel roads. The majority of the roads, which are unpaved, require consistent maintenance which involves blading, re-gravelling, storm water management structures and maintenance of existing paved and interlock roads. The road maintenance project was performed by a consultant and contractor as appointed by the Council.

The project timeline of three months was adversely challenged by delayed procurement of road construction material. However, the project was eventually completed in time through effective resource scheduling and adherence to good project management principles, i.e. by the 31st of March 2017, which coincided with the end of the Financial Year.

The community as well as the Local Authority benefitted from this project through employment creation of approximately 20 direct job opportunities. Furthermore, the Council also gained financial benefits through the leasing of plant and equipment to the contractor. The service providers delivered good quality work within the required period to the satisfaction of the Council.

Aroab Village Council Office

Aroab Gravel Road

OTJIMBINGWE SETTLEMENT

The RFA allocates funding to settlements through the Regional Councils, such as the Erongo Regional Council, as part of its annual road maintenance funding obligations. At present, four (4) distinct settlements, namely Otjimbingwe, Okombahe, Uis and Wlotskasbaken are catered for under the Regional Council.

One of the settlements, Otjimbingwe, is situated about 50 km south-east from the town of Karibib in the Erongo Region. According to reliable sources, the most common meaning of the name of the place is "place of refreshment". It is claimed to be derived from the fact that Otjimbingwe is at the junction of the Swakop and Omusema rivers which could provide reliable water sources. The settlement currently boasts a population size of approximately 8,000 inhabitants. During the reporting period, the Erongo Regional Council commenced with a periodic road maintenance programme on 24 June 2016. This particular project entailed the re-gravelling of about 3.6 km of road sections to a total project cost of N$4.9 million, inclusive of the RFA contribution of N$670,000. Due to the nature and complexity of the works, the Erongo Regional Council engaged the technical services of a site supervisory consultant and construction contractor for a period of 4 months.

As with a typical road maintenance project, some major challenges such as the locating and exposing of existing utility services were hampering the progress of the project. In some instances, the project team had to arrange for the relocation of the Erongo RED power lines that obstructed the project area. Despite these challenges, the project was successfully completed in October 2016 to the satisfaction of the Erongo Regional Council.

Socio Economic Benefits

This project benefitted numerous people within the community. Some of the benefits included:

- Employment for 20 people for the duration of the project;
- The residents can easily access their homes;
- Skills transfer to local community for future maintenance;
- The Contractor cleaned and re-painted the Old Settlement office which was used as their site office for the duration of the project.

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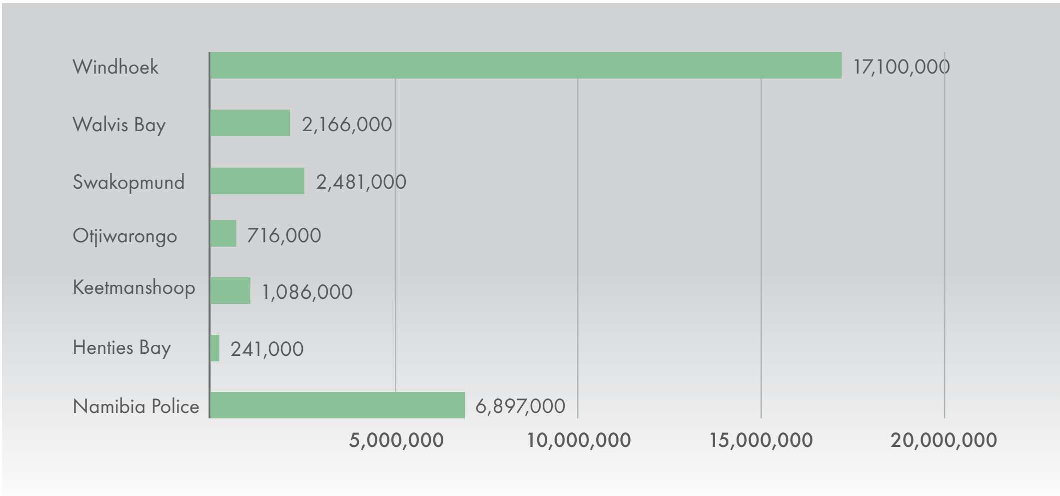
Otjimbingwe Roadworks

Otjimbingwe Roadworks

GRAPH 3: TRAFFIC LAW ENFORCEMENT FUND EXPENDITURE

The RFA allocated a total amount of approximately N$31 million towards the traffic law enforcement initiatives which includes projects such as the enforcement of the collection of RUCs, amongst others. This budget allocation is further distributed as indicated in Graph 3



REHABILITATION AND UPGRADING PROJECTS

Rehabilitation and upgrading of TR9/1 and TR1/6 between Windhoek and Okahandja: Section 3, End of Dual Carriageway to the Döbra River.

Contract Information for the rehabilitation and upgrading of TR9/1 and TR1/6 between Windhoek and Okahandja: Section 3, End of Dual Carriageway to the Döbra River.

Windhoek - Okahandja Road

Contract Name	Contract for the rehabilitation and upgrading of TR9/1 and TR1/6 between Windhoek and Okahandja: Section 3, End of dual Carriageway to the Döbra River.
Contract Number	RA/DC-CR/09-2013
Employer	Roads Authority
Consulting Engineer	VKE Namibia Consulting Engineers (Pty) Ltd
Contractor	Grinaker-LTA (Namibia) (Pty) Ltd
Funding Agency Administration	Government of the Republic of Namibia through the Road Fund Administration and KfW
Tenders Closed	30 October 2013
Commencement Date	13 January 2014
Substantial completion date	14 December 2016

Table 12

Project description

This project is located in the Khomas Region and Otjozondjupa Regions connecting the towns of Windhoek and Okahandja. The project is divided into four (4) road sections. The project length of 78 km forms a very important link of the Trans-Kalahari Highway, between the two economic hubs, Windhoek and the Walvis Bay Harbour – the latter destined to become a formal Southern African Development Community (SADC) Port.

The first section, labelled Section 3, relates to the extension of the existing Dual Carriageway towards the North by approximately 10 km for a total project cost of N$372 million. The project was very critical as the road had deteriorated and needed urgent rehabilitation. Maintenance costs became very expensive every year, and the existing road was dangerous due to lack of overtaking opportunities, with a high number of heavy vehicles using the road.

Socio-economic factors

On average 130 Namibians were employed on the project of which 15% were women. More than 30% of local labour was employed from the Namibian Youth League. A total of 8 SMME sub-contractors were employed during the project in support of small-scale contractor development.

Windhoek - Okahandja Road

MORE HIGHLIGHTS OF THE YEAR UNDER REVIEW

CBC ACCOMMODATION PROJECT

Phase 2

The objective of the project is to provide housing accommodation to the staff of RFA who are stationed at the various border posts of Namibia. The scope of the project was the construction of 36 housing units at the borders. The units consisted of one-bedroom units and two-bedroom units, depending on the number of RFA employees to be accommodated. The individual scope is represented in Table 13.

BORDER POST	HOUSES
Noordoewer	11
Ariamsvlei	11
Trans-Kalahari	7
Klein Menasse (Aroab)	2
Ngoma	3
Sendelingsdrift	2

Table 13

The site handover for the indicated projects to commence construction, was done during the month of June 2016. The Project is well on track and envisaged to be completed in 2017.

The number of people employed during the construction of the projects, currently stands at 155.

The details of the employment figures are indicated in Table 14.

BORDER POST	EMPLOYEES
Noordoewer	40
Ariamsvlei	40
Trans-Kalahari	30
Klein Menasse (Aroab)	15
Ngoma	20
Sendelingsdrift	10

Table 14

The number of RFA employees to benefit from the project is indicated in Table 15.

BORDER POST	HOUSES	EMPLOYEES
Noordoewer	11	14
Ariamsvlei	11	14
Trans-Kalahari	7	7
Klein Menasse (Aroab)	2	2
Ngoma	3	5
Sendelingsdrift	2	2

Table 15

Phase 3

Phase 3 is a continuation of the initiative by the RFA to house the border employees of the RFA. The total number of units to be constructed as part of this phase are 15 housing units. The planned scope for the housing units per border post is indicated in Table 16.

BORDER POST	HOUSES
Omahenene	2
Kasamane	2
Wenela	4
Katwitwi	2
Oshikango	5

Table 16

The employees that are going to benefit from Phase 3 are indicated in Table 17.

BORDER POST	HOUSES	EMPLOYEES
Omahenene	2	2
Kasamane	2	2
Wenela	4	6
Katwitwi	2	2
Oshikango	5	7

Table 17

Phase 3 of the housing construction project is envisaged to be concluded before the end of April 2018.

MDC AUTOMATION PROJECT

The objective of the MDC (Mass Distance Charges) Automation Project is to enable automatic capturing of the actual kilometres travelled by heavy vehicles (weighing in excess of 3,500kg) on the national road network, and enhancing the billing procedures and increasing the effectiveness of Traffic Law Enforcement (TLE).

The current MDC system is based on a log book self-assessment system. The current revenue from the log book system is estimated at N$ 90 - 100 million per year, which might be a possible under-recovery. Disadvantages of the log book system are that MDC are paid in arrears, in most cases a year in arrears, the manual system is administratively intensive and effective traffic law enforcement is non-existing. Currently there are approximately 25,000 vehicles registered for MDC in Namibia.

The envisaged benefits of an Automated MDC system are:

- To ensure the system is fair;
- That there is a negligible number of non-payers;
- That users pay correct amounts;
- Improved and automated law enforcement; and
- Better revenue collection which will be spent on roads maintenance and upgrade.

The RFA appointed Professional Service Providers (PSP) on 3 October 2016, to assist in the implementation of the project.

As part of the implementation process it was important that stakeholder consultations were held. A Stakeholder workshop took place on 2 February 2017.

The stakeholders that attended the workshop included, but were not limited to, Roads Authority (RA), Ministry of Works and Transport (MWT), National Road Safety Council (NRSC), Motor Vehicle Accident Fund (MVA), Namibia Development Corporation (NDC), Namibia University of Science and Technology (NUST), Namibian Police (NAMPOL), City of Windhoek (COW), Walvis Bay Corridor Group (WBCG), and various private business owners.

The objectives of the Stakeholder Consultation workshop were:

- To show the importance of MDC Automation in the transport policy framework.
- To keep in mind the direct impact of MDC Automation Project for creating sufficient funds for road maintenance.
- To raise awareness of the different added values for road safety and logistic hubs in Namibia; and
- To integrate stakeholders in the process of the potential MDC Pilot Study.

Various presentations were given at the workshop which included; NaTIS, NAMPOL, and the Walvis Bay Corridor Group. The NaTIS presentation was based on the NaTIS Automation Process, the NAMPOL presentation outlined the Law Enforcement Perspective and the Walvis Bay Corridor Group presented the opportunities of MDC Automation and the development of Logistic Hubs.

The RFA envisages to launch the full implementation of this project in the following financial year.

Klein Menasse construction of staff housing

Klein Menasse office block construction

Staff house at Klein Menasse border post

POLICY AND PROCEDURES TOOLKIT PROJECT FOR APPROVED AUTHORITIES

The objective of the project is to provide the RFA with a toolkit of policies and procedures:

- To facilitate the fair and efficient allocation, subject to funding constraints, of funds to the Roads Authority and other Authorities approved for funding from the road user charging system; and
- To monitor recipients' utilisation of funds.

For successful project implementation, it was crucial to conduct stakeholder workshops, which took place throughout Namibia. Technical and Financial Managers were invited to share ideas and concerns. During and after the presentations valuable information was gathered and fed into the proposed solutions report. The workshops were held in Oshakati, Rundu, Otjiwarongo, Swakopmund, Windhoek, Keetmanshoop and a separate workshop for Traffic Law Enforcement in Windhoek. The response to the invitation was excellent and a total of 118 officials attended.

The workshops summarised some critical outcomes such as limited funding availability, funding allocation criteria, sharing of resources and integrated road safety strategy to mention a few.

There were six key milestone deliverables produced over the study period, which included: inception report, issues analysis report (policy and legislation review), socio-economic baseline report, policy and operational solutions, procedures manual and funding allocation model and a final project completion report. Important to note is that the procedures manual and funding allocation model will become binding mechanisms, taking full effect once signed. The purpose and implications of the new Procedures Manual and Funding Allocation Model is as follows:

Procedures Manuals

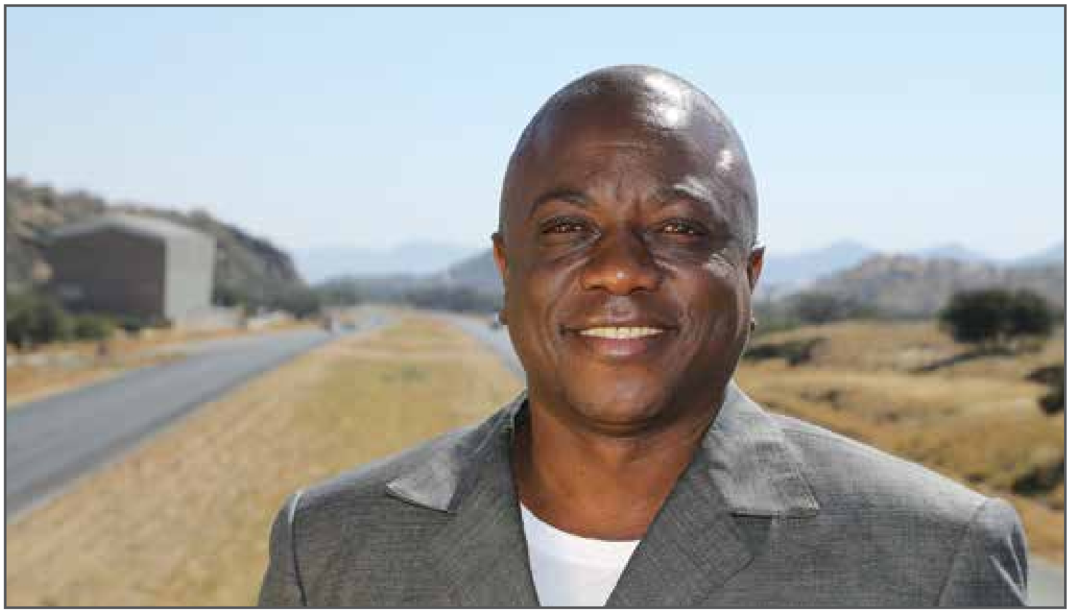
The purpose of the Procedures Manual is to set out the conditions and procedures to be followed by the RFA and Approved Authorities in receiving and disbursing funds from the Road Fund, in performing functions falling within the mandate set out in the RFA Act, 1999. The Procedures Manuals will replace all existing Procedures Agreements between Approved Authorities and the RFA and must be interpreted as a Memorandum of Understanding, valid from signing date, for a period of three years. Furthermore, the Procedures Manuals must be read in conjunction with the RFA Rules and Principles, 1999. The Procedures Manuals must be signed by all Approved Authorities eligible for funding from the RFA.

Funding Allocation Model

The RFA is currently unable to clearly prioritise funding across road maintenance (between Local Authorities and Regional Councils) and Traffic Law Enforcement authorities (local TLEs and NAMPOL), hence the need for a funding allocation model. The newly developed model is Excel based, which objectively prioritises the allocation of funds to Approved Authorities based on: demographics, socio-economic circumstances, economic variables, physical and spatial elements and special circumstances. The funding allocation model supports the principles of economic efficiency, equity and transparency. The model is currently operational, however will require refinement in terms of improved data inputs going forward.

MDC Automation Workshop

Funding Allocation Workshop in Windhoek



Tuhafeni Nekongo
Executive: Human Capital

"The RFA has been an institution with very few staff in the past. It has, however, grown to 143 employees and continues to employ more Namibians on an annual basis. Furthermore, we are directly funding the Roads Authority and thus create more jobs through them and Local Authorities, Regional and Village Councils. HPP is being publicised as an economic and infrastructure development tool geared towards lifting Namibians out of poverty, reducing income inequality, spurring economic growth and bringing Namibia closer to the President's vision of prosperity for all. At the RFA we are confident that our human capital policies and people contribute greatly towards achieving the employment creation as set out in NDP4 and the HPP and we will continue our quest of employing as many Namibians as possible to contribute towards the greater goal of poverty eradication and prosperity for all."

One of the most exciting projects for the Human Capital Division and employees over the past financial year has been the provision of housing at numerous border posts. The RFA is extremely proud of the finalisation of the construction of numerous houses and the subsequent hand-over of these. The RFA Housing Policy encourages home ownership for its employees and this accommodation project offers an opportunity for staff to manage their earnings better and invest in their own residential property and other wealth creating investments going forward. The project was finalised at Noordoewer, Ariamsvlei, Trans-Kalahari, Klein Manasse (Aroab), Ngoma and Sendelingsdrift with a total of 36 housing units.

Other major milestones over the past financial year include:

1. Six positions were created and two of these successfully filled. These include appointments in key level positions, namely a senior engineer in the PMPA and a Regional Supervisor in Fund Management Divisions.
2. The Fund is also proud of the fact that 93.7% of the positions in the establishment are filled. There were only 9 vacancies during the period under review.
3. Throughout the year the streamlining of performance appraisals, with the involvement of employees has taken place and everyone has signed their performance agreements with key performance indicators. The overall performance indicator of the organisation was 3.6 out of 5. A high-performance team culture was one of the main objectives of the five-year strategic plan and this priority has been achieved over the past financial year.
4. RFA remuneration scales were updated 2 years ago and are in line with the market – judging by the Performance Indicators in the Performance Appraisals and the fact that the RFA has a happy workforce with only 2 resignations in the past financial year.

5. RFA maintains a professional relationship with the Union and values their input and feedback which enhances our relationship with employees.

Challenges of the past financial year include the buy-in from staff into new processes and procedures. This takes time and excitement needs to be created for them to accept and adapt to changes.

The staff compliment can be broken down into categories as seen on the next page in Table 18. Training and development is ongoing at RFA and assistance was granted to 6 employees to pursue formal studies at various institutions of higher learning. The assistance was granted either through direct funding and/or as study leave. Studies pursued were in the fields of Masters in Business Administration, Bachelor of Transport Management, Bachelor of Business Administration, Law and specialisation in engineering.

In addition, the RFA also provided informal skills development interventions to 61 employees. In this regard, various staff members attended conferences, seminars and on-the-job training with a total investment of N$458 790 and 87 days.

Performance Management Training.

Ruben Ndauedapo is receiving the certificate from Jerry Kalimba (Facilitator).

TABLE 18: STAFF COMPLEMENT

EMPLOYMENT CATEGORY	NUMBER OF POSITIONS	FILLED		VACANCIES
		Male	Female	
Chief Executive Officer	1	1	0	0
Executives	8	6	2	0
Management & Professional	16	9	6	1
Skilled / Supervisory	26	12	13	1
Administration	91	25	59	7
Labour	1	0	1	0
Total	143	53	81	9

Mary Hansen
Executive: Corporate Services

"RFA, as a responsible citizen and part of the Namibian house, supports the national HPP, which in turn complements Vision 2030 and NDP 4. These plans envisage a happy, healthy nation in which no one is left out. Namibians should not go to bed hungry, have a roof over their heads and unemployment should be at a minimum. Corporate Services plays a vital role in attaining some of these goals, not only through sponsorships and donations but more specifically through Corporate Social Responsibility (CSR) initiatives which concentrate on education, training, women, children, the elderly and physically impaired and activities geared towards road safety. Furthermore, stakeholder engagements and strategic alliances work towards building a Namibian nation that is at peace, secure and stable."

Some of the milestones over the past financial year include a variety of stakeholder engagements and consultations, as stakeholder synergy remains one of the key focus areas of the strategic plan:

1. The RFA is a member of the African Road Maintenance Fund Association (ARMFA). This association has been established for information, experience and knowledge sharing in the management and administration of road funds among 34 African member countries. At a regional level, the Southern African Focal Group (ASAFG) conducted its first retreat in Malawi during the period 9–11 May 2016 with the aim of sharing experiences and finding ways of driving the organisations towards the use of Information and Communication Technologies (ICTs), in light of the fact that ICTs are enabling tools for running entire processes in road funds. As a fundamental outcome of this retreat meeting, the ASAFG held a Technical Workshop in Lusaka from 12–15 September 2016 where deliberations were on three main issues including, Value for Money, Road Management System and Contractor Capacity Initiatives.
2. Apart from the RFA's Annual Report and Financial Statements numerous additional items of interest to road users at large were discussed during the Annual General Meeting with the Line Minister, held on 29 July 2016. These included an update from the RFA on strategic projects currently underway, possible changes to be made to the RFA Act and the RFA's contribution to the HPP.
3. The Road Fund Administration held its first series of Traffic Law Enforcement Workshops as part of the stakeholder consultations with the aim of educating Traffic Law Officials on the RFA Act and accompanying legislation pertaining to the enforcement of the different RUCs. These workshops took place over two days from 8–9 November 2016 in Rundu for the Northern regions and from 20-21 February 2017 at Heja Lodge for the remaining regions.

4. The annual stakeholders consultative meeting on the development of the RFA Business Plan for the Five-Year period 2017–2022, as provided for in Section 21(5) of the RFA Act was held on 22 November 2016. Substantial contributions received at this meeting have been incorporated into the Business Plan.

During the year under review numerous contributions under Corporate Social Responsibility were made. Giving back to the community and making a difference is a definite highlight every single year. The RFA joined the Nedbank Namibia Spring Festival by taking up their Corporate Health Basket Challenge. The Fund bought 232 health baskets and toiletry bags for the elderly at old age homes across Namibia and delivered these during November 2016. The RFA adopted the following old age homes: Sonder Sorge Home – Okahandja; Kuisebmund Home - Walvis Bay; Eastern Court Home – Windhoek; Prinzessin Ruprecht Heim – Swakopmund; Immanuel Old age Home – Okahandja; Katutura Old age Home – Windhoek and Huis Palms – Walvis Bay.

RFA was also part of the 2016 Cycle Classic and the organisers, Rotary Club Windhoek, used the funds raised towards numerous good causes. These included illustrated dictionaries for more than ten secondary schools; groceries and a braai for the elderly at the Katutura Old Age home; more than 20 wheelchairs for various beneficiaries around the country; health, hygiene and drinking water upgrades at schools in Kalkrand and the Kransneus community south of Windhoek; upgrading of the hostel at Baumgartsbrunn west of Windhoek and an early childhood development programme in Windhoek.

Road safety remains one of the Fund's key focus areas and the RFA is committed to the safety of both Namibians and visitors on national roads. The RFA therefore funded both traffic law enforcement and emergency response activities that were geared towards saving the lives of all road users. The RFA funded the Police Road Block at Karibib with the required road traffic signs to ensure efficient operations aimed at controlling road user behaviour through accident prevention measures. The Arandis, Emergency Medical Rescue Service (ERMS) base received mechanical ventilators as well as a mobile sleep container for the para-medics on duty.

Support for the Elderly at the Katutura Old Age Home

Handing out water to cyclists of the 2016 Cycle Classic

Traffic Law Enforcement Workshop

Business Plan Consultation Meeting

INFORMATION AND COMMUNICATION TECHNOLOGY DIVISION

Edison Mberirua
Executive: Information and Communication Technology

"We are proud to say that the RFA network and our ICT environment is stable with very limited downtime. Furthermore, consistent and constant innovation keeps us abreast of the latest technology and ensures that we deliver on our promises to all stakeholders. We are comfortable in saying that we comply with the expectations and goals of both NDP4 and HPP which mention that adequate ICT infrastructure will be in place to facilitate economic development and competitiveness through innovation, research and development and that the ICT sector will strive to ensure that modern and reliable ICT infrastructure network and services will be in place for socio-economic development."

The ICTD proudly looks back at several success stories over the period under review. The fleet management system, paperless meeting portal, Ebizframe ERP system enhancements and e-NaTIS Interface Project as well as the SharePoint Intranet on Office 365 implementation projects are some of the major milestones.

1. To improve the management of the RFA's fleet, an outstanding Cloud based Fleet Management and Tracking system for the RFA fleet was acquired. The tracking system monitors driver behaviour, location of a vehicle, distance travelled and provides GPS feedback. Positive behavioural changes are already visible and where necessary training is provided to RFA staff to ensure they are responsible drivers.
2. As part of the ICTD's vision of digital transformation, a paperless meeting portal for Board and EXCO was implemented to improve efficiency in their meetings and to save costs.
3. To enable the RFA to optimally manage revenue collection from the NaTIS revenue streams, there was a need to interface both Enterprise Resource Planning (ERP) systems from the RFA and NaTIS. The interface was implemented at all RA offices country wide. Within the first weeks of operation, benefits of improved management of revenue and better control over various functions were experienced. Further enhancements and customisation will be made to the interface environment to realise its full potential.
4. A SharePoint Intranet solution which automates internal business processes collaboration and enables robust information flow between internal business units was implemented. This solution includes numerous modules and sub-systems, such as a complete Human Capital management suite, a resource management and booking system, property management sub-system, project management portal for all staff and divisional portals for each division.

Overall, the system assists in streamlining the day-to-day operational activities between divisions and promotes social networking amongst staff members.

Other strategic achievements over the period under review include the deployment of the Cross-Border Charges (CBC) portals which enable clients to access, update their vehicle information as well as download their statements over the internet. Furthermore, network connectivity to newly established remote offices was set up at the Swartkop CBC office (Oranjemund) as well as Keetmanshoop and Oshakati regional offices. These were connected to the network through virtual private networks.

The implementation of the pilot project of CCTV and Biometrics Attendance system at border post offices to improve office and employee security, was also finalised. The systems were installed at the Trans-Kalahari, Noordoewer and Oshikango border posts for testing. Testing was successful and we look forward to rolling out the systems to the remaining border post offices during the following financial year.

Key operational initiatives completed during the financial year consisted of:

- Implementation of an Auto Attendant system at Head Office which improves communication efficiency with all stakeholders.
- Implementation of a secure remote access to our Ebizframe (ERP) system via a public Internet Protocol, to enable our system users to work from anywhere in the world.
- Lastly, various policies including Business Continuity and Disaster Recovery Policy, Security and CCTV Policy, a Record Management Policy and a Whistle Blower Policy were drafted during the period under review.

Mr Arthur Platt with the RFA ICT Network Management Monitoring Screen in the background

Part of the RFA Fleet

Meeting conducted in a Paperless Environment

ROAD FUND ADMINISTRATION
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

GENERAL INFORMATION

Country of incorporation 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
Registered office	21 Feld Street Windhoek Namibia
Business address	21 Feld Street Windhoek Namibia
Postal address	Private Bag 13372 Windhoek Namibia 9000
Banker	Bank Windhoek Limited
Auditor	PricewaterhouseCoopers Registered Accountants and Auditors Chartered Accountants (Namibia)
Secretary	Anna Matebele

CONTENTS

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

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 (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 a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or 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 Fund's cash flow forecast for the year to 31 March 2018 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 37 to 38.

The annual financial statements set out on pages 40 to 73, which have been prepared on the going concern basis, were approved by the board.

Signed on behalf of the Board of Directors by:

Director

Director

28 September 2017
Date
Windhoek

INDEPENDENT AUDITOR'S REPORT

To the Minister of Finance

OUR OPINION

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Road Fund Administration (the Fund) as at 31 March 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Road Fund Administration Act (Act 18 of 1999).

What we have audited

Road Fund Administration's annual financial statements set out on pages 40 to 73 comprise:

- the directors' report for the year ended 31 March 2017;
- the statement of financial position as at 31 March 2017;
- the statement of surplus or deficit and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the annual financial statements, which include a summary of significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the annual financial statements* section of our report.

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

Independence

We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with this and in accordance with other ethical requirements applicable to performing audits in Namibia.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the Fund information, detailed statement of surplus or deficit, annual report and the directors' responsibilities and approval, but does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE ANNUAL FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Road Fund Administration Act (Act 18 of 1999), and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the directors are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)

Per: Samuel N Ndahangwapo
Partner

Date: *29 September 2017*
Windhoek

DIRECTORS' REPORT

The directors submit their report for the year ended 31 March 2017.

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 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 deficit for the year of N$ (70) million (2016: surplus N$ 277 million) and that the Fund's total liabilities exceed its assets by N$ (432) million (2016: N$ (66) 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 is optimistic that the Fund will continue operating as going concern into the 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 2017/18 financial year.

6. Secretary

The Secretary is Anna Matebele.

Postal address
Private Bag 13372
Windhoek
Namibia

Business address
21 Feld Street
Windhoek
Namibia

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Note(s)	2017 N$ '000	2016 N$ '000
Assets			
Non-Current Assets			
Property, plant and equipment	4	97,658	67,740
Current Assets			
Trade and other receivables	5	139,381	135,910
Other financial assets	6	3,798	8,845
Cash and cash equivalents	7	101,345	494,819
		244,524	639,574
Total Assets		342,182	707,314
Equity and Liabilities			
Equity			
Accumulated deficit		(442,482)	(65,603)
Liabilities			
Non-Current Liabilities			
Other financial liabilities	8	536,635	387,516
Retirement benefit obligation	9	78,289	105,652
Provisions	10	4,025	980
		618,949	494,148
Current Liabilities			
Trade and other payables	11	162,275	276,840
Provisions	10	3,440	1,929
		165,715	278,769
Total Liabilities		784,664	772,917
Total Equity and Liabilities		342,182	707,314

STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME

	Note(s)	2017 N$ '000	2016 N$ '000
Revenue	14	2,213,633	2,094,537
Other income	15	669	27,422
Operating expenses		(2,303,384)	(1,842,128)
Operating (deficit) surplus	16	(89,082)	279,831
Investment income	17	45,261	30,510
Finance costs	18	(36,211)	(32,950)
(Deficit) surplus for the year		(80,032)	277,391
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurements on net defined benefit liability/asset		20,892	
Other comprehensive income for the year net of taxation		20,892	
Total comprehensive (loss) income for the year		(59,140)	277,391

STATEMENT OF CHANGES IN EQUITY

	Fair value adjustment available-for-sale financial asset reserve	Accumulated deficit	Total equity
	N$ '000	N$ '000	N$ '000
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 loss for the year	(1,804)	277,335	275,531
Transfer between reserves		1,804	1,804
Balance at 01 April 2016		(65,603)	(65,603)
Deficit for the year		(80,032)	(80,032)
Other comprehensive income		20,892	20,892
Total comprehensive loss for the year		(59,140)	(59,140)
Distribution of funds (Note 27)		(317,739)	(317,739)
Balance at 31 March 2017		(442,482)	(442,482)
Note(s)			

STATEMENT OF CASH FLOWS

	Note(s)	2017 N$ '000	2016 N$ '000
Cash flows from operating activities			
Cash receipts from road users		2,210,439	2,074,711
Cash paid to suppliers and employees		(2,415,000)	(1,818,261)
Cash generated from (used in) operations	19	(204,561)	256,450
Interest income	17	45,261	30,510
Finance costs	18	(36,211)	(32,950)
Net cash from operating activities		(195,511)	254,010
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(34,390)	(23,579)
Proceeds from sale of property, plant and equipment	4		85
Proceeds from sale of other financial assets	6	5,047	67,433
Net cash from investing activities		(29,343)	43,939
Cash flows from financing activities			
Proceeds of loans	8	149,119	297,868
Repayment of RFA 16 Loan Stock	8		(330,000)
Distributions of funds	26	(317,739)	
Net cash from financing activities		(168,620)	(32,132)
Total cash, cash equivalents and bank overdrafts movement for the year		(393,474)	265,817
Cash, cash equivalents and bank overdrafts at the beginning of the year		494,819	229,002
Total cash, cash equivalents and bank overdrafts at end of the year	7	101,345	494,819

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

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.

1.2 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.

1.3 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key sources of estimation uncertainty
Trade 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.

Useful lives of property, plant and equipment
Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of assets are determined based on Fund replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters.

Provisions
Provisions are inherently based on assumptions and estimates using the best information available.

Post employment medical aid obligation
Employees of the Roads Authority are entitled to post-retirement medical aid 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).

1.4 Property, plant and equipment

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

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 is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Fund and the cost can be measured reliably.

Day-to-day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Fund. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

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	Depreciation method	Average useful life
Land	Straight-line	Indefinite
Buildings	Straight-line	50 years
Furniture and fixtures	Straight-line	10 years
Motor vehicles	Straight-line	5 years
Office equipment	Straight-line	3 years
Computer equipment	Straight-line	3 years

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in surplus or deficit to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in surplus or deficit when the item is derecognised.

1.5 Financial instruments

Classification

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

- Financial assets at fair value through surplus or deficit - designated
- 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.

A financial asset classified as available-for-sale that would have met the definition of loans and receivables may be reclassified to loans and receivables if the Fund has the intention and ability to hold the asset for the foreseeable future or until maturity.

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.

Transaction costs on financial instruments at fair value through surplus or deficit are recognised in profit or loss.

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

Subsequent measurement

Financial instruments at fair value through surplus or deficit are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period.

Net gains or losses on the financial instruments at fair value through surplus or deficit include dividends and interest.

Dividend income is recognised in surplus or deficit as part of other income when the Funds's right to receive payment is established.

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

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

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

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

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

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

1.5 Financial instruments continued

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 surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

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

Impairment losses are recognised in surplus or deficit.

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

Where financial assets are impaired through use of an allowance account, the amount of the 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 (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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

Trade and other receivables are classified as loans and receivables.

Trade and other payables

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

Cash and cash equivalents

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

Borrowings

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.

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.

1.6 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.

1.7 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.

1.8 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.

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

An entity 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.

1.9 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.

1.10 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 deficits.

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.

1.11 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 deficits 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.

1.12 Revenue

Revenue is measured at the fair value of the assets acquired through non-exchangeable 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.

Investment 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 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, mass distance charges and abnormal load fees.

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company 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:
• Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	01 January 2016	The impact of the standard is not material.
• IFRS 14 Regulatory Deferral Accounts	01 January 2016	The impact of the amendment is not material.
• Amendment to IFRS 7: Financial Instruments: Disclosures: Annual Improvements project	01 January 2016	The impact of the amendment is not material.
• Amendment to IAS 19: Employee Benefits: Annual Improvements project	01 January 2016	The impact of the amendment is not material.
• Disclosure Initiative: Amendment to IAS 1: Presentation of Financial Statements	01 January 2016	The impact of the amendment is not material.

2.2 Standards and interpretations not yet effective

The Fund has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Fund's accounting periods beginning on or after 01 April 2017 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Amendments to IAS 12 - Income Taxes	01 January 2017	Impact is currently being assessed
• IFRS 16 Leases	01 January 2019	Impact is currently being assessed
• IFRS 9 Financial Instruments	01 January 2018	Impact is currently being assessed
• IFRS 15 Revenue from Contracts with Customers	01 January 2018	Impact is currently being assessed
• Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	01 January 2017	Impact is currently being assessed

3. RISK MANAGEMENT

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

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

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

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

At 31 March 2017 - N$ '000	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	162,275			
Other financial liabilities		51,400	154,200	331,035

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

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$ 6 million (2016: N$ 8.8 million). The Fund invests in high-yielding Namibian and South African fixed-income assets, including government and corporate bonds, fixed deposits and money market instruments.

3. RISK MANAGEMENT CONTINUED

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

	Effect on profit 2017		Effect on profit 2016	
	100bp increase in market	100bp decrease in market	100bp increase in market	100bp decrease in market
	N$ '000	N$ '000	N$ '000	N$ '000
Cash and cash equivalents	1,013	(1,013)	4,948	(4,948)
Other financial assets	38	(38)	88	(88)
Other financial liabilities	(5,366)	5,366	(3,875)	3,875
	(4,315)	4,315	1,161	(1,161)

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.

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

Financial instrument	**2017** N$ '000	2016 N$ '000
Trade and other receivables	139,381	135,910
Other financial assets	3,978	8,845
Cash and cash equivalents	101,345	494,819

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

	2017			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land	5,314		5,314	5,314		5,314
Buildings	88,868	(4,028)	84,840	59,807	(2,817)	56,990
Furniture and fixtures	2,488	(448)	2,040	3,276	(1,275)	2,001
Motor vehicles	4,117	(1,588)	2,529	1,498	(658)	840
Office equipment	298	(207)	91	237	(123)	114
Computer equipment	10,511	(7,667)	2,844	8,218	(5,737)	2,481
Total	111,596	(13,938)	97,658	78,350	(10,610)	67,740

4. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Reconciliation of property, plant and equipment - N$'000 - 2017

	Opening balance	Additions	Other changes, movements	Depreciation	Total
Land	5,314				5,314
Buildings	56,990	29,061		(1,211)	84,840
Furniture and fixtures	2,001	114	179	(254)	2,040
Motor vehicles	840	2,861	(411)	(761)	2,529
Office equipment	114			(23)	91
Computer equipment	2,481	2,354	563	2,554)	2,844
	67,740	34,390	331	(4,803)	97,658

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

	Opening balance	Additions	Other changes, movements	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 equipment	1,664	884		(67)	2,481
	45,746	23,579	(85)	(1,500)	67,740

Pledged as security

There were no assets pledged for security during the year under review (2016: none).

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

5. TRADE AND OTHER RECEIVABLES

	2017 N$ '000	2016 N$ '000
Road user charges receivables	13,920	12,683
Cross border receivables	3,325	3,325
Accrued income - Fund	114,715	119,032
Accrued interest income - Fund	6,481	
Payroll controls	113	
MDC receivable - provision control	500	
Bank Windhoek - Government Funded Project		781
Sundry receivable	327	89
	139,381	135,910

The carrying amount of the trade and other receivables 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 that have no recent history of defaults.

Trade receivables

	2017 N$ '000	2016 N$ '000
Counter parties without external credit rating		
Group 1	114,715	119,032
Group 2	24,666	16,878
	139,381	135,910

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 2017, there were no trade and other receivables past due but not impaired (2016: N$ nil).

Trade and other receivables impaired

As of 31 March 2017, there were no trade and other receivables impaired and provided for (2016: N$ nil).

5. TRADE AND OTHER RECEIVABLES CONTINUED

Reclassification

Various amounts were reclassified within trade and other receivables for better disclosure in the financial statements.

6. OTHER FINANCIAL ASSETS

At fair value through profit or loss - designated	2017 N$ '000	2016 N$ '000
Investec High Income Fund Namibia Investments are currently invested in a mixed portfolio, which consists of N$ 3.798 million (2016: N$ 4.658 million) in Capital Markets and N$ 0.00 million (2016: N$ 4.187 million) in Money Markets.	3,798	8,845
Current assets		
Other financial assets	3,798	8,845

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	3,798	8,845
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)	3,798	8,845
Reconciliation of available-for-sale investment		
Opening balance	8,845	78,082
Interest earned	623	4,684
Disposals	(5,670)	(73,921)
	3,798	8,845

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2017 N$ '000	2016 N$ '000
Cash on hand		3
Bank balances - current accounts	11,631	54,992
Short-term deposits	133,267	439,824
Provision for doubtful deposits (SME Bank)	(43,553)	
	101,345	494,819
Included in the cash and cash equivalents is an amount of N$ 3.2 million (2016: N$ 2.9 million) held by the Fund that is not available for use by the Fund.	3,168	2,938

Restricted Cash

Included in the cash and cash equivalents is an amount of N$ 3.2 million (2016: N$ 2.9 million) received from the Government of the 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 counterparty default rates:

7. CASH AND CASH EQUIVALENTS CONTINUED

	2017 N$ '000	2016 N$ '000
Credit rating		
Bank Windhoek Limited (A1+ Moody's credit rating)	17,171	73,531
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)	117	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
SME Bank (not rated)	80,890	60,000
E-Bank Limited - (not rated)	3,167	71,805
	101,345	494,816

Although E-Bank Limited and SME Bank are not rated, they have no history of default. However, the SME Bank was put on provisional liquidation after year-end and the preliminary indicators are that only depositors with less than N$ 25,000 are guaranteed to their full amounts deposited. In light of the above a provision of 35% of the deposits held at SME Bank was made during the year.

8. OTHER FINANCIAL LIABILITIES

	2017 N$ '000	2016 N$ '000
Held at amortised cost		
Ministry of Finance on lending loan 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.	89,277	89,277
KfW Loan The loan bears a fixed interest rate of 7.81% per annum and is 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)	447,358	298,239
	536,635	387,516
The carrying amount of other financial liabilities approximates its fair value.		
Non-current liabilities		
At amortised cost	536,635	387,516

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 Roads Authority's employees and not for Road Fund Administration's employees.

	2017 N$ '000	2016 N$ '000
Carrying value		
Present value of the defined benefit obligation - wholly unfunded	(78,289)	(105,652)
Movements for the year		
Opening balance	(105,652)	(89,279)
Benefits paid	21,790	1,262
Actuarial losses/(gains)	20,839	
Net expense recognised in profit or loss	(15,266)	(17,635)
	(78,289)	(105,652)
Net expense recognised in the income statement		
Current service cost	(5,594)	(10,604)
Interest cost	(9,672)	(7,031)
	(15,266)	(17,635)
Key assumptions used		
Assumptions used on last valuation as at 31 March 2016.		
Discount rates used	11.27%	7.39%
Consumer Price inflation	8.96%	5.56%
Medical Aid contribution inflation	9.96%	6.56%
Net effective discount rate	1.19%	0.78%

9. RETIREMENT BENEFIT OBLIGATION CONTINUED

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 re-calculated the liabilities using the following assumptions:

- A 1% increase/decrease in the Medical Aid inflation assumption; and
- 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:

2017 - N$'000	-20% Mortality Rate N$ '000	Valuation Assumption N$ '000	+20% Mortality Rate N$ '000
Total accrued liability	(108,343)	99,181	91,785
Interest cost	(12,504)	11,439	10,580
Service cost	(6,632)	6,054	5,585
	(127,479)	116,674	107,950

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

9. RETIREMENT BENEFIT OBLIGATION CONTINUED

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:

2017 - N$'000	-1% Medical Aid Inflation N$ '000	Valuation Assumption N$ '000	+1% Medical Aid Inflation N$ '000
Total accrued liability	(83,452)	99,181	119,033
Interest cost	(9,605)	11,439	13,756
Service cost	(4,946)	6,054	7,479
	(98,003)	116,674	140,268

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

10. PROVISIONS

Reconciliation of provisions - 2017 - N$ '000

	Opening balance	Additions	Total
Leave pay provision	1,929	1,511	3,440
Severance pay provision	980	3,045	4,025
	2,909	4,556	7,465

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
Non-current liabilities		4,025	980
Current liabilities		3,440	1,929
		7,465	2,909

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.

11. TRADE AND OTHER PAYABLES

	Notes	2017 N$ '000	2016 N$ '000
Roads Authority project administration		43,942	151,588
Fuel levy refund		71,956	94,030
Accruals - Local Authorities		18,938	16,820
KfW and vehicle and driving testing stations		3,566	
Interest accrual - KfW Loans		10,051	5,462
Amounts received in advance - (CBC)		2,365	1,708
Vehicle licence fee - refunds payable		2,770	2,770
Government Road Project	24	3,172	2,938
Other accruals		5,515	1,524
		162,275	276,840

Included in the Government Road project is an amount of N$ 3.2 million (2016: N$ 2.9 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.

12. FINANCIAL ASSETS BY CATEGORY

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

2017

N$ '000	Loans and receivables	Available for sale	Total
Other financial assets		3,798	3,798
Trade and other receivables	139,104		139,104
Cash and cash equivalents	101,345		101,345
	240,449	3,798	244,247

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

13. FINANCIAL LIABILITIES BY CATEGORY

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

2017

N$ '000	Financial liabilities at amortised cost	Total
Retirement benefit obligation	78,289	78,289
Other financial liabilities	536,635	536,635
Trade and other payables	162,903	162,903
	777,827	777,827

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
	770,008	770,008

14. REVENUE

	2017 N$ '000	2016 N$ '000
Fuel levies	1,344,998	1,299,616
Road user charges (refer to 14.1 below)	868,635	794,921
	2,213,633	2,094,537

14.1 Road user charges

Vehicle license fees	618,984	573,715
Cross border charges	125,976	122,817
Abnormal permit fees	11,630	12,986
Mass distance charges - local	85,392	59,465
Mass distance charges - foreign	26,665	25,938
	868,647	794,921

15. OTHER INCOME

Government grant - TR 1/6 Project - Windhoek/Okahandja road		25,976
Sundry income	669	345
Roads Authority payment		1,101
	669	27,422

16. OPERATING SURPLUS (DEFICIT)

	2017 N$ '000	2016 N$ '000

Operating (deficit) surplus for the year is stated after charging (crediting) the following, amongst others:

Auditor's remuneration - external

Audit fees (external audit and other)	671	414

Leases

Operating lease charges

Premises	138	1,416
Equipment	304	16
	442	1,432

Depreciation

Depreciation of property, plant and equipment	4,803	1,500

Expenses by nature

The total operating expenses are analysed by nature as follows:

Employee costs	61,376	41,851
Operating lease charges	442	1,432
Depreciation, amortisation and impairment	4,803	1,500
Other expenses	120,947	52,689
Fuel levy refunds	257,519	209,084
National road network expenditure	1,784,770	1,467,102
Local Authorities	73,527	68,470
	2,303,384	1,842,128

17. INVESTMENT INCOME

	2017 N$ '000	2016 N$ '000
Interest income		
From investments in financial assets:		
Bank and other cash	2,860	3,619
Other financial assets	42,401	26,891
Total interest income	45,261	30,510

18. FINANCE COSTS

Non-current borrowings	36,211	6,825
Interest paid on RFA 16 Loan Stock		26,125
Total finance costs	36,211	32,950

19. CASH USED IN OPERATIONS

(Deficit)/Surplus	(80,032)	277,391
Adjustments for:		
Depreciation	4,803	1,500
Interest received - bank and other investments	(45,261)	(30,510)
Finance costs	36,211	32,950
Movements in retirement benefit assets and liabilities	(6,471)	16,373
Movements in provisions	4,556	(1,298)
Other non-cash items	(331)	1,748
Changes in working capital:		
Trade and other receivables	(3,471)	(19,826)
Trade and other payables	(114,565)	(21,878)
	(204,561)	256,450

20. COMMITMENTS

The leases are renewable on an annual basis.

21. 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 is no certainty at year end what the outcome of the case is after the appeal was lodged.

22. 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 received loans from KfW	KfW loans

22. RELATED PARTIES

	2017 N$ '000	2016 N$ '000
Related party balances		
Amounts included in Trade payables and Provisions regarding related parties:		
Roads Authority	201,148	257,240
Local Authorities	18,938	16,820
Ministry of Works & Transport (Unutilised project funds)		11,803
Government Road Projects	3,172	2,938
Related party transactions		
Payments made to related parties		
Roads Authority	1,784,770	1,467,102
Local Authorities	73,527	68,470
Traffic Law Enforcement Agencies	30,841	28,990

23. GOING CONCERN

We draw attention to the fact that at 31 March 2017, the Fund had accumulated losses of N$ (442,482) (2016: (65,603)) and that the Fund's total liabilities exceed its assets by N$ (442,482) (2016: (65,603)).

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the Fund to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the Fund, contain expenditure within road user charges income and secure a yearly increase of the road user charges.

24. GOVERNMENT ROAD PROJECTS

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

During the prior 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.

	2017	2016
	N$ '000	N$ '000
The balance at the end of the year is made up as follows:		
Balance at the beginning of the year	2,938	27,227
Advance/(utilised) during the year		(24,289)
Payment during the year	189	
	3,127	2,938
The amount is represented by:		
Project accounts included in bank balances	3,127	2,938

25. NATIONAL ROAD NETWORK EXPENDITURE

	2017 N$ '000	2016 N$ '000
Roads Authority - Business Systems	4,994	3,738
Roads Authority - Administration	393,948	339,630
Roads Authority - Construction & Rehabilitation	165,038	202,502
Roads Authority - Maintenance	896,688	738,849
Roads Authority - NaTIS	35,357	45,342
Roads Authority - Network Planning	19,507	20,930
Roads Authority - Road Management	30,946	19,837
Roads Authority - Office Accommodation	113,773	93,402
Roads Authority - Road Transport Inspection Services	5,952	2,872
Roads Authority - Government Roads Projects	128,703	
	1,794,906	1,467,102

26. DIRECTORS' EMOLUMENTS

Directors emoluments of N$ 389,456 (2016: N$ 259,039) were paid to the directors for holding a prescribed office during the year.

27. DISTRIBUTION OF FUNDS

During the year under review, the Fund has made payments of N$ 317,739,000 (2016 – N$0), towards GRN Roads Construction invoices. These payments were made on request of the Ministry of Finance and the Ministry of Works and Transport, and were approved by the RFA Board of Directors during December 2016. These payments were made from the reserves of the Fund that were built up over years since incorporation.

DETAILED STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME

	Note(s)	2017 N$ '000	2016 N$ '000
Revenue			
Road user charges		868,635	794,921
Fuel levy		1,344,998	1,299,616
	14	2,213,633	2,094,537
Other income			
Government grant - TR 1/6 Project - Windhoek/Okahandja road			25,976
Investment income	17	45,261	30,510
Roads Authority payment			1,101
Sundry income		669	345
		45,930	57,932
Operating expenses (Refer to page 39)		(2,303,384)	(1,842,128)
Operating surplus / (deficit)	16	(43,821)	310,341
Finance costs	18	(36,211)	(32,950)
Surplus / (Deficit) for the year		(80,032)	277,391
Total comprehensive (loss) income for the year		(80,032)	284,635

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

	2017 N$ '000	2016 N$ '000
Operating expenses		
Advertising	(805)	(925)
Auditor's remuneration	(671)	(414)
Bank charges	(5,978)	(4,589)
Books	(115)	
Cleaning	(354)	(357)
Computer expenses	(262)	(416)
Corporate items	(508)	
Corporate services	(1,613)	
Depreciation	(4,803)	(1,500)
Donations	(84)	
E-mail & internet	(27)	(1,344)
Employee costs	(61,376)	(41,851)
Entertainment	(625)	(259)
Equipment hiring	(180)	(163)
Fines and penalties	(7)	
Fuel levy refunds	(257,519)	(208,856)
Insurance	(456)	(310)
IT expenses	(1,986)	(1,728)
Lease rentals on operating lease	(442)	(1,432)
Legal expenses	(374)	(477)
Long service awards	(103)	
Management fees - KfW loan		(1,118)
Minor office furniture	(98)	
Motor vehicle expenses	(411)	(189)
National road network expenditure	(1,794,906)	(1,467,102)
NRSC: Road Safety Programme	(1,858)	
Other expenses	239	(57)

	2017 N$ '000	2016 N$ '000
Operating expenses continued		
Postal and courier services	(141)	(176)
Printing and stationery	(1,678)	(1,122)
Professional fees	(4,761)	(1,415)
Provision for doubtful deposit (SME Bank)	(43,553)	
Public relations		(49)
Relocation costs	(40)	(170)
Routine and periodic maintenance	(395)	(458)
Security	(1,732)	(1,303)
Seminars & conference	(339)	(297)
Stationery & consumables	(7)	(818)
Subscriptions	(362)	(221)
Subsistence & travelling	(5,329)	(1,967)
Telephone and fax	(2,256)	(1,626)
Traffic law enforcement	(30,841)	(28,990)
Training	(1,596)	(797)
Transport	(593)	(468)
Urban road maintenance	(73,527)	(68,470)
Vehicle license fees- refunds		(200)
Water and Electricity	(912)	(494)
	(2,303,384)	(1,842,128)

ROAD FUND ADMINISTRATION - FUND ACCOUNT

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

GENERAL INFORMATION

Country of incorporation 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
Registered office	21 Feld Street Windhoek Namibia
Postal address	Private Bag 13372 Windhoek Namibia 9000
Banker	Bank Windhoek Limited
Auditor	PricewaterhouseCoopers Registered Accountants and Auditors Chartered Accountants (Namibia)
Secretary	Anna Matebele

CONTENTS

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

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

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

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Fund and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or 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 Fund's cash flow forecast for the year to 31 March 2018 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 81 to 82.

The annual financial statements set out on pages 84 to 114, which have been prepared on the going concern basis, were approved by the board.

Signed on behalf of the Board of Directors By:

Director

Director

28 September 2017

Date

Windhoek

INDEPENDENT AUDITOR'S REPORT

To the Minister of Finance

Report on the audit of the annual financial statements.

OUR OPINION

In our opinion, the annual financial statements of Road Fund Administration - Fund Account (the Fund)' for the year ended 31 March 2017 are prepared, in all material respects, in accordance with the basis of accounting described in note 1 to the annual financial statements and the requirements of the Road Fund Administration Act (Act 18 of 1999).

What we have audited

Road Fund Administration's annual financial statements set out on pages 84 to 114 comprise:

- the directors' report for the year ended 31 March 2017;
- the statement of financial position as at 31 March 2017;
- the statement of surplus or deficit and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the annual financial statements, which include a summary of significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report.

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

Independence

We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with this and in accordance with other ethical requirements applicable to performing audits in Namibia.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the Fund information, detailed statement of surplus or deficit, annual report and the directors' responsibilities and approval, but does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express anaudit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE ANNUAL FINANCIAL STATEMENTS

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

In preparing the annual financial statements, the directors are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, orhave no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)

Per: Samuel N Ndahangwapo
Partner

Date: *29 September 2017*
Windhoek

DIRECTORS' REPORT

The directors submit their report for the year ended 31 March 2017.

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 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 2017, the Fund had a deficit for the year of N$ (55) million (2016: surplus N$ 272 million) and that the Fund's total liabilities exceed its assets by N$ (444) million (2016: N$ (72) 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 is optimistic that the Fund will continue operating as going concern into the foreseeable future based on the following conclusions:

- Strategies have been deployed to contain expenditure Road User Charges income.
- Road User Charges increases of 7% have been received for the 2017/2018 financial year.

5. Auditors

PricewaterhouseCoopers continued in office as auditors for the Fund for the 2017/18 financial year.

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Note(s)	2017 N$ '000	2016 N$ '000
Assets			
Non-Current Assets			
Property, plant and equipment	3	90,154	62,304
Current Assets			
Trade and other receivables	4	138,941	135,821
Other financial assets	5	3,798	8,845
Cash and cash equivalents	6	94,846	489,828
		237,585	634,494
Total Assets		327,739	696,798
Equity and Liabilities			
Equity			
Accumulated deficit		(443,943)	(71,691)
Liabilities			
Non-Current Liabilities			
Other financial liabilities	7	536,635	387,516
Retirement benefit obligation	8	78,289	105,652
		614,924	493,168
Current Liabilities			
Trade and other payables	9	156,758	275,321
Total Liabilities		771,682	768,489
Total Equity and Liabilities		327,739	696,798

STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME

	Note(s)	2017 N$ '000	2016 N$ '000
Revenue	12	2,213,633	2,094,537
Other income	13	254	27,308
Operating expenses		(2,298,294)	(1,847,421)
Operating (deficit) surplus	14	(84,407)	274,424
Investment income	15	45,183	30,293
Finance costs	17	(36,181)	(32,949)
(Deficit) surplus for the year		(75,405)	271,768
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial gains on retirement benefit obligation		20,892	
Other comprehensive income for the year net of taxation		20,892	
Total comprehensive (loss) income for the year		54,513	271,768

STATEMENT OF CHANGES IN EQUITY

	Fair value adjustment available-for-sale financial asset reserve	Accumulated deficit	Total equity
	N$ '000	N$ '000	N$ '000
Balance at 01 April 2015	1,776	(345,235)	(343,459)
Surplus for the year		271,768	271,768
Other comprehensive income	(1,766)	(28)	(1,804)
Total comprehensive loss for the year	(1,766)	271,740	269,964
Transfer between reserves		1,804	1,804
Balance at 01 April 2016		(71,691)	(71,691)
Deficit for the year		(75,405)	(75,405)
Other comprehensive income		20,892	20,892
Total comprehensive loss for the year		(54,513)	(54,513)
Distribution of funds (Note 25)		(317,739)	(317,739)
Balance at 31 March 2017		(443,943)	(443,943)
Note(s)			

STATEMENT OF CASH FLOWS

	Note(s)	2017 N$ '000	2016 N$ '000
Cash flows from operating activities			
Cash receipts from road users		2,210,508	2,074,755
Cash paid to suppliers and employees		(2,421,858)	(1,823,582)
Cash generated from (used in) operations	18	(211,350)	251,173
Interest income	15	45,183	30,293
Finance costs	17	(36,181)	(32,949)
Net cash from operating activities		(202,348)	248,517
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(29,061)	(20,400)
Proceeds from sale of property, plant and equipment	5	5,047	69,237
Net cash from investing activities		(24,014)	48,837
Cash flows from financing activities			
Proceeds of loans	7	149,119	297,868
Repayment of RFA 16 Loan Stock	7		(330,000)
Distributions of funds	25	(317,739)	
Net cash from financing activities		(168,620)	(32,132)
Total cash, cash equivalents and bank overdrafts movement for the year		(394,982)	265,222
Cash, cash equivalents and bank overdrafts at the beginning of the year		489,828	224,606
Total cash, cash equivalents and bank overdrafts at end of the year	6	94,846	489,828

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

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.

1.2 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.

1.3 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key sources of estimation uncertainty

Trade 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.

Useful lives of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of assets are determined based on Fund replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available.

Post employment medical aid obligation

Employees of the Roads Authority are entitled to post-retirement medical aid 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).

1.4 Property, plant and equipment

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

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 is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Fund and the cost can be measured reliably.

Day-to-day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Fund. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

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	Depreciation method	Average useful life
Land	Straight-line	Indefinite
Buildings	Straight-line	50 years
Furniture and fixtures	Straight-line	10 years
Motor vehicles	Straight-line	5 years
Office equipment	Straight-line	3 years
Computer equipment	Straight-line	3 years
Computer software	Straight-line	5 years

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in surplus or deficit to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in surplus or deficit when the item is derecognised.

1.5 Financial instruments

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

- Financial assets at fair value through surplus or deficit - designated
- 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.

A financial asset classified as available-for-sale that would have met the definition of loans and receivables may be reclassified to loans and receivables if the Fund has the intention and ability to hold the asset for the foreseeable future or until maturity.

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.

Transaction costs on financial instruments at fair value through surplus or deficit are recognised in profit or loss.

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

Subsequent measurement
Financial instruments at fair value through surplus or deficit are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period.

Net gains or losses on the financial instruments at fair value through surplus or deficit include dividends and interest.

Dividend income is recognised in surplus or deficit as part of other income when the Funds's right to receive payment is established.

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

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

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

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

Derecognition
Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

1.5 Financial instruments continued

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 surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

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

Impairment losses are recognised in surplus or deficit.

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

Where financial assets are impaired through use of an allowance account, the amount of the 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 (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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

Trade and other receivables are classified as loans and receivables.

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

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

Borrowings
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.

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.

1.6 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.

1.7 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.

1.8 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.

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

An entity 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.

1.9 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.

1.10 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 deficits.

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.

1.11 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 deficits 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.

1.12 Revenue

Revenue is measured at the fair value of the assets acquired through non-exchangeable 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.

Investment 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, mass distance charges and abnormal load fees.

2. RISK MANAGEMENT

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

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

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

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

At 31 March 2017 - N$ '000	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	156,758			
Other financial liabilities		51,400	154,200	331,035

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

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$ 3.8 million (2016: N$ 8.8 million). The Fund invests in high-yielding Namibian and South African fixed-income assets, including government and corporate bonds, fixed deposits and money market instruments.

2. RISK MANAGEMENT CONTINUED

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

	Effect on profit 2017		Effect on profit 2016	
	100bp increase in market	100bp decrease in market	100bp increase in market	100bp decrease in market
	N$ '000	N$ '000	N$ '000	N$ '000
Cash and cash equivalents	948	(948)	4,898	(4,898)
Other financial assets	38	(38)	88	(88)
Other financial liabilities	(5,366)	5,366	(3,875)	3,875
	(4,380)	4,380	1,111	(1,111)

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.

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

Financial instrument	**2017** N$ '000	2016 N$ '000
Trade and other receivables	138,941	135,821
Other financial assets	31,798	8,845
Cash and cash equivalents	94,846	489,828

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

	2017			2016		
N$ '000	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land	5,314		5,314	5,314		5,314
Buildings	88,868	(4,028)	84,840	59,807	(2,817)	56,990
Total	94,182	(4,028)	90,154	65,121	(2,817)	62,304

Reconciliation of property, plant and equipment - N$ '000 - 2017

	Opening balance	Additions	Depreciation	Total
Land	5,314			5,314
Buildings	56,990	29,061	(1,211)	84,840
	62,304	29,061	(1,211)	90,154

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

	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

Pledged as security

There were no assets pledged for security during the year under review (2016: none).

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

4. TRADE AND OTHER RECEIVABLES

	2017 N$ '000	2016 N$ '000
Road user charges receivables	13,920	12,683
Cross border receivables	3,325	3,325
Accrued income - Fund	114,715	118,028
Accrued interest income - Fund	6,481	
Bank Windhoek - Government Funded Project		1,785
MDC receivable - provision control	500	
	138,941	135,821

The carrying amount of the trade and other receivables 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 that have no recent history of defaults.

Trade receivables

Counter parties without external credit rating		
Group 1	114,715	119,032
Group 2	24,226	16,789
	138,941	135,821

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 2017, there were no trade and other receivables past due but not impaired (2016: N$ nil).

Trade and other receivables impaired

As of 31 March 2017, there were no trade and other receivables impaired and provided for (2016: N$ nil).
The carrying amount of trade and other receivables are denominated in the following currencies:

Reclassification

Various amounts were reclassified within trade and other receivables for better disclosure in the financials.

5. OTHER FINANCIAL ASSETS

At fair value through profit or loss - designated	2017 N$ '000	2016 N$ '000
Investec High Income Fund Namibia Investments are currently invested in a mixed portfolio, which consists of N$ 3.798 million (2016: N$ 4.658 million) in Capital Markets and N$ 0.00 million (2016: N$ 4.187 million) in Money Markets.	3,798	8,845
Current assets		
Other financial assets	3,798	8,845

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	3,798	8,845
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)	3,798	8,845
Reconciliation of available-for-sale investment		
Opening balance	8,845	78,082
Interest earned	623	4,684
Disposals	(5,670)	(73,921)
	3,798	8,845

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2017 N$ '000	2016 N$ '000
Cash on hand		3
Bank balances - current accounts	5,132	10,819
Short-term deposits	133,267	479,006
Provision for doubtful deposits (SME Bank)	(43,553)	
	94,846	489,828
Included in the cash and cash equivalents is an amount of N$ 3.2 million (2016: N$ 2.9 million) held by the Fund that is not available for use by the Fund.	3,168	2,938

Restricted Cash

Included in the cash and cash equivalents is an amount of N$ 3.2 million (2016: N$ 2.9 million) received from the Government of the 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:

6. CASH AND CASH EQUIVALENTS CONTINUED

	2017 N$ '000	2016 N$ '000
Credit rating		
Bank Windhoek Limited (A1+ Moody's credit rating)	10,672	68,540
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)	117	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
SME Bank (not rated)	80,890	60,000
E-Bank Limited - (not rated)	3,167	71,805
	94,846	489,825

Although E-Bank Limited and SME Bank are not rated, they have no history of default. However, the SME Bank was put on provisional liquidation after year-end and the preliminary indicators are that only depositors with less than N$ 25,000 are guaranteed to their full amounts deposited. In light of the above a provision of 35% of the deposits held at SME Bank was made during the year.

7. OTHER FINANCIAL LIABILITIES

	2017 N$ '000	2016 N$ '000
Held at amortised cost		
Ministry of Finance on lending loan 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.	89,277	89,277
KfW Loan The loan bears a fixed interest rate of 7.81% per annum and is 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)	447,358	298,239
	536,635	387,516
The carrying amount of other financial liabilities approximates its fair value.		
Non-current liabilities		
At amortised cost	536,635	387,516

8. 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's employees and not for Road Fund Administration's employees.

	2017 N$ '000	2016 N$ '000
Carrying value		
Present value of the defined benefit obligation wholly unfunded	(78,289)	(105,652)
Movements for the year		
Opening balance	(105,652)	(89,279)
Benefits paid	21,790	1,262
Actuarial losses/(gains)	20,839	
Net expense recognised in profit or loss	(15,266)	(17,635)
	(78,289)	(105,652)
Net expense recognised in the income statement		
Current service cost	(5,594)	(10,604)
Interest cost	(9,672)	(7,031)
	(15,266)	(17,635)
Key assumptions used		
Assumptions used on last valuation as at 31 March 2016.		
Discount rates used	11.27%	7.39%
Consumer Price inflation	8.96%	5.56%
Medical Aid contribution inflation	9.96%	6.56%
Net effective discount rate	1.19%	0.78%

8. RETIREMENT BENEFIT OBLIGATION CONTINUED

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 re-calculated the liabilities using the following assumptions:

- A 1% increase/decrease in the Medical Aid inflation assumption; and
- 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:

2017 - N$'000	-20% Mortality Rate N$ '000	Valuation Assumption N$ '000	+20% Mortality Rate N$ '000
Total accrued liability	(108,343)	99,181	91,785
Interest cost	(12,504)	11,439	10,580
Service cost	(6,632)	6,054	5,585
	(127,479)	116,674	107,950

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

8. RETIREMENT BENEFIT OBLIGATION CONTINUED

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:

2017 - N$'000	-1% Medical Aid Inflation N$ '000	Valuation Assumption N$ '000	+1% Medical Aid Inflation N$ '000
Total accrued liability	(83,452)	99,181	119,033
Interest cost	(9,605)	11,439	13,756
Service cost	(4,946)	6,054	7,479
	(98,003)	116,674	140,268

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

9. TRADE AND OTHER PAYABLES

	Notes	2017 N$ '000	2016 N$ '000
Roads Authority project administration		43,940	151,593
Fuel levy refund		71,956	94,030
Accruals - Local Authorities		18,938	16,820
KfW and vehicle and driving testing stations		3,566	
Interest accrual - KfW Loans		10,051	5,462
Amounts received in advance - (CBC)		2,365	1,708
Government Road Project	22	3,172	2,938
Vehicle licence fee - refunds payable		2,770	2,770
		156,758	275,321

Included in the Government Road project is an amount of N$ 3.2 million (2016: N$ 2.9 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.

10. FINANCIAL ASSETS BY CATEGORY

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

2017

N$ '000	Loans and receivables	Available for sale	Total
Other financial assets		3,798	3,798
Trade and other receivables	138,941		138,941
Cash and cash equivalents	94,846		94,846
	233,787	3,798	237,585

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

11. FINANCIAL LIABILITIES BY CATEGORY

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

2017

N$ '000	Financial liabilities at amortised cost	Total
Retirement benefit obligation	78,289	78,289
Other financial liabilities	536,635	536,635
Trade and other payables	156,758	156,758
	771,682	771,682

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

12. REVENUE

	2017 N$ '000	2016 N$ '000
Fuel levies	1,344,986	1,299,616
Road user charges (refer to 12.1 below)	868,647	794,921
	2,213,633	2,094,537

12.1 Road user charges

Vehicle license fees	618,984	573,715
Cross border charges	125,976	122,817
Abnormal permit fees	11,630	12,986
Mass distance charges - local	85,392	59,465
Mass distance charges - foreign	26,665	25,938
	868,647	794,921

13. OTHER INCOME

Admin sundry income	254	231
Government grant - TR 1/6 Project - Windhoek/Okahandja road		25,976
Roads Authority payment		1,101
	254	27,308

14. OPERATING SURPLUS (DEFICIT)

	2017 N$ '000	2016 N$ '000
Operating (deficit) surplus for the year is stated after charging (crediting) the following, amongst others:		
Auditor's remuneration - external		
Audit fees	671	119
Depreciation and amortisation		
Depreciation of property, plant and equipment	1,211	1,033
Expenses by nature		
The total operating expenses are analysed by nature as follows:		
Depreciation, amortisation and impairment	1,211	1,033
Other expenses	170,969	101,732
Fuel levy refunds	257,519	209,084
National road network expenditure	1,795,068	1,467,102
Local Authorities	73,527	68,470
	2,298,294	1,847,421

15. INVESTMENT INCOME

Interest income

From investments in financial assets:

Bank and other cash	2,782	3,402
Other financial assets	42,401	26,891
Total interest income	45,183	30,293

16. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

	2017	2016
	N$ '000	N$ '000
Depreciation		
Property, plant and equipment	1,211	1,033

17. FINANCE COSTS

Non-current borrowings	36,181	6,824
Interest paid on RFA 16 Loan Stock		26,125
Total finance costs	36,181	32,949

18. CASH GENERATED FROM (USED IN) OPERATIONS

(Deficit)/Surplus	(75,405)	271,768
Adjustments for:		
Depreciation and amortisation	1,211	1,033
Interest income	(45,183)	(30,293)
Finance costs	36,181	32,949
Movements in retirement benefit assets and liabilities	(6,471)	16,373
Changes in working capital:		
Trade and other receivables	(3,120)	(19,782)
Trade and other payables	(118,563)	(20, 875)
	(211,350)	251,173

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 is no certainty at year end what the outcome of the case is after the appeal was lodged.

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 received loans from KfW	KfW loans

20. RELATED PARTIES CONTINUED

	2017 N$ '000	2016 N$ '000
Related party balances		
Amounts included in Trade payables and Provisions regarding related parties:		
Roads Authority	122,229	151,590
Local Authorities	18,938	16,820
Ministry of Works & Transport (Unutilised project funds)		11,803
KfW loan	536,635	387,516
Government Road Projects	3,172	2,938
Related party transactions		
Payments made to related parties		
Roads Authority	1,795,068	1,467,102
Local Authorities	73,527	68,340
Traffic Law Enforcement Agencies	28,683	28,990

21. GOING CONCERN

We draw attention to the fact that at 31 March 2017, the Fund had accumulated losses of N$ (443,943) and that the Fund's total liabilities exceed its assets by N$ (443,943).

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the Fund to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the Fund, contain expenditure within road user charges income and secure a yearly increase of the road user charges.

22. GOVERNMENT ROAD PROJECTS

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

During the prior 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.

	2017	2016
	N$ '000	N$ '000
The balance at the end of the year is made up as follows:		
Balance at the beginning of the year	2,938	27,227
Advance/(utilised) during the year		(24,289)
Payment during the year	189	
	3,127	2,938
The amount is represented by:		
Project accounts included in bank balances	3,127	2,938

23. NATIONAL ROAD NETWORK EXPENDITURE

	2017 N$ '000	2016 N$ '000
Roads Authority - Business Systems	4,994	3,738
Roads Authority - Administration	394,110	339,630
Roads Authority - Construction & Rehabilitation	165,038	202,502
Roads Authority - Maintenance	896,688	738,849
Roads Authority - NaTIS	35,357	45,342
Roads Authority - Network Planning	19,507	20,930
Roads Authority - Road Management	30,946	19,837
Roads Authority - Office Accommodation	113,773	93,402
Roads Authority - Road Transport Inspection Services	5,952	2,872
Roads Authority - Government Roads Projects	128,703	
	1,795,068	1,467,102

24. COMMITMENTS

The leases are renewable on an annual basis.

25. DISTRIBUTION OF FUNDS

During the year under review, the Fund has made payments of N$317,739,000 (2016 – N$0), towards GRN Roads Construction invoices. These payments were made on request of the Ministry of Finance and the Ministry of Works and Transport, and were approved by the RFA Board of Directors during December 2016. These payments were made from the reserves of the Fund that were built up over years since incorporation.

DETAILED STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME

	Note(s)	2017 N$ '000	2016 N$ '000
Revenue			
Fuel levy		1,344,986	1,299,616
Road user charges		868,647	794,921
	12	2,213,633	2,094,537
Other income			
Commissions received		254	231
Investment income	15	45,183	30,293
Roads Authority payment			1,101
Sundry income			25,976
		45,437	57,601
		(2,298,294)	(1,847,421)
Operating expenses			
Administrative expenses			
Audit fees		(671)	(119)
Bank charges		(5,917)	(4,557)
Depreciation, amortisation and impairments			(1,118)
Depreciation		(1,211)	(1,033)
IT expenses			(453)
National road network expenditure		(1,795,068)	(1,467,047)
		(1,802,867)	(1,474,327)

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

	Note(s)	2017 N$ '000	2016 N$ '000
Other operating expenses			
Fuel levy refunds		(257,519)	(209,084)
Legal expenses		(3)	(66)
Local Authorities		(73,527)	(68,340)
NRSC: Road safety programme		(1,858)	
Other expenses			(204)
Professional fees		(1,824)	(265)
Provision for doubtful deposit (SME Bank)		(43,553)	
Traffic law enforcement agencies		(28,683)	(28,990)
Transfer to administration account		(88,460)	(65,945)
Vehicle license fees - refunds			(200)
		(495,427)	(373,094)
		(2,298,294)	(1,847,421)
Operating surplus / (deficit)	14	(39,224)	304,717
Finance costs	17	(36,181)	(32,949)
Surplus / (Deficit) for the year		(75,405)	271,768
Total comprehensive (loss) income for the year		(75,405)	271,712

ROAD FUND ADMINISTRATION: ADMISTRATION ACCOUNT

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

GENERAL INFORMATION

Country of incorporation and domicile	Namibia
Nature of business and principal activities	To manage the Road User Charging System (RUCS) in such a manner that it secures and allocates sufficient funding for the management of the national road network and certain related expenses.
Directors	P Ithindi (Chairperson) A Avafia S Amunkete E O Asino-Joseph Z Stellmacher R Amadhila N Henok
Registered office	21 Feld Street Windhoek Namibia
Business address	21 Feld Street Windhoek Namibia
Postal address	Private Bag 13372 Windhoek Namibia 9000
Banker	Bank Windhoek Limited
Auditor	PricewaterhouseCoopers Registered Accountants and Auditors Chartered Accountants (Namibia)
Secretary	Anna Matebele

CONTENTS

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

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 financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Fund as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the basis of accounting described in note 1 to the financial statements. The external auditors are engaged to express an independent opinion on the financial statements.

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

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Fund and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or 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 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 Fund's cash flow forecast for the year to 31 March 2018 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 financial statements.

The financial statements have been examined by the Fund's external auditors and their report is presented on pages 121 to 122.

The financial statements set out on pages 124 to 140, which have been prepared on the going concern basis, were approved by the board.

Signed on behalf of the Board of Directors by:

Director

Director

28 September 2017
Date
Windhoek

INDEPENDENT AUDITOR'S REPORT

To the Minister of Finance

OUR OPINION

In our opinion, the financial statements of Road Fund Administration - Administration Account (the Fund)' for the year ended 31 March 2017 are prepared, in all material respects, in accordance with the basis of accounting described in note 1 to the financial statements and the requirements of the Road Fund Administration (Act 18 of 1999).

What we have audited

Road Fund Administration's annual financial statements set out on pages 124 to 142 comprise:

- the statement of financial position as at 31 March 2017;
- the statement of surplus or deficit and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 'financial statements section of our report.

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

Independence

We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with this and in accordance with other ethical requirements applicable to performing audits in Namibia.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the Fund information, detailed statement of surplus or deficit, annual report and the directors' responsibilities and approval, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE ANNUAL FINANCIAL STATEMENTS

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

In preparing the financial statements, the directors are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)

Per: Samuel N Ndahangwapo
Partner

Date: *29 September 2017*
Windhoek

DIRECTORS' REPORT

The directors herewith submit their report on the financial statements of Road Fund Administration - Administration Account for the year ended 31 March 2017.

1. Review of 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.

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

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

5. Auditors

PricewaterhouseCoopers continued in office as auditors for the fund for 2018.

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Note(s)	2017 N$ '000	2016 Restated* N$ '000
Assets			
Non-Current Assets			
Property, plant and equipment	3	7,504	4,400
Current Assets			
Trade and other receivables	4	440	89
Cash and cash equivalents	5	6,499	4,991
		6,939	5,080
Total Assets		14,443	9,480
Equity and Liabilities			
Equity			
Retained surplus		1,463	3,082
Liabilities			
Non-Current Liabilities			
Provisions	6	7,465	4,898
Current Liabilities			
Trade and other payables	7	5,515	1,500
Total Liabilities		12,980	6,398
Total Equity and Liabilities		14,443	9,480

* See Note 14

STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME

	Note(s)	2017 N$ '000	2016 Restated* N$ '000
Capital contribution	10	88,875	66,059
Operating expenses		(90,573)	(63,580)
Operating (deficit) surplus	11	(1,698)	2,479
Investment income	12	79	87
(Deficit) surplus for the year		(1,619)	2,566

* See Note 14

STATEMENT OF CHANGES IN EQUITY

	Accumulated surplus N$ '000	Total equity N$ '000
Restated* Balance at 01 April 2015	516	516
Surplus for the year	2,566	2,566
Balance at 01 April 2016	3,082	3,082
Deficit for the year	(1,619)	(1,619)
Balance at 31 March 2017	1,463	1,463

* See Note 14

STATEMENT OF CASH FLOWS

	Note(s)	2017 N$ '000	2016 Restated* N$ '000
Cash flows from operating activities			
Cash receipts from road users		88,805	66,015
Cash paid to suppliers and employees		(82,047)	(62,413)
Cash generated from operations	13	6,758	3,602
Interest income		79	87
Net cash from operating activities		6,837	3,689
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(5,329)	(3,179)
Proceeds from sale of property, plant and equipment	3		85
Net cash from investing activities		(5,329)	(3,094)
Total cash and cash equivalents for the year		1,508	595
Cash, cash equivalents and bank overdrafts at the beginning of the year		4,991	4,396
Total cash and cash equivalents at end of the year	5	6,499	4,991

* See Note 14

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

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 measurement of certain financial instruments at fair value, and incorporated the principal accounting policies set out below. They are presented in Namibian Dollars.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key sources of estimation uncertainty

Trade receivables
The Fund assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in 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 the financial asset.

The impairment (or loss allowance) for trade receivables is calculated on a portfolio basis, except for individually significant trade receivables which are assessed separately. The impairment test on the portfolio is 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.

Useful lives of property, plant and equipment
Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of assets are determined based on Fund replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful life of manufacturing equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

Provisions
Provisions are inherently based on assumptions and estimates using the best information available.

1.3 Property, plant and equipment

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

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 is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Fund and the cost can be measured reliably. Day-to-day servicing costs are included in surplus or deficit in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Fund. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

Item	Depreciation method	Average useful life
Plant and machinery	Straight-line	5 years
Furniture and fixtures	Straight-line	10 years
Motor vehicles	Straight-line	5 years
Office equipment	Straight-line	3 years
IT equipment	Straight-line	5 years
Computer software	Straight-line	3 years

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in surplus or deficit to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in surplus or deficit when the item is derecognised.

1.4 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.

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.

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

Derecognition
Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

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

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

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

Impairment losses are recognised in surplus or deficit.

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

Where financial assets are impaired through use of an allowance account, the amount of the 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 (more than 30 days overdue) 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.

1.4 Financial instruments continued

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

Trade and other receivables are classified as loans and receivables.

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

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

1.5 Income taxation

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.

1.6 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 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.

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

An entity 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 doesnot exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

1.7 Impairment of assets continued

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 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 deficits.

1.10 Revenue

Transfers from Fund Account
Revenue comprises 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.

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

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 2017 - N$ '000	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	5,515			

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	1,500			

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 interest on short term funds invested. Any realistic fluctuation in interest rates would not have a material impact on the Fund's surplus and equity.

3. PROPERTY, PLANT AND EQUIPMENT

N$ '000	2017 Cost	2017 Accumulated depreciation	2017 Carrying value	2016 Cost	2016 Accumulated depreciation	2016 Carrying value
Furniture and fixtures	2,488	(448)	2,040	2,490	(568)	1,922
Motor vehicles	4,117	(1,588)	2,529	1,498	(855)	643
Office equipment	298	(207)	91	237	(161)	76
Computer software and equipment	10,511	(7,667)	2,844	8,218	(6,459)	1,759
Total	17,414	(9,910)	7,504	12,443	(8,043)	4,400

Reconciliation of property, plant and equipment - N$ '000 - 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	1,922	114	258	(254)	2,040
Motor vehicles	643	2,861	1	(976)	2,529
Office equipment	76		15		91
Computer software and equipment	1,759	2,354	(16)	(1,253)	2,844
	4,400	5,329	258	(2,483)	7,504

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

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	238	2,189	(85)	(420)	1,922
Motor vehicles	858			(215)	643
Office equipment	49	106		(79)	76
Computer software and equipment	1,664	884		(789)	1,759
	2,809	3,179	(85)	(1,503)	4,400

Pledges and security

There were no assets pledged for security during the year under review (2016: none).

4. TRADE AND OTHER RECEIVABLES

	2017	2016 Restated*
	N$ '000	N$ '000
Sundry debtors	327	2
Payroll control accounts	113	87
	440	89

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Bank balances	6,499	4,991
Credit quality of cash at bank and short term deposits		
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)	6,499	4,991

6. PROVISIONS

Reconciliation of provisions - 2017

	Opening balance	Additions	Total
Leave pay provision	2,623	817	3,440
Severance pay provision	2,275	1,750	4,025
	4,898	2,567	7,465

Reconciliation of provisions - 2016

	Opening balance	Additions	Utilised during the year	Total
Leave pay provision	2,133	694	(204)	2,623
Severance pay provision	2,074	1,295	(1,094)	2,275
	4,207	1,989	(1,298)	4,898

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.

7. TRADE AND OTHER PAYABLES

	2017 N$ '000	2016 N$ '000
Trade payables	1,266	1,426
Accrued social security		22
Other payables	4,249	52
	5,515	1,500

Other payables related to PAYE and salary control.

8. FINANCIAL ASSETS BY CATEGORY

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

2017

N$ '000	Loans and receivables	Total
Trade and other receivables	158	158
Cash and cash equivalents	6,499	6,499
	6,657	6,657

2016

N$ '000	Loans and receivables	Total
Trade and other receivables	89	89
Cash and cash equivalents	4,991	4,991
	5,080	5,080

9. FINANCIAL LIABILITIES BY CATEGORY

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

2017

N$ '000	Financial liabilities at amortised cost	Total
Trade and other payables	5,049	5,049

2016

N$ '000	Financial liabilities at amortised cost	Total
Trade and other payables	1,500	1,500

10. CAPITAL CONTRIBUTION

	2017 N$ '000	2016 Restated* N$ '000
Transfer from Fund	88,460	65,945
Sundry income	415	114
	88,875	66,059

11. OPERATING SURPLUS (DEFICIT)

	2017	2016 Restated*
	N$ '000	N$ '000
Operating (deficit) surplus for the year is stated after charging (crediting) the following, amongst others:		
Auditor's remuneration - external		
Audit fees (external audit and other fees)		350
Depreciation and amortisation		
Depreciation of property, plant and equipment	2,483	1,503

12. INVESTMENT INCOME

Interest income

From investments in financial assets:

Interest on current account	79	87

13. CASH GENERATED FROM OPERATIONS

(Deficit)/Surplus	(1,619)	2,566
Adjustments for:		
Depreciation	2,483	1,503
Interest income	(79)	(87)
Movements in provisions	2,567	691
Non-cash items	(258)	
Changes in working capital:		
Trade and other receivables	(351)	(189)
Trade and other payables	4,015	(882)
	6,758	3,602

14. PRIOR PERIOD ERRORS

The initial trial balance that was used in the preparation of the annual financial statements for the year ended 31 March 2016 excluded necessary adjustments made after by management.

The impact of the correction of the errors is as follows:

	2017	2016 Restated*
	N$ '000	N$ '000
Statement of Financial Position		
Property, plant and equipment		(1,012,686)
Creditor's control		(133,122)
Provisions		(1,989,221)
Surplus or Deficit		
Depreciation expense		911,924
Leave gratuity		896,856
Salaries		891,538
Other expenses		434,711

15. RELATED PARTIES

Relationships		
Related party transactions		
Funds transferred from the Road Fund		
Road Fund Account	88,460	65,945
Compensation to directors and other key management		
Traffic Law Enforcement Agencies	389	259

DETAILED STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME

	Note(s)	2017 N$ '000	2016 N$ '000
Capital contribution			
Sundry Income		415	114
Capital contribution		88,460	65,945
	10	88,875	66,059
Other income			
Interest income	12	79	87
Expenses (Refer to page 25)		(90,523)	(63,580)
Surplus for the year		(1,569)	2,566
Administrative expenses			
Advertising		(777)	(953)
Audit fees			(350)
Bank charges		(51)	(61)
Books		(115)	(6)
Computer expenses		(262)	(371)
Corporate services		(1,613)	
Depreciation and amortisation		(2,483)	(1,503)
Employee costs		(60,615)	(43,052)
Insurance expenses		(456)	(310)
IT support services		(1,986)	(1,728)
Lease rentals on operating lease		(442)	(1,268)
Postage		(139)	(173)
Printing and stationery		(1,036)	(1,121)
Security		(1,656)	(1,231)
Subscriptions		(362)	(276)
Telephone and fax		(2,256)	(1,271)
Transport and freight		(593)	(468)
Water and electricity		(912)	(495)
		(75,754)	(54,637)

	2017 N$ '000	2016 N$ '000
Operating expenses		
Cleaning	(354)	(306)
Consulting and professional fees	(2,937)	(920)
Consumables	(674)	(326)
Corporate Items	(508)	(380)
Donations		(84)
Entertainment	(621)	(258)
E-mail and internet services	(27)	(252)
Fines and penalties	(7)	
Hire	(164)	(178)
Legal expenses	(371)	(412)
Long service awards	(103)	
Minor computer equipment	(185)	(194)
Motor vehicle expenses	(411)	(133)
Other expenses		(281)
Public relations activities	(2,108)	(688)
Relocation costs		(19)
Repairs and maintenance	(319)	(626)
Seminars & conferences	(144)	(234)
Sundry grants	(40)	
Training	(1,084)	(448)
Training levy	(511)	
Travel - local and foreign	(4,201)	(3,204)
	(14,769)	(8,943)
	(90,523)	(63,580)

NOTES

Country of incorporation 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	Mr Penda Ithindi (Chairperson) Dr Simeon Amunkete Mr Robanus Amadhila Ms Naemi Henok Ms Zia Stellmacher
Banker	Bank Windhoek Limited
Auditor	PricewaterhouseCoopers Registered Accountants and Auditors Chartered Accountants (Namibia)
Company secretary	Anna Matebele

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RFA