RESILIENCE AMID COVID-19

RFA
Road Fund Administration
Funding roads, steering growth.

INTEGRATED ANNUAL REPORT 2021

ABOUT THE THEME

Resilience amid COVID-19

The theme demonstrates how the Road Fund Administration (RFA) sought to thrive under the challenging conditions imposed by COVID-19. The resilience and agility showcased by the RFA in the execution of its core mandate, to fund the national road network and spur growth in the reporting period is thus central to this Integrated Annual Report (IAR).

The RFA was able to swiftly change and adapt in response to the unpredictable and rapidly changing market conditions. This came from the realisation that the task to fund the national road network maintenance, stretching 47,698km, required RFA to be nimble and responsive in keeping with the trying times. This included being innovative and dynamic in thinking and in actions that ensured sustained success and the ability to scale up operations.

OUR BRAND PROMISE

To give all of our customers an effortless and seamless customer experience.

OUR BRAND POSITIONING

We drive Namibia's progress through funding road infrastructure maintenance that connects people and businesses, thus enabling economic growth.

RFA
Road Fund Administration
Funding roads, steering growth.

OUR LOGO

Roads carry an emotional resonance. They stir up feelings of freedom, adventure and excitement. They represent progress, carrying us forward into the future. Our logo was inspired by a bird's eye view of roads, highways and intersections - creating an abstract shape that symbolises movement, progress and connection.

OUR SLOGAN

'Funding roads, steering growth'

Our slogan reminds our stakeholders of what it is that we do and what value we offer as an organisation.

TABLE OF CONTENTS

OUR BUSINESS

ABOUT THE INTEGRATED ANNUAL REPORT

SCOPE AND BOUNDARY

This Integrated Annual Report (IAR) covers RFA's performance for the financial year ended 31 March 2021 (FY2021). Any material events which occurred between the financial year-end and the report's approval are included to provide a forward-looking narrative.

The IAR aims to provide our stakeholders with a holistic view of RFA's value-creation drivers, our strategy, governance and performance. It also outlines RFA's outlook for the financial year ending 31 March 2022 (FY2022) and beyond.

REPORTING GUIDELINES

The reporting process has been guided by the principles and requirements contained in International Financial Reporting Standards (IFRS), the International Integrated Reporting Council's (IIRC) International Integrated Reporting Framework <IR>, and the Corporate Governance Code for Namibia (NamCode).

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements that relate to RFA's future operations and performance. Such statements are not intended to be interpreted as guarantees of future performance, achievements, financial or other results. They rely on future circumstances, some of which are beyond management's control, and the outcomes implied by these statements could potentially be materially different from future results.

No assurance can be given that forward-looking statements will be accurate; thus, undue reliance should not be placed on such statements. RFA does not undertake any obligations to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of publication of this report or to reflect the occurrence of unanticipated events.

APPROVAL AND ASSURANCE

The Board acknowledges its responsibility to ensure the integrity of the integrated annual report and believes it provides stakeholders with an accurate and balanced view of the RFA's strategy, past performance, and future prospects, and addresses material issues faced by the organisation.

The annual financial statements were audited by Grand Namibia and approved by the Board on 25 August 2021.

Dr Emma Haiyambo
Board Chairperson

Ali Ipinge
Chief Executive Officer


RFA

ABOUT ROAD FUND ADMINISTRATION

OUR MANDATE

The Road Fund Administration (RFA) was established on 1 April 2000 through an Act of Parliament (Act 18 of 1999) to manage the Road Fund and the Road User Charging System. The purpose of this is to secure and allocate sufficient funding in order to realise a safe and efficient road sector in Namibia.

VISION

To be the global leader in sustainable road infrastructure funding and management, thereby 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

SERVICE EXCELLENCE
We embrace the highest possible performance standards to delight our stakeholders

HONOUR
We account for our decision and actions as stewards of RFA

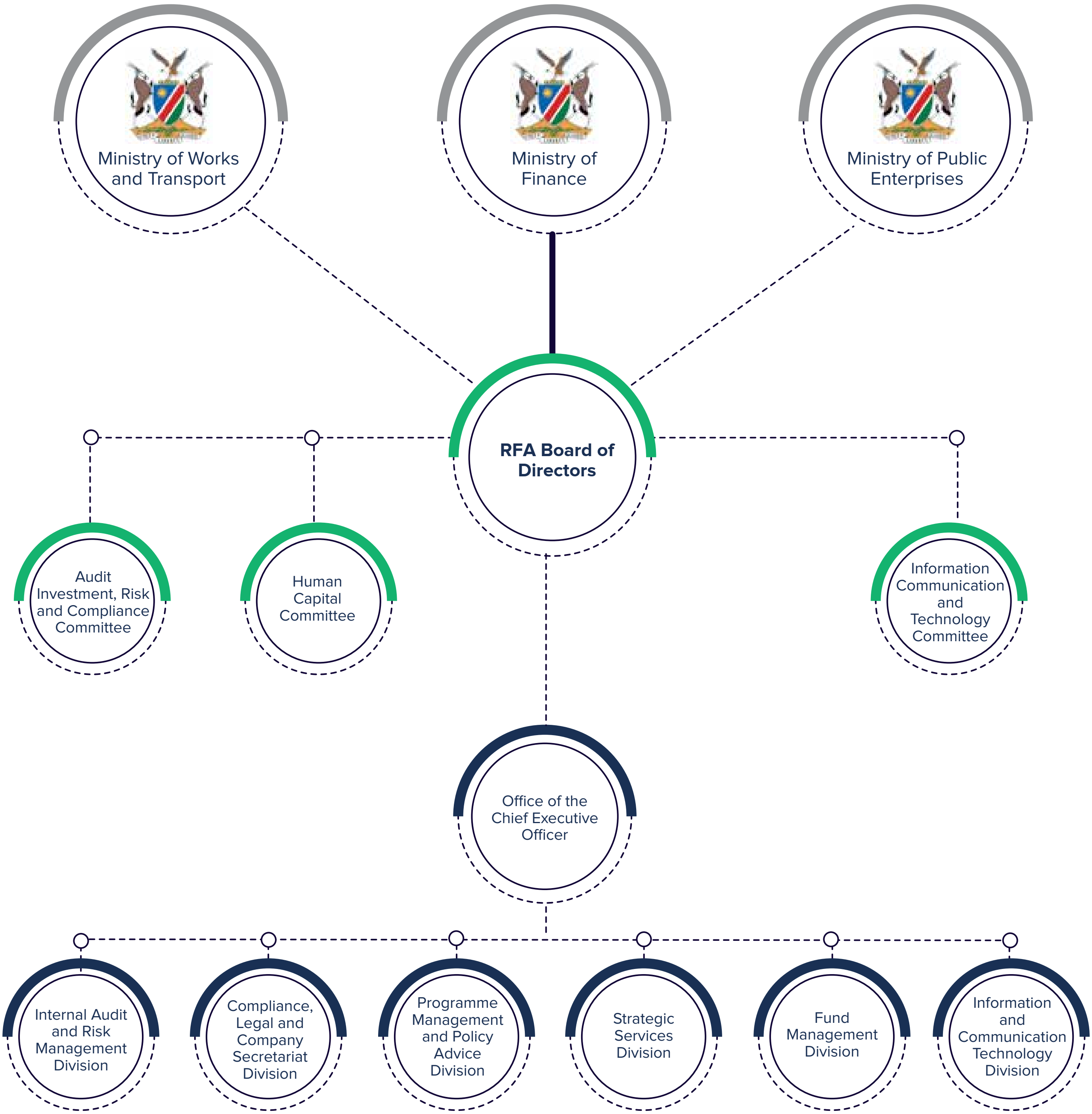
INTEGRITY
We inspire trust through honesty, transparency and ethical dealings

INNOVATION
We pursue creative ways to deliver on our mandate

EMPOWERMENT
We embrace diversity, equity and life-long learning. Therefore, we empower ourselves and the stakeholders that we serve

#SHINE

COPRPORATE STRUCTURE



OUR BUSINESS MODEL

The RFA's mandate is to manage the Road User Charging System (RUCS) and the Road Fund (RF) with the aim of economically recovering the full cost of roads expenditure from road users in an equitable manner. The system determines the amount of funds and the manner in which it should be raised from road users in accordance with the 'user pay' principle. This consequently determines the Road User Charges (RUCs) to be imposed.

RUCs are accrued in the RF and this income is allocated to Approved Authorities (AAs) primarily for projects and programmes dedicated to the preservation and development of the national road network and major urban arterial roads.

Contributions are made towards the maintenance of national road network, traffic information systems, traffic law enforcement, adjudication and safety, as well as road research.

REVENUE

The RFA's revenue is collected from a number of RUCs, which constitute: Fuel Levies; Annual Motor Vehicle License and Registration Fees; Cross Border Charges (CBCs); Mass Distance Charges (MDCs); Abnormal Load Fees; Cross-Border Road Transport Permits, and Domestic Road Carrier Permits.

The collection of CBCs and MDCs is directly managed by the RFA through its 20 office foot print. The Vehicle Registration and License Fees and Abnormal Load Fees are collected by NaTIS (Roads Authority). Fuel Levies are collected by various fuel wholesalers.

ALLOCATION OF FUNDING

The RFA is responsible for determining the amount of funding to be allocated to AAs to achieve a safe and efficient road sector. In order to accomplish this, the RFA requires budgets from the RA and other AAs for projects and programmes to be funded from the RF. Budgets are assessed for compliance in line with the provisions of the RFA Act and for compliance with the generally accepted technical, transportation, economic and financial practices.

Funds from the RF are allocated to various AAs, as follows:

- Roads Authority (RA) for project planning, maintenance, rehabilitation, road management systems, and administrative expenses of the RA.
- NaTIS for the implementation of the Road Traffic and Transport Act (RTTA), (Act 22 of 1999) and collection of Vehicle License and Registration Fees, and Abnormal Load Fees.
- Road Traffic Inspectorate for the enforcement of the RTTA.
- RFA for the approved expenses of the RF, e.g. administrative expenses, loans repayment, road research.
- Traffic Law Enforcement (TLE) functions.
- AA's for maintenance of urban roads and streets, and TLE functions.

ROAD USER CHARGES

Fuel Levies

In terms of the Road Fund Administration Act, (Act 18 of 1999), a fuel levy is a fee charged on every litre of petrol and diesel sold by any undertaking, at any point in Namibia, which is to be included in any determination of the selling price of petrol or diesel, as the case may be, under any law relating to petroleum products. Fuel levies accruing to the RFA are currently set at **N$1,41** per litre of petrol or diesel and is the major contributor to the Fund. Fuel levies are collected on behalf of the RFA by fuel wholesalers and paid directly into the Fund.

Abnormal Load Fees

Abnormal load fees are based on the user-pay principle and relate to the compensation paid by abnormal vehicles for damage and / or obstruction caused to the road infrastructure. An abnormal load is defined as an indivisible (for practical purposes) object that, due to its dimensions and / or mass, cannot be transported on a vehicle or vehicles without exceeding the limitations of the dimensions or mass as described in the Road Traffic and Transportation Act, (Act 22 of 1999).

Annual Vehicle Registration and Licence Fees

Annual vehicle registration and licence fees are levied on every motor vehicle registered in Namibia, irrespective of the size of the vehicle and / or whether it is driven on a public road. Licensing is due within 21 days from the date of expiry of licence. These fees are collected on behalf of the RFA by NaTIS or registration authorities, some of which are managed by Local Authorities (LAs).

Mass Distance Charges (MDC)

Heavy vehicle owners are obliged to pay towards the maintenance of Namibia's road infrastructure, as the damage to roads increases commensurately with the increase in vehicle mass. MDCs were introduced to redress this inequity. MDCs apply to both local and foreign-registered vehicles weighing more than 3,500 kg utilising Namibia's road network.

Cross Border Charges (CBC)

The RFA collects CBCs or entry fees from every foreign-registered vehicle (including motorcycles). All foreign-registered vehicles entering Namibia are required to pay a CBC or entry fee to obtain a permit allowing them to utilise Namibia's roads.

RFA EXTENDED BUSINESS MODEL CANVAS 2020-2025

RFA
Road Fund Administration
Funding roads, steering growth.

Customer Retention

- **Strategic Control Points**: Access to the best road network in Africa - Generate first mover advantage in roadside RFID tag tracking offering a platform for value added services.
- **Switching Costs**: Reduced safety offered by alternative transport modes and routes.
  - Decreased transport reliability offered by alternative transport modes and routes.
  - Increased travel time offered by alternative transport modes and routes.
- **Loyalty Drivers**: Best value road network - Convenience - Reliability - High quality client experience through advanced Customer Relationship Management interface.

Key Partnerships

- Ministry of Finance
- Ministry of Public Enterprises
- Ministry of Works and Transport
- Ministry of Urban and Rural Development
- Roads Authority
- Local Authorities
- Motor Vehicle Accident Fund
- Walvis Bay Corridor Group
- National Road Safety Council
- ARMFA
- National Planning Commission
- Namibian Police
  - Traffic Law Enforcement
- Namibia Chamber of Commerce and Industry
- Namibia Ports Authority

Key Activities

- Revenue collection
- Revenue optimization
- Funding determination
- Monitoring and evaluation

Value Propositions

- Best cost service provider
- High quality roads
- Competitive road user charges

Customer Relationships

- Promise to give all our customers an effortless and seamless customer experience
- We pledge to adhere to and go beyond expectations with regards to Customer Service at the RFA

Key Resources

- Skilled management team
- Motivated and engaged staff
- Innovative technology
- Strong balance sheet
- Low-cost delivery channels

Channels

- Electronic communications
- Social media and contact centre
- Digital platforms
- Branches
- Branch deliveries
- Customer surveys

Customer Segments

- Light vehicles
- Heavy vehicles (Local and Foreign)

Cost Structure

• Road Maintenance	N$5.6 billion
* Rehabilitation	N$657 million
• Administration	N$3.9 billion
• Strategy Implementation	N$390 million
• **Total Expenditure**	**N$11.73 billion**

Key Metrics

• Vehicle Population	380,000
• Average Traveling Distance	140,000km
• Gravel Road Thickness	24mm
• Roughness Index (1-7)	3.2

Revenue Streams

• Fuel Levies	N$6.3 billion
• Vehicle License Fees	N$3.3 billion
• Mass Distance Charges	N$987 million
• Cross Border Charges	N$645 million
• Abnormal Load Fees	N$57 million
• **Total Revenue**	**N$11.75 billion**

Competitive Advantage

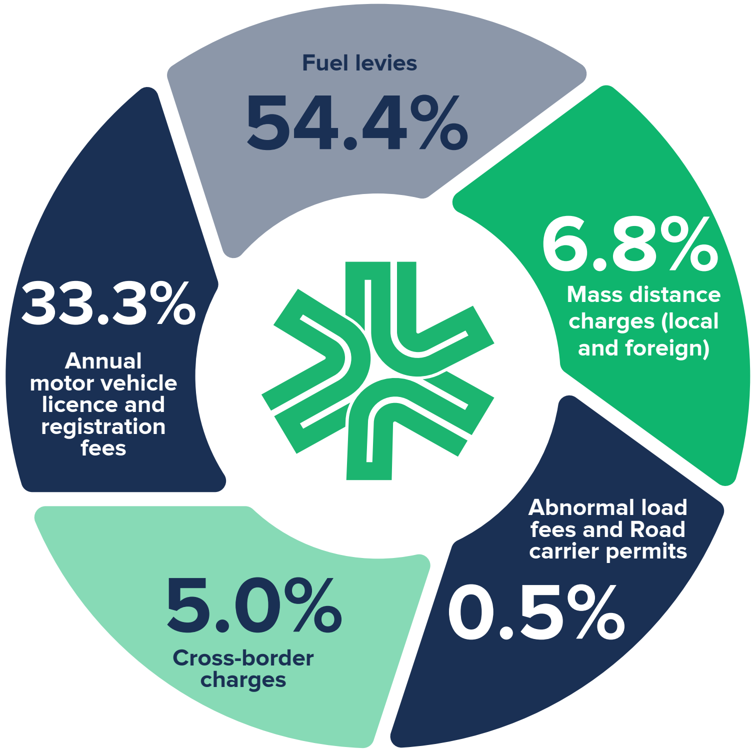
- RFA is best cost service provider
- Strong technological drive to improve operational efficiencies and excellent understanding of the market
- Strong technological drive to improve operational efficiencies and funding base
- Excellent road network quality and strong funding base

TOTAL REVENUE COLLECTED: N$2.2 BILLION

REVENUE STREAMS

Fuel Levies	N$ 1,204,307,668
Vehicle Licence Fees	N$ 737,720,695
Mass-Distance Charges	N$ 150,789,303
Cross Border Charges	N$ 110,151,823
Abnormal Load Fees	N$ 10,246,431
Road Carrier Permit	N$ 902,540

PERCENTAGES OF RUCS COLLECTED



FUND ALLOCATIONS AND BENEFICIARIES

Road maintenance and management (RA)	N$ 1,647,048,290
Regional Councils/Local Authorities	N$ 104,670,495
Road maintenance and management (RFA)	N$282,700,160
NAMPOL/Town/ City Police	N$ 27,664,374
Admin and related road fund expenditure (RFA)	N$ 141,007,237

OUR VALUE-CREATING BUSINESS MODEL
OUR SIX CAPITALS

INPUTS	OUTPUTS
FINANCIAL CAPITAL Our strong capital base, as well as diversified sources of revenue from Road User Charges (RUCs).	**FINANCIAL CAPITAL** • Total revenue of N$2.2 billion. • Total assets of N$1.8 billion. • Reserve Fund of N$152 million. • Surplus of N$87 million. • Strong balance sheet, net equity increase of 780%. • Strong liquidity and solvency ratios.
INTELLECTUAL CAPITAL Our intangible assets, including brand, reputation, research and development capabilities, innovation capacity, knowledge and expertise, as well as strategic partnerships.	**INTELLECTUAL CAPITAL** • Skills retained in all key positions. • New Board appointed. • Elevated to ARMFA Presidency.
HUMAN CAPITAL Our culture and our people, our collective knowledge, skills and experience to enable innovative and competitive solutions for our clients and value for all stakeholders.	**HUMAN CAPITAL** • 144 employees. • Maintained overall company performance score of 3.8 out of 5. • A transformed workforce(65% female representation) • 147% increase in employee wellness expenditure. • N$211,000 invested to train 22 employees in addition to another N$210,000 provided for bursaries and study loans.
MANUFACTURED CAPITAL Our business structure and operational processes, including our fixed assets such as property and equipment, digital assets, including digital products and information technology (IT) systems that provide the framework and mechanics of how we do business and create value.	**MANUFACTURED CAPITAL** • Control Objectives for Information Technology (COBIT) 2019 framework 70% complete. • Upgrade of Enterprise Resource Planning (ERP) system commenced. • IT infrastructure performance at 96-99% available on average in 2021.
SOCIAL AND RELATIONSHIP CAPITAL Stakeholder relationships, including the communities in which we operate, as we recognise the role that roads play in building a strong and thriving society.	**SOCIAL AND RELATIONSHIP CAPITAL** • Launched new brand on 12 November 2020. • Changed values now abbreviated #SHINE. • Invested in various corporate social investment initiatives, with specific focus on road safety as an annual commitment towards the festive season road safety campaign as well as water sanitation, community development, health, sports, social welfare and skills development.
NATURAL CAPITAL The direct use and impact on natural resources in our operations, including energy, water and climate, and our influence through our business activities.	**NATURAL CAPITAL** • Supported the transformation of the energy system over time through green consciousness.

2021 AT A GLANCE

N$1.7 billion spent towards road maintenance and management.

Provided N$28 million towards traffic law enforcement.

Funded 57 Local Authorities and 13 Regional Councils to the tune of N$105 million.

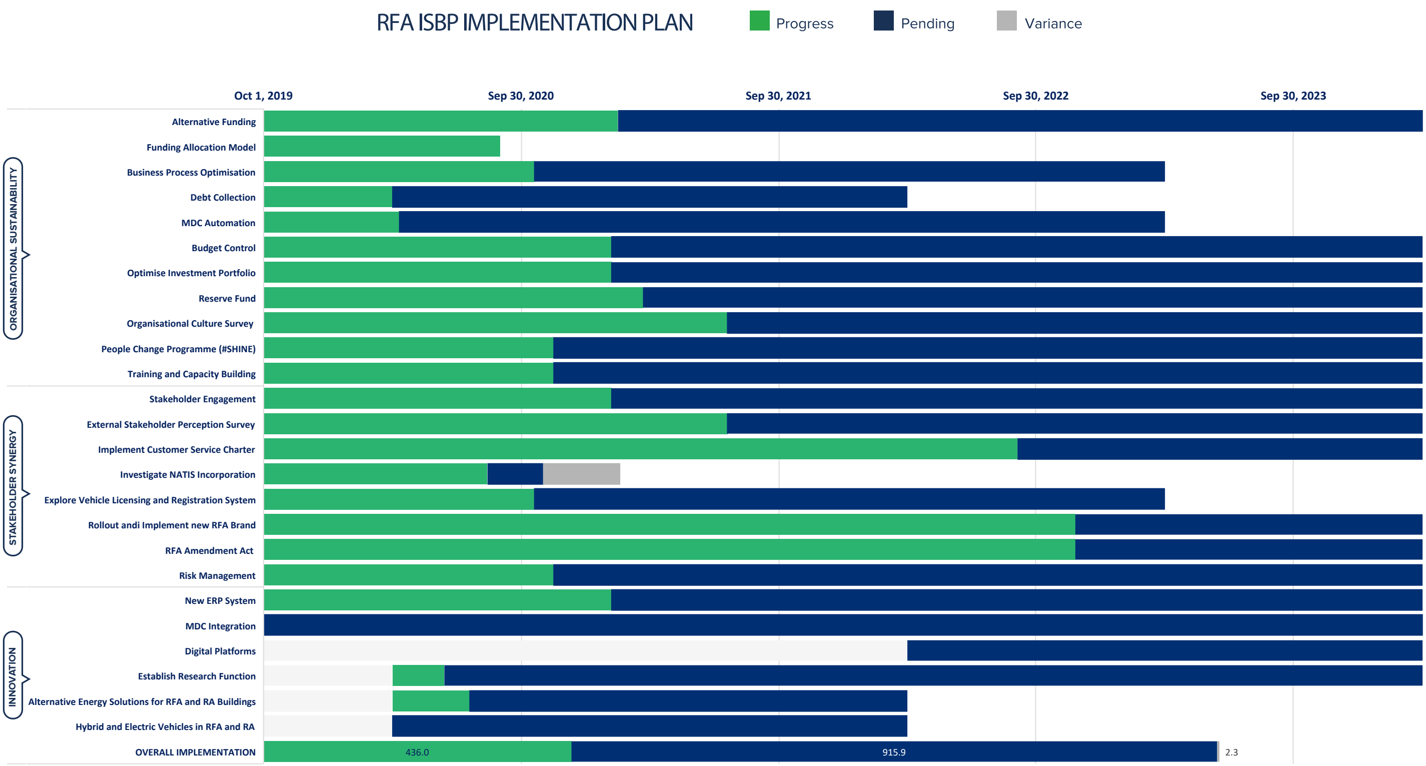
Increase in staff wellness expenditure by 147%.

Growth in assets from N$1.2 billion in FY 2019/2020 to N$1.8 billion as at 31 March 2021.

Achieved a surplus of N$87 million as at 31 March 2021 despite the COVID-19 pandemic.

Maintained overall company performance score of 3.8 out of 5.

2019 - 2024 ISBP - MEDIUM TO LONG TERM MEASURES AND TARGETS



BOARD CHAIRPERSON'S REPORT

Dr Emma Haiyambo

BOARD CHAIRPERSON'S REPORT

It is my single honour to present my maiden report as Chairperson of the RFA Board since my appointment late last year. Let me begin by saying that the RFA Board of Directors remains firm in their commitment to provide good governance and financial oversight to ensure that the RFA carries out its mandate effectively and efficiently. Imperatively, this report is written in full view and acknowledgement of the challenges of the 2021 financial year which has marked a new chapter in global history books owing to the COVID-19 pandemic.

> What is perhaps encouraging is that the International Monetary Fund's World Economic Outlook update for January 2021 affirms that the global economy is expected to make a sound recovery in 2021, following a contraction in 2020.

The world economy is projected to expand by 6 percent, making a V-shaped recovery from a contraction of 3.2 percent in 2020. Domestically, economic performance is also expected to improve during this and the next financial year. According to the Bank of Namibia, real GDP growth is projected to increase to 2.7 percent and 3.3 percent in 2021 and 2022, respectively, from an estimated contraction of 7.3 percent in 2020. These improvements are ascribed to broad based base effects as well as better growth prospects for diamond mining, agriculture, and transport.

While the economic and broader social recovery is likely to be protracted, we are of the view that the events of the reporting period have reinforced the concept of stakeholder inclusivity and the ethical obligation for us to consider all stakeholder groups in responding to a crisis.

Similarly, the past year has tested our resilience to an extraordinary degree, and perhaps this is the salutary lesson – while an effective strategy for any organisation's sustainability must consider the short, medium and long terms, its crisis-response plan must be robust, current and tested to the extent possible.

As a Board, we are ultimately accountable for the governance and performance of the organisation. This was particularly true in a year that frequently presented new issues – issues that demanded the collective expertise of board and management members to address in the best interests of the organisation and all its stakeholders.

A new Board signalled a new direction for the RFA in terms of responding to key issues. Key strategic and operational issues were tightened. The RFA Board finalised the RFA Amendment Bill and submitted the same to the Minister of Finance. The Board approved the Consolidated Annual Financial Statements for 2021, the Integrated Annual Report and several policies to strengthen processes and governance within the RFA.

Given that 2021 was a period of transitioning to new leadership, RFA made commendable progress against key strategic objectives for the year ended 31 March 2021, and has proven its resilience in the face of crisis.

Indeed, the reporting period was one characterised with reduction in revenue owing to travel restrictions and lockdowns. We note that these new realities took a toll on our revenues derived from fuel levies, licence fees and mass distance charges while COVID-19 restrictions on international, domestic and cross-border travel also meant reduced opportunities to collect revenue. We have however navigated these challenges and limited the effect on our operations and customers under difficult circumstances.

Under this pretext, I affirm that management's response to the pandemic and the impact of the national lockdown on the business was decisive, with robust business continuity plans being implemented to manage risks, reduce costs, preserve cash and protect employees and stakeholders.

As the global health emergency became clear, RFA acted quickly to help protect our workforce from the spread of COVID-19. Across the business, we implemented all the appropriate health, hygiene and distancing measures to keep our people safe and well, while maintaining the security and integrity of our operations. This was also supported by concerted effort to protect our external stakeholders using various prescribed COVID-19 protocols.

The RFA's proven strategy was unchanged over the past year as management addressed the challenges posed by the lockdown operational restrictions and also capitalised on opportunities to innovate and change.

From the Board's perspective, we were cognisant of the fact that owing to the pressures induced by COVID-19, the need for us to rationalise and optimise costs remained a key deliverable that we were seized with. In addition, the Board also primed the need to accelerate revenue diversification and optimisation projects such as the MDC automation project amongst others.

The pandemic also heightened the need for RFA to accelerate digitisation and digitalisation processes of which we have made significant progress in as far as planning towards business process reengineering and implementing a new Enterprise Resource Planning (ERP) system is concerned. We are certain that these innovations will bring about nuanced ways in the manner in which we operate and allow for a seamless and efficient service to our customers.

On the brighter side of things, our Chief Executive Officer, Mr. Ali Ipinge was elected as the President of the African Road Maintenance Funds Association (ARMFA), to serve for a two-year period. RFA is a member of the Association and prior to this appointment; Mr Ipinge had held the position of ARMFA's 2nd Vice President since February 2018. Such milestones are synonymous with our endeavour to lead from the front and provide the impetus for RFA to scale greater heights in our pursuit of leadership excellence.

LOOKING AHEAD

For the remainder of our Integrated Strategic Business Plan (ISBP) (2019 - 2024), achieving our purpose will drive our strategy as we enhance the company's value and earnings by stimulating new ideas, embedding anti-fragility across our business, maximise value from our core and being a leader in environmental, social and governance (ESG) practices.

Equally, the challenges of this reporting period demonstrated the need to make a fundamental shift in how we engage and support our communities. Further more, we will need to identify what we can provide beyond financial support, leveraging our expertise and embedding communities in our culture.

We presume that the pandemic will remain a reality for months to come, perhaps even years, and could impact our operational plans in yet unforeseen ways. The Board will continue to work with management in finding more innovative ways in which we seek to not only fully adapt to this 'new normal' but also thrive.

What is more certain is that strong governance, driven by sound leadership and ethical principles, remains crucial to the success of RFA. This, coupled with full regulatory compliance, has laid the foundation on which RFA's reputation and trust with our shareholder and stakeholders is built and maintained.

GRATITUDE

In closing, on behalf of the Board, we note our appreciation for the support of our shareholder, the Government of the Republic of Namibia, our Line Minister, Minister of Finance, Hon. Ipumbu Shiimi together with his colleagues, Minister of Works and Transport, Hon. John Mutorwa and the Minister of Public Enterprise, Hon. Leon Jooste for the role they have played in ensuring that we continue to be the strategic national asset that we are. I thank my fellow Directors for their valuable input and diligence in fulfilling their duties. Our sincere appreciation to Mr Ali Ipinge, our Chief Executive Officer for his significant contributions over the years. I also thank the senior management team and all our staff for their extraordinary contribution and commitment to the organisation in 2021.

A special word of thanks goes to our road users without whose contribution to the financing and upkeep of the national road network, Namibia's road infrastructure could not be among the best on the planet.

Together, we will continue to re-imagine funding of roads to improve our people's lives.

Dr Emma Haiyambo
Board Chairperson

CORPORATE GOVERNANCE

STRATEGIC OBJECTIVE:

By 2024, RFA should have promulgated secondary legislation and be reputable for unquestionable governance practices.

GOVERNANCE ARCHITECTURE

The Board is there to support and challenge management and to ensure that we operate in a manner that promotes the long term success of RFA. It provides leadership and is collectively responsible for promoting and safeguarding the long term success of the business.

The governance foundation of RFA is based on a combination of voluntary and compulsory guidelines founded on the principles and practices of the Corporate Governance Code for Namibia (NamCode), the Road Fund Administration Act, (Act 18 of 1999 as amended), the Public Enterprises Governance Act (Act 1 of 2019) and the Companies Act, (Act 28 of 2004). RFA is committed to achieving high standards of corporate governance. The Board has developed self–governance principles over the years, which are applied transparently and consistently. The Board also recognises that compliance with legislation is an essential component of good governance.

BOARD OPERATIONS

The Board exercises overriding control and guides management on formulating strategies, setting targets and developing plans, while being mindful of the impact of the business on its stakeholders, its financial performance and the environment. Its roles and responsibilities include determining the RFA's strategic direction, the formulation of policies, reviewing internal audit controls and risk management of the RFA.

> The Board is committed to ensure, collectively and individually, that sound governance principles are fully integrated into all aspects of the business.

The Board discharges its responsibilities and control through the Board Charter which serves as a guide to the Board and outlines the process for policies and practices regarding Board matters, such as the declaration of conflict of interest and those matters delegated to management.

BOARD INFORMATION AND SUPPORT

While the Board reports to the Minister of Finance, all directors have full and timely access to the information required to discharge their responsibilities effectively. They have access to the advice and services of the Company Secretary, other members of the RFA's management and employees. Where a director is unable to attend a Board or committee meeting, he or she is provided with all relevant papers and information relating to that meeting and encouraged to discuss issues arising with the respective chairs and other Board and committee members.

CHANGES TO THE BOARD OF DIRECTORS

In the period under review, an entirely new Board was appointed in October 2020 until October 2023 replacing the previous Board that has completed its tenure. The previous Board served the first half of the financial year.

DECLARATION OF INTERESTS

According to Section 10 of the Road Fund Administration Act (Act 18 of 1999), Board members must declare their interest at each Board and committee meeting. Disclosure of interest is a standing item on the agenda for each Board and committee meeting and where there is a conflict of interest declared, a Board member is recused from an agenda item.

MEETINGS

The tables below show the composition of the previous and current Boards and the attendance by the directors at Board meetings as well as Board Committee meetings.

A total of 13 Board meetings took place throughout the financial year:

01 APRIL 2020 TO 31 MARCH 2021

Previous Board for the Period: April 2020 - September 2020

NAME OF DIRECTOR	BOARD	BOARD MEETINGS ATTENDED	HC COMMITTEE	HC COMMITTEE MEETINGS ATTENDED	ICT COMMITTEE	ICT MEETINGS ATTENDED	AIRCC COMMITTEE	AIRCC MEETINGS ATTENDED
Penda Ithindi	Chairperson	6/6	Member	2/2	-	-	-	-
Zia Stellmacher	Member	3/6	-	-	-	-	Chairperson	2/3
Robanus Amadhila	Member	6/6	-	-	Member	1/1	-	-
Dr Simeon Amunkete	Member	5/6	Chairperson	2/2	-	-	-	-
Naemi Henok	Member	6/6	-	-	Chairperson	1/1	Member	3/3
Schalk Walters	Co-opted Member	-	-	-	-	-	Co-opted Independent Member	3/3

New Board for the Period: October 2020 - March 2021

NAME OF DIRECTOR	BOARD	BOARD MEETINGS ATTENDED	HC COMMITTEE	HC COMMITTEE MEETINGS ATTENDED	ICT COMMITTEE	ICT MEETINGS ATTENDED	AIRCC COMMITTEE	AIRCC MEETINGS ATTENDED
Emma Haiyambo	Chairperson	6/7	Member	1/1	-	-	-	-
Melanie Tjijenda	Member	7/7	-	-	Chairperson	1/1	-	-
Isdor Angula	Member	7/7	Chairperson	1/1	-	-	-	-
James Mnyupe	Member	6/7	-	-	-	-	Chairperson	3/3
Oshoveli Hiveluah	Member	7/7	-	-	Member	1/1	Member	3/3

DIRECTORS' FEES

The table below shows Board remuneration over the 2020/2021 financial year. This remuneration is guided by the Public Enterprise directive on Board remuneration:

Period: April 2020 - September 2020		
BOD10009	Mr. S. AMUNKETE	102,209.05
BOD10010	Mr. A. P. ITHINDI	116,774.16
BOD10011	Ms. N.N.S. HENOK	129,180.83
BOD10012	Mr. R. AMADHILA	91,532.17
BOD10013	Ms. Z. STELLMACHER	47,693.76
BOD10014	Mr. S.W. WALTERS	45,000.00
	TOTAL	**532,389.97**
Period: October 2020 - March 2021		
BOD10015	Mr. J.Y. MNYUPE	98,605.83
BOD10016	Mr. O. HIVELUAH	107,471.79
BOD10017	Ms. E. HAIYAMBO	120,501.08
BOD10018	Ms. M. TJIJENDA	100,236.33
BOD10019	Mr. I. ANGULA	100,236.33
	TOTAL	**527,051.36**
TOTAL BOD REMUNERATION 2020 -2021		**1,059,441.33**

BOARD COMMITTEES

To support the execution of Board responsibilities, three Board Committees namely the Human Capital Committee; the Information, Communication and Technology Committee and the Audit, Investment, Risk and Compliance Committee have been established in the governance framework of the RFA.

Consisting of a minimum of two members, each committee's roles and responsibilities are set out, which provides the scope of the committee's overview function. Each committee, including the Board, promotes strong principles of integrity while the RFA Board remains the overall custodian of good corporate governance.

BOARD ACTIVITIES AND OUTCOMES FOR 2021

The following approvals were granted by the Board during the year under review:

- RFA Annual Fund Financial Statements, Administration and Consolidated, for the FY 2019/2020.
- The RFA Business Plan for the period FY 2021/2026.
- The Government Financial Statements for the FY 2019/2020.
- RFA Administration Budget for the FY 2020/2021.

Various policies were also approved by the Board during the period under review:

- Investment Policy.
- Petty Cash Policy.
- Asset Management and Disposal Policy.
- Fraud Policy.
- Board Charter Policy.
- Learning and Development Policy.
- Records Management Policy.
- Employee Retention Policy.
- Communication and Marketing Policy.
- Fuel Levies Policy.
- Cross Border Charges and Mass Distance Charges (Foreign) Policy.
- MDC Local Policy.
- Business Plan Policy.
- AIRCC Terms of Reference Review.

Various Agreements were also approved by the Board during the period under review:

- Governance agreement compliance with PEGA (Public Enterprises Governance Act).
- Performance Agreement.

Other approvals by the Board during the period under review:

- Outcomes and recommendations of tolling study.
- RFA Amendment Bill.
- The new Board approved committee chairpersons, members and alternate members for the Board.

RFA
Road Fund Administration
Funding roads, steering growth.

BOARD OF DIRECTORS

Dr Emma Haiyambo
Chairperson

Mr. Oshoveli Hivelua
Board Member

Mr. James Mnyupe
Board Member

Mr. Isdor Angula
Board Member

Mrs Melanie Tjijenda
Board Member

BOARD PROFILES

Dr Emma Haiyambo – Chairperson

Appointed: 01 October 2020

Current Employment: Director of Strategic Communications and Financial Sector Development (Bank of Namibia).

Qualifications: PhD in Development Finance - University of Stellenbosch (2016), Master in International Business - Polytechnic of Namibia (2013), MSc in Financial Economics - University of London, United Kingdom (2000), Postgraduate Diploma in Financial Economics (1999) - University of London, United Kingdom, Bachelor of Economics (BEconomics) - University of Namibia (1996), National Diploma in Public Administration - Technikon Namibia (1994).

Other specialised training include International Executive Development Program – joint Wits and London Business School (2017), Certificate in Leading Economic Growth, Harvard Kennedy School (2020).

Other directorships: N/A.

Mr. James Mnyupe – Board Member

Appointed: 01 October 2020

Current Employment: Presidential Economic Advisor.

Qualifications: Chartered Accountant Registered CA(SA) and CA(NAM), Honors in Bachelor of Accounting (CTA) - Rhodes University (2006), Bachelor of Accounting (Cum Laude) - University of Namibia (2004), QE1, APT, QE2 SAICA (2007-2010), Levels I to III CFA Institute (2010-2013), Certificate in Infrastructure in Market Economy Harvard Kennedy School (2019).

Other directorships: Founding Chair of NaSIA, Vice Chair of the PPP Ministerial Committee and member of the Presidential High-Level Panel on the Namibian Economy.

Mrs Melanie Tjijenda - Board Member

Appointed: 01 October 2020

Current Employment: Chief Information Officer - Namibia Revenue Agency.

Qualifications: Master of Business Administration MANCOSA (2015), Honours in Information Systems University of South Africa (2011), Bachelor of Science majoring in Computer Science & Statistics University of Namibia (2004), ITIL Expert (MALC), Prince2 – Practitioner.

Other directorships: ICT Alliance, SME Bank (short-term), Namibia Revenue Agency (short-term), Telecom Namibia (current).

Mr. Isdor Angula - Board Member

Appointed: 01 October 2020

Current Employment: Chief Human Resources Officer at FirstRand Namibia.

Qualifications: Masters of Science: Leadership & Change Management - Leeds Metropolitan University in Collaboration with Namibia University of Science & Technology (2011), Bachelor of Technology in Human Resource Management) - Polytechnic of Namibia (2007), Post-Graduate Diploma in Law (Conciliation & Arbitration) - University of Namibia in collaboration with the University of Cape Town & the National University of Lesotho (2003), National Diploma in Public Administration - Polytechnic of Namibia (1995).

High Performance Leadership Programme - University of Stellenbosch (2008).

Other directorships: N/A.

Mr. Oshoveli Hivelua - Board Member

Appointed: 01 October 2020

Current Employment: Civil Engineer: Civil Engineer: Consulting Engineer (Tulipamwe Investments).

Qualifications: MSc Engineering (Civil) - University of Cape Town (2007), BSc Engineering (Civil)- University of Witwatersrand (2002).

Other directorships: N/A.

CHIEF EXECUTIVE OFFICER'S REPORT

Ali Ipinge

CHIEF EXECUTIVE OFFICER'S REPORT

I am happy to report that in the face of on-going COVID-19 headwinds, RFA succeeded in striking a balance between adapting to operational changes and maintaining operational effectiveness in executing organisational strategic objectives.

The 2021 financial year is the second year in RFA's Integrated Strategic Business Plan (ISBP) 2019 – 2024. In these challenging times, our priority was to balance the competing needs of effectively managing the Namibia RUCS with strategic goals that shape the future of our organisation. In essence, a key deliverable in our resilience to COVID-19 was embedding anti-fragility across the organisation to increase our ability to manage and thrive through major disruptions.

Holistically, the road sector remained resolute in its quest to ensure socio-economic sustainability for the future. This is premised on the notion that efficient road infrastructure is a critical enabler of economic recovery post COVID-19.

FINANCIAL PERFORMANCE

Having endured one of the most turbulent financial years in the history of Namibia, RFA delivered a sustained financial performance that can be a steppingstone for the future. In the year under review, the RFA managed to strengthen its solvency and liquidity position by establishing a Reserve Fund of N$152 million and the capitalization of the Roads Authority building onto RFA financial position. This significantly improved and strengthened the RFA financial position in these trying times. In addition, the RFA embarked on a cost containment and rationalisation exercise which resulted in expenditure increasing by a mere 0.3% from the prior financial year. This was necessitated by the need to curtail spending considering that revenue came under significant pressure due to the impact of the COVID-19 pandemic.

This need was aided by the completion of the Road Maintenance Costing Study, which gave excellent baseline data on the unit costs of road maintenance projects and cost drivers.

In essence, year on year revenue declined mildly due to reduced opportunity to collect revenue as COVID-19 restrictions on movement were enforced. To put this into perspective, during the initial stages of the pandemic which affected this reporting period, we were forced to trim our budget by at least N$182 million.

By extension, this revision had an impact on what we could invest in road projects. Despite this, the RFA generated N$2.2 billion and invested N$1.7 billion towards management and maintenance of national road infrastructure. Subsequently, a surplus of N$87 million was achieved during the reporting period.

I would like to reiterate that our financial statements for the reporting period reflects an unqualified audit opinion, consistent with prudent financial management and internal control standards which the RFA has maintained over the past six years.

OPERATIONAL EFFECTIVENESS

We rely on the skills, passion and commitment of our employees to achieve our goals. In return, we focus on our development and wellbeing in a work environment where we can thrive and achieve our potential, every day. Health and wellness was our foremost priority in 2021. Essentially and through stringent adherence to our own and government mandated health protocols, we contained the rate of COVID-19 infections across our workforce.

Although the rate of new infections has declined, the focus remains on ensuring employees do not become complacent ahead of the anticipated future COVID-19 waves.

To improve our operational effectiveness, we assessed our organisational structure in the reporting period and noticed that more human capital was required to ensure achievement of organisational goals. As a result, six new positions were created and approved by the Board. This will help us manage Namibia's RUCS to provide optimum funding for an equitable, safe and economically efficient road sector, for the benefit of road users.

> It remains commendable that RFA was quick to embrace alternative opportunities through embracing technological innovations that ensured that employees remain engaged, inspired and motivated. This allowed them to enhance our corporate culture in the new normal imposed by COVID-19.

Our response to COVID-19 was not only pro-active but saw us invest up to N$2.7 million in various preventive and continuity mechanisms. This bold move was a testament of our deliberate attempt to wither the COVID-19 and thrive in a difficult times.

Furthermore, the Control Objectives for Information Technology (COBIT) governance framework that commenced in the prior year is now 70% complete. In the face of an operational environment that is in a continious state of flux, this will provide us with greater depth in the areas of regulatory compliance and risk management. ERP and Business Process re-engineering are significant capital projects underway. These projects aim to introduce a system that is integrated across the organisation.

We have crafted a five year Digitalisation Master Plan that is aligned to our Strategic Plan with which we anticipate to automate major processes to enhance our efficiency and effectiveness.

In the reporting period, we piloted the low volume seal strategy jointly with Road Authority and is designed to upgrade some economic viable and highly trafficked gravel roads to bitumen standards. A debt funding of N$350 million, will be raised in the market to execute this strategy. Two roads projects, Sesriem Road and Okahandja-Ovitoto Roads were piloted and completed.

To ensure that we are progressing and responding to the changing business environment, we launched our new brand on 12 November 2020, which is a very important milestone in the history of the RFA. The new brand replaced the previous RFA brand that has been in use since the establishment of the RFA in April 2000. The new brand is an important instrument that represents the RFA's brand profile, brand differentiation and a symbol of corporate identity. The new brand has a befitting tag line "Funding roads, steering growth" and has adopted the new values, abbreviated as #SHINE.

RFA remains committed to corporate social responsibility as an entity that is caring and socially conscious. In the period under review, RFA invested into various causes within the communities where RFA does business. This included responding to the national emergency on drought relief, road safety, sports, education and COVID-19 preventions.

LOOKING AHEAD

While the economic environment is expected to remain challenging with a long road to recovery post COVID-19 pandemic, it is my conviction that we are on track to build on the positive and sustainable impact that we have made in this financial year. Our future prospects remain optimistic to optimally use our resources as well as effectively execute our Integrated Strategic Business Plan.

With that in mind, priority will be placed on expanding our revenue base which is a critical element of organisational sustainability efforts. This will be supported by initiatives to broaden revenue, managing costs, coupled with targeted road maintenance programs.

A research function to unlock value in the road sector by identifying, developing and adopting new strategies, techniques and methodologies will be implemented.

Structurally, the roads sector is going through a major transition caused by technology and innovation in the motor industry. The emergence of electric vehicles coupled with introduction of fuel efficient vehicles may result in good news for consumers but for road funders like us, it may cause major disruptions in generation of revenue. This poses a huge future sustainability challenge as inspite these positive innovations, roads will still need adequate funding and maintenance.

Continuous focus will be placed on building and maintaining strong stakeholder relationships, with additional focus on pursuing smart partnerships that are aimed at unlocking opportunities within the road and transport sector.

APPRECIATION

Team RFA was truly tested in 2021, and our financial year outcomes are testimony to its commitment, resilience and determination. Despite daily challenges, we have braved both the personal and professional challenges that were advanced by COVID-19 and ensured that RFA maintains its status as one of the most efficient Public Enterprises in Namibia. For this, I would like to thank our executive team and all our employees that managed to maintain an overall performance score of 3.8 out of 5 which indicates an overall positive performance.

I would further like to thank our new directors for their governance oversight, counsel and insight throughout the year. Equally, I would like to thank the departed Board of Directors for their support over the years. I value the increased engagement between the board and management in guiding RFA towards its full potential. This collective expertise is a distinct competitive advantage.

Lastly let me thank our stakeholders for their on-going support and contributions. With your support, we will achieve our vision to be the global leader in sustainable road infrastructure funding and management, contributing to national development goals.

Ali Ipinge
Chief Executive Officer

RFA
Road Fund Administration
Funding roads, steering growth.

EXECUTIVE MANAGEMENT COMMITTEE

Mr. Ali Ipinge
Chief Executive Officer

Ms. Anna Matebele
Principal Officer: Compliance, Legal & Company Secretary

Mr. Elvis Kambatuku
Acting Chief Financial Officer: Fund Management

Mrs. Patricia Keeja
Executive: Strategic Services

Mr. Dennis Shindume
Executive: Information and Communication Technology

Ms. Rondalia Gorases
Acting Principal Officer: Audit and Risk

Mr. Namene Kalili
Executive: Programme Management, Policy and Advice

EXECUTIVE COMMITTEE PROFILES

Mr. Ali Ipinge
Chief Executive Officer

Qualifications:
B.Econ (University of Namibia), MBA (Maastricht School of Management, Netherlands).

Value Addition:
Strategic planning and leadership, corporate governance, project management, financial planning and corporate finance.

Ms. Anna Matebele
Principal Officer: Compliance, Legal & Company Secretary

Qualifications:
LLM - Master of Laws (Commercial and Financial Law, Kings College, London, United Kingdom), B.Juris, LLB (University of Namibia).

Value Addition:
Corporate governance, compliance management, legal risk management, regulation, coaching, mentoring and strategic leadership.

Mr. Elvis Kambatuku
Acting Chief Financial Officer: Fund Management

Qualifications:
B.Compt, Accounting and Finance, (University of Johannesburg, South Africa), Certified Governance, Risk and Compliance Management (International Academy of Business and Financial Management).

Value Addition:
Internal audit, risk and compliance management.

Mrs. Patricia Keeja
Executive: Strategic Services

Qualifications:
B.Com, HED, PG, (University of Namibia), Senior Management Development Program (SMDP, Namibia Institute of Public Administration and Management).

Value Addition:
Strategic management and administration, procurement, business development, and human capital development.

Mr. Namene Kalili
Executive: Programme Management, Policy and Advice

Qualifications:
MBA (Stellenbosch University), MBA (Management College of Southern Africa), B.Econ (University of Namibia). Certification in Econometric Analyses (University of Pretoria), Certificate in Project Management (Stellenbosch University).

Value Addition:
Macro-economic analysis, market analytics, leadership, strategic thinking, managerial innovation and corporate finance.

Ms. Rondalia Gorases
Acting Principal Officer: Audit and Risk

Qualifications:
B. Accounting (University of Namibia), Postgraduate Certificate Internal Audit, (Institute of Internal Auditors South Africa - IIASA) National Diploma (Cost/Management Accounting, Polytechnic of Namibia, completed Articles for CA.

Value Addition:
External auditing and risk management.

Mr. Dennis Shindume
Executive: Information and Communication Technology

Qualifications:
Master of Science ICT Management (Malaysia), Postgraduate qualifications in leadership and general management.

Value Addition:
Developing, Implementing the Digital Master Plan and Automated Innovation Solutions.

RISK MITIGATION AMID COVID-19

RFA RISK MANAGEMENT

The Road Fund Administration has a responsibility to manage public funds in a responsible manner, which includes identifying, addressing, and appropriately managing any risks that may affect:

- The safety and well-being of its employees and the public,
- Its financial stability,
- Its ability to achieve its mission of providing services to the public, or
- Its ability to maintain an excellent road infrastructure.

Risk Management is an integral part of responsible Management and RFA adopted an Enterprise-Wide Risk Management methodology and philosophy to ensure adequate and effective Risk Management. The Risk Management processes are outlined in the Enterprise Risk Management Framework. It is expected that all divisions, operations, and processes are aligned to the Risk Management strategy. It is the intention that these divisions will work together in a consistent and integrated manner, with the overall objective of mitigating risk(s), as far as reasonably practicable.

The realisation of our strategic plan depends on the RFA being able to take calculated risks in a way that does not jeopardise the direct interests of stakeholders.

Sound management of risk will enable us to anticipate and respond to changes in our service delivery environment, as well as make informed decisions under conditions of uncertainty. While conducting the day-to-day business operations, we are exposed to a variety of risks. These risks include operational and other risks that are material and require comprehensive controls and on-going oversight.

The Board acknowledges its overall responsibility for the process of Risk Management, as well as for reviewing its effectiveness. Executive Management is accountable to the Board for designing, implementing, and monitoring the process of Risk Management, as well as integrating it with the day-to-day activities. The responsibility for Risk Management resides with Management at all levels, from members of the Board to other employees.

Our commitment to Risk Management is an expression of our commitment to the following:

- Compliance to applicable legislation
- Zero tolerance to fraud and corruption
- Managing our material risks and coordinating RFA's Enterprise Risk Management (ERM) function, business continuity and fraud risk management activities were top priority throughout the reporting period
- Risk Management follows up quarterly with each division on the progress and status of their divisional Policies and Procedures.

OVERSIGHT

RFA's risk management objective is to ensure the proactive identification, understanding and assessment of risks. The oversight role of this risk function has been afforded to the Audit Investment Risk and Compliance Committee (AIRCC) which is tasked to ensure accountability and the effective governance of risk management. A sub-committee of the Board, the AIRCC's risk-focused responsibilities include the approval and annual review of the risk policy and framework, monitoring of the company's dynamic risk profile and its exposure to diverse risk types. The Committee reports its findings to the Board.

RFA has a whistle-blower hotline which is administered by Deloitte Namibia. The hotline is a channel that allows employees, clients and stakeholders to confidentially alert the organisation about suspicions of misconduct. It is an important tool for reducing risks and building trust as it enables managers to detect and act on possible misconduct at an early stage.

RFA'S MAJOR RISKS FOR 2021

Although the uncertainty and volatility brought on by COVID-19 is unprecedented, we have demonstrated our organisational resilience and management of abnormal risks. Successfully taking advantage of the unique opportunities that arise is of paramount importance.

The following table shows the top ten major risks for 2021 and how they were addressed.

RISK RANKING	RISK TITLE/RISK CONTEXT	RISK DESCRIPTION (Event, Causes, Impacts)	RISK MITIGATION ACTIONS
1	Inadequacy and unavailability of IT infrastructure (server, network, firewalls).	1. Inability of the IT Infrastructure to support the business needs and requirements. This may impact operational efficiency of RFA and the achievement of objectives. 2. RFA's inability to recover from major business incident / disaster and to minimise business disruptions. (ICT, strikes, facilities/buildings collapses, people etc.).	• Implemented an approved enterprise-wide strategic road map including an ERP system to support the strategy. The following actions were taken under the enterprise-wide strategic road map to mitigate the risk: (a) ICT Digitalisation Master Plan was approved. (b) Phase one - The bid to replace various legacy computer hardware has been awarded. (c) The bid to implement a new ERP system has been awarded. • Network assessment and penetration testing on the RFA network was conducted and gaps identified. (a) The project has started and is on going until the end of March 2022. • Review and alignment of the IT systems to business processes: (a) The project is in commencement phase and scheduled for completion in May 2022.
2	Lack of the ERP system support.	1. Lack of the IT Business Systems (e.g. Ebizframe) to support RFA business needs and requirements. This may affect the operational efficiency of the RFA and may impact achievement objectives.	• Annual Maintenance Contract (AMC) has been signed between RFA and Eastern Software Systems (ESS) India. • Implementation of the new ERP system project: (a) The bid has been awarded. The project is in commencement phase. • The e.Natis enhancement project is underway: (a) Requirements document has been approved.
3	Implementation of the New ERP System failure.	1. Inability of the new system to meet the RFA business needs and requirements. 2. Failure of IT projects if proper project management is not followed (Inadequate project management could jeopardise successful implementation). 3. If data migration is not properly done, RFA could migrate with incomplete/wrong data. 4. Scope creep - (When new requirements are added in the project, additional requirements to the project could result in exceeding the budget and extending the time-frame of the project.) 5. Test Plan - Inefficient test plan might lead to inefficient testing of the system.	• Project Charter and Project governance documents were approved by the Board for implementation. (a) The bid was awarded, the project is in contract negotiations and signing stage. Once the contract has been signed, implementation phase will commence in the next financial year. • Scope creep - Project contract to be monitored closely.

RISK RANKING	RISK TITLE/RISK CONTEXT	RISK DESCRIPTION (Event, Causes, Impacts)	RISK MITIGATION ACTIONS
4	Risk of Cyber Security/ Cyber attacks (Logical attacks) IDS/IPS, malware, phishing, denial of service attacks.	1. Cyber risks and attacks on the RFA systems that may result in reputational risk for the entity. 2. Inefficient use of USB's and other hardware's which may heighten the risk of cyber attack. 3. Cell phones connected to RFA system can also heighten the risk of cyber attack. 4. Inefficient use of online platforms such as Microsoft Office 365, SharePoint and One - Drive. Exchange platforms may heighten the risk of a cyber attack. 5. Unauthorised (internal) users trying to break into systems and networks. 6. Service interruption due to denial-of-service (DoS) attacks. Malware/Virus attack hacking.	• Approved an enterprise - wide strategic road map strategy including Cyber Security. The following security areas are in scope of the project: (a) Network assessment - identify and fix any security gaps on the LAN. (b) Penetration testing - Black box and White Box (c) Phishing. (d) Social Engineering. • Automated anti-virus and server/desktop update are in place. • Multi-factor authentication on passwords. • Passwords reset/complexity policy on the server. • Intrusion Prevention Systems/Intrusion Detection Systems are in place. • Firewall. • Disaster recovery site.
5	Delay of MDC automation implementation.	1. Delay in the MDC automation implementation which may impact the implementation of the new ERP system.	• MDC Automation tender has been cancelled due to non-responsiveness promting exemption to be sought from the Central Procurement Board of Namibia.
6	Ineffective collection of revenue.	1. Ineffective monthly reconciliations. 2. Incorrect posting of financial information. 3. Incorrect financial data being provided 4. Ineffective safeguarding of funds and inaccurate collection of revenue reporting. 5. Lack of integrity of systems and financial information. 6. Incorrect calculation of administration Fees retained by RFA. 7. Incomplete collection of revenue from all RFA's revenue collection streams.	• Monthly reconciliations are performed and reviewed. • Controls are enforced to ascertain that financial information is posted correctly and consistent bank reconciliations are performed. • Data provided by clients are verified to ensure that correct financial data is being captured. System generated reports are extracted, reviewed and verified against supporting documentation and evidence. • Funds are effectively safeguarded to ensure that revenue is collected and reported accurately by implementing the set control measures and also by keeping it in a locked safe place until it is banked by CIT security company. • The approved policies and procedures for the RFA revenue streams are followed. • Administration fees are calculated correctly by RFA. RUC charges are captured on the system per type of vehicle and verified for correctness. • Revenue completeness: RFA is retracing the steps on the transactions through segregation of duties to ensure accuracy and completeness of revenue. • RFA Debt collection strategy and a debt collection policy approved.

RISK RANKING	RISK TITLE/RISK CONTEXT	RISK DESCRIPTION (Event, Causes, Impacts)	RISK MITIGATION ACTIONS
7	Fuel levy dependency reducing RFA revenue.	1. Fuel levy dependence due to a reduction in fuel consumption as a result of fuel efficient vehicles and emergence of electric vehicles. This results in reduction of revenue for the RFA.	• Feasibility study conducted by PMPA on the tolling of roads is complete. • Undertake an investigation towards a road user charge to be levied on units of electricity specific to electric vehicles.
8	RFA excluded in the strategic planning of road Networks.	1. Lack of participating in strategic planning on all road network(s). 2. Lack of stakeholder understanding of policies and legislation frameworks within the road sector.	• Continue to manage relationships with the RA, LA and TLE agencies, through regular meetings and open engagements. • Continuously monitor unit costs of blading, regravelling and reseal programmes, and further ensure that the procedures agreements are adhered to.
9	Insufficient research collaboration.	1. Insufficient funding for research. 2. Non conducive organisation culture for research. 3. Duplication of projects/delay in conducting research. 4. Inability of local skills to conduct the research.	• A Research Policy was crafted which provides the framework for future research. The draft Research Policy has been finalised and is with EXCO for their consideration. • A budget of N$1 million was provided for in the current financial year to commence with research and innovation initiatives.
10	No succession planning and retention in place.	1. No continuous upskilling and capacity building for key staff members. 2. No succession planning and retention in place.	• Retention Policy was approved. • The Succession Planning Policy is in development phase. • Skills audit was conducted and the results will be used and incorporated into the Succession Planning Policy.

RESPONSE TO COVID-19 INDUCED RISKS

Just as any other organisation, RFA uses risk management to “predict the unpredictable”. To navigate the risks (and opportunities) associated with the COVID-19 pandemic, it was critical to first identify what those risks are. Indeed, the exceptional circumstances surrounding COVID-19 may have brought to light risks RFA had not yet considered or may have infused previously identified risks with a new sense of urgency.

In response to the pandemic, RFA activated its business continuity plans and established an EXCO committee to oversee the organisation’s actions in managing the associated emerging risks.

Critically, some of the steps that were taken to manage these COVID-19 induced risks were:

- Implementation of a COVID-19 action plan.
- Following the state of emergency protocols instituted by the Namibian government.
- Biometric access system was changed to accommodate card access.
- No mask, no access was introduced.
- Temperature scanning at gates, entry points and at all the RFA Border Posts.
- No person experiencing symptoms or a temperature in excess of 37 degrees was allowed access.
- Reporting structures were put in place in the event a person was suspected of being COVID-19 positive.
- Suspected cases were isolated and referred to appropriate health care facilities.
- Any potentially contaminated area was shut-down and appropriately cleaned or disinfected.
- A working from home schedule was introduced to minimize the congestion of staff members at the office.
- Extensive awareness on COVID-19 symptoms and hygiene protocols was conducted.
- Distribution and careful placement of COVID-19 related posters was also implemented.

Additionally, the employee wellness programme is in the process and also continues to offer online seminars to support staff to deal with mental wellness, stress and anxiety. This programme will continue to disseminate information and share coping mechanisms to deal with the health pressures of the pandemic. RFA has also encouraged staff members to seek help from the RFA medical aid services when they feel overwhelmed, sad, depressed, anxious and unable to cope.

Risk focus areas for the 2022 financial year

For the coming financial year, RFA will continue to complete the fraud perception survey and fraud risk assessment for the remainder of the RFA divisions as well as submit the fraud and corruption policy that is in the process of being drafted to AIRCC for approval. Furthermore, RFA will seek to incorporate data analytics into the day-to-day audits conducted, continue with the process of updating and amending the fraud registers for each division and review, update/amend and implement the Enterprise Risk Management Framework (ERM).

We will also educate the staff members on the ERM process and a holistic approach on the risk processes, implement the Whistle-blowing Policy and make available the Risk Appetite and Risk Tolerance Framework for the RFA.

STAKEHOLDER SYNERGIES AMID CHALLENGING TIMES

STRATEGIC OBJECTIVE:

Achieve and sustain a 90% overall stakeholder satisfaction rating by adopting a stakeholder value approach, by placing stakeholders at the heart of everything that we do by 2024.

Healthy stakeholder relationships help RFA to better communicate how business decisions, activities and performance are likely to affect or be of significant interest to stakeholders, and provide the opportunity to co-create effective and lasting solutions to business and other challenges.

RFA thus continues to prioritise its engagements with stakeholders in the road sector, to support the development of the industry; accelerate funding of road infrastructure towards universal access and to deliver on its project mandate.

Challenged by the COVID-19 pandemic that restricted physical engagement, RFA's thrust towards stakeholders remained one which is based on transparency where the Board and management proactively engaged with key stakeholders both locally and in the region.

Fostering positive stakeholder relations

RFA's annual stakeholder engagement session remains one of the key pillars in which the RFA involves stakeholders in the decision making processes. In essence, during this financial year, RFA held its 20th consultative engagement which took stock of the implementation of the 2021 financial year objectives and to plan ahead in view of financial support of road maintenance programmes and projects, as contemplated in the Road Fund Administration Act, (Act 18 of 1999).

This undertaking was particularly important due to the fact that our funding commitments were presented under a more constrained economic climate caused by the COVID-19 pandemic, which has resulted in pressure on our revenue.

RFA is cognisant of the fact that it has a responsibility to fund road maintenance through effective partnerships, stakeholder engagements and efficient administration of the Road User Charging System to support the national economy.

While RFA has always been pro-engagement, the advent of COVID-19 and its implications also limited the platforms in which we intended to engage with our stakeholders. Conferences, exhibitions, roadshows and similar activities that posed a greater COVID-19 threat did not go as planned in this financial year. We are hopeful that these platforms will be available and safe in the coming year.

RFA enhanced its regional engagement when we hosted the Cameroon Road Fund for a benchmark visit between February 14 and 17 2021. This delegation came to learn from Namibia on road infrastructure set-up, maintenance and regulation policies. It is pleasing to note that other regional Funds have chosen Namibia to benchmark because our roads are not only commendable regionally, but at international level as well.

The Cameroon Road Fund delegation that was hosted by the RFA for a benchmark visit between February 14 and 17 2021. The delegation pictured together with RFA colleagues who helped them learn from Namibia on road fund administration.

This has also culminated in leadership recognition from our regional partners. Our Chief Executive Officer Mr. Ali Ipinge, was elected as the President of the African Road Maintenance Funds Association (ARMFA) taking over the reins from Mr Souleymane Traore, the Managing Director of the Road Maintenance Fund of Guinea. He will serve for a two-year period where he seeks to use his expertise to enrich the Association. Critically, Mr Ipinge will seek to tackle the challenges of declining funding from traditional sources such as fuel levies, as well as issues arising from road maintenance backlogs, aged road infrastructure, the increasing cost of road construction materials, amongst others. In his immediate focus, Mr Ipinge sought to strengthen the institutional capacity of ARMFA, expand policy support to member states and improve stakeholder engagements across the continent. Mr Ipinge previously held the position of ARMFA's 2nd Vice President since February 2018.

ARMFA is a 34-member, non-political and non-profit continental body established in Libreville in 2003 as a platform and network for sharing experience, knowledge and information on the best practices of financing road maintenance in Africa; supporting the promotion and strengthening of ties between African Roads Funds; and ensuring the sustainability and advocacy with governments and road sector institutions towards adequate financing of road maintenance.

OUR STRATEGIC STAKEHOLDERS

Strategic Stakeholders	Material interests	Objectives of engagement
Roads Authority	Financial support, budget allocation, collaboration	- Successful projects implementation - Enforcement and accountability - Road maintenance projects and programmes
Regional and Local Authorities	Financial support, budgetary allocations	- Successful projects implementation and accountability
National Road Safety Council	Road safety projects and Information dissemination, financial support	- Safer roads
Road users	RUCs, safe and affordable use of quality roads	- Payment of road user charges - Compliance - To create awareness and disseminate information regarding RUCs
National, regional and international bodies, associations and federations Member of: The African Road Maintenance Funds Association (ARMFA)	Collaboration	- Exchange of best practices and support
Namibia Chamber of Commerce and Industry (NCCI)	Collaboration	- Industry collaboration - Networking on the transport industry's contribution towards economic growth
International Road Federation (IRF)	Collaboration	- Capacity building and information sharing
Walvis Bay Corridor Group (WBCG)	Collaboration	- Logistics hub synergy
Commercial banks and funding agencies	Credibility, governance, prudence	- Low interest loans - Grants
Ministry of Finance	Shareholder representation	- Approval of RUCs increase - Support and Approval of ISBP - Presentation of Annual Report and Financial Statements
Ministry of Mines and Energy	Fuel levies	- Implementation of Fuel Levy
Ministry of Public Enterprises	Good corporate governance and compliance	- Support and approval of ISBP
Ministry of Works and Transport	Road infrastructure development	- Logistics hub synergy
Ministry of Safety and Security / NAM-POL / Traffic Law Enforcement	Financial support, collaboration	- Law enforcement - Collaboration
Employees	Job security, conducive working environment	- Productivity and high-performance culture
Trade Unions	Collaboration on labour related matters	- Bargaining unit interest
Media	Transparency, access to reliable information	- Factual reporting and liaison - Information sharing and awareness creation

FUTURE OUTLOOK

Despite the COVID-19 strained engagement environment in the current year, RFA is actively redesigning its stakeholder engagement approach in order to improve engagement on different levels, as well as stimulate greater awareness of the roads sector. This effort has been assigned as high priority coupled with the need to leverage digital platforms that help enhance stakeholder engagement without being bound by time and space. Appropriate change-management frameworks within the Fund aimed at managing the 'new normal' that has been brought by COVID-19 are also on the priority list.

REBRANDING IN THE FACE OF CHANGING TRENDS

Responding to changing trends, dynamics and realities, RFA launched its new brand on 12 November 2020, replacing the previous brand that had been in use since the establishment of the RFA on 01 April 2002. Representing RFA's enhanced brand profile, brand differentiation and a symbol of corporate identity, the new brand was unveiled with our new and befitting tagline "**Funding roads, steering growth**". This is coupled with changed values now abbreviated **#SHINE**, which represent RFA's mantra which is to accelerate progress at all times and SHINE in all we do.

RFA
Road Fund Administration
Funding roads, steering growth.

> The new RFA brand stands on the foundation of achievements that include investments of more than N$18 billion into the national road network since RFA's inception, investments that have witnessed the expansion of the road network to 47,698 km, with a road network net worth of N$101 billion.

VALUE OF RFA'S NEW BRAND

The new brand embodies the elements of a modern road network, which should be responsive to the needs of modern travel. It is intended to reinvigorate the RFA image, and be the symbol of innovation; growth, agility and sustainability as RFA redefines itself in the volatile economic setting. The business model of the RFA is to ensure sustainable road infrastructure funding. In essence, the design of the new brand combined the elements of financial resources with that of road connectivity, detailing the RFA's mandate.

A new logo, a new look, and a new way of thinking

RFA's new logo was inspired by a bird's eye view of roads, highways and intersections - creating an abstract shape that symbolises movement, progress and connection. In the colour themes of the new brand; green represents revenue growth, progress, safety, optimism and sustainability, while blue represents professionalism, strength and authority.

STRATEGIC THRUST

In support of the new brand and intended brand position, RFA will set up a research unit that will look into amongst others, assessing road materials, road technologies, as well technologies that will optimise revenue maximisation. The new brand will thus be supporting the realisation of the Integrated Strategic Business Plan, prioritised by three strategic themes; Organisational Sustainability, Stakeholder Synergy and Innovation. On a broader scale, the new RFA brand will continue encompassing the promotional enhancement of the services rendered by the RFA and its value proposition to the national goals.

A SUSTAINED PERFORMANCE AMID COVID-19

STRATEGIC OBJECTIVE:

By 2024, the RFA should have achieved 65% of optimal funding to the road sector.

Having endured a challenging financial year owing to COVID-19, the RFA delivered a solid financial performance that can only be a stepping stone for the future. Owing to the operating context, management proactively revised the planning parameters under the 2019 - 2024 Business Plan and revised both revenue and expenditure estimates. These adjustments were necessary to help in sustaining the operations, liquidity and solvency of the RFA in the context of new realities presented by the COVID-19 pandemic.

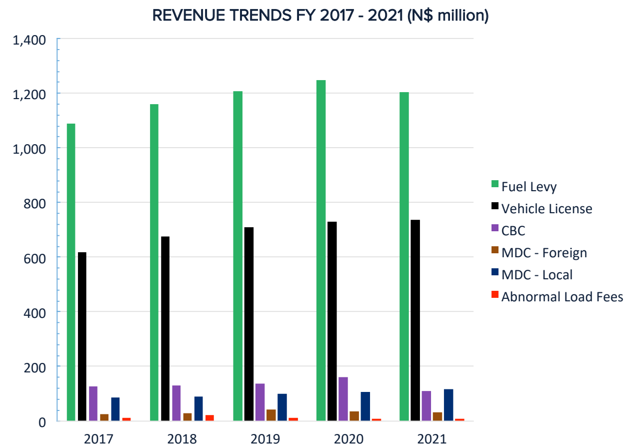
Through efforts and collaboration with our strategic partners namely the Ministry of Finance, the Ministry of Works and Transport and the Roads Authourity, the RFA innovatively strengthened its balance sheet through engineering the formal takeover of the N$295 million RA head office building and thereby allowing us better leverage on raising independent financing for further deployment in the national road maintenance. This transcaction is an example of how public enterprises can optimise their assets for the benefit of the public and we are excited to be one of the pioneers of such deal structuring in the public entreprises space.

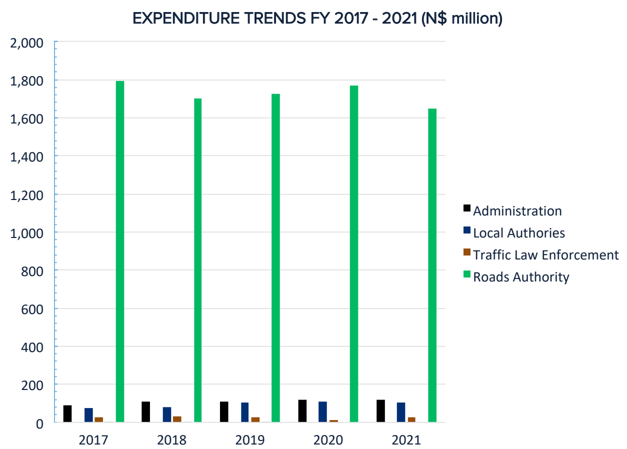
PERFORMANCE OVERVIEW FOR 2021

The RFA managed to strengthen its solvency and liquidity position through the capitalisation of the N$295 million Roads Authority (RA) head office building and the setting up of the Reserve fund to the tune of N$152 million respectively. A deal structuring was done between the RA and the RFA which resulted in the RA donating its head office building to the RFA to enable the RFA to leverage off the building for capital raising purposes.

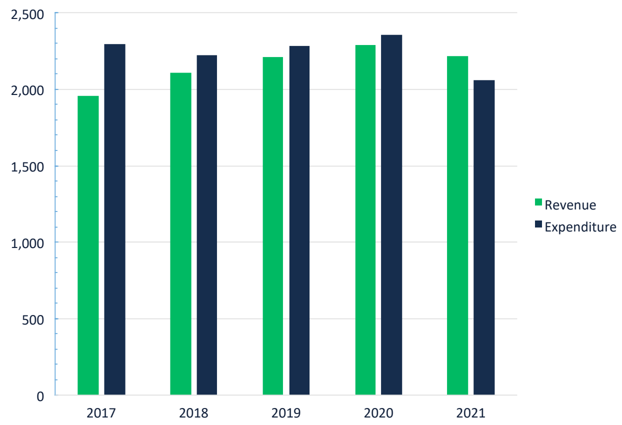
This significantly improved and strengthened our balance sheet creating a perfect platform for future growth. We are cognizant of the fact that a strengthened balance sheet creates scope for greater organizational stability and process improvements while mitigating the risks on unexpected revenue shortfalls in the future. Our assets have grown from N$1.2 billion to N$1.8 billion over the last financial year which has further solidified our financial stability. In addition, the RFA embarked on a cost containment and rationalisation exercise which resulted in expenditure only increasing by 0.3% from the prior financial year. This was necessitated by the need to curtail spending to be within the expected revenue targets.

Year on year revenue declined by 3.3% due to the effects of COVID-19 measures such as hard lockdowns amongst others which limited the RFA's ability to generate revenue.





REVENUE AND EXPENDITURE TRENDS FY 2017 - 2021 (N$ million)



The decline in revenue experienced during the year was despite the 4% increase in road user charges gazzetted by the Minister of Finance on 26 June 2020, and effective from 1 July 2020. The RFA collected road user charges of N$2.21 billion and expenditure towards management and maintenance of roads of N$1.79 billion. Overly, a surplus of N$87 million was registered reflecting the impact of COVID-19 on the business.

REALIGNMENT OF THE BUDGET

> As the unprecedented effects of COVID-19 wrecked havoc across the world, the RFA was not spared and had to react swiftly to mitigate these effects through investing in staff and client safety, strengthening its balance sheet, rationalising and realigning its cost structure.

The COVID-19 induced revenue projection revisions resulted in a downward revision of the revenue estimate of N$182 million in the current financial year and N$1.86 billion over the Business plan horizon. The aforementioned revisions in revenue projections necessitated the need to realign the RFA's expenditures to be in line with the forecasted revenues.

This exercise resulted in the RFA embarking on a cost rationalisation and containment exercise which saw the expenditure budget for the year being cut.

ROAD MAINTENANCE EXPENDITURE

It is now evident that the conventional sources and instruments of funding for road maintenance are inadequate to maintain service levels at optimal. This, coupled with a reduction in fuel levy consumption and persistent underfunding of the network directly translates to an unacceptable visual and structural condition of the network. Maintaining the status as "the best quality maintained roads in Africa" comes at a heavy cost which are not fully recovered from the road user via the current RUCS.

N$3.9 billion is required annually to sustainably maintain the N$101 billion national road network, however, the RFA was unable to collect sufficient funding to accommodate all the required maintenance works on the national road network. Therefore a funding shortfall has developed over the years and during the year under review this funding shortfall amounted to N$1.3 billion. As a result, 43% of the gravel road network and 10% of the paved road network are in an unacceptable condition.

These under maintained roads increase damage to vehicles and the current deterioration models suggest that for every dollar not spent on road maintenance translates to N$2.93 in additional vehicle maintenance costs to the road user. Therefore the N$1.3 billion funding shortfall cost the road user an additional N$3.8 billion in vehicle maintenance and thus representing a N$2.5 billion loss to society.

At these suboptimal levels of road maintenance funding, the value of the road network will continue to deteriorate until it matches the level of funding, at which point 39% of the national road network would be lost and the road transport sector will become uncompetitive, thereby impacting the movement of people, goods and services.

Deliberate and sustainable interventions have been identified in the ISBP (i.e. RFA Integrated Strategic Business Plan), with sector participation, and are in the pipeline for implementation to gradually address the funding shortfall over the medium term.

However, the RFA was able to realise an expenditure of **N$1.79 billion** towards the management of the national road network, a **0.6%** increase from **N$1.78 billion** of the previous Financial Year.

The funding priority from the RFA to the RA is for maintenance and rehabilitation as detailed in the RA Strategic Plan 2018-2023 and the Medium to Long Term Roads Master Plan.

The above plans, in line with ongoing approaches, aim to investigate alternative road maintenance strategies to optimise available funding and create efficiencies. The low volume seal is one such key strategy.

FUNDING OF THE NATIONAL ROAD NETWORK

Fund Allocations to the Roads Authority

Budget Category	Budgeted allocations for the Financial Year 2020/2021	
	Budget Allocation Amount (N$'000)	Budget Allocation (%)
RA Administration	385,778	20.7
Network Planning and Consultation	32,300	1.7
Roadworks-Maintenance	1,049,713	56.5
Roadworks-Rehabilitation	181,300	9.8
Roadworks-Development	2,000	0.1
Road Management System	21,859	1.2
Overload Control	21,038	1.1
Traffic Information System	36,800	2.0
Traffic Information System Administration	128,675	6.9
Total Budget (N$'000)	**1,859,463**	**100.0**

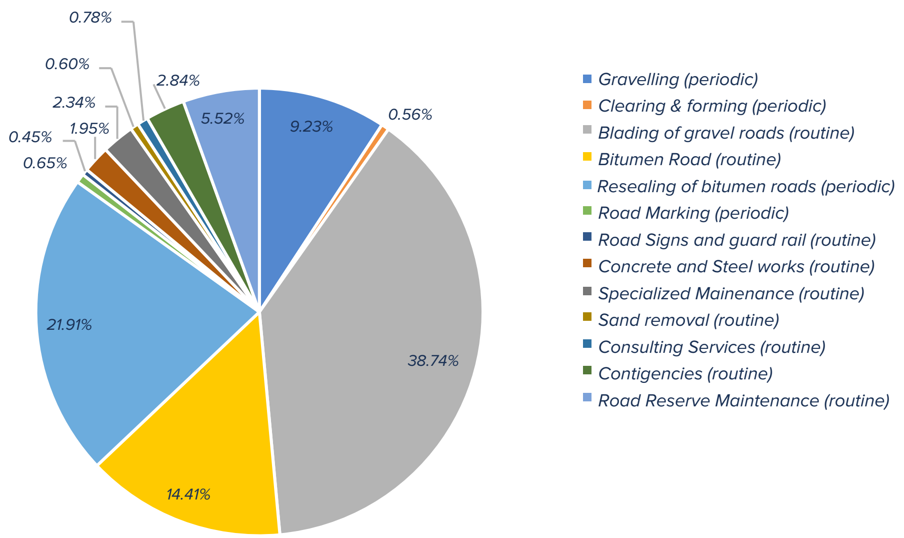
Road Maintenance Expenditure Distribution (as at 31 March 2021)

Activity	Production	Total Cost (incl. VAT) (N$)
Blading	1.83 million bl-km	396,915,940
Gravelling/Re-compaction	164 km	94,600,628
Routine Bitumen Road Maintenance	8,511km over entire network	142,996,305
Resealing	270 km	224,506,421
Road Signs	517 signs erected across entire network	4,587,757

In light of the prevailing economic conditions leading to a further 5.5% contraction in the domestic economy during the review period April 2020 to March 2021, a resounding 94.1% expenditure was achieved in maintaining the national road network, against a budget allocation of N$1.049 billion for RA.

The statistical distribution below indicates that the major allocation of the N$1.049 billion expenditure was to blading (38.7%), reseal (21.9%), Bitumen Maintenance Units (14.4%) and Gravelling (9.2%).

EXPENDITURE DISTRIBUTION: TOTAL N$988 MILLION



About **N$1.23** billion has been allocated for road maintenance and rehabilitation in the 2020/2021 financial year for all receipients, a **10.5%** reduction from the previous FY2019/2020. This translates into maintenance expenditures of **N$43 000** per kilometre of bitumen road and **N$19 000** per kilometre of gravel road. **65%** of the maintenance budget is dedicated towards the aggressive regravelling programme to urgently address the gravel loss on the network. On some of the road sections, including tourist roads, the remaining formation layer has eroded to such an extent that rock formations are exposed, presenting safety problems and serious vehicle damage. Conditions of poor roads reduce accessibility and increase blading effort and cost.

Namibia's roads are rated number one in Africa in terms of quality and access, according to the World Competitiveness Report. This achievement speaks volumes of the efficacy of current maintenance programmes in place.

Despite the funding constraints, the RFA continues to ensure value for money on every road maintenance project, for the ultimate benefit of the road user.

OUTLOOK

Apart from the pressures imposed on the RFA by COVID-19, more pressure is being felt through structural changes in the motor industry brought about by technology and innovation in the fourth industrial revolution. Production of fuel efficient vehicles as well as future influx of electric cars will significantly reduce our revenue from fuel levies. Although funding remains suboptimal, management of the RFA will need to implore innovative funding mechanisms to sustainably increase revenue from the current N$2.2 billion to N$3.9 billion required to maintain the quality of our N$101 billion road network.

CREATING VALUE FOR THE ROAD USER

STRATEGIC OBJECTIVE:

By 2024, Namibia ranked number 25 in the Global Road Sector Competitive Index.

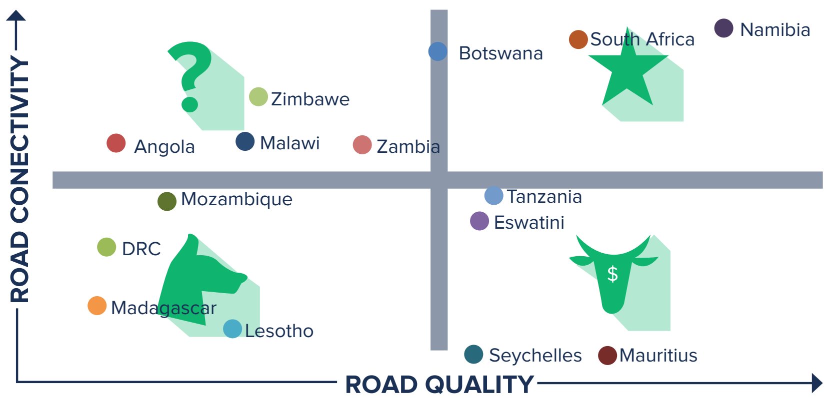
TOWARDS EQUITABLE FUNDING OF ROAD INFRASTRUCTURE

Namibia has managed to do well in terms of global ranking in the quality of roads as per World Competitiveness Report which ranks Namibia highly. To maintain this standard, RFA supports research and innovation in road construction, best practice and usage of environmentally friendly material through the funded institutions for the benefit of the road user in terms of quality, safety and mobility.

In addition, RFA is striving to meet government's national objective to ensure that Namibia becomes the logistic hub and gateway to the landlocked countries in SADC and beyond; with focus for the funding towards the development and upkeep of the Trans Kalahari, Trans Kunene, Trans Oranje and Trans Zambezi corridors.

Further, it is part of our strategic intent to ensure that synergy is created between logistics and supply chain stakeholders such as Namport, Walvis Bay Corridor Group, Transnamib and Transport operators given the expansion of the Walvis Bay Port. With the implementation of its 2019-2024 Integrated Strategic Business Plan (ISBP), RFA is committed to playing its role in supporting the country's efforts towards vision 2030.

The graph below shows that not only does Namibia have the best roads on the continent, we also have the most roads per capita. South Africa is our closest competitor; however, they have a lot of catching up to do in terms of road quality. By these two measures, Namibia is competing against the likes of Saudi Arabia, USA, Spain and Canada.



ROAD USER CHARGES (RUCs)

To optimise funding of roads RUCs were increased by 4% for the 2020/2021 financial year. This increase was approved by the Minister of Finance and subsequently gazetted as required by law on 26 June 2020 effective 1 July 2020. This increase bolstered revenue to provide additional investments towards the maintenance, preservation and rehabilitation of the national and urban road network which is critical to the attainment of Namibia's transport sector programs, Logistical Hub agenda and economic growth. Cognisant of the financial pressure placed on the road user, the RUCs remain well below the economic efficient levels, meaning that the user pay principle may not be fully implemented. Thus, the RFA will work tirelessly to realign the RUCs towards the economic efficient levels required to maintain our precious N$101 billion road network.

LEVY AND REGISTRATION FEES

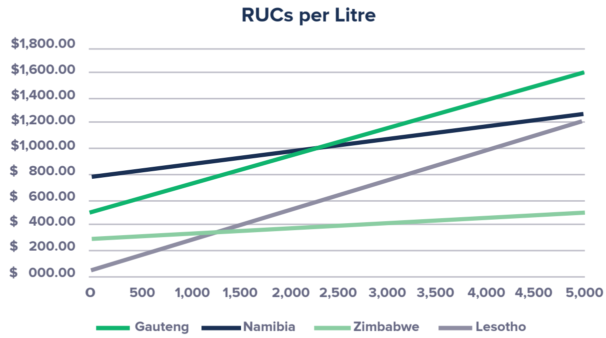
Taking a comparison approach with other SADC countries, Namibia does not yet have tolls, which would be significant sources of revenue for the RFA. However, all countries have fuel levies and annual vehicle registration fees.

> Namibia has the highest roads per capita on the continent, and 5th highest roads per capita in the world. Namibia is recognised for having the best roads on the continent.

Inherently, having the best roads and most roads per population comes with high vehicle registration fees. However, our fuel levies are still the lowest in the region.

In the instances in which we charge a fuel levy of N$1.41/l, South Africa charges N$3.61/l and Lesotho charges N$3.70/l. The net effect is that Namibia's RUCs become very competitive above 5,000/l consumed per annum, second to Zimbabwe.

This graph indicates the difference in Fuel Levies per litre in Namibia, South Africa, Zimbabwe and Lesotho, respectively in N$



NATIONAL ROAD NETWORK

Since the establishment of the information management system at the RA in 1990, the road network recorded a 14.1% increase in size from 41,815km to the current footprint of 47,698km at the end of 2020. The average 5-yearly growth of the network over the 30-year period averaged 2.6% equating to 5,883km expansion of the network. In comparison to the NDP5 targets, about 200km upgrade to bitumen standards and 100km of new gravel construction, have been set as benchmarks per annum over the 5-year period (2017/18-2021/22). With a depressed economic environment, attaining the ambitious NPD5 targets, with the anticipated revenue declining, requires the adoption of new approaches and strategies.

The 2.6% gradual growth of the road network correlates to the GDP/CPI growth over the corresponding period, excluding pre-2017 at the onset of the local economic recession. It is expected that the global economic growth will recover during 2021 and 2022 boosted by the uptake of COVID-19 vaccines, easing of lockdowns and economies adopting new ways of working.

The global growth is projected to rebound in 2021 before moderating in 2022, from an estimated contraction of 3.2% in 2020. On the local front, following a similar trend, the Namibian economy is expected to recover in this FY2021/22 and expand further in 2022, from a deep contraction in 2020.

The domestic economy is estimated to grow by 1.4% in 2021 and improve further by 3.4% in 2022.

The primary sectors of the economy, i.e. mining (minerals, base metals and ore production), agriculture (including forestry) and fishing, will drive the recovery during the forecasted to growth levels averaging 3.3% in 2021 and 4.6% in 2022; giving a positive knock-on-effect on the secondary and tertiary industries, specifically manufacturing, construction, wholesale and retail.

The Road Network Status (1990-2021)

Road Surface Type	Growth of the National Road Network by Surface Type							Growth
	1990	2000	2005	2010	2015	2020	2021	1990-2020
Bitumen roads	4,572	5,477	5,477	6,664	7,568	8,260	8,260	80.7%
Earth roads	11,467	12,245	12,245	11,460	13,022	13,360	13,360	16.5%
Gravel roads	25,550	24,296	24,296	25,710	25,604	25,889	25,889	1.3%
Salt road	226	220	220	288	304	189	189	-16.4%
Proclaimed road	0	745	745	1,524	1,829	1,202	1,202	-
Total (km)	**41,815**	**42,983**	**42,983**	**45,646**	**48,327**	**48,900**	**48,900**	**14.07%**
1. Earth and gravel roads make up the unsurfaced road network. 2. The distances have been rounded off to nearest kilometre (Source: RA) 3. Network 12 was used for FY2019/20. Same network is applicable FY2020/21. * 16.94% includes proclaimed roads that are not physical build roads.								***16.94**

The country's national road network, of trunk, main and district roads, is conserved at a total distance of 47,698km of which 8,260km are bitumen surfaced (paved), 39,249km are gravel (unpaved), and 189km are unpaved salt roads.

Between 2020 and 2021, the network did not record significant growth apart from the upgraded bitumen surfaced sections from road capital projects and rural access roads. The major road works on the capital road projects were completed in 2019/20, such as:

- TR1/6: Windhoek-Okahandja: Section 3 and 4.
- TR9/1: Windhoek-Hosea Kutako International Airport: Phase 1.
- MR44, MR36 &TR2/1: Swakopmund-Walvis Bay.
- MR44 & MR76: Swakopmund-Henties Bay.

Road sections DR2102 + DR2712: Okahandja-Okandjira and DR826-12km: MR36: Solitaire–Sesriem, comprising of 39km and 12km, respectively, were surfaced with a low volume seal in 2020/21. A comparable reduction in the gravel road network was thus recorded.

MAINTENANCE OF THE NATIONAL ROAD NETWORK

With the funding to road maintenance below 50% of optimal in the preceding years, the overarching strategy is to ensure that the surfaced road network which is the backbone of the economy, is adequately maintained. The reseal intervention, albeit at a reduced production rate, i.e. 531km in 2019 versus 270km in 2020, continues to be done as holding actions, part in consequence, as the rehabilitation of the surfaced network continues to fall behind.

Blading maintenance of the vast unsurfaced road network remains the major defence mechanism to protect this asset against excessive deterioration. A total of 1.83 million blade-km were executed through the existing "private grader" contractual arrangements. New blading contracts could not be procured, however, this next cycle of blading of roads contracts will be implemented in the near foreseeable future. The new agreements will be complemented with the procurement of 31 Grader Units (GU) operated by the RCC under the auspices of a MOA.

The Roads Authority did not achieve its target to commence eight new Gravel Re-surfacing Units (GRU) contracts in the past financial year, as articulated in the Business Plan strategy. This under achievement places the network in dire strain, because instead of the 75mm thickness gravel replacement targeted in the next 10 years, the push-back in KPIs will require 2530km to be gravelled per year for the next 10 years at a cost of N$1.05 billion per annum (i.e. N$415,000/km cost diligence) and claw back the backlog. At present, regravelling is now requiring the most funding of all capital projects under the domain of RUCs funding.

Although some of the allocated funds were diverted to the reseal programme, some regravelling works were still achieved through two current GRU contracts (Keetmanshoop & Otjiwarongo), Specialised Maintenance contract (Windhoek and Otjiwarongo) as well as the Salt Road Maintenance Contract (Otjiwarongo).

FUNDING INFRASTRUCTURAL DEVELOPMENT AND CREATING VALUE

NaTis One Stop

The current vehicle and driver population has exceeded the capacity of the Windhoek NaTis facility resulting in long queues, frustrated and unhappy customers, illegal operation of vehicles and increased road safety risk. Therefore, the RFA continued to pursue the expansion of the Windhoek NaTis to a new facility in order to enhance service delivery and customer experience. The Windhoek NaTis office is of importance to the RFA, as it collects 16.8% of the RFA revenue.

After a lengthy procurement process, the bid was advertised however none of the bids were technically responsive. The bid was subsequently cancelled.

The Ministry of Works and Transport as well as the Ministry of Finance has supported this venture by issuing letters of consent. Based on the above analysis, it is imperative for both the RFA and RA to conclude this project and obtain suitable land on an urgent basis to fulfil the requirements outlined. Budget provisions have been made in the Business Plan of the RFA to accommodate the implementation of the project.

The first phase is to procure the land internally through the RFA's procurement committee. For this, exemption from the Procurement Act has been sought and granted. The second phase is the design and construction of the new facility, which will involve the various stakeholders to ensure fit for purpose design and operational efficiency.

Sesriem low volume seal road

Following engagements with concerned stakeholders on the state of the Sesriem Road D0826 in early 2020, it became evident that the traffic volume had exceed the design capacity of the said gravel road. Despite regular blading, the road condition deteriorated faster than it could be bladed and more importantly, was becoming increasingly unsafe. Therefore, it needed to be regravelled as a matter of urgency, but due to limited construction material, the RA proposed that a low volume bitumen seal be placed on the regravelled road in order to protect the base layers from erosion, whilst keeping the construction costs low. Consequently, the RFA committed financial resources to upgrade the road section to a low volume seal standard. With limited resources, the services of a contractor were procured at a total cost of N$38.4 million. Existing transportation models suggest that for every dollar not spend on maintenance, the road user spends an additional N$2.90 in damaged tyres, rims, shock absorbers, suspensions and general wear and tear caused by poor road conditions. Upon completion, that this investment of N$38.4 million will save the road users N$110 million annually from wear and tear caused by poor road conditions.

Therefore, this upgrade has presented significant social profit for the road user in the form of reduced vehicle operating costs, reduced travelling time and significantly improved safety.

This has led to the adoption of a low volume seal strategy to address some of the country's road maintenance funding challenges and maximise resource utilisation. Under the low volume seal strategy, the road sector intends to upgrade high traffic gravel roads to a low volume seal. Projections indicate that the savings from routine blading over the next ten years will exceed the capital outlay of upgrading the road to a low volume seal, thus, expanding social profits to a greater portion of society and the economy at large. Therefore, the RA and the RFA have allocated a further N$350 million over the next two years to roll out more low volume seal roads that will go a very long way to accelerate economic recovery, improve transport efficiency and enable long term economic development. This intervention will focus on the economically viable roads, where the economic benefits outweigh the capital outlay and the roads essentially pay for themselves. Once implemented, this prudent investment decision will save the road user N$1 billion annually and thereby increase the competitiveness of Namibian roads even further.

Sesriem Low Volume Seal

Tses/Gochas rehabilitation

After months of toil, the contractor for the rehabilitation of the B1 road section from the intersection to Tses up to the intersection to Gochas was appointed and the contract concluded. The works will include the complete rehabilitation of the 87km stretch of road to a wider pavement, at a total cost of N$530 million, with N$480 million funded by the RFA through a loan from KfW. Although a foreign owned contractor was awarded the contract, N$120 million of the contract value is reserved for local sub-contractors. This section of road forms a portion of the road network to South Africa, where the majority of Namibia's consumption goods are transported. This has also brought new economic opportunities to the Hardap and //Karas Regions through new employment and business opportunities. Furthermore, construction material will be sourced within these two regions and thereby contribute to the funding commitments from the RFA to the Hardap and //Karas Regions.

B1 Road at Intersection to Gibeon

Etosha roads

Faced with deteriorating condition of the roads within the Etosha National Park, the Ministry of Environment and Tourism took decisive action to repair and regravel over 140 kilometres on the western part of the park. The tourist experience was severely compromised resulting in a reduction in entry fee revenues.

The RFA came on board and deployed N$100 million funding over two years for the regravelling of roads within the Etosha National Park. Previously, the National Park roads were maintained by the Ministry, but with this new arrangement, road user charges will fund the maintenance along with the RFA's funding expertise to ensure high quality roads within the Etosha National Park. Rehabilitation works will also reconnect the Olifantsrus Camp Site and Dolomite Resort to the rest of the park, and which were previously only accessible through Galton Gate on the south-western end of the park.

It is the RFA's firm belief that this investment will improve the tourism experience in the National Park and create a solid foundation for the eventual recovery of the tourism sector, once the COVID-19 pandemic is under control and travel restrictions are lifted. A funding commitment of N$50 million was fully utilised during the financial year under review.

The road upgrade to the 140km is scheduled to be completed in August 2022, which will restore 7% of Etosha's 2,000km roads to the original design specifications. Once complete, the tourism experience will be drastically improved and with additional funding the rest of the Etosha road network can benefit from better roads. However, funding further regravelling is challenging given that the RFA already underfunds national road maintenance by N$1.35 billion annually.

Etosha National Park Roads

Groundbreaking of Etosha Road Regravelling

MAINTENANCE OF URBAN AND SETTLEMENT ROADS

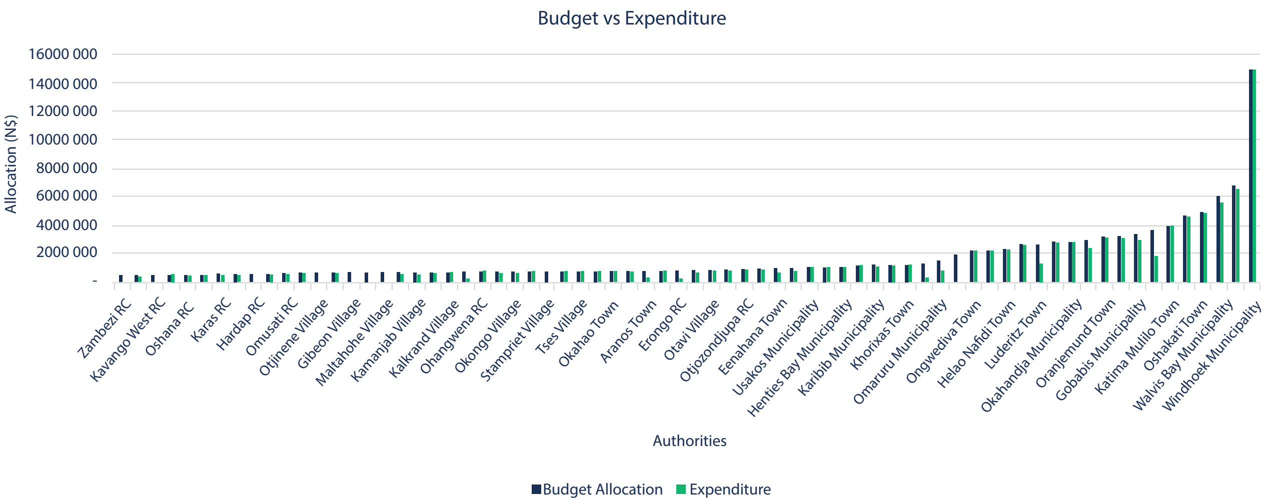
The RFA allocated funding to 57 Local Authorities and 13 Regional Councils. The total budget was N$122.4 million for the 2020/21 financial year, of which N$105 million was spent translating to an 86% expenditure rate. Funding was mostly allocated towards blading, regravelling and pothole repairs. Despite the limited funding available, the approved authorities struggled to deploy their limited allocations. In part, the discontinuation of the technical assistance program played a role, where the smaller authorities and councils were only able to spend 65% of their allocations in the absence of technical assistance. The larger authorities and councils were more successful at deploying their allocations and enjoyed 95% execution rate despite the lockdowns and the resultant business disruptions. The RFA continued to manage the unit costs rates as per the unit rate limits set at the beginning of each year. We can comfortably report that none of the authorities and councils exceeded the set limits. Therefore, unit costs remained within the inflation adjusted limits.

The technical assistance program came to an end after the technical assistance contracts of the five regional consultants lapsed on 21 August 2020.

The program posted very good returns over its three-year life span and N$32 million spent. The program assisted the local authorities and regional councils with:

- Visual assessments of roads;
- Identification, planning and budgeting for road maintenance programmes;
- Capturing of road infrastructure data;
- Compilation of bid documentation to procure Contractors; and
- Site supervision services.

The program improved planning and prioritisation of road maintenance works and transferred technical skills to the respective approved authorities. The training under the program yielded some positive results, but many of the smaller authorities and councils will always require on-going training and technical assistance. In addition, a uniform road asset management system was not implemented and thus the "value for money" principle was not fully achieved in this respect.



Otjiwarongo rehabilitation project

The road condition of Henk Willems and Rikumbi Kandanga streets in Otjiwarongo fell into a state of disrepair, with many potholes emerging to the point where patching became pointless. The Otjiwarongo Municipality embarked on a project to rehabilitate 570 metres of the road and 10 metres of culverts in order to improve the drive quality on the two roads, with funding from the RFA. The RFA funded the rehabilitation of works that included:

Ripping of existing layers and rebuilding	N$ 266,000
Prefabricated culverts installation	N$434,000
Install interlocks	N$ 1,054,000
Concrete kerbing, channelling and for open drains	N$142,000
Total	**N$1,896,000**

The project was successfully completed and the town's residents benefited from a drastically improved driving quality and lower vehicle operating costs, while the municipality will enjoy lower maintenance costs going forward. The interlocks for this project were manufactured domestically and local contractors were appointed to do the works. Therefore the Otjiwarongo economy benefited from the construction phase, and will continue to reap the benefits from the improved driving quality.

The existing road before rehabilitation

Otjiwarongo road during construction

The road after rehabilitation with interlocks

Upgrade Diaz Street from gravel to paved

There was a need to upgrade the Diaz road from gravel to a paved road. The road carries a high number volume vehicle due to the tourist attraction leading to the Luderitz waterfront. 200 metres of road was paved as well as the adjacent sidewalks in order to improve the curb appeal of the Waterfront. Contribution from the RFA was N$1.4 million, with an additional N$2.5 million budgeted in the following financial year. Upon completion, the access road will provide excellent ride quality to the Waterfronts visitors, as well as superb safety features for pedestrians, such as sidewalks and traffic calming structures. This investment contributes to the Luderitz manufactured and social capital through the provision of excellent road infrastructure and improved tourism prospects for the harbour towns inhabitant.

Upgraded road from gravel to paved

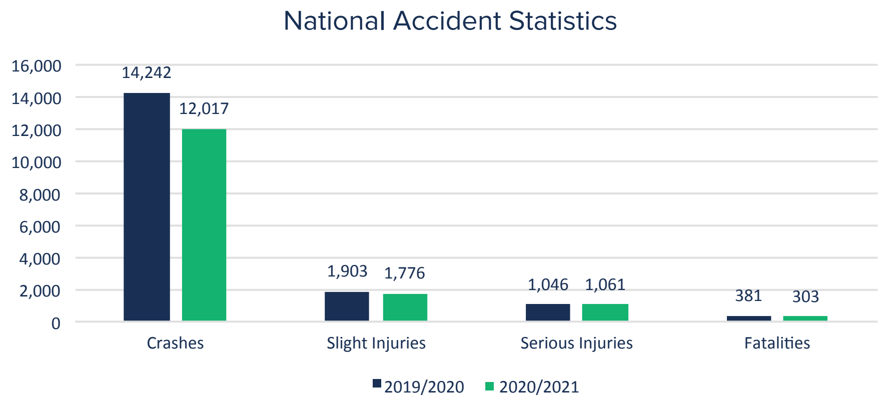
TRAFFIC LAW ENFORCEMENT

In fulfilling our road safety mandate, the RFA funded N$28 million to traffic law enforcement and adjudication across the country. Beneficiaries included NAMPOL, Swakopmund, Windhoek, Henties Bay, Otjiwarongo, Keetmanshoop and Katima Mulilo Traffic divisions. The RFA funded traffic law enforcement vehicles, speed cameras, breathalysers roadblock equipment and calibration services for the traffic law enforcement equipment. This was the RFA's contribution towards a safe road sector.

RFA funded the procurement of 39 traffic law enforcement vehicles for the City of Windhoek at a total cost of N$11.5 million. These included:

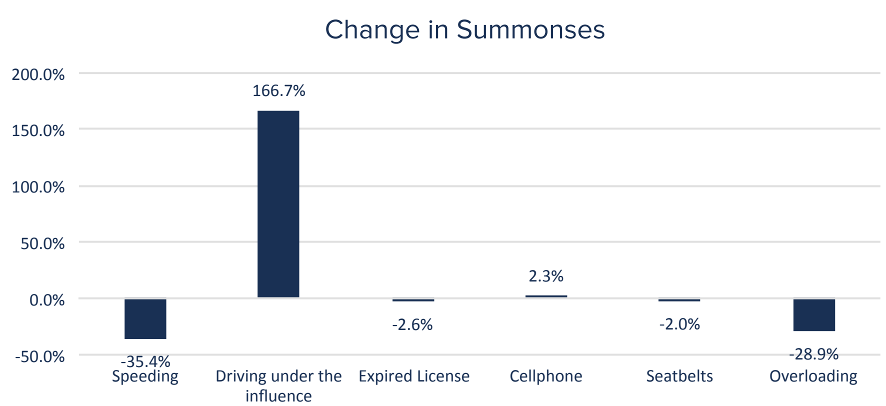
- 7 Ford Ranger Bakkies
- 1 Toyota Hilux Bakkie
- 8 Toyota Corollas
- 10 Polo Vivos
- 11 Nissan NP200
- 2 Toyota Quantums

All these vehicles have specific traffic law enforcement functions to ensure that road users comply to the rule of the roads. Unit cost for these vehicles are higher than market prices, due to the branding, sirens and lights that were included in the procurement.

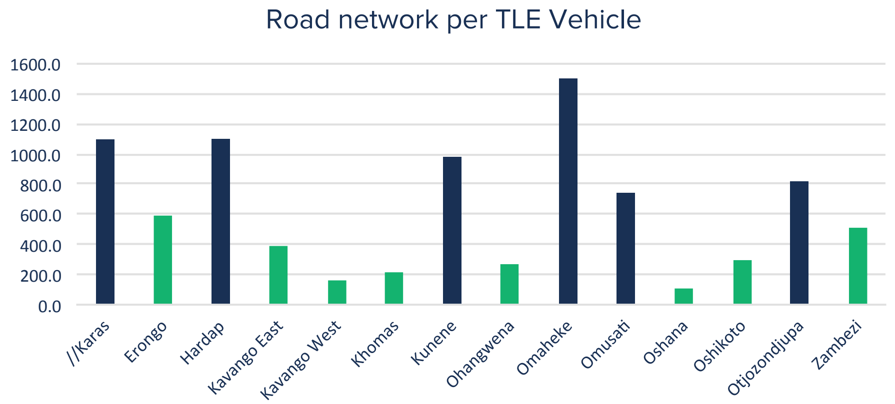


These investments into road safety continue to show positive results. During the year the accidents and fatalities decreased with 16% and 20% respectively. The positive investment in the traffic law enforcements is bearing fruits and the trajectory is expected to continue. In addition, we note a reduction in speeding, unauthorised drivers, seatbelt and overloading summonses, thereby contributing to a safer road network for all road users. However, driving under the influence continued to increase, this year by a concerning 166.7%.

Such irresponsible and reprehensive driver behaviour is unacceptable. The RFA will therefore continue to fund alcohol and drug screening devices for all traffic law enforcement agencies and ensure that alcohol and drug screening devices are in full working conditions. Such provisions have been incorporated into the new procedures agreements with all traffic law enforcement agencies in order to maximise screening. Those found to be above the legal threshold will be referred to official testing, which results are admissible in court for further prosecution.



Despite the positive gains in traffic law enforcement and road safety, the traffic law enforcement fleet is in a dreadful state, to the point where officers struggle to conduct visible patrols on the national roads. This is largely due to persistent under expenditure on the TLE budget vote. By the end of the financial year under review, N$9 million (25.7%) was unspent. The 153 Nampol traffic law enforcement fleet are 13.1% operational, 42.5% old and 44.4% grounded. Further analysis shows that the limited vehicles are disproportionally distributed based on the extent of national road in each region. //Karas, Hardap, Kunene, Omaheke, Otjozondjupa and Omusati regions have very few vehicles to cover the extent of the road networks in their respective regions. Omaheke does not have a single operational vehicle at its disposal.



To rectify the situation, the RFA has allocated a further N$30.8 million in the current business plan to increase the procurement of more traffic law enforcement vehicles for the regions and to repair the repairable vehicles that are grounded. This funding is adequate to ensure that no TLE vehicle covers more than 600km per region, thereby ensuring visible patrols on the national roads.

The funding shortfall was N$1.3 billion. Imperatively projects aimed at addressing funding shortfalls have been identified and these include annual RUCs adjustments, RUCs review, revenue optimisation at NaTIS, expenditure optimization, MDC automation, Investigating distance based road user charges and tolling for the year under review.

OPTIMISING REVENUE COLLECTION

A refined revenue generation strategy is key in achieving a RFA's positive financial position. RFA has thus revised its business plan, with the intent to systematically increase the level of the RUCs over time and address the funding shortfall. As we navigate through the challenging economic environment, there has been a shift in funding, as more questions arose around the current level of the RUCs, and whether these are still applicable to maintain the extent and quality of the current road network. This has resulted in a more policy focus call to explore new and alternative funding sources such as Tolling and Mass Distance Automation.

Even through the maintenance projects funded under the current business plan have been severely constrained due to revenue pressures, the fact remains that as the lifespan of our national roads increase and the weather conditions takes toll on the quality of our roads, funding road maintenance is indispensable. Therefore, most urgent maintenance projects are still funded under the current economic climate.

Introduction of tolling in Namibia

Worldwide road authorities and road agencies are under financial strain to maintain aging road networks with rapidly shrinking resources, resulting regular maintenance funding gaps and a systematic deterioration of the road infrastructure. This deterioration leads to an increase in economic, social and environmental costs to the road users.

As vehicle fuel efficiency improves, coupled with the proliferation of new electric vehicles, social trends such as carpooling, Uber and Taxify; fuel demand has declined and will eventually phase out completely (van Rensburg & Krygsman, 2018). Modern vehicles are travelling longer distances, using less fuel and causing more wear and tear on the national road network (Petrus, 2020). Over the past 15 years, fuel consumption per registered vehicle has declined by 1.9% pa over the past 15 years. This has eroded fuel levy revenue as vehicles become more fuel efficient, coupled with the proliferation of electric vehicles and resulting in ever increasing funding deficits. Eventually fuel demand will phase out and thus make the current funding model obsolete. The current road user charging system does not generate sufficient revenue to fund the objective of the RFA Act of a safe and efficient road sector, resulting in a N$3.6 billion funding gap against the highway development and management target from April 2020 to March 2025, which equates to 30.3% of the allocated budget.

The RFA conducted a feasibility study of Tolling in Namibia, following up on the previous such study done in 2009. 73 road sections were identified to include in the feasibility analysis, which covers 18.2 percent of the national road network and account for 81 percent of the annual vehicle kilometres travelled.

These sections were tested for financial feasibly, using the discounted cash flow model and based on the existing and future traffic volumes and the future revenues against the cost to upgrade and maintain these sections. The annualised costs were divided by the vehicles counts to provide the base toll rate and base fees compared to regional toll fees to determine competitiveness.

Essentially the average toll would range from N$19.26 (Rounded off to N$20.00) for passenger vehicles to N$83.08 (rounded off to N$83.00 for trucks) across all sections. The actual toll fee paid will be determined primarily by the traffic volumes, length of the road and cost of capital. Sensitivity analysis indicates that the financial feasibility of tolling is more dependent on growing traffic volumes, as opposed to increasing the toll. Traffic volumes are driven by vehicle ownership and travelling demand, which in turn are a function of economic growth. By rehabilitating roads to be tolled, the RFA drives economic growth, which in turn drives up employment, vehicle ownership and travelling demand, which in turn supports the tolling strategy. This virtuous circle creates a conducing environment for more toll roads, rehabilitation, employment and travelling demand.

Road users would save on vehicle operating costs due to good pavement surfaces and enjoy safer roads, amounting to N$0.21/km and N$1.65/km for light and heavy vehicles, respectively or N$1.1 billion annually. In addition, tolling can increase gross domestic production (GDP) growth by 0.4% annually, through construction activity, new jobs, consumption and second round economic impact amounts to N$600 million annually. Overall tolling would add N$1.7bn to the Namibian economy, thus resulting in a social profit of roughly N$1 billion, once the toll revenues have been deducted.

The RFA expects strong public resistance to tolling, given the experience with e-tolls in South Africa, however there are very successful case studies in Zambia, Zimbabwe and Mozambique and we believe with extensive stakeholder consultations, the RFA can convince the public that distance based road user charges are the way of the future.

STRATEGIC ORIENTATION TOWARDS RESILIENCE

RFA has placed more on unit cost of the major road maintenance programs. This was aided by the completion of the Road Maintenance Costing Study, which gave excellent baseline data on the unit costs of road maintenance projects and also highlighted the cost drivers. Reclaiming gravel instead of re-gravelling extended the economic life of gravel roads. A low volume seal strategy was introduced and implemented to reduce the routine maintenance costs of the highly trafficked gravel roads by placing a thin bitumen layer over recently re-graveled roads; and prolonged the economic life of the road.

Additionally, additives were introduced to gravel roads to suppress the dust and the loss of gravel on the gravel roads, thereby also extending the economic life of the gravel roads. Tractor drawn graders were suggested to reduce the average blading kilometer cost from the current N$198.81, while providing economic opportunities for smaller operators to participate in the national road maintenance program. RFA's ISBP sets out systematic road maintenance programs within the ambit of the limited revenue envelope and funding capacity. It is our plan to systematically leverage our balance sheet overtime to particularly upgrade some of our gravel road network to a low volume seal standards, which ultimately reduces routine gravel road maintenance costs and enhance road safety and driving riding quality.

RFA Business Plan 2020/21-2024/25

For the first time in its history, during the reporting period, the Fund submitted a Business Plan as per the requirement of the RFA Act, and subsequent to its approval December 2019, it was required to do a 6-month review, on account of the unpredictability of the progression of the COVID-19 pandemic.

Going forward and having adopted flexibility and robust internal mechanisms to forecast revenues and expenditure, the RFA's 2021-2026 Business Plan placed great emphasis on revenue growth, cost diligence and road maintenance strategies, including the rolling out of the low volume seal strategy.

In accordance the Public Enterprises Governance Act (PEGA) requirements, the Business Plan presents a budget of revenue, including loans, and expenditure for road sector projects and programmes of which the funding is authorised as per the RFA Act.

The 2021-2026 Business Plan was presented at the Annual Business Plan Stakeholders' Consultative Workshop held on 10 November 2020. In line with the COVID-19 health regulations & protocols, the workshop participants from representative stakeholders were limited by invitation.

The key issues and recommendations that were received from the stakeholders are highlighted below:

Key recommendations

- Greater focus on road safety funding and prioritise research in the field of road safety.
- TLE should be elevated to a key priority area.
- Revive inter-ministerial committee to collectively review levies on fuel.
- Bring back road sector review.
- Focus on reversing the poor condition of the gravel road network.
- Advise government on prioritising road preservation and sensitise the government to commit to full cost recovery of road maintenance costs from the road user.
- Include alternative funding strategies in the Business Plan.
- Include the role of the Road Management System in the prioritisation of maintenance projects.
- Include more detail on Technical audits and quality assurance.
- Allocate more funding to research.

- Non-motorised transport needs to be taken into account and be included in the funding.
- Include the road to rail strategy in Business Plan.
- Provide further insight into the harmonisation of road user tariffs within SADC.

FUTURE OUTLOOK

Going forward, the main factor determining the achievement of the objectives of the Business Plan 2021/2026 and other subsequent plans, is increasing rates of road user charges to keep up with inflation in mainly road works costs.

From the analysis it is evident that a comprehensive review of the applicable levels of RUCs, is required to close the funding gap and align the road user fees to the cost of maintaining the national road network towards the economically efficient optimum to be feasible.

Unless RUC fuel levies are realigned to the cost of preserving the national road network, achieving optimal road maintenance funding will be impossible, and thus accelerate the rate at which the road network value deteriorates from N$101 billion. This will continue until the value of the road network is commensurate with the level of the road user charges, which is estimated to be around N$39 billion.

LEVERAGING TECHNOLOGICAL INNOVATIONS

STRATEGIC OBJECTIVE:

To leverage the latest technology to essentially enable the efficient functionality of our business units, and facilitate the attainment of the objectives for the 2019-2024 ISBP through innovation and automated system solutions.

> The intrinsic links between technology and many of our sustainability outcomes are driving the innovations that have transformed the nature of how RFA stakeholders experience our business.

We have continuously leveraged on innovative thinking, enabling technologies, and collaborative partnerships to shape an industry that is more sustainable, efficient and better harmonised with the needs of our road users. As we are busy creating new systems that optimise value for our stakeholders, this report reflects the continuing evolution of the ICT within the RFA through various strategic initiatives undertaken during the period under review.

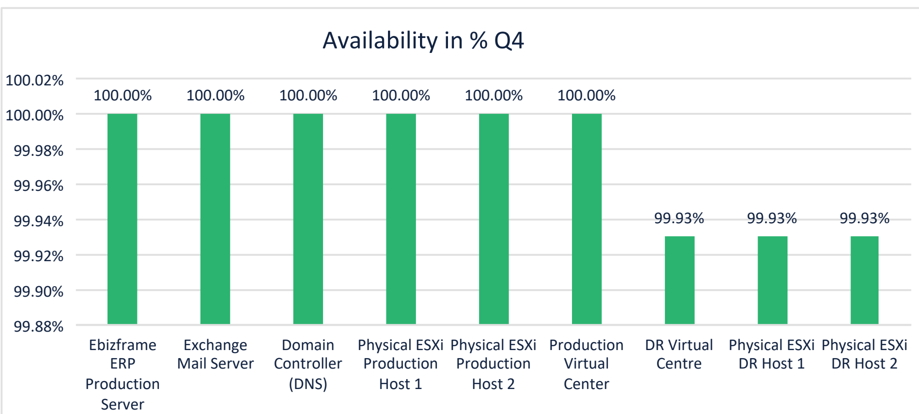
This is at the backdrop of our infrastructure performance having been 96-99% available on average throughout the reporting period which is well above the 80% industry standard or norm.

OVERALL STATE OF THE ICT INFRASTRUCTURE

ICT Network Infrastructure

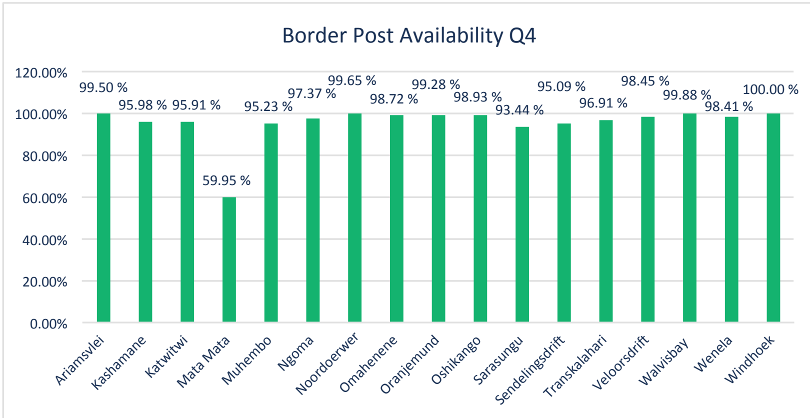
Below is a graphical representation of the average uptime of the RFA server environment at production as well as at the disaster recovery site. Overall, the network environment is stable with very minimal downtime if any.

Head Office and Disaster Recovery Site Availability for FY 2020/21



The physical hardware that hosts the virtual environment is also in a good condition and monitored daily.

Border Post Offices



SECURE SYSTEMS

RFA has, with due diligence, recognised that working from home induced by COVID-19 makes systems vulnerable to hackers and presents an opportunity for cyber-attack threats, and this is in addition to possible system failure(s). RFA has therefore enhanced its ICT security policy that was approved by the Board during 2021. This policy enhances the element of routine backup and ICT security checks to flag any possible system and data privacy breaches.

Regular penetration tests on our ICT environment are also conducted and the results are used to strengthen the weaknesses identified. Another security initiative is the user training on the basic threats to be avoided. These security initiatives were implemented to address the current challenges on cybercrime which are targeting most organisations during this period of the COVID-19 pandemic. Furthermore and in line with RFA policy, we have managed to successfully test and operate from our disaster recovery site.

UPGRADING AGEING SYSTEMS

In addressing our aging Enterprise Resource Planning (ERP) system which is proving to be a challenge to the whole organization, RFA has crafted a 5-year ICT Digitalization Master Plan that is aligned to our strategic plan. This master plan compliments RFA's overall 2019-2024 ISBP and will work to accelerate the automation of the major processes in the organization that will bring about efficiency. This undertaking will allow all our 17 border post offices to access quality systems that subsequently provide better experiences for our stakeholders. RFA has also taken note of key trends that were of material interest to our operations.

These trends were particularly associated with the use of robots to automate most manual process and assist organisations to be customer-centric and efficient. RFA's ICT digitalisation strategy has strongly enthused on implementing similar initiatives in the next 5 years once the ERP system has been implemented.

SYSTEM COMPLIANCE

RFA's technology and infrastructure are managed as per the approved policies and also in compliance with the Control Objectives for Information Technology (COBIT) 2019 framework. In addition to aligning IT strategy, the objectives of the framework are also to assist the RFA to meet regulatory compliance and better manage its risks. In the reporting period, RFA managed to achieve a 70% COBIT 2019 compliance.

FUTURE OUTLOOK

Critical work is underway to ensure that our systems are further equipped to deal with our ever changing environment. Significant capital projects, the ERP and Business Process Re-engineering projects that are in progress provide impetus for the future sustainability of RFA processes and introduce a system that is integrated across the entire organisation. We also look forward to the Electronic Records and Document Management system (EDRM), another innovative project which was implemented from 2020 and anticipated to be concluded in the next financial year.

This project aims to clean up all records in RFA in order to be in compliance with the national archive policy on record management. We are optimistic that this project will give RFA a record database that is seamless and agile in searching and retrieving documents and records.

DRIVING A HIGH PERFOMANCE WORKFORCE

STRATEGIC OBJECTIVE:

Inculcate a performance management culture with an institutional performance score of 4.0 by 2024

Our human capital strategy is a key enabler of the delivery of the RFA's strategy. At its core is the principle of leading sustainably by delivering on our human resource vision of positioning RFA as an employer of choice that develops, attracts and retains critical talent and skills.

The RFA employees are critical to the successful delivery of its strategic goals to ensure future organisational sustainability. Holistically, RFA seeks to inculcate a high-performance culture. RFA implemented a performance management system for the past five years, which encourages employees to achieve their full potential. In 2021, RFA delivered a strong employee performance score of 3.8/5 despite the various complications induced by the COVID-19 pandemic.

DEMOGRAPHICS AND DIVERSITY

In order to strengthen its ability to deliver on its mandate, RFA approved six new positions additional to the RFA organisational structure bringing the RFA staff complement to 152. To date, the establishment consists of 152 approved positions of which 144 are filled.

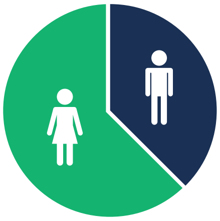
In terms of gender representation, RFA employs 91 females and 53 males meaning that RFA staff complement continues to have a dominant presence of women which is currently 62.76% of the staff complement. The RFA staff turnover rate for the reporting period was less than 1%.

Staff Complement as at 31 March 2021

Division	Approved positions	Appointments	Resignations/ Termination	Total Filled	Total Vacant
Chief Executive Officer Office	2	0	0	2	0
Compliance, Legal and Company Secretary	4	0	0	3	1
Strategic Services	17	0	0	16	1
Programme, Management and Policy Advice	5	0	0	5	0
Information Communication Technology	7	0	0	7	0
Audit and Risk	6	0	0	6	0
Fund Management (Head Office)	32	1	0	28	4
Fund Management (Border Posts)	79	0	1	77	2
Total	**152**	**1**	**1**	**144**	**8**

Gender Distribution

Job Category	Male	Female	Total
Executives	4	2	6
Middle Management and Professionals	11	9	20
Supervisory/Skilled staff	14	18	32
Semi-Skilled Staff	24	61	85
Unskilled Staff	0	1	1
Total	**53**	**91**	**144**



SUPPORTING LIVES AND LIVELIHOODS

Navigating a financial year in which the COVID-19 pandemic was prevalent, we acted quickly at the onset of the pandemic to support the lives and livelihoods of our workforce through the health, social and economic effects caused by COVID-19. We developed and rolled out an extensive health awareness and broader support programme, designed specifically to help protect the health and well-being of our employees. We further introduced a work from home initiative to ensure that offices are not congested, thus minimising the spread of the pandemic. This was fundamental to ensure that there was continuity in workflow with minimal disruptions.

Unfortunately, 12 employees tested positive for COVID-19 and we are pleased to report that they all have recovered and are back at work. Support towards COVID-19 was robust with at least N$2.7 million spent towards provision of PPE material, sanitisers, masks, disinfection of offices including the office complexes where RFA shares with government when COVID-19 positive cases were reported.

CULTURE INOCULATION

Instilling ethical conduct in our culture is a key imperative in RFA's strategic orientation. To strengthen this, the RFA Executive Management held quarterly meetings which afforded employees the opportunity to be updated with strategic information and decisions. At these meetings, employees are empowered with information that pertains to organisational performance while they were also encouraged to adhere to corporate values and norms.

Employees are the immediate stakeholders to the RFA, and regular communications on company culture, policies and strategies is maintained in order to not only empower the employees but also put them in a better position to educate and inform the external stakeholders.

HELPING OUR PEOPLE THRIVE

RFA aims to attract the best people in the industry, putting them into the right roles to suit their talents, and serve our business needs – now and into the future. Empowering our employees through professional and personal development opportunities, we give them the support they need to thrive and, by continuously engaging with our employees, we are able to build relationships based on trust. Living our values, we aim to become an inclusive workplace where everyone – without exception – can bring their full selves to work.

In essence, 22 employees attended training programmes as per the signed Individual Development Plans during the period between November 2020 and March 2021. An investment of N$211 000 was made towards this.

In further developing our human capital, one bursary and two study loans for formal education were availed.

In order to strategically position the RFA as employer of choice and to ensure competitive total remuneration within the parameters of sustainability and affordability, the RFA considers and monitors national and international remuneration best practices adopted by other public enterprises through benchmarking activities.

Competency interventions

Division	Course Name	Duration	Facilitator	Local/ International	Investment N$	No of employees
Fund Management	Record Management in the Public Service	5 days	R.A.J. Training Institute	Local	31,222.50	3
	The Ultimate Microsoft Office 365	5 Days	Manpower Development Centre	Local	5,950.00	1
	Leadership Skills Training	5 Days	R.A.J. Training Institute	Local	29,670.00	3
	Formal Communication & hosting of formal meetings	5 days	Manpower Development Centre	Local	2,250.00	1
	Record Management in the Public Service	5 days	R.A.J. Training Institute	Local	72,852.50	7
	Intermediate Microsoft Excel	3 Days	Manpower Development Centre	Local	6,950.00	1
Strategic Services	Record Management in the Public Service	5 days	R.A.J. Training Institute	Local	10,407.50	1
Internal Audit & Risk	Record Management in the Public Service	5 days	R.A.J. Training Institute	Local	10,407.50	1
ICT	Record Management in the Public Service	5 days	R.A.J. Training Institute	Local	10,407.50	1
	Business Systems Analysis	3 Months	University of Cape Town - Getsmarter	International	15,900.00	1
PMPA	Record Management in the Public Service	5 days	R.A.J. Training Institute	Local	10,407.50	1
	7th Annual Procurement Conference	2 Days	Intelligence Transfer Centre	Local	5,288.85	1
		3 months & 50 days			**211,713.85**	**22**

FUTURE OUTLOOK

The proposition of inculcating high-performance culture continues to be embedded in the RFA's focus for human resources and positive corporate culture in the coming years. In the near future, we seek to implement a people change management programme, a competency-based training programme, training for futuristic skills and foster succession planning for EXCO and management. As the pace of change in our industry continues to increase, we look to be proactive and provide our people with the tools they will need to step up to roles that have evolved, and completely new ones. This has been triggered by the fact that the COVID-19 pandemic has accelerated the need for new work models, along with many other aspects including remote working and digital learning.

ABRIDGED SUSTAINABILITY REPORT

Corporate Social Responsibility (CSR) is an integral part of RFA's values. As a responsible corporate citizen, we value the interests of our stakeholders — our employees, road users, suppliers, regional partners, and the wider community — and we actively seek opportunities to improve the environment and to contribute to the wellbeing of the communities in which we do business.

Despite lockdown restrictions, RFA managed to contribute to social engagement initiatives. In the year under review, the RFA invested in various corporate social investment initiatives, with specific focus on water sanitation, community development, health, sports, social welfare and skills development.

CARING FOR THE COMMUNITIES WE OPERATE IN

Pivotal to investing in our communities was the need to assist government efforts in responding to the health crisis brought by COVID-19. As such, RFA participated in the COVID-19 relief project by availing N$170 000. This was in response to a clarion call made by the Ministry of Health and Social Services, and the Namibian Police through the Public Enterprises CEO's Forum to provide financial assistance to procure equipment, goods and related essentials that were primed at fighting the pandemic. We are cognisant of the fact that COVID-19 places strain on national apparatus in the treatment and combating of the pandemic. This is why RFA found it imperative for corporates, particularly those like us in the public sector, to join hands and assist government in fighting the pandemic. This investment amplified COVID-19 resilience efforts of government and further helped to preserve lives.

The RFA and RA had jointly committed to provide sponsorship amount of N$12 million at the ceremony marking the handover of the RA Head Office building in June 2019, to the national emergency drought relief request through His Excellency, the President of the Republic of Namibia, Dr Hage Geingob.

The expenditure of this amount was carried over the two financial periods, with the remainder of the social investment projects implemented in the 2021 Financial Year (FY) reporting period. The ceremonial handover of the solar water pumps and water tanks that were installed at 10 national regions, took place in October 2020 at Ombuu in Gam, Omaheke Region and Okauwa in Kunene Region. RFA is committed to support government's call for support towards social upliftment.

The RFA particularly recognise the importance of water as a basic need for human consumption, agriculture and industry development. The water points which benefited from the donation were identified and prioritised by the Ministry of Agriculture, Water and Land Reform as part of the EMU initiatives. Apart from the Ombuu borehole, there are four other boreholes that were rehabilitated within this region.

Installation of the Otjaparakaha in the Kunene Region, under the strict supervision of a community member in the bottom left corner.

Okauwa Borehole, Kunene Region

It was encouraging to see the Okauwa community come together to raise funding amongst themselves, in order to construct an elephant proof wall around the recently rehabilitated borehole to ensure that this infrastructure is safeguarded for future generations. The rehabilitation was well received as it reduced their pumping costs considerably and provided free water for their livestock.

The rehabilitation was designed to provide potable water to support both human life and animal husbandry, thereby contributing to the social capital amongst some of the most marginalised communities in Namibia.

A healthy body equals a healthy mind, thus RFA invested N$130, 000 in sport activities that included activities with RFA employee's participation so as to promote employee engagements. Of this amount, RFA sponsored N$50 000 to the Annual Cycle Classic, an exciting event on the city sports calendar which RFA has sponsored over the years. To promote fitness and healthy lifestyles, RFA is a regular participant of this event with our cycling passionate staff taking part.

Apart from this, we sponsored N$80 000 to the MTC Namibia Youth Games that took place at Rietfontein from 16 to 18 December 2020. The games attracted a total of 1500 participating youths from all 14 regions and the RFA sponsorship was meant to cover shortfalls in the preparation of the sport fields.

Lastly, one of our annual corporate social responsibility initiatives over the years has been to support activities that promote road safety particularly in high peak periods such as the festive season. This initiative was not deterred in the period under review despite COVID-19 having had its impact felt on our spending capacity. RFA sponsored the Annual Festive Season Road Safety Campaign, which is an annual standing sponsorship commitment.

We believe that this investment is reaping fruits as the Motor Vehicle Accident Fund (MVA) has recorded positive statistics over the past few years. In the period under review, MVA recorded a decrease in road crashes of 14% and a decrease in injuries by 15% and fatalities also 15%.

This encouraging outlook will allow us to further prioritise such investments that preserve the lives of our main stakeholders, road users.

FUTURE OUTLOOK

Although our revenue is affected by the negative economic contractions due COVID-19, we believe there will be a greater need for impact driven corporate social investment especially once the extent of the impacts of COVID-19 on the nation becomes clearer.

The RFA will remain responsive to the national call to support were possible particularly on emergency projects aimed at contributing to the upliftment of the marginalised communities. As a road sector stakeholder, RFA will continue to contribute to road safety campaigns and to provide support to traffic law enforcement through the sponsorship of road traffic equipment.

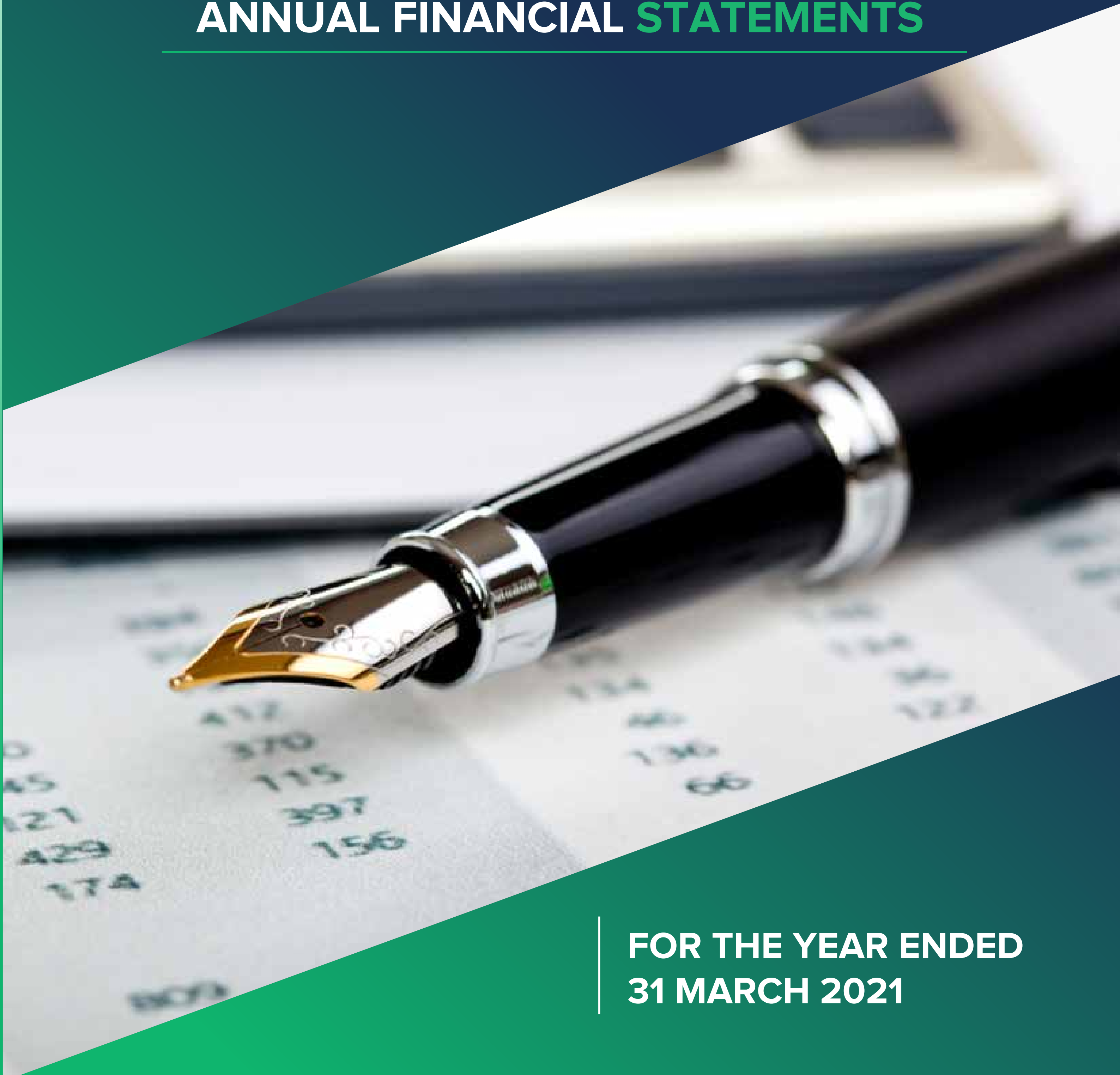
The road user pays for the road consumed and in turn, RFA reinvest those funds to ensure good quality roads that are safer. However over the years negative driver behavior continues to rob our country, productive lives. Hence, educational campaigns initiatives through our road safety stakeholders are important to promote adoption of positive behavioral conduct by the road users.

RFA

Road Fund Administration

Funding roads, steering growth.

ANNUAL FINANCIAL STATEMENTS



FOR THE YEAR ENDED
31 MARCH 2021

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 with a view of achieving a safe and economically efficient road sector.
Directors	Dr. E. Haiyambo O. Hiveluah M.S. Tjijenda J. Mnyupe I. Angula
Registered office	21 Feld Street Windhoek Namibia
Business address	21 Feld Street Windhoek Namibia
Postal address	Private Bag 13372 Windhoek Namibia
Bankers	Standard Bank Namibia
Auditors	Grand Namibia Registered Accountants and Auditors Chartered Accountants (Namibia)
Secretary	Anna Matebele

Contents

Directors' Responsibilities and Approval

The directors are required in terms of the Road Fund Administration Act, (Act 18 of 1999) (hereinafter referred as the RFA Act) 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 Road Fund Administration-Consolidated (RFA) 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 and the requirements of the RFA Act. 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 the requirements of the RFA Act 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 RFA and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set 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 RFA and all employees are required to maintain the highest ethical standards in ensuring that the RFA's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the RFA is on identifying, assessing, managing and monitoring all known forms of risk across the RFA. While operating risk cannot be fully eliminated, the RFA endeavours to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behavior 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 RFA's cash flow forecast for the year to 31 March 2022 and, in light of this review and the current financial position, they are satisfied that the RFA 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 RFA's annual financial statements. The annual financial statements have been examined by the RFA's external auditors and their report is presented on pages 79 to 80.

The annual financial statements set out on pages 81 to 135, which have been prepared on the going concern basis, were approved by the board of directors on 25 August 2021 and signed by:

Director

Director

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of ROAD FUND ADMINISTRATION - CONSOLIDATED

Opinion

We have audited the annual financial statements of Road Fund Administration- Consolidated set out on pages 81 to 132, which comprise the statement of financial position as at 31 March 2021, and the statement of surplus or deficit and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the annual financial statements, including a summary of significant accounting policies and the directors' report.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Road Fund Administration – Consolidated as at 31 March 2021, and its financial performance and 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).

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 Statement section of our report. We are independent of the Road Fund Administration in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) and other independence requirements applicable in performing audits of financial statements in Namibia.

We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the detailed statement of surplus and deficit and other comprehensive income, which we obtained prior to the date of this auditor's report and the integrated annual report which is expected to be made available to us after that date The other information 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 Road Fund Administration'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 Road Fund Administration or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Annual 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 ISAs 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 ISAs, we exercise professional judgement and maintain professional scepticism 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 Road Fund Administration 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Grand Namibia

Grand Namibia
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: RN Beukes - Partner
Windhoek

14 September 2021

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of the ROAD FUND ADMINISTRATION - CONSOLIDATED for the year ended 31 March 2021.

1. Review of financial results and 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 an administration framework within which the Road User Charging System is managed as contemplated by the RFA 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	Office	Designation	Nationality	Changes
Dr. E. Haiyambo	Chairperson	Non-executive	Namibian	Appointed (01 October 2020)
O. Hiveluah	Director	Non-executive	Namibian	Appointed (01 October 2020)
M.S. Tjijenda	Director	Non-executive	Namibian	Appointed (01 October 2020)
J. Mnyupe	Director	Non-executive	Namibian	Appointed (01 October 2020)
I. Angula	Director	Non-executive	Namibian	Appointed (01 October 2020)
P. Ithindi	Chairperson	Non-executive	Namibian	Term ended (30 September 2020)
Dr. S. Amunkete	Director	Non-executive	Namibian	Term ended (30 September 2020)
Z. Stellmacher	Director	Non-executive	Namibian	Resigned (03 July 2020)
R. Amadhila	Director	Non-executive	Namibian	Term ended (30 September 2020)
N. Henok	Director	Non-executive	Namibian	Term ended (30 September 2020)

3. Events after the reporting period

The President of the Republic of Namibia in response to the COVID-19 outbreak in the country has declared various lockdowns from the initial one on 23 March 2020 to the last one on 15 June 2021. The restriction of movement measure to contain the COVID-19 pandemic has had a significant and negative impact on the economy and the RFA operations alike including but not limited to slow revenue growth, reduction in funding to approved authorities and in curtailing of some of the operational and strategic initiatives. At this point, the directors are not aware of any material adverse effects on the financial statements as a result of the COVID-19 outbreak.

Directors' Report

4. Going concern

The directors believe that the RFA has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the RFA 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 RFA. 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 RFA.

The directors' view that the RFA will continue operating as a going concern into the foreseeable future is predicated on the following reasons amongst others:

- The RFA's annual expenditure is limited to Road User Charges collected for that year, ensuring that the entity has no unbudgeted deficits in any year;
- A Reserve Fund has been set up to protect the liquidity and solvency of the RFA and is standing at N$ 152 million as at 31 March 2021 (2020:N/A) and is projected to increase to N$ 285 million over the 5-year business plan horizon of the RFA;
- The RFA's fixed-term borrowings repayments are well within the repayments periods and no repayment was missed or is projected to be missed according to available data and cash flow projections. The RFA fixed term borrowings are managed prudently and the loans are matched to the inflow and outflow of cash;
- The RFA has not reported any default on all its loans agreements;
- The RFA does not have any indication of unplanned sale of any non-current assets;
- No negative operating cash flows indicated by forecasted financial numbers as indicated in its five-year business plan; and
- Road User Charges tariff increase of 5.3% has been granted for the 2021/2022 financial year. This will generate additional cashflow to be deployed to the maintenance of the national road network.

5. Secretary

The company secretary is Anna Matebele.

6. Auditors

Grand Namibia will continue in office as auditors of the RFA for the 2021/2022 financial year.

7. Approval of annual financial statements

The annual financial statements were approved and authorised for issue by the Board of directors on 25 August 2021.

8. Capital expenditure

The expenditure on property, plant and equipment during the year amounted to N$ 5,001,916 (2020: N$ 49,012,761).

9. Subsidiaries

The following are wholly owned subsidiaries of the RFA;

- Road Fund Administration - Fund (''hereinafter referred to as the Fund'')
- Road Fund Administration - Administration (''hereinafter referred to as the Administration'')

Statement of Financial Position as at 31 March 2021

Figures in Namibia Dollar	Note(s)	2021	2020 Restated
Assets			
Non-Current Assets			
Property, plant and equipment	3	126,027,979	180,154,105
Right-of-use assets	14	649,611	-
Investment property	4	295,000,000	-
Intangible assets	5	10,426,722	10,390,083
Investments	8	151,777,967	-
		583,882,279	**190,544,188**
Current Assets			
Trade and other receivables	6	452,508,046	323,414,299
Investments	8	627,390,899	663,219,460
Prepayments	7	53,267,965	-
Bank and cash	10	102,830,132	55,118,995
		1,235,997,042	**1,041,752,754**
Total Assets		**1,819,879,321**	**1,232,296,942**
Equity and Liabilities			
Equity			
Capital contribution		295,000,000	-
Reserve fund		151,777,966	-
Accumulated (deficit)/surplus		(16,108,668)	48,544,942
		430,669,298	**48,544,942**
Liabilities			
Non-Current Liabilities			
Interest bearing borrowings	11	690,047,181	787,850,329
Leases	14	680,598	-
Provisions	13	8,244,053	7,180,105
		698,971,832	**795,030,434**
Current Liabilities			
Trade and other payables	12	351,138,524	316,843,704
Interest bearing borrowings	11	117,169,574	67,365,399
Leases	14	18,892	-
Provisions - leave pay	13	5,248,821	4,512,463
Bank overdraft	10	216,662,380	-
		690,238,191	**388,721,566**
Total Liabilities		**1,389,210,023**	**1,183,752,000**
Total Equity and Liabilities		**1,819,879,321**	**1,232,296,942**

Certain amounts in the 2020 financial year have been reclassified for correct classification and better presentation.

Statement of Surplus or Deficit and Other Comprehensive Income

Figures in Namibia Dollar	Note(s)	2021	2020 Restated
Revenue	15	2,214,118,460	2,291,709,973
Other income	16	3,592,160	10,734,767
Impairment loss on trade and other receivables and property, plant and equipment	19	(51,646,505)	(7,570,960)
Administrative and operating expenses		(2,060,496,389)	(2,054,195,329)
Operating surplus	17	**105,567,726**	**240,678,451**
Investment income	18	43,834,355	62,622,562
Finance costs	20	(62,277,727)	(63,360,157)
Surplus for the year		**87,124,354**	**239,940,856**
Other comprehensive income		-	-
Total surplus for the year		**87,124,354**	**239,940,856**

Certain amounts in the 2020 financial year have been reclassified for correct classification and better presentation. The total comprehensive income for the year is still the same as per the 2020 signed annual financial statements.

Statement of Changes in Equity

Figures in Namibia Dollar	Capital contribution	Reserve fund	Accumulated (deficit)/ surplus	Total equity
Balance at 1 April 2019	**-**	**-**	**(191,395,914)**	**(191,395,914)**
Surplus for the year	-	-	239,940,856	239,940,856
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**239,940,856**	**239,940,856**
Balance at 1 April 2020	**-**	**-**	**48,544,944**	**48,544,944**
Surplus for the year	-	-	87,124,354	87,124,354
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**87,124,354**	**87,124,354**
Transfer between reserves	-	151,777,966	(151,777,966)	-
Government contribution - Roads Authority (RA) building	295,000,000	-	-	295,000,000
Total contributions by and distributions to owners of the RFA recognised directly in equity	**295,000,000**	**151,777,966**	**(151,777,966)**	**295,000,000**
Balance at 31 March 2021	**295,000,000**	**151,777,966**	**(16,108,668)**	**430,669,298**
Note(s)	1.16	1.17		

Statement of Cash Flows

Figures in Namibia Dollar	Note(s)	2021	2020 Restated
Cash flows from operating activities			
Cash receipts from road users		2,085,024,713	2,656,844,631
Cash paid to suppliers and employees		(2,065,959,267)	(2,284,567,946)
Cash generated from operations	21	19,065,446	372,276,685
Investment income		43,834,355	62,622,562
Finance costs		(62,277,727)	(63,360,157)
Net cash from operating activities		**622,074**	**371,539,090**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(5,001,916)	(49,012,761)
Purchase of other intangible assets	5	(512,000)	(1,414,597)
Increase in investments		(151,777,968)	-
Net cash from investing activities		**(157,291,884)**	**(50,427,358)**
Cash flows from financing activities			
Repayment of interest bearing borrowings		(47,998,973)	(41,263,112)
Proceeds from interest bearing borrowings		-	240,876,677
Payment on lease liabilities		(111,020)	-
Net cash from financing activities		**(48,109,993)**	**199,613,565**
Total cash movement for the year		**(204,779,803)**	**520,725,297**
Cash at the beginning of the year		718,338,454	197,613,158
Total cash and cash equivalents	10	**513,558,651**	**718,338,455**

Certain amounts in the 2020 financial year have been reclassified for correct classification and better presentation.

Accounting Policies

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 financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") 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 and investment property 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 except for new and/or revised interpretations implemented during the year. The nature and effect of these new interpretations is discussed in note 1.3 below under the Roads Authority (RA) building.

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 RFA 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 executive committee that makes strategic decisions.

1.3 Judgements and sources of estimation uncertainty

Significant judgements

Roads Authority Building

During the year, the RA head office building was donated to the RFA and subsequently leased back to the RA. The determination of the appropriate accounting treatment for the contract was complex and required management to make significant judgements around whether the RFA had control over the building or not i.e. whether the RFA had the right to direct use of the identified asset and obtain substantially all of the economic benefits from the use of the identified asset.

Management have determined that the RFA has control over the RA building and have resultantly accounted for the RA building within the context of the below:

Given that there was no IFRS standard that specifically applied to the transaction, the RFA developed an accounting policy in accordance with IAS 8 - Accounting policies, changes in accounting estimates and errors ("IAS 8") and will apply the so developed policy consistently as required by IAS 8:13. IAS 8:10 states that if there is no IFRS standard that specifically applies to the transaction, event or condition under consideration, judgement is required by management in developing and applying an accounting policy that results in information that:

- is relevant to the economic decision-making needs of users;
- reflects the economic substance of transactions, other events and conditions, and not merely legal form;
- is neutral;
- is prudent and
- is complete in all material respects.

In addition, IAS 8:11 further goes on to state that in practical terms, in forming a judgement about a suitable accounting policy, management should refer to, and consider the applicability of the following sources in descending order:

- requirements in IFRS Standards dealing with similar and related issues;
- the definitions, recognition criteria and measurements concepts for assets, liabilities, income and expenses in the Conceptual Framework.

Accounting Policies

1.3 Judgements and sources of estimation uncertainty (continued)

Having considered the above IAS 8 requirements, management have recognised the donation from the RA for the building as an equity contribution at the fair value of the building (N$295,000,000) as at date of signing the lease agreement. The term capital contribution is not defined in IFRS but is generally accepted as meaning contribution by owners (i.e. a gift made to an entity by an owner which increases the entity's equity without any obligation for the entity to make repayment or to do anything in consideration for receiving it).

Thus a capital contribution should not be included in surplus or deficit for the period nor within other comprehensive income but should instead be presented in the statement of changes in equity (i.e. similar to the proceeds of a share issue).

Given the above context, management have thus recognised the donation from the RA as a capital contribution. When the asset that gave rise to the capital contribution is subsequently sold or derecognised, any related amount included in the capital contribution reserve is transferred to accumulated reserves. For further details on the accounting policy refer note 1.16.

Impairment of assets - land and buildings and investment property

The impairment testing for land and buildings and investment property is performed by comparing the carrying amount of the land and buildings and investment property to their recoverable amount. The determination of the recoverable amount requires the application of significant judgements in arriving at the fair value of the land and buildings and investment property as unobservable market data is used in the process. The RFA engages qualified independent valuers to perform annual valuations at each reporting date. Further information on the valuation of the land and buildings and investment property is included in notes 3 and 4 to the annual financial statements.

The recoverable amount of the land and buildings and investment property is the greater of the fair value less cost of disposal and value in use. In assessing value in use, the estimated cashflows are discounted to their present value using a pretax discount rate that reflects the current market value assessments of the time value of money and the risks specific to the asset.

Other judgements

Impairment of financial assets

Trade and other receivables

The impairment provision for trade and other receivables is based on assumptions about risk of default and expected loss rates. The RFA uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the RFA's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the note 6 to the annual financial statements.

Useful lives of property, plant and equipment

Management asseses 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 the RFA's 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.

Post retirement 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.

Accounting Policies

1.3 Judgements and sources of estimation uncertainty (Continued)

The directors resolved to provide for this liability in terms of IAS19 - "Employee Benefits". The movement in the balance of the provision is included in the statement of surplus/ deficit 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).

The RA is in the process of trying to settle this liability to the employees and thus this amount has been disclosed as a current liability in note 12.

Revenue

For judgements relating to recognition of revenue as a non-exchange transaction, refer to note 1.14.

1.4 Investment property

Investment properties are properties held to earn rental income and/or for capital appreciation purposes but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes. Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in surplus or deficit. Cost includes expenditure that is directly attributable to acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour and other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property calculated as the difference between net proceeds from disposal and the carrying amount of the item, is recognised in surplus or deficit. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to accumulated reserves. When the use of the investment property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

If an owner-occupied property becomes an investment property that will be carried at fair value, any difference at that date between the carrying amount of the property in accordance with IAS 16 and its fair value is treated in the same way as a revaluation in accordance with IAS 16.

Fair value

Subsequent to initial measurement, an investment property is measured at fair value.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

1.5 Property, plant and equipment

Property, plant and equipment are tangible assets which the RFA 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 RFA, 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 RFA 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.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Accounting Policies

1.5 Property, plant and equipment (continued)

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 RFA. 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 is 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
Right of use assets	Straight line	shorter of lease term or useful life
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.

Accounting Policies

1.6 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows.

Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life. The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

item	Depreciation method	Average useful life
Computer software	Straight line	3 years

Accounting Policies

1.7 Financial instruments

Initial recognition and measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the RFA becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, with the exception of trade receivables without a significant financing component. Trade receivables without a significant financing component are initially measured at the transaction price.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through surplus or deficit) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through surplus or deficit are recognised immediately in surplus or deficit.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the RFA classifies financial assets as measured at amortised cost or fair value through surplus or deficit
(FVTSD).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTSD:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTSD. On initial recognition, the RFA may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or as at FVTSD if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

The RFA recognises a loss allowance for expected credit losses (ECL) on trade and other receivables, excluding prepayments. The amount of expected credit losses is updated at each reporting date. The RFA measures the loss allowance for trade and other receivables as detailed in impairment of financial assets below.

The carrying amount of the asset is reduced using an allowance account, and the amount of the loss is recognised in surplus or deficit as impairment loss on trade receivables. 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.

Accounting Policies

1.7 Financial instruments (continued)

Cash and cash equivalents

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

Other financial assets

Other financial assets such as investments are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in surplus or deficit. The net gain or loss recognised in surplus or deficit includes any dividend or interest earned on the financial asset and is included in the 'Investment income' line item. Fair value is determined in the manner described in note 28.

Impairment of financial assets

The RFA recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The RFA always recognises lifetime Expected Credit Loss (ECL) for trade and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the RFA's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the RFA recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the RFA measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the RFA compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the RFA considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Forward-looking information considered includes the future prospects of the industries in which the RFA's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the RFA's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition: an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating:

- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;

Accounting Policies

1.7 Financial instruments (continued)

- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the RFA presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the RFA has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the RFA assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default,
- the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily; reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The RFA considers a financial asset to have low credit risk when the asset has an external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The RFA regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying a significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The RFA considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the RFA, in full (without taking into account any collateral held by the RFA).

Irrespective of the above analysis, the RFA considers that default has occurred when a financial asset is more than 90 days past due unless the RFA has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the issuer or the borrower;

b) a breach of contract, such as a default or past due event (see (ii) above);

c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

e) the disappearance of an active market for that financial asset because of financial difficulties.

Accounting Policies

1.7 Financial instruments (continued)

(iv) Write-off policy

The RFA writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the RFA's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in surplus or deficit.

Measurement and recognition of expected credit losses

The RFA makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 6.

An impairment gain or loss is recognised in surplus or deficit with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in surplus or deficit as an impairment loss on trade and other receivables.

Derecognition of financial assets

The RFA derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the RFA neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the RFA recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the RFA retains substantially all the risks and rewards of ownership of a transferred financial asset, the RFA continues to recognise the financial asset and recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in surplus or deficit.

Financial liabilities and equity

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the RFA are recognised at the proceeds received, net of direct issue costs.

Repurchase of the RFA's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in surplus or deficit on the purchase, sale, issue or cancellation of the RFA's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Accounting Policies

1.7 Financial instruments (continued)

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.

Other financial liabilities

Other financial liabilities, including borrowings are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings are recognised over the term of the borrowings in accordance with the RFA's accounting policy for borrowing costs.

Derecognition of financial liabilities

The RFA derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The RFA also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in surplus or deficit.

1.8 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 RFA was deregistered for VAT in April 2006 since it was not deemed to be a VAT vendor in terms of the VAT Act.

1.9 Leases

RFA as lessee

The RFA assesses whether a contract is or contains a lease, at inception of the contract. The RFA recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as small items of office furniture, equipment and telephones).

For these leases, the RFA recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the RFA uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Accounting Policies

1.9 Leases (continued)

The RFA remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The RFA did not make any such adjustments during the periods presented.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the RFA incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37: Provisions, Contingent Liabilities and Contingent Assets. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the RFA expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position. The RFA applies IAS 36: Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' accounting policy. Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in surplus or deficit.

1.10 Impairment of property, plant and equipment

The RFA 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 RFA estimates the recoverable amount of the asset. This impairment test is performed during the annual period and at the same time every period.

If there is an 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. Details pertaining to the impairment of land and buildings have been discussed in note 1.3 above.

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.

Accounting Policies

1.10 Impairment of property, plant and equipment (continued)

That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortization is recognized immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. All impairment losses, except for property, plant and equipment accounted for under the revaluation model, are recognised in surplus or deficit.

The RFA assesses at each reporting date whether there is any indication that an impairment loss recognized 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. An impairment loss (other than goodwill) is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of an impairment loss is recognised immediately in surplus or deficit, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.11 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.

Defined benefit plans

For defined benefit plans, the cost of providing the benefits is determined using the projected unit credit method. Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to the end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial year, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Actuarial gains and losses are recognised in the year in which they arise, in other comprehensive income. Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the RFA is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

Accounting Policies

1.12 Provisions and contingencies

Provisions are recognised when:

- the RFA 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 RFA 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. Contingent liabilities are disclosed in note 26.

1.13 Government grants

Government grants are recognised when there is reasonable assurance that:

- the RFA will comply with the conditions attaching 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 in 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 surplus or deficit (separately).

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

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

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

1.14 Revenue

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 licence and registration fees, cross border charges, mass distance charges and abnormal load fees.

Revenue from license and registration fees and fuel levies are considered as revenue from non-exchange transactions since the RFA receives funds (value) from entities/individuals without directly giving approximately equal value in exchange.

Accounting Policies

1.14 Revenue (continued)

The RFA recognises RUCS revenues from non-exchange transactions when the event occurs and the resulting asset's recognition criteria are met (i.e. on a cash basis).

An inflow of resources from a non-exchange transaction that meets the definition of an asset shall be recognised as an asset when, and only when:

(a) It is probable that the future economic benefits associated with the asset will flow to the entity; and

(b) The fair value of the asset can be measured reliably.

Revenue from mass distance and cross border charges is recognised when it becomes due, i.e. when the road user debtor is identified. Debtors (Mass distance local) are identified when assessments are performed.

1.15 Investment income

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

1.16 Capital contribution

The capital contribution reserve was created on 30 March 2021 as a result of the donation of the RA building valued at N$295 million. The donation value was determined with reference to the fair value of the land and buildings as at 30 March 2021. Subsequent to initial recognition, the reserve will be carried at the same value until the corresponding asset that gave rise to the capital contribution has either been sold or retired from use. On the subsequent sale or retirement of an item of the investment property attributable to the capital contribution, the surplus in the capital contribution reserve will be transferred directly to accumulated reserves.

1.17 Reserve fund

Section 17 (1) (k) of the RFA establishing Act allows for the establishment of a reserve fund for the purposes of the objects contemplated in Sections 20 (4) (b) (ii) and 22 (1) (d) of the RFA Act. This reserve fund has been established to protect the liquidity of the RFA. The utlilisation of the reserve fund is governed by specific conditions as set out in the Reserve Fund policy as approved by the Minister of Finance on 20 February 2020.

1.18 Consolidation

These financial statements incorporate the financial statements of the RFA Fund and Administration. The Fund and Administration are wholly owned subsidiaries of the RFA. Inter-company balances and transactions, and any unrealised gains and losses arising from inter-group transactions, are eliminated in preparing these financial statements.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020 Restated

2. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2021

	Note(s)	Loans and receivables at amortized cost	Total	Fair value
Trade and other receivables	6	452,238,827	452,238,827	452,238,827
Bank and cash	10	102,830,132	102,830,132	102,830,132
Investments	8	779,168,866	779,168,866	779,168,866
		1,334,237,825	**1,334,237,825**	**1,334,237,825**

2020

	Note(s)	Loans and receivables at amortized cost	Total	Fair value
Trade and other receivables	6	323,338,149	323,338,149	323,338,149
Bank and cash	10	55,118,995	55,118,995	55,118,995
Investments	8	663,219,459	663,219,459	663,219,459
		1,041,676,603	**1,041,676,603**	**1,041,676,603**

Certain amounts in the 2020 financial year have been reclassified for correct classification and better presentation.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

2. Financial instruments and risk management (continued)

Categories of financial liabilities

2021

	Note(s)	Financial liabilities at amortised cost	Total	Fair value
Trade and other payables	12	216,764,702	216,764,702	216,764,702
Leases	14	699,490	699,490	699,490
Interest bearing borrowings	11	807,216,755	807,216,755	807,216,755
Bank overdraft	10	216,662,380	216,662,380	216,662,380
		1,241,343,327	**1,241,343,327**	**1,241,343,327**

2020

	Note(s)	Financial liabilities at amortised cost	Total	Fair value
Trade and other payables	12	215,563,372	215,563,372	215,563,372
Interest bearing borrowings	11	855,215,728	855,215,728	855,215,728
		1,070,779,100	**1,070,779,100**	**1,070,779,100**

Certain amounts in the 2020 financial year have been reclassified for correct classification and better presentation.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

2. Financial instruments and risk management (continued)

Capital risk management

The RFA'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 RFA is to manage the RUCS in such a way as to secure and allocate sufficient funding for the payment of expenditures with a view to achieve a safe and economically efficient road sector. The RFA'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

Overview

The RFA'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 RFA's financial assets (Bank and cash, investments and trade and other receivables) and liabilities (trade and other payables, interest bearing borrowings and bank overdraft) approximate their carrying value due to their short-term nature.

Credit risk

Credit risk is the risk of financial loss to the RFA if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk consists mainly of investments, bank and cash and trade and other receivables. The RFA only deposits cash with major financial institutions with high quality credit standing and limits exposure to any one counterparty.

The RFA minimize credit risk on investments, which is the risk of loss of all or part of the investment due to the failure of the security issuer by diversifying the investment portfolio so that the impact of the potential losses from any one type of security or from any one individual issuer will be minimized, as well as conducting thorough due diligence of the financial institutions. The RFA places its investments with reputable financial institutions.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. The receivables arising from MDC are managed on the basis of restricting their ability to renew their licences at NaTIS. Trade and other receivables from Government and oil campanies are managed on a relationship basis.

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

	2021			2020		
	Gross carrying amount	Credit loss allowance	Amortised cost	Gross carrying amount	Credit loss allowance	Amortised cost
Trade and other receivables	454,388,996	(2,150,169)	452,238,827	330,909,109	(7,570,960)	323,338,149
Investments	779,168,866	-	779,168,866	663,219,459	-	663,219,459
Bank and cash	102,830,132	-	102,830,132	55,118,995	-	55,118,995
	1,336,387,994	**(2,150,169)**	**1,334,237,825**	**1,049,247,563**	**(7,570,960)**	**1,041,676,603**

Certain amounts in the 2020 financial year have been reclassified for correct classification and better presentation.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

2. Financial instruments and risk management (continued)

Liquidity risk

The RFA is exposed to liquidity risk, which is the risk that the RFA will encounter difficulties in meeting its obligations as they become due.

The RFA manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings.

There have been no significant changes in the liquidity risk management policies and processes since the prior reporting period.

The RFA's risk to liquidity is a result of the funds available to cover future commitments. The RFA manages liquidity risk through an ongoing review of future commitments and credit facilities.

The maturity profile of contractual cash flows of non-derivative financial liabilities held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

As at 31 March 2021 - N$

		Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years	Interest	Carrying amount
Trade and other payables	12	216,764,702	-	-	-	-	216,764,702
Interest bearing borrowings	11	155,970,356	289,504,023	524,992,101	81,764,948	(245,014,673)	807,216,755
Leases	14	699,490	-	-	-	-	699,490
Bank overdraft	10	221,162,380	-	-	-	(4,500,000)	216,662,380
		594,596,928	**289,504,023**	**524,992,101**	**81,764,948**	**(249,514,673)**	**1,241,343,327**

As at 31 March 2020 - N$

		Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years	Interest	Carrying amount
Trade and other payables	12	215,563,372	-	-	-	-	215,563,372
Interest bearing borrowings	11	109,889,008	304,461,812	606,727,806	141,041,802	(306,904,700)	855,215,728
		325,452,380	**304,461,812**	**606,727,806**	**141,041,802**	**(306,904,700)**	**1,070,779,100**

We have assumed that the facility will be utilized for 12 months from February 2021. Interest on the facility is fully recoverable through interest charged on Government receivables.

Certain amounts in the 2020 financial year have been reclassified for correct classification and better presentation.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

2. Financial instruments and risk management (continued)

Foreign currency risk

The RFA is not exposed to any foreign currency risk. The loan from KfW is denominated in Rands which is pegged to the NAD on a 1:1 basis.

Interest rate risk

Fluctuations in interest rates impact on the value of cash and cash equivalents, investments, interest bearing borrowings and Government receivables, giving rise to interest rate risk.

The debt of the RFA is comprised of loans from KfW and an overdraft facility taken on behalf of the Ministry of Finance, which bear interest at both fixed interest and market rates respectively. Interest rates on all borrowings compare favourably with those rates available in the market.

The RFA's policy with regards to financial assets, is to invest cash at variable rates of interest for a short period of time and to maintain cash reserves in short-term investments in order to maintain liquidity, while also achieving a satisfactory return for shareholders. Emphasis is placed on the safety of the investment rather than the return.

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

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 RFA is not exposed to cash flow interest rate risk on its interest bearing borrowings because the interest rate is fixed. The interest rate on the bank overdraft is linked to prime and is thus subject to flactuations.

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate of 1% which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

2. Financial instruments and risk management (continued)

Increase or decrease in rate	2021 Increase	2021 Decrease	2020 Increase	2020 Decrease
Impact on surplus or deficit:				
Bank and cash	1,028,301	(1,028,301)	551,189	(551,189)
Investments	7,791,688	(7,791,688)	6,632,194	(6,632,194)
Government receivable	2,510,884	(2,510,884)	-	-
Interest bearing borrowings	(8,072,167)	8,072,167	(8,552,157)	8,552,157
Bank overdraft	(2,166,623)	2,166,623	-	-
Leases	(6,994)	6,994	-	-
Total impact on surplus and deficit	**1,085,089**	**(1,085,089)**	**(1,368,774)**	**1,368,774**
Impact on equity:				
Bank and cash	1,028,301	(1,028,301)	551,189	(551,189)
Investments	7,791,688	(7,791,688)	6,632,194	(6,632,194)
Government receivable	2,510,884	(2,510,884)	-	-
Interest bearing borrowings	(8,072,167)	8,072,167	(8,552,157)	8,552,157
Bank overdraft	(2,166,623)	2,166,623	-	-
Leases	(6,994)	6,994	-	-
Total impact on equity	**1,085,089**	**(1,085,089)**	**(1,368,774)**	**1,368,774**

Certain amounts in the 2020 financial year have been reclassified for correct classification and better presentation.

Price risk

The Fund is not exposed to price risk.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

3. Property, plant and equipment

	2021			2020		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land	6,222,487	-	6,222,487	6,222,487	-	6,222,487
Buildings	126,351,111	(13,232,346)	113,118,765	142,646,715	(10,455,979)	132,190,736
Furniture and fixtures	3,198,442	(1,548,233)	1,650,209	3,168,122	(1,274,847)	1,893,275
Motor vehicles	8,891,455	(5,026,718)	3,864,737	7,380,641	(3,444,855)	3,935,786
Office equipment	1,363,748	(1,032,281)	331,467	1,363,748	(717,437)	646,311
Computer software	6,169,398	(5,329,084)	840,314	5,627,868	(4,634,178)	993,690
Capital - work in progress	-	-	-	34,271,820	-	34,271,820
Total	**152,196,641**	**(26,168,662)**	**126,027,979**	**200,681,401**	**(20,527,296)**	**180,154,105**

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Impairment loss	Depreciation	Total
Land	6,222,487	-	-	-	6,222,487
Buildings	132,190,736	2,919,253	(19,214,857)	(2,776,367)	113,118,765
Furniture and fixtures	1,893,275	30,320	-	(273,386)	1,650,209
Motor vehicles	3,935,786	1,510,814	-	(1,581,863)	3,864,737
Office equipment	646,311	-	-	(314,844)	331,467
Computer software	993,690	541,529	-	(694,905)	840,314
Capital - work in progress	34,271,820	-	(34,271,820)	-	-
	180,154,105	**5,001,916**	**(53,486,677)**	**(5,641,365)**	**126,027,979**

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Total
Land	5,314,014	908,473	-	6,222,487
Buildings	125,931,681	8,896,619	(2,637,564)	132,190,736
Furniture and fixtures	2,086,674	90,376	(283,775)	1,893,275
Motor vehicles	2,129,330	2,828,516	(1,022,060)	3,935,786
Office equipment	122,783	844,369	(320,841)	646,311
Computer software	492,722	1,172,588	(671,620)	993,690
Capital - Work in progress	-	34,271,820	-	34,271,820
	136,077,204	**49,012,761**	**(4,935,860)**	**180,154,105**

Pledged as security

There were no assets pledged as security during the year under review (2020: none).

Land and buildings comprise of the following:

Description	Carrying amount 2021	Carrying amount 2020
Land Erf 5846,Erf 5845 and Erf 5844 Feld Street Windhoek (RFA Head Office)	6,222,487	6,222,487
Buildings - RFA Head office	39,875,559	59,065,000
Buildings - Regional CBC Offices	4,558,533	4,638,993
CBC Regional Staff Accommodation	68,684,673	68,486,743
Capital - work in progress	-	34,271,820
	119,341,252	172,685,043

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

3. Property, plant and equipment (continued)

CBC Regional Staff Accommodation consist of the following:

Ngoma	3,219,613	3,289,089
Ariamsvlei	10,552,378	10,412,674
Klein Manasse	2,551,533	2,587,120
Noordoewer	13,113,842	13,071,787
Trans-Kalahari	6,650,080	6,644,119
Sendelingsdrift	966,712	987,652
Oranjemund	146,379	261,242
Oshikango	7,351,124	7,491,228
Kashamane	3,924,117	3,889,223
Katwitwi	3,824,843	3,755,640
Omahenene	4,382,263	4,210,545
Katima Mulilo	8,874,003	8,836,399
Mohembo	751,088	648,188
Mata-Mata	2,376,698	2,401,837
	68,684,673	**68,486,743**

Valuation of land and buildings

The valuation of land and buildings is carried out annually for purposes of testing the impairment thereof through the determination of the recoverable amount as has been detailed in note 1.3 above.

This valuation of land and buildings was performed externally effective 31 March 2021 by independent valuer, Olsen Hamana of Seeds Property Solutions who is not connected to the RFA. The valuations were performed on the basis of:

- Replacement value where no ready market exists or market value as estimated by the sworn appraiser. This method involves computing the value of improvements by using a construction rate reflecting the current rate or cost of construction per square meter and deducting the accrued depreciation from the improvements and adding the estimated land value.
- Market value which is based on the sales price per square meter for similar properties in an open market transaction.

The RFA adopts the market value method for valuing its land and buildings. Details of properties registered in the RFA's name are disclosed above and are also available for inspection at the registered office of the RFA.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

3. Property, plant and equipment (continued)

Measurement of fair value

(i) Fair value hierarchy

The fair value measurements for the land and buildings have been categorised as Level 3 fair values based on the inputs to the valuation techniques used.

(ii) Level 3 fair values

The reconciliation from the opening balances to the closing balances for level 3 fair values is as disclosed in the movement schedule above.

(iii) Transfers between levels

There were no transfers between the fair value hierarchy levels.

Sensitivity analysis for land and buildings categorised into Level 3 of the fair value hierarchy:

A slight increase or decrease in the significant unobservable inputs as listed in the valuation processes below would result in a change in the fair value.

Valuation processes

For the fair value measurements categorised within Level 3 of the fair value hierarchy, the RFA uses the services of an independent valuer to determine the market values which are used as reference for impairment testing purposes as discussed in note 1.3 above.

The significant unobservable inputs of level 3 items are as follows:

- Capitalisation rates applied of 8.5%
- Expenditure rate of 16%
- The estimated annual optimal rent

The estimated fair value would increase (decrease) if:

- the expected market rental growth was higher (lower).
- the capitalization rate was lower (higher).
- void periods were shorter (longer).
- the occupancy rate was higher (lower).
- rent-free periods were shorter (longer).

4. Investment property

	2021			2020		
	Cost / Valuation	Accumulated depreciation	Carrying Valuation	Cost / Valuation	Accumulated depreciation	Carrying Valuation
Investment property	295,000,000	-	295,000,000	-	-	-

Reconciliation of investment property - 2021

	Opening balance	Additions	Total
Building - Roads Authority Head Office	-	295,000,000	295,000,000

Investment property comprises of the Roads Authority head office (Erf 8163 Windhoek).

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

4. Investment property (continued)

The property is leased out to the Roads Authority at a rental of N$1.00 per year. No contingent rentals are charged. Direct operating expenses relating to the investment property are disclosed in note 17 to the annual financial statements. There are no restrictions on the realisability of the investment property or the remittance of income and proceeds of the disposal of investment property.

Measurement of fair value

(i) Fair value hierarchy

The fair value of the investment property was determined on 30 March 2021 by an independent qualified property valuer, FA Frank-Schultz who has extensive experience in the Namibian property market. The fair value of the RFA's investment property is provided annually by this independent valuer. The fair value measurement for investment property of N$295 million (2020: Nil) has been categorised as a Level 3 fair value based on the inputs to the valuation method used.

(ii) Level 3 fair value

The table above shows a reconciliation from the opening balance to the closing balance for Level 3 fair values.

Valuation technique and significant unobservable inputs

The valuation is performed on the basis of the:

- Replacement cost method which is based on depreciated replacement costs (excluding remedial work) of the improvements and the market value of the land.
- Market value which is based on the income capitalization method.

The independent valuer proposed a value that was determined to be within the range of the market value and the replacement cost method, and the RFA adopted the same. Details of the investment property registered in the RFA's name are disclosed above and are also available for inspection at the registered office of the RFA.

Valuation techniques and significant unobservable inputs used

The significant unobservable inputs of level 3 items are as follows:

- Capitalisation rate applied of 8.75%
- Expenditure rate of 16%
- The estimated annual optimal rent

The estimated fair value would increase (decrease) if:

- the expected market rental growth was higher (lower).
- the capitalization rate was lower (higher).
- void periods were shorter (longer).
- the occupancy rate was higher (lower).
- rent-free periods were shorter (longer).

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

5. Intangible assets

	2021			2020		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	9,555,855	(9,435,335)	120,520	9,531,323	(8,959,974)	571,349
Computer software (Work in progress)	10,306,202	-	10,306,202	9,818,734	-	9,818,734
Total	**19,862,057**	**(9,435,335)**	**10,426,722**	**19,350,057**	**(8,959,974)**	**10,390,083**

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Amortisation	Total
Computer software	571,349	24,532	(475,361)	120,520
Computer software (Work in progress)	9,818,734	487,468	-	10,306,202
	10,390,083	**512,000**	**(475,361)**	**10,426,722**

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Amortisation	Total
Computer software	1,658,580	28,396	(1,115,627)	571,349
Computer software (Work in progress)	8,432,533	1,386,201	-	9,818,734
	10,091,113	**1,414,597**	**(1,115,627)**	**10,390,083**

6. Trade and other receivables

	2021	2020
Financial instruments:		
Road User Charges receivable	5,669,995	8,768,705
Loss allowance	(1,090,920)	(7,570,960)
Trade receivables at amortised cost	4,579,075	1,197,745
Accrued Income - Fund	137,791,810	109,120,514
Government loan receivable	250,812,920	199,074,285
Government loan receivable- non interest bearing	51,308,473	-
Sundry debtors	-	396,860
MDC receivable	7,746,549	8,668,464
Investment accrued income - Fund	-	4,880,281
Non-financial instruments:		
Employee costs in advance	269,219	76,150
Total trade and other receivables	**452,508,046**	**323,414,299**

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

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

6. Trade and other receivables (continued)

Split between non-current and current portions

Current assets	452,508,046	323,414,299

Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	452,238,827	323,338,149
Non-financial instruments	269,219	76,150
	452,508,046	**323,414,299**

Exposure to credit risk

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments (IFRS 9), and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation.

The RFA measures the loss allowance for trade receivables by applying the simplified approach as allowed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. This lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

The estimation techniques explained have been applied for the first time in the 2019 financial period, as a result of the adoption of IFRS 9. Trade receivables were previously impaired only when there was objective evidence that the asset was impaired. The impairment was calculated as the difference between the carrying amount and the present value of the expected future cash flows.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period. The impact of forward looking information is considered to be immaterial.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

6. Trade and other receivables (continued)

	2021 Estimated gross carrying amount at default	2021 Loss allowance (Lifetime expected credit loss)	2020 Estimated gross carrying amount at default	2020 Loss allowance (Lifetime expected credit loss)
Trade receivables				
Expected credit loss rate:				
30 days: 19.07% (2020: 25.23%)	5,563,725	(1,061,003)	82,609	(20,842)
60 - 90 days: 28.15% (2020: 35.14%)	106,270	(29,917)	-	-
90 - 120 days: 32.45 % (2020: 35.97%)	-	-	1,774,133	(638,156)
120 days: 100% (2020: 100%)	-	-	6,911,962	(6,911,962)
Total	**5,669,995**	**(1,090,920)**	**8,768,704**	**(7,570,960)**

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade receivables:

	2021	2020
Opening balance	**(7,570,960)**	**(16,942,393)**
Provision raised on new trade receivables	(1,090,920)	(7,570,960)
Provisions reversed on settled trade receivables	7,570,960	16,942,393
Closing balance	**(1,090,920)**	**(7,570,960)**

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

6. Trade and other receivables (continued)

Government receivable

The following table provides information about the exposure to credit risk and ECLs for Government receivables as at 31 March 2021.

Government receivable		
Loss rate	0.091%	N/A
Interest bearing receivable	251,088,484	199,074,285
Non - interest bearing receivable	51,308,473	-
Loss allowance	(275,564)	-
Net government receivable balance	**302,121,393**	**199,074,285**

The impairment on the Government receivable has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The RFA considers it's Government receivable to have a low credit risk based on the payment history and forward looking information considered.

The Government receivable is linked to an overdraft facility with interest charged at prime less 1% over a short term period of 12-months after which the facility is due for settlement.

7. Prepayments

TR1/3

KfW funded project - TR1/3 section A - Tses - Gochas	53,267,965	-

An amount of N$53 million is a prepayment to CHICO for the rehabilitation of the TR1/3 section A; 87,3 km road between Tses intersection and Gochas intersection.

Prepayment is guaranteed under the contractual obligation between the contracting parties.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

8. Investments

At amortized cost		
Hangala Prescient Unit Trust	-	29,683,742
Invested in a mixed portfolio.		
Old Mutual Nedbank Namibia Money Market Fund	46,141,266	-
Invested in a mixed money market portfolio.		
Bank Windhoek Investment-3001906927	55,071,274	-
Invested in a fixed term account.		
Momentum Namibia Corporate Money Market Fund	50,565,427	-
Invested in a mixed money market portfolio.		
Bank Windhoek call - 3001134084	98,655,929	69,659
Invested in a fixed term account.		
SME Bank-09511431716-LD1623100402	61,093,901	67,314,566
Invested in a fixed term account.		
SME Bank-09511431716-LD1628700439	60,655,600	66,876,265
Invested in a fixed term account.		
RMB-71272546635	270,784,497	-
Invested in a fixed term account.		
Bank Windhoek - 3001941956	151,778,287	-
Invested in a fixed term account.		
Standard Bank call account	106,172,187	69,396,424
Invested in a call term account.		
Nedbank - 100CDFR191420001	-	31,000,000
Invested in a fixed term account.		
Nedbank -100CDFR19239002	-	276,421,876
Invested in a fixed term account.		
Bank Windhoek NDP-3001725697	-	256,647,759
Invested in a fixed term account.		
Provision for doubtful deposit - SME Bank	(121,749,502)	(134,190,831)
Impaired fixed term account.		
	779,168,866	663,219,460
Non-current assets		
Investments	151,777,967	-
Current assets		
Investments	627,390,899	663,219,460
	779,168,866	**663,219,460**

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

8. Investments (continued)

Impairment on investments has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The RFA considers that its investments balances have low credit risk based on the external credit ratings of the counterparties, with the exception of the investment in SME bank where it is not rated and Bank has filed for liquidation.

SME Bank was put on full liquidation during the year 2020 and the preliminary indicators then where that only depositors with less than N$ 25,000 are guaranteed their full amounts deposited. No additional information is available relating to the liquidity of the bank and hence management estimated recovery on the investment is nil. However in December 2020, the SME Bank refunded the RFA an amount of N$12,441,330.

The RFA has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

The investments of N$152 million with Old Mutual Nedbank Namibia Money Market Fund, Momentum Namibia Corporate Money Market Fund and Bank Windhoek Limited relates to the reserve fund as disclosed in the statement of changes in equity.

The investments relating to the reserve fund have been classified as non-current as the intention of the RFA is not to draw down on these in the next 12 months.

Credit quality of non-current investments

The credit quality of investments that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Credit rating

	2021	2020
Old Mutual Nedbank Namibia Money Market Fund (A+ & A-1 Bloomberg default risk)	46,141,266	-
Momentum Namibia Corporate Money Market Fund (AA-National scale rating)	50,565,427	-
Bank Windhoek Limited (A1+ Moody's credit rating)	55,071,274	-
	151,777,967	**-**

9. Retirement benefits

Defined benefit plan

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

Movements for the year

	2021	2020
Opening balance	-	12,315,291
Benefits paid	-	(12,315,291)
	-	-

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

10. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	81,729	19,235
Bank balances	102,748,403	55,099,760
Investments - current (as disclosed in note 8)	627,390,899	663,219,460
Bank overdraft	(216,662,380)	-
	513,558,651	718,338,455
Bank and cash	102,830,132	55,118,995
Investments - current	627,390,899	663,219,460
Bank overdraft	(216,662,380)	-
	513,558,651	718,338,455
Cash and cash equivalents held by the entity that are not available for use by the RFA.	14,963,385	42,117,740

Restricted cash

Included in the bank and cash is an amount of N$14.9 million (2020: N$ 42.1 million) received from the Government of the Republic of Namibia for specific projects. These funds are held in a designated bank deposit account to be used only for the purpose of the specific development of road projects.

The RFA has not yet received a directive from its shareholder, the Government of the Republic of Namibia on the manner to deploy these funds to a specific project.

The RFA has a 12 month overdraft facility with Standard Bank of N$ 250 Million (Interest rate of Prime less 1% compounded monthly). The facility is guaranteed by the Government of the Republic of Namibia.

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

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

10. Cash and cash equivalents (continued)

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

The credit quality of cash at bank, investments 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)	250,434,216	256,717,418
Standard Bank Namibia Limited (BB+Fitch credit rating)	208,920,590	124,496,184
First National Bank Namibia Limited (A+ Global credit rating)	270,784,497	-
Nedbank Limited Namibia (BA 1 Moody's credit rating)	-	307,421,876
Hangala Prescient Unit Trust (not rated)	-	29,683,742
	730,139,303	**718,319,220**

The impairment on financial assets has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The RFA considers that its financial assets balances have low credit risk based on the external credit ratings of the counterparties, thus no impairment has been raised (2020:nil).

11. Interest bearing borrowings

At amortized cost

KfW Loan II	495,225,076	481,753,355

The loan bears a fixed interest of 7.50% per annum and is repayable in 20 bi-annual payments of N$25.3 million starting 15 May 2021. The loan is guaranteed by the Government of the Republic of Namibia. The loan is denominated in Rand (The Rand is pegged to the Namibia Dollar on a 1:1 basis). The fair value of the loan is N$495,225,076 (2020:N$481,753,355).

KfW Loan I	311,991,679	373,462,373

The loan bears a fixed interest 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 which is pegged 1:1 to the Namibia dollar. The fair value of the loan is N$310,972,180 (2020:N$372,297,289).

	807,216,755	**855,215,728**

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

11. Interest bearing borrowings (continued)

The carrying amount of the interest bearing borrowings approximates its fair value.

Split between non-current and current portions

Non-current liabilities	690,047,181	787,850,329
Current liabilities	117,169,574	67,365,399
	807,216,755	**855,215,728**

12. Trade and other payables

Financial instruments:		
Roads Authority project administration and other fund creditors	139,413,551	183,751,643
KFW and vehicle and driving testing stations	6,596,755	-
Accrual Local Authorities and Traffic Law Enforcement	57,901,525	31,811,729
Provision - Etosha Roads	12,852,873	-
Non-financial instruments:		
Amounts received in advance - CBC/MDC foreign and vehicle license fees	17,543,135	5,149,380
Roads Authority - Provisions	55,351,549	7,672,354
Fuel levy refunds	37,888,071	38,022,832
Government Road Project	14,963,385	42,117,740
Other payables	8,627,680	8,318,026
	351,138,524	316,843,704

Government road project relates to Government specific projects and funds held in a designated bank deposit account to be used only for the purpose of the specific development of road projects. These funds are kept in a separate bank account in the name of the Road Fund Administration. These accounts are projects recorded in the books of the Road Fund Administration with a corresponding liability as disclosed above which are undertaken and administered on behalf of the Government.

Certain amounts in the 2020 financial year have been reclassified for correct classification and better presentation.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

12. Trade and other payables (continued)

Financial instrument and non-financial instrument components of trade and other payables

	2021	2020
At amortised cost	216,764,702	215,563,372
Non-financial instruments	134,373,823	101,280,332
	351,138,525	**316,843,704**

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

13. Provisions

Reconciliation of provisions - 2021

	Opening balance	Raised during the year	Total
Leave pay provision	4,512,463	736,358	5,248,821
Severance pay provision	7,180,105	1,063,948	8,244,053
	11,692,568	**1,800,306**	**13,492,874**

Reconciliation of provisions - 2020

	Opening balance	(Utilised)/ raised during the year	Total
Leave pay provision	4,577,633	(65,170)	4,512,463
Severance pay provision	5,865,752	1,314,353	7,180,105
	10,443,385	**1,249,183**	**11,692,568**

	2021	2020
Non-current liabilities	8,244,053	7,180,105
Current liabilities	5,248,821	4,512,463
	13,492,874	**11,692,568**

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

13. Provisions (continued)

Provision for severance pay

In accordance with Section 35 (1) of the Namibia Labour Act, 2007, severance benefits are payable when an 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 for each completed year of service.

Should the salary inflation rate increase or decrease by 1% the severance pay liability would be as follows:

1% increase in salary inflation rate	8,326,494	7,251,906
1% decrease in salary inflation rate	8,162,429	7,109,015

14. Leases (RFA as lessee)

The RFA leases several assets, including buildings, plant and IT equipment. The average lease term is from 2 to 18 years (2020: 2 to 18 years).

The RFA adopted IFRS 16: Leases for the first time in the current financial period. Comparative figures have been accounted for in accordance with IAS 17 and accordingly, any assets recognised under finance leases in accordance with IAS 17 for the comparative have been recognised as part of property, plant and equipment. The information presented in this note for right of-use assets therefore only includes the current period.

Details pertaining to leasing arrangements, where the RFA is lessee are presented below:

Right of use assets

Net carrying amount of right-of-use assets

The carrying amounts of right-of-use assets are included in the following line items:

Buildings	649,611	-
Additions to right-of-use assets		
Buildings	810,510	-

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in surplus or deficit (note 17).

Buildings	160,899	-

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

14. Leases (RFA as lessee) (continued)

The maturity analysis of lease liabilities is as follows:

	2021	2020
Within one year	99,532	-
One to two years	89,032	-
Two to five years	259,737	-
More than five years	971,597	-
	1,419,898	-
Less: future finance charges	(720,408)	-
Present value of minimum lease payments	**699,490**	**-**
Present value of minimum lease payments due		
Within one year	18,892	**-**
Second to fifth year inclusive	680,598	-
	699,490	**-**
Non-current liabilities	680,598	-
Current liabilities	18,892	-
	699,490	**-**

The company has entered into finance leases for certain property.

All leases have fixed repayments and with an effective interest rate of 10% (2020 : 10%).

The company's obligations under finance leases are secured over right of use assets with a net book value of N$ 649,611 (2020: N$ 0.00).

Monthly instalments for finance leases amount to N$ 10,299 (2020: N$ 0.00).

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

15. Revenue

Fuel levies	1,474,831,730	1,550,906,380
Fuel levy refunds	(270,524,062)	(302,596,054)
Other Road User Charges	1,009,810,792	1,043,399,647
	2,214,118,460	**2,291,709,973**

The fuel levy refunds amount has been reclassified from administrative and operating expenses to revenue in the current year. This has been done to present the transactions correctly. The prior year amounts have also been reclassified for correct classification and presentation.

The amount included in revenue arising from exchange of goods or services included is as follows:

Vehicle license fees	737,720,695	729,492,055
Cross border charges	110,151,823	160,269,891
Mass distance charges-local	117,095,079	107,453,500
Mass distance charges-foreign	33,694,224	35,459,652
Abnormal permit fees	10,246,431	9,397,926
Road carrier permit fees	902,540	1,326,623
	1,009,810,792	**1,043,399,647**

16. Other operating income

Administration sundry income	3,458,873	10,348,432
Other recoveries	133,287	386,335
	3,592,160	**10,734,767**

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

17. Operating surplus

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

	2021	2020
Auditor's remuneration - external		
Audit fees	1,705,342	2,152,137
Depreciation		
Depreciation of property, plant and equipment	5,641,365	4,935,860
Depreciation of right-of-use assets	160,899	-
Amortisation of intangible assets	475,361	1,115,627
Total depreciation and amortisation	**6,277,625**	**6,051,487**
Expenses by nature		
The total operating expenses are analysed by nature as follows:		
Depreciation and amortisation	6,277,625	6,051,487
Other expenses	46,372,518	53,248,903
Employee costs	94,634,719	92,279,376
Local Authorities	104,670,495	108,368,153
National road network expenditure - RA	1,647,048,290	1,770,766,271
Traffic Law Enforcement	27,664,374	13,400,847
Technical Assistance	4,576,775	10,080,292
National road network expenditure - RFA*	141,692,923	-
SME Bank Recoveries	(12,441,330)	-
	2,060,496,389	**2,054,195,329**

*The RFA and RA contributed N$100 million towards capital projects which by nature are funded by Government.

Stakeholders should take note that when comparing line item amounts in certain expense by nature categories compared with the 2020 Annual Report some changes have been made to allow for correct presentation and better understanding of the annual financial statements.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

18. Investment income

Interest income

Investments in financial assets:

Bank and cash	1,335,319	1,719,383
Trade and other receivables	10,332	471,974
Investments	42,488,704	60,431,205
Total interest income	**43,834,355**	**62,622,562**

19. Impairment loss on trade and other receivables and property, plant and equipment

Property, plant and equipment	53,486,677	-
Trade and other receivables	(2,899,421)	7,570,960
Accrued income - Fund	783,685	-
Government receivables	275,564	-
	51,646,505	**7,570,960**

20. Finance costs

Interest bearing borrowings	62,204,649	63,360,157
Interest paid - leases	73,078	-
Total finance costs	**62,277,727**	**63,360,157**

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

21. Cash generated from operations

Surplus for the year	87,124,354	239,940,856
Adjustments for:		
Depreciation and amortisation	6,277,625	6,051,487
Investment income	(43,834,355)	(62,622,562)
Finance costs	62,277,727	63,360,157
Movements in retirement benefit assets and liabilities	-	(12,315,291)
Movements in provisions	1,800,306	1,249,183
Impairment - property, plant and equipment	53,486,677	-
Changes in working capital:		
Trade and other receivables	(129,093,747)	238,141,939
Prepayments	(53,267,965)	-
Trade and other payables	34,294,824	(101,529,084)
	19,065,446	**372,276,685**

The changes in working capital amounts for the 2020 financial year have been updated in the current year for better presentation. The overall cash generated from operations has not changed from prior year amounts.

22. Government Road Projects

The RFA 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.

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

Balance at the beginning of the year	42,117,740	45,959,000
Payments during the year	(27,154,355)	(3,841,260)
	14,963,385	**42,117,740**
The amount is represented by:		
Project accounts included in bank balances	**14,963,385**	**42,117,740**

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

23. Roads Authority - provisions

Administration cost	48,141,950	3,268,872
Retention	7,209,599	4,403,482
	55,351,549	**7,672,354**

24. National Road Network Expenditure - RA

Roads Authority - NaTIS	169,511,899	155,026,911
Roads Authority - Construction and Rehabilitation	5,460,600	65,666,181
Roads Authority - Network Planning	36,677,647	22,985,299
Roads Authority - Maintenance	987,612,376	1,124,682,949
Roads Authority - Road Management	16,919,080	20,293,906
Roads Authority - Administration	398,416,220	348,733,295
Roads Authority - Road Transport Inspection	11,677,973	9,770,836
Roads Authority - Office Accommodation	-	1,602,558
Roads Authority - Business Systems	20,772,495	21,107,663
Roads Authority - IT Operations	-	896,673
	1,647,048,290	**1,770,766,271**

25. Related parties

Relationships

RFA distributes monies collected to RA for road maintenance, administration and systems.	Roads Authority
RFA gives monies to the Local Authorities for urban road maintenance in respective Local Authority Councils.	Local Authorities
RFA receives monies from the Government of the Republic of Namibia for specific road projects.	Ministry of Works and Transport (Unutilised Project Funds)
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	Kreditanstalt für Wiederaufbau (KfW)
Directors	Key management
Key management	Executive committee members
RFA is a Public Enterprise	Ministry of Finance

No further related party disclosures have been disclosed as the RFA has applied exemptions allowed for in IAS 24: Related Party Disclosures.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

26. Contingent liabilities

RA

The Fund is severally liable for the liabilities of it's related party, the Roads Authority. The operational and adminstrative budget of the RA is based on the funding available from the RFA thus ensuring that the possible exposures are continuously managed.

Other

The RFA terminated the contract with NewPoint Electronic Solutions (Pty) Ltd due to contractual disputes. The service provider is claiming N$3 720 098 for premature termination of the contract.

27. Commitments

The following commitments were approved and authorized by the board of directors.

Not yet contracted		
One Stop Vehicle and Driving		
Testing centre in Windhoek (Natis Land)	72,000,000	-

28. Fair value information Fair value hierarchy

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the RFA can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements

The RFA's financial instruments all fall under level 3 as the fair value of financial instruments approximates their carrying amounts due to their short term nature.

The fair value of the property, plant and equipment and investments property fall under level 3 and are as disclosed in notes 3 and 4 respectively.

Transfers of assets and liabilities within levels of the fair value hierarchy

There were no transfers between assets and liabilities within levels of the fair value hierarchy.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

29. New Standards and interpretations

29.1 Standards and interpretations effective and adopted in the current year

The standards and interpretations effective in the current year did not have a material impact on the operations of RFA.

29.2 Standards and interpretations not yet effective

The RFA has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the RFA's accounting periods beginning on or after 1 April 2021 or later periods:

Standard Interpretation:	Effective date: Years beginning on or after	Expected impact:
• IFRS 7 Financial Instruments: Disclosures	1 January 2021	Unlikely there will be a material impact
• IAS 1 Presentation of Financial Statements	1 January 2023	Unlikely there will be a material impact
• IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023	Unlikely there will be a material impact
• IAS 16 Property, Plant and Equipment	1 January 2022	Unlikely there will be a material
• IAS 37 Provisions, Contingent Liabilities and Contingent Assets	1 January 2022	Unlikely there will be a material impact

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

30. Reclassifications

Certain comparative figures have been reclassified for better presentation to the users of the financial statements.

Statement of Financial Position		
Current Assets		
Increase in Trade and other receivables	-	993,503
Decrease in Other financial assets	-	(29,683,742)
Decrease in Cash and cash equivalents	-	(633,535,717)
Increase in Investments	-	663,219,459
Non-current liabilities		
Increase in provisions - severance pay	-	(7,180,105)
Current liabilities		
Increase in provisions - leave pay	-	(4,512,463)
Decrease in Trade and other payables	-	19,279,800
Decrease in Other financial liabilities	-	47,092,096
Increase in interest-bearing borrowings	-	(67,365,399)
Decrease in non-current liabilities provisions	-	11,692,568
Impact on equity	-	-
Statement of Surplus or Deficit and Other Comprehensive Income		
Decrease in Revenue	-	302,596,054
Decrease in Administrative and operating expenses	-	(302,596,054)
Decrease in Transfer from Fund and other income (2020) /Capital Contribution (2021)*	-	242,291
Increase in Other operating income	-	(242,291)
Impact on surplus	-	-

* The description of the account changed from Transfers from Fund in the prior year signed financial statements to Capital Contribution in the current year.

Notes to the Annual Financial Statements

30. Reclassifications (continued)

Figures in Namibia Dollar	2021	2020
Statement of cash flows		
Cash flows from operating activities		
Decrease in cash receipts from road users	-	(150,750,090)
Decrease in cash paid to suppliers and employees	-	144,921,106
Decrease in cash generated from operations	-	(5,828,984)
Cash flows from investing activities		
Decrease in financial assets	-	29,683,742
Cash flows from financing activities		
Decrease in interest bearing borrowings	-	5,828,984
Decrease in total cash movement for the year	-	29,683,742
Increase in Total cash and cash equivalents	**-**	**29,683,742**

Detailed Statement of Surplus or Deficit and Other Comprehensive Income

Figures in Namibia Dollar	Note(s)	2021	2020 Restated
Revenue			
Fuel levies		1,474,831,730	1,550,906,380
Fuel levy refund		(270,524,062)	(302,596,054)
Other road user charges		1,009,810,792	1,043,399,647
	15	**2,214,118,460**	**2,291,709,973**
Other operating income			
Other income		3,458,873	10,348,432
Other recoveries		133,287	386,335
	16	**3,592,160**	**10,734,767**
Other operating gains (losses)			
Impairment loss on trade and other receivables and property, plant and equipment	19	(51,646,505)	(7,570,960)
Expenses (Refer to page 134)		**(2,060,496,389)**	**(2,054,195,329)**
Operating surplus	17	**105,567,726**	**240,678,451**
Investment income	18	43,834,355	62,622,562
Finance costs	20	(62,277,727)	(63,360,157)
Surplus for the year		**87,124,354**	**239,940,856**

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

Detailed Statement of Surplus or Deficit and Other Comprehensive Income

Figures in Namibia Dollar	Note(s)	2021	2020
Other operating expenses			
Advertising		(856,934)	(1,570,437)
Amortisation		(475,361)	(1,115,627)
Auditors remuneration	17	(1,705,342)	(2,152,137)
Bank charges		(6,939,239)	(6,887,823)
Cleaning		(654,450)	(498,637)
Computer expenses		(958,989)	(1,078,304)
Consulting and professional fees		(7,441,002)	(3,711,345)
Consumables		(862,859)	(413,984)
Corporate items		(4,190,453)	(820,858)
Depreciation		(5,802,264)	(4,935,860)
Development of RUCS		-	(2,470,723)
Donations		(580,312)	(11,880,606)
Employee costs		(94,634,719)	(92,279,376)
Entertainment		(609,027)	(1,030,240)
Fines and penalties		(79,520)	-
Gifts		-	(187,501)
Hire		(4,957)	-
IT expenses		(4,667,400)	(4,192,091)
Insurance		(406,607)	(348,381)
Lease rentals on operating lease		(76,021)	(220,606)
Legal fees		(1,980,324)	(1,139,607)
Local Authorities		(104,670,495)	(108,368,153)
Minor asset expense		(264,132)	(297,443)
Motor vehicle expenses		(455,705)	(518,579)
Municipal expenses		(1,976,310)	(1,102,468)
National road network expenditure - RA		(1,647,048,290)	(1,770,766,271)
National road network expenditure - RFA		(141,692,923)	-
National road safety council		(331,965)	-
Postage		(249,006)	(234,493)
Printing and stationery		(1,160,175)	(1,444,850)

Detailed Statement of Surplus or Deficit and Other Comprehensive Income (continued)

Figures in Namibia Dollar	2021	2020
Other operating expenses (continued)		
Promotions	(635,676)	(317,044)
Protective clothing	(601,105)	-
Repairs and maintenance	(819,597)	(547,271)
SME Bank recoveries	12,441,330	-
Security	(2,676,033)	(2,772,881)
Seminars and conferences	(61,598)	(333,695)
Staff wellness	(1,635,705)	(499,527)
Subscriptions	(639,460)	(694,790)
Subsistence and travel	(1,405,925)	(4,140,132)
Technical Assistance AA	(4,576,775)	(10,080,292)
Telephone and fax	(774,580)	(986,250)
Traffic Law Enforcement agencies	(27,664,374)	(13,400,847)
Training	(672,110)	(756,200)
	(2,060,496,389)	(2,054,195,329)

Certain amounts in the 2020 financial year have been reclassified for correct classification and better presentation. The total comprehensive income for the year is still the same as per the 2020 signed annual financial statements.

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

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 with a view of achieving a safe and economically efficient road sector.
Directors	Dr. E. Haiyambo O. Hiveluah M.S. Tjijenda J. Mnyupe I. Angula
Registered office	21 Feld Street Windhoek Namibia
Business address	21 Feld Street Windhoek Namibia
Postal address	Private Bag 13372 Windhoek Namibia
Bankers	Standard Bank Namibia
Auditors	Grand Namibia Registered Accountants and Auditors Chartered Accountants (Namibia)
Secretary	Anna Matebele

Contents

Directors' Responsibilities and Approval

The directors are required in terms of the Road Fund Administration Act, (Act 18 of 1999) (hereinafter referred as the RFA Act) 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 Road Fund Administration - Fund (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 and the requirements of the RFA Act. 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 the requirements of the RFA Act 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 directors set 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 that the Fund's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Fund is on identifying, assessing, managing and monitoring all known forms of risk across the Fund.

While operating risk cannot be fully eliminated, the Fund endeavours to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behavior 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 2022 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 139 to 140.

The annual financial statements set out on pages 141 to 189, which have been prepared on the going concern basis, were approved by the board of directors on 25 August 2021 and signed by:

Director

Director

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of ROAD FUND ADMINISTRATION - FUND

Opinion

We have audited the annual financial statements of Road Fund Administration- Fund account set out on pages 141 to 187, which comprise the statement of financial position as at 31 March 2021, and the statement of surplus or deficit and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the annual financial statements, including a summary of significant accounting policies and the directors' report.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Road Fund Administration – Fund account as at 31 March 2021, and its financial performance and 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).

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 Statement section of our report. We are independent of the Road Fund Administration in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) and other independence requirements applicable in performing audits of financial statements in Namibia.

We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the detailed statement of surplus and deficit and other comprehensive income and the integrated annual report which we obtained prior to the date of this auditor's report. The other information 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.

Independent Auditor's Report

In preparing the annual financial statements, the directors are responsible for assessing the Road Fund Administration'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 Road Fund Administration or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Annual 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 ISAs 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 ISAs, we exercise professional judgement and maintain professional scepticism 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 Road Fund Administration 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Grand Namibia

Grand Namibia
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: RN Beukes - Partner
Windhoek

14 September 2021

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of the ROAD FUND ADMINISTRATION - FUND for the year ended 31 March 2021.

1. Review of financial results and activities

The Road Fund Administration (RFA) is a Public Entity, established under the Road Fund Administration Act, (Act 18 of 1999). The Road Fund Administration provides an administration framework within which the Road User Charging System is managed as contemplated by the RFA 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	Office	Designation	Nationality	Changes
Dr. E. Haiyambo	Chairperson	Non-executive	Namibian	Appointed (01 October 2020)
O. Hiveluah	Director	Non-executive	Namibian	Appointed (01 October 2020)
M.S. Tjijenda	Director	Non-executive	Namibian	Appointed (01 October 2020)
J. Mnyupe	Director	Non-executive	Namibian	Appointed (01 October 2020)
I. Angula	Director	Non-executive	Namibian	Appointed (01 October 2020)
P. Ithindi	Chairperson	Non-executive	Namibian	Term ended (30 September 2020)
Dr. S. Amunkete	Director	Non-executive	Namibian	Term ended (30 September 2020)
Z. Stellmacher	Director	Non-executive	Namibian	Resigned (03 July 2020)
R. Amadhila	Director	Non-executive	Namibian	Term ended (30 September 2020)
N. Henok	Director	Non-executive	Namibian	Term ended (30 September 2020)

3. Events after the reporting period

The President of the Republic of Namibia in response to the COVID-19 outbreak in the country has declared various lockdowns from the initial one on 23 March 2020 to the last one on 15 June 2021.

The restriction of movement measure to contain the COVID-19 pandemic has had a significant and negative impact on the economy and the RFA operations alike including but not limited to slow revenue growth, reduction in funding to approved authorities and in curtailing of some of the operational and strategic initiatives.

At this point, the directors are not aware of any material adverse effects on the financial statements as a result of the COVID-19 outbreak.

Directors' Report

4. Going concern

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

The directors' view that the Fund will continue operating as a going concern into the foreseeable future is predicated on the following reasons amongst others:

- The RFA's annual expenditure is limited to Road User Charges collected for that year, ensuring that the entity has no unbudgeted deficits in any year;
- A Reserve Fund has been set up to protect the liquidity and solvency of the Fund and is standing at N$152 million as at 31 March 2021 (2020:N/A) and is projected to increase to N$285 million over the 5-year business plan horizon of the RFA;
- The RFA's fixed-term borrowings repayments are well within the repayments periods and no repayment was missed or is projected to be missed according to available data and cash flow projections. The RFA fixed term borrowings are managed prudently and the loans are matched to the inflow and outflow of cash;
- The RFA has not reported any default on all its loans agreements;
- The Fund does not have any indication of unplanned sale of any non-current assets;
- No negative operating cash flows indicated by forecasted financial numbers as indicated in its five-year business plan; and
- Road User Charges tariff increase of 5.3% has been granted for the 2021/2022 financial year. This will generate additional cashflow to be deployed to the maintenance of the national road network.

5. Secretary

The company secretary is Anna Matebele.

6. Auditors

Grand Namibia will continue in office as auditors of the RFA for the 2021/2022 financial year.

7. Approval of annual financial statements

The annual financial statements were approved and authorised for issue by the Board of directors on 25 August 2021.

8. Capital expenditure

The expenditure on property, plant and equipment during the year amounted to N$ 4,430,067 (2020: N$ 47,734,884).

Statement of Financial Position as at 31 March 2021

Figures in Namibia Dollar		2021	2020 Restated
Assets			
Non-Current Assets			
Property, plant and equipment	3	123,298,030	176,416,826
Investment property	4	295,000,000	-
Intangible assets	5	10,306,202	9,818,734
Investments	8	151,777,967	-
		580,382,199	186,235,560
Current Assets			
Trade and other receivables	6	452,238,827	322,941,288
Investments	8	627,390,899	663,219,460
Prepayments	7	53,267,965	-
Bank and cash	10	101,928,028	54,322,420
		1,234,825,719	**1,040,483,168**
Total Assets		**1,815,207,918**	**1,226,718,728**
Equity and Liabilities			
Equity			
Capital contribution		295,000,000	-
Reserve fund		151,777,966	-
Accumulated (deficit)/surplus		(30,443,704)	34,504,547
		416,334,262	**34,504,547**
Liabilities			
Non-Current Liabilities			
Interest bearing borrowings	11	690,047,181	787,850,329
Current Liabilities			
Trade and other payables	12	374,994,521	336,998,453
Interest bearing borrowings	11	117,169,574	67,365,399
Bank overdraft	10	216,662,380	-
		708,826,475	**404,363,852**
Total Liabilities		**1,398,873,656**	**1,192,214,181**
Total Equity and Liabilities		**1,815,207,918**	**1,226,718,728**

Certain amounts in the 2020 financial year have been reclassified for correct classification and better presentation.

Statement of Surplus or Deficit and Other Comprehensive Income

Figures in Namibia Dollar		2021	2020 Restated
Revenue	13	2,214,118,460	2,291,709,973
Other income	14	3,160,053	10,492,476
Impairment loss on trade and other receivables and property, plant and equipment	16	(51,646,505)	(7,570,960)
Administrative and operating expenses		(2,060,431,999)	(2,054,457,608)
Operating surplus	15	**105,200,009**	**240,173,881**
Investment income	17	43,834,355	62,569,316
Finance costs	18	(62,204,649)	(63,360,157)
Surplus for the year		**86,829,715**	**239,383,040**
Other comprehensive income		-	-
Total surplus for the year		**86,829,715**	**239,383,040**

Certain amounts in the 2020 financial year have been reclassified for correct classification and better presentation. The total comprehensive income for the year is still the same as per the 2020 signed annual financial statements.

Statement of Changes in Equity

Figures in Namibia Dollar	2021	2020

	Capital contribution	Reserve fund	Accumulated (deficit)/surplus	Total equity
Balance at 1 April 2019	**-**	**-**	**(204,878,493)**	**(204,878,493)**
Surplus for the year	-	-	239,383,040	239,383,040
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**239,383,040**	**239,383,040**
Balance at 1 April 2020	**-**	**-**	**34,504,547**	**34,504,547**
Surplus for the year	-	-	86,829,715	86,829,715
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**86,829,715**	**86,829,715**
Transfer between reserves	-	151,777,966	(151,777,966)	-
Government contribution - Roads Authority (RA) building	295,000,000	-	-	295,000,000
Total contributions by and distributions to owners of the Fund recognised directly in equity	**295,000,000**	**151,777,966**	**(151,777,966)**	**295,000,000**
Balance at 31 March 2021	**295,000,000**	**151,777,966**	**(30,443,704)**	**416,334,262**
Note(s)	1.15	1.16		

Statement of Cash Flows

Figures in Namibia Dollar	Note(s)	2021	2020 Restated
Cash flows from operating activities			
Cash receipts from road users		2,034,713,009	2,540,106,527
Cash paid to suppliers and employees		(2,016,533,571)	(2,144,082,630)
Cash generated from operations	19	18,179,438	396,023,897
Interest income		43,834,355	62,569,316
Finance costs		(62,204,649)	(63,360,157)
Net cash from operating activities		**(190,856)**	**395,233,056**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(4,430,067)	(47,734,884)
Purchase of other intangible assets	5	(487,468)	(1,386,200)
Increase in investments		(151,777,968)	-
Net cash from investing activities		**(156,695,503)**	**(49,121,084)**
Cash flows from financing activities			
Repayment of interest bearing borrowings		(47,998,973)	(41,263,112)
Proceeds from interest bearing borrowings		-	240,876,677
Net cash from financing activities		**(47,998,973)**	**199,613,565**
Total cash movement for the year		**(204,885,332)**	**545,725,537**
Cash at the beginning of the year		717,541,879	171,816,342
Total cash and cash equivalents	10	**512,656,547**	**717,541,879**

Certain amounts in the 2020 financial year have been reclassified for correct classification and better presentation.

Accounting Policies

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 financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") 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 and investment property 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 except for new and/or revised interpretations implemented during the year. The nature and effect of these new interpretations is discussed in note 1.3 below under the Roads Authority (RA) building.

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 executive committee that makes strategic decisions.

1.3 Judgements and sources of estimation uncertainty

Significant judgements

Roads Authority Building

During the year, the RA head office building was donated to the RFA and subsequently leased back to the RA. The determination of the appropriate accounting treatment for the contract was complex and required management to make significant judgements around whether the RFA had control over the building or not i.e. whether the RFA had the right to direct use of the identified asset and obtain substantially all of the economic benefits from the use of the identified asset.

Management have determined that the Fund has control over the RA building and have resultantly accounted for the RA building within the context of the below:

Given that there was no IFRS standard that specifically applied to the transaction, the Fund developed an accounting policy in accordance with IAS 8 - Accounting policies, changes in accounting estimates and errors ("IAS 8") and will apply the so developed policy consistently as required by IAS 8:13. IAS 8:10 states that if there is no IFRS standard that specifically applies to the transaction, event or condition under consideration, judgement is required by management in developing and applying an accounting policy that results in information that:

- is relevant to the economic decision-making needs of users;
- reflects the economic substance of transactions, other events and conditions, and not merely legal form;
- is neutral;
- is prudent and
- is complete in all material respects.

In addition, IAS 8:11 further goes on to state that in practical terms, in forming a judgement about a suitable accounting policy, management should refer to, and consider the applicability of the following sources in descending order:

- requirements in IFRS Standards dealing with similar and related issues;
- the definitions, recognition criteria and measurements concepts for assets, liabilities, income and expenses in the Conceptual Framework.

Accounting Policies

1.3 Judgements and sources of estimation uncertainty (continued)

Having considered the above IAS 8 requirements, management have recognised the donation from the RA for the building as an equity contribution at the fair value of the building (N$ 295,000,000) as at date of signing the lease agreement. The term capital contribution is not defined in IFRS but is generally accepted as meaning contribution by owners (i.e. a gift made to an entity by an owner which increases the entity's equity without any obligation for the entity to make repayment or to do anything in consideration for receiving it).

Thus a capital contribution should not be included in surplus or deficit for the period nor within other comprehensive income but should instead be presented in the statement of changes in equity (i.e. similar to the proceeds of a share issue).

Given the above context, management have thus recognised the donation from the RA as a capital contribution. When the asset that gave rise to the capital contribution is subsequently sold or derecognised, any related amount included in the capital contribution reserve is transferred to accumulated reserves. For further details on the accounting policy refer note 1.15.

Impairment of assets - land and buildings and investment property

The impairment testing for land and buildings and investment property is performed by comparing the carrying amount of the land and buildings and investment property to their recoverable amount. The determination of the recoverable amount requires the application of significant judgements in arriving at the fair value of the land and buildings and investment property as unobservable market data is used in the process. The Fund engages qualified independent valuers to perform annual valuations at each reporting date. Further information on the valuation of the land and buildings and investment property is included in notes 3 and 4 to the annual financial statements.

The recoverable amount of the land and buildings and investment property is the greater of the fair value less cost of disposal and value in use. In assessing value in use, the estimated cashflows are discounted to their present value using a pretax discount rate that reflects the current market value assessments of the time value of money and the risks specific to the asset.

Other judgements

Impairment of financial assets

Trade and other receivables

The impairment provisions for trade and other receivables are based on assumptions about risk of default and expected loss rates. The Fund uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Fund's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the note 6 to the annual financial statements.

Useful lives of property, plant and equipment

Management asseses 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 the Fund's 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.

Accounting Policies

1.3 Judgements and sources of estimation uncertainty (continued)

Post retirement 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 IAS19 - “Employee Benefits”. The movement in the balance of the provision is included in the statement of surplus/deficit 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).

The RA is in the process of trying to settle this liability to the employees and thus this amount has been disclosed as a current liability in note 12.

Revenue

For judgement relating to recognition of revenue as a non-exchange transactions, refer to note 1.13.

1.4 Investment property

Investment properties are properties held to earn rental income and/or for capital appreciation purposes but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes. Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in surplus or deficit. Cost includes expenditure that is directly attributable to acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour and other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property calculated as the difference between net proceeds from disposal and the carrying amount of the item, is recognised in surplus or deficit. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to accumulated reserves.

When the use of the investment property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

If an owner-occupied property becomes an investment property that will be carried at fair value, any difference at that date between the carrying amount of the property in accordance with IAS 16 and its fair value is treated in the same way as a revaluation in accordance with IAS 16.

Fair value

Subsequent to initial measurement, an investment property is measured at fair value.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

Accounting Policies

1.5 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.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

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 is 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
Buildings	Straight line	50 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	3 years
Land	Straight line	Indefinite

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.

Accounting Policies

1.5 Property, plant and equipment (continued)

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.

1.6 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight line	3 years

Accounting Policies

1.7 Financial instruments

Initial recognition and measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Fund becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, with the exception of trade receivables without a significant financing component. Trade receivables without a significant financing component are initially measured at the transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through surplus or deficit) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through surplus or deficit are recognised immediately in surplus or deficit.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Fund classifies financial assets as measured at amortised cost or fair value through surplus or deficit (FVTSD).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTSD:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTSD. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or as at FVTSD if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

The Fund recognises a loss allowance for expected credit losses (ECL) on trade and other receivables, excluding prepayments. The amount of expected credit losses is updated at each reporting date. The Fund measures the loss allowance for trade and other receivables as detailed in impairment of financial assets below.

The carrying amount of the asset is reduced using an allowance account, and the amount of the loss is recognised in surplus or deficit as impairment loss on trade receivables. 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.

Accounting Policies

1.7 Financial instruments (continued)

Cash and cash equivalents

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

Other financial assets

Other financial assets such as investments are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in surplus or deficit. The net gain or loss recognised in surplus or deficit includes any dividend or interest earned on the financial asset and is included in the 'Investment income' line item. Fair value is determined in the manner described in note 26.

Impairment of financial assets

The Fund recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Fund always recognises lifetime Expected Credit Loss (ECL) for trade and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Fund's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Fund recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Fund measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Fund compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Fund considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Forward-looking information considered includes the future prospects of the industries in which the Fund's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Fund's core operations.

Accounting Policies

1.7 Financial instruments (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition: an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating:

- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause asignificant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Fund presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Fund has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Fund assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default,
- the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily; reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Fund considers a financial asset to have low credit risk when the asset has an external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Fund regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying a significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Fund considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Fund, in full (without taking into account any collateral held by the Fund).

Irrespective of the above analysis, the Fund considers that default has occurred when a financial asset is more than 90 days past due unless the Fund has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Accounting Policies

1.7 Financial instruments (continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the issuer or the borrower;

b) a breach of contract, such as a default or past due event (see (ii) above);

c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Fund writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Fund's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in surplus or deficit.

Measurement and recognition of expected credit losses

The Fund makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 6.

An impairment gain or loss is recognised in surplus or deficit with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in surplus or deficit as an impairment loss on trade and other receivables.

Derecognition of financial assets

The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in surplus or deficit.

Financial liabilities and equity

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Accounting Policies

1.7 Financial instruments (continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Fund are recognised at the proceeds received, net of direct issue costs. Repurchase of the Fund's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in surplus or deficit on the purchase, sale, issue or cancellation of the Fund's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

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.

Other financial liabilities

Other financial liabilities, including borrowings are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings are recognised over the term of the borrowings in accordance with the Fund's accounting policy for borrowing costs.

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Fund also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in surplus or deficit.

1.8 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 RFA was deregistered for VAT in April 2006 since it was not deemed to be a VAT vendor in terms of the VAT Act.

1.9 Impairment of property, plant and equipment

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. This impairment test is performed during the annual period and at the same time every period.

If there is an 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. Details pertaining to the impairment of land and buildings have been discussed in note 1.3 above.

Accounting Policies

1.9 Impairment of property, plant and equipment (continued)

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 amortization is recognized immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. All impairment losses, except for property, plant and equipment accounted for under the revaluation model, are recognised in surplus or deficit.

The Fund assesses at each reporting date whether there is any indication that an impairment loss recognized 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. An impairment loss (other than goodwill) is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of an impairment loss is recognised immediately in surplus or deficit, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.10 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.

For defined benefit plans, the cost of providing the benefits is determined using the projected unit credit method. Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to the end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial year, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Actuarial gains and losses are recognised in the year in which they arise, in other comprehensive income. Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the Fund is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

Accounting Policies

1.10 Employee benefits (continued)

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

1.11 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. Contingent liabilities are disclosed in note 20.

1.12 Government grants

Government grants are recognised when there is reasonable assurance that:

- the Fund will comply with the conditions attaching 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 in 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 surplus or deficit (separately).

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

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

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

Accounting Policies

1.13 Revenue

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 licence and registration fees, cross border charges, mass distance charges and abnormal load fees.

Revenue from license and registration fees and fuel levies are considered as revenue from non-exchange transactions since the Fund receives funds (value) from entities/individuals without directly giving approximately equal value in exchange.

The Fund recognises RUCS revenues from non-exchange transactions when the event occurs and the resulting asset's recognition criteria are met (i.e. on a cash basis).

An inflow of resources from a non-exchange transaction that meets the definition of an asset shall be recognised as an asset when, and only when:

(a) It is probable that the future economic benefits associated with the asset will flow to the entity; and

(b) The fair value of the asset can be measured reliably.

Revenue from mass distance and cross border charges is recognised when it becomes due, i.e. when the road user debtor is identified. Debtors (Mass distance local) are identified when assessments are performed.

1.14 Investment income

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

1.15 Capital contribution

The capital contribution reserve was created on 30 March 2021 as a result of the donation of the RA building valued at N$295 million. The donation value was determined with reference to the fair value of the land and buildings as at 30 March 2021. Subsequent to initial recognition, the reserve will be carried at the same value until the corresponding asset that gave rise to the capital contribution has either been sold or retired from use. On the subsequent sale or retirement of an item of the investment property attributable to the capital contribution, the surplus in the capital contribution reserve will be transferred directly to accumulated reserves.

1.16 Reserve fund

Section 17 (1) (k) of the RFA establishing Act allows for the establishment of a reserve fund for the purposes of the objects contemplated in Sections 20 (4) (b) (ii) and 22 (1) (d) of the RFA Act. This reserve fund has been established to protect the liquidity of the Fund. The utlilisation of the reserve fund is governed by specific conditions as set out in the Reserve Fund policy as approved by the Minister of Finance on 20 February 2020.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020 Restated

2. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2021

	Note(s)	Loans and receivables at amortized cost	Total	Fair value
Trade and other receivables	6	452,238,827	452,238,827	452,238,827
Bank and cash	10	101,928,028	101,928,028	101,928,028
Investments	8	779,168,866	779,168,866	779,168,866
		1,333,335,721	1,333,335,721	1,333,335,721

2020

	Note(s)	Loans and receivables at amortized cost	Total	Fair value
Trade and other receivables	6	322,941,288	322,941,288	322,941,288
Bank and cash	10	54,322,420	54,322,420	54,322,420
Investments	8	663,219,459	663,219,459	663,219,459
		1,040,483,167	1,040,483,167	1,040,483,167

Categories of financial liabilities

2021

	Note(s)	Financial liabilities at amortised cost	Total	Fair value
Trade and other payables	12	249,248,381	249,248,381	249,248,381
Interest bearing borrowings	11	807,216,755	807,216,755	807,216,755
Bank overdraft	10	216,662,380	216,662,380	216,662,380
		1,273,127,516	1,273,127,516	1,273,127,516

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020 Restated

2020

	Note(s)	Financial liabilities at amortised cost	Total	Fair value
Trade and other payables	12	244,036,146	244,036,146	244,036,146
Interest bearing borrowings	11	855,215,728	855,215,728	855,215,728
		1,099,251,874	**1,099,251,874**	**1,099,251,874**

Certain amounts in the 2020 financial year have been reclassified for correct classification and better presentation.

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 as to secure and allocate sufficient funding for the payment of expenditures with a view to achieve a safe and economically efficient 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

Overview

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 (Bank and cash, investments and trade and other receivables) and liabilities (trade and other payables, interest bearing borrowings and bank overdraft) approximate their carrying value due to their short-term nature.

Credit risk

Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk consists mainly of investments, bank and cash and trade and other receivables. The Fund only deposits cash with major financial institutions with high quality credit standing and limits exposure to any one counterparty.

The Fund minimize credit risk on investments, which is the risk of loss of all or part of the investment due to the failure of the security issuer by diversifying the investment portfolio so that the impact of the potential losses from any one type of security or from any one individual issuer will be minimized, as well as conducting thorough due diligence of the financial institutions. The Fund places its investments with reputable financial institutions.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. The receivables arising from MDC are managed on the basis of restricting their ability to renew their licences at NaTIS. Trade and other receivables from Government and oil campanies are managed on a relationship basis.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020 Restated

2. Financial instruments and risk management (continued)

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

	2021			2020		
	Gross Carrying amount	Credit loss allowance	Amortised cost	Gross Carrying amount	Credit loss allowance	Amortised cost
Trade and other receivables	454,388,996	(2,150,169)	452,238,827	330,512,248	(7,570,960)	322,941,288
Investments	779,168,866	-	779,168,866	663,219,459	-	663,219,459
Bank and cash	101,928,028	-	101,928,028	54,322,420	-	54,322,420
	1,335,485,890	**(2,150,169)**	**1,333,335,721**	**1,048,054,127**	**(7,570,960)**	**1,040,483,167**

Certain amounts in the 2020 financial year have been reclassified for correct classification and better presentation.

Liquidity risk

The Fund is exposed to liquidity risk, which is the risk that the Fund will encounter difficulties in meeting its obligations as they become due.

The Fund manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings.

There have been no significant changes in the liquidity risk management policies and processes since the prior reporting period.

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.

The maturity profile of contractual cash flows of non-derivative financial liabilities held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020 Restated

2. Financial instruments and risk management (continued)

As at 31 March 2021 - N$

		Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years	Interest	Carrying amount
Trade and other payables	12	249,248,382	-	-	-	-	249,248,382
Interest bearing borrowings	11	155,970,356	289,504,023	524,992,101	81,764,948	(245,014,673)	807,216,755
Bank overdraft	10	221,162,380	-	-	-	(4,500,000)	216,662,380
		626,381,118	**289,504,023**	**524,992,101**	**81,764,948**	**(249,514,673)**	**1,273,127,517**

As at 31 March 2020 - N$

		Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years	Interest	Carrying amount
Trade and other payables	12	244,036,146	-	-	-	-	244,036,146
Interest bearing borrowings	11	109,889,008	304,461,812	606,727,806	141,041,802	(306,904,700)	855,215,728
		353,925,154	**304,461,812**	**606,727,806**	**141,041,802**	**(306,904,700)**	**1,099,251,874**

We have assumed that the facility will be utilized for 12 months from February 2021. Interest on the facility is fully recoverable through interest charged on Government receivables.

Certain amounts in the 2020 financial year have been reclassified for correct classification and better presentation.

Foreign currency risk

The Fund is not exposed to any foreign currency risk. The loan from KfW is denominated in Rands which is pegged to the NAD on a 1:1 basis.

Interest rate risk

Fluctuations in interest rates impact on the value of cash and cash equivalents, investments, interest bearing borrowings and Government receivable, giving rise to interest rate risk.

The debt of the Fund is comprised of loans from KfW and an overdraft facility taken on behalf of the Ministry of Finance, which bear interest at both fixed interest and market rates respectively. Interest rates on all borrowings compare favourably with those rates available in the market.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020 Restated

2. Financial instruments and risk management (continued)

The Fund's policy with regards to financial assets, is to invest cash at variable rates of interest for a short period of time and to maintain cash reserves in short-term investments in order to maintain liquidity, while also achieving a satisfactory return for shareholders. Emphasis is placed on the safety of the investment rather than the return.

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

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 interest bearing borrowings because the interest rate is fixed. The interest rate on the bank overdraft is linked to prime and is thus subject to flactuations.

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate of 1% which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020 Restated

Increase or decrease in rate	2021 Increase	2021 Decrease	2020 Increase	2020 Decrease
Impact on surplus or deficit:				
Bank and cash	1,019,280	(1,019,280)	543,224	(543,224)
Investments	7,791,688	(7,791,688)	6,632,194	(6,632,194)
Government receivable	2,510,884	(2,510,884)	-	-
Interest bearing borrowings	(8,072,167)	8,072,167	(8,552,157)	8,552,157
Bank overdraft	(2,166,623)	2,166,623	-	-
Total impact on surplus and deficit	**1,083,062**	**(1,083,062)**	**(1,376,739)**	**1,376,739**
Impact on equity:				
Bank and cash	1,019,280	(1,019,280)	543,224	(543,224)
Investments	7,791,688	(7,791,688)	6,632,194	(6,632,194)
Government receivable	2,510,884	(2,510,884)	-	-
Interest bearing borrowings	(8,072,167)	8,072,167	(8,552,157)	8,552,157
Bank overdraft	(2,166,623)	2,166,623	-	-
Total impact on equity	**1,083,062**	**(1,083,062)**	**(1,376,739)**	**1,376,739**

Price risk

The Fund is not exposed to price risk.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020 Restated

3. Property, plant and equipment

	2021			2020		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land	6,222,487	-	6,222,487	6,222,487	-	6,222,487
Buildings	126,351,111	(13,232,346)	113,118,765	142,646,715	(10,455,979)	132,190,736
Motor vehicles	5,299,850	(1,674,539)	3,625,311	3,789,036	(664,930)	3,124,106
Office equipment	829,455	(497,988)	331,467	829,456	(221,779)	607,677
Capital - work in progress	-	-	-	34,271,820	-	34,271,820
Total	**138,702,903**	**(15,404,873)**	**123,298,030**	**187,759,514**	**(11,342,688)**	**176,416,826**

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Impairment loss	Depreciation	Total
Land	6,222,487	-	-	-	6,222,487
Buildings	132,190,736	2,919,253	(19,214,857)	(2,776,367)	113,118,765
Motor vehicles	3,124,106	1,510,814	-	(1,009,609)	3,625,311
Office equipment	607,677	-	-	(276,210)	331,467
Capital - Work in progress	34,271,820	-	(34,271,820)	-	-
	176,416,826	**4,430,067**	**(53,486,677)**	**(4,062,186)**	**123,298,030**

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Total
Land	5,314,014	908,473	-	6,222,487
Buildings	125,931,681	8,896,619	(2,637,564)	132,190,736
Motor vehicles	672,363	2,828,516	(376,773)	3,124,106
Office equipment	-	829,456	(221,779)	607,677
Capital - Work in progress	-	34,271,820	-	34,271,820
	131,918,058	**47,734,884**	**(3,236,116)**	**176,416,826**

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020 Restated

Pledged as security

There were no assets pledged as security during the year under review (2020: none).

Land and buildings comprise of the following:

Description	Carrying amount 2021	Carrying amount 2020
Land Erf 5846,Erf 5845 and Erf 5844 Feld Street Windhoek (RFA Head Office)	6,222,487	6,222,487
Buildings - RFA Head office	39,875,559	59,065,000
Buildings - Regional CBC Offices	4,558,533	4,638,993
CBC Regional Staff Accommodation	68,684,673	68,486,743
Capital - work in progress	-	34,271,820
	119,341,252	**172,685,043**

CBC Regional Staff Accommodation consist of the following:

Ngoma	3,219,613	3,289,089
Ariamsvlei	10,552,378	10,412,674
Klein Manasse	2,551,533	2,587,120
Noordoewer	13,113,842	13,071,787
Trans-Kalahari	6,650,080	6,644,119
Sendelingsdrift	966,712	987,652
Oranjemund	146,379	261,242
Oshikango	7,351,124	7,491,228
Kashamane	3,924,117	3,889,223
Katwitwi	3,824,843	3,755,640
Omahenene	4,382,263	4,210,545
Katima Mulilo	8,874,003	8,836,399
Mohembo	751,088	648,188
Mata-Mata	2,376,698	2,401,837
	68,684,673	**68,486,743**

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020 Restated

Valuation of land and buildings

The valuation of land and buildings is carried out annually for purposes of testing the impairment thereof through the determination of the recoverable amount as has been detailed in note 1.3 above.

This valuation of land and buildings was performed externally effective 31 March 2021 by independent valuer, Olsen Hamana of Seeds Property Solutions who is not connected to the Fund. The valuations were performed on the basis of:

- Replacement value where no ready market exists or market value as estimated by the sworn appraiser. This method involves computing the value of improvements by using a construction rate reflecting the current rate or cost of construction per square meter and deducting the accrued depreciation from the improvements and adding the estimated land value.
- Market value which is based on the sales price per square meter for similar properties in an open market transaction.

The Fund adopts the market value method for valuing its land and buildings. Details of properties registered in the Fund's name are disclosed above and are also available for inspection at the registered office of the Fund.

Measurement of fair value

(i) Fair value hierarchy

The fair value measurements for the land and buildings have been categorised as Level 3 fair values based on the inputs to the valuation techniques used.

(ii) Level 3 fair values

The reconciliation from the opening balances to the closing balances for level 3 fair values is as disclosed in the movement schedule above.

(iii) Transfers between levels

There were no transfers between the fair value hierarchy levels

Sensitivity analysis for land and buildings categorised into Level 3 of the fair value hierarchy:

A slight increase or decrease in the significant unobservable inputs as listed in the valuation processes below would result in a change in the fair value.

Valuation processes

For the fair value measurements categorised within Level 3 of the fair value hierarchy, the Fund uses the services of an independent valuer to determine the market values which are used as reference for impairment testing purposes as discussed in note 1.3 above.

The significant unobservable inputs of level 3 items are as follows:

- Capitalisation rates applied of 8.5%
- Expenditure rate of 16%
- The estimated annual optimal rent

The estimated fair value would increase (decrease) if:

- the expected market rental growth was higher (lower).
- the capitalization rate was lower (higher).
- void periods were shorter (longer).
- the occupancy rate was higher (lower).
- rent-free periods were shorter (longer).

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020 Restated

4. Investment property

	2021			2020		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	295,000,000	-	295,000,000	-	-	-

Reconciliation of investment property - 2021

	Opening balance	Additions	Total
Building - Roads Authority Head Office	-	295,000,000	295,000,000

Investment property comprises of the Roads Authority head office (Erf 8163 Windhoek).

The property is leased out to the Roads Authority at a rental of N$1.00 per year. No contingent rentals are charged. Direct operating expenses relating to the investment property are disclosed in note 15 to the annual financial statements. There are no restrictions on the realisability of the investment property or the remittance of income and proceeds of the disposal of investment property.

Measurement of fair value

(i) Fair value hierarchy

The fair value of the investment property was determined on 30 March 2021 by an independent qualified property valuer, FA Frank-Schultz who has extensive experience in the Namibian property market. The fair value of the Fund's investment property is provided annually by this independent valuer. The fair value measurement for investment property of N$295 million (2020: Nil) has been categorised as a Level 3 fair value based on the inputs to the valuation method used.

(ii) Level 3 fair value

The table above shows a reconciliation from the opening balance to the closing balance for Level 3 fair values.

Valuation technique and significant unobservable inputs

The valuation is performed on the basis of the:

- Replacement cost method which is based on depreciated replacement costs (excluding remedial work) of the improvements and the market value of the land.
- Market value which is based on the income capitalization method.

The independent valuer proposed a value that was determined to be within the range of the market value and the replacement cost method, and the Fund adopted the same. Details of the investment property registered in the Fund's name are disclosed above and are also available for inspection at the registered office of the Fund.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020 Restated

4. Investment property (continued)

Valuation techniques and significant unobservable inputs used

The significant unobservable inputs of level 3 items are as follows:

- Capitalisation rate applied of 8.75%
- Expenditure rate of 16%
- The estimated annual optimal rent

The estimated fair value would increase (decrease) if:

- the expected market rental growth was higher (lower).
- the capitalization rate was lower (higher).
- void periods were shorter (longer).
- the occupancy rate was higher (lower).
- rent-free periods were shorter (longer).

5. Intangible assets

	2021			2020		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software (Work in progress)	10,306,202	-	10,306,202	9,818,734	-	9,818,734

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Total
Computer software (Work in progress)	9,818,734	487,468	10,306,202

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Total
Computer software (Work in progress)	8,432,534	1,386,200	9,818,734

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020 Restated

6. Trade and other receivables

Financial instruments:

Road User Charges receivable	5,669,995	8,768,705
Loss allowance	(1,090,920)	(7,570,960)
Trade receivables at amortised cost	4,579,075	1,197,745
Accrued Income - Fund	137,791,810	109,120,514
Government loan receivable	250,812,920	199,074,285
Government loan receivable- non interest bearing	51,308,473	-
MDC receivable	7,746,549	8,668,464
Accrued income - Fund	-	4,880,280
Total trade and other receivables	**452,238,827**	**322,941,288**

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

Split between non-current and current portions

Current assets	452,238,827	322,941,288

Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	452,238,827	322,941,288

Exposure to credit risk

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments (IFRS 9), and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation.

The Fund measures the loss allowance for trade receivables by applying the simplified approach as allowed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. This lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020 Restated

6. Trade and other receivables (continued)

The estimation techniques explained have been applied for the first time in the 2019 financial period, as a result of the adoption of IFRS 9. Trade receivables were previously impaired only when there was objective evidence that the asset was impaired. The impairment was calculated as the difference between the carrying amount and the present value of the expected future cash flows.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period. The impact of forward looking information is considered to be immaterial.

Expected credit loss rate:

	2021 Estimated gross carrying amount at default	2021 Loss allowance (Lifetime expected credit loss)	2020 Estimated gross carrying amount at default	2020 Loss allowance (Lifetime expected credit loss)
30 days: 19.07% (2020: 25.23%)	5,563,725	(1,061,003)	82,609	(20,842)
60 - 90 days: 28.15% (2020: 35.14%)	106,270	(29,917)	-	-
90 - 120 days: 32.45 % (2020: 35.97%)	-	-	1,774,133	(638,156)
120 days: 100% (2020: 100%)	-	-	6,911,962	(6,911,962)
Total	**5,669,995**	**(1,090,920)**	**8,768,704**	**(7,570,960)**

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade receivables:

Opening balance	**(7,570,960)**	**(16,942,393)**
Provision raised on new trade receivables	(1,090,920)	(7,570,960)
Provisions reversed on settled trade receivables	7,570,960	16,942,393
Closing balance	**(1,090,920)**	**(7,570,960)**

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020 Restated

6. Trade and other receivables (continued)

Government receivable

The following table provides information about the exposure to credit risk and ECLs for Government receivables as at 31 March 2021.

Government receivable

Loss rate	0.091%	N/A
Interest bearing receivable	251,088,484	199,074,285
Non - interest bearing receivable	51,308,473	-
Loss allowance	(275,564)	-
Net trade receivable balance	**302,121,393**	**199,074,285**

The impairment on the Government receivable has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The RFA considers it's Government receivable to have a low credit risk based on the payment history and forward looking information considered.

The Government receivable is linked to an overdraft facility with interest charged at prime less 1% over a short term period of 12-months after which the facility is due for settlement.

7. Prepayments

TR1/3

KfW funded project - TR1/3 section A - Tses - Gochas	53,267,965	-

An amount of N$53 million is a prepayment to CHICO for the rehabilitation of the TR1/3 section A: 87,3 km road between Tses intersection and Gochas intersection.

Prepayment is guaranteed under the contractual obligation between the contracting parties.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020 Restated

8. Investments

At amortized cost

Hangala Prescient Unit Trust	-	29,683,742
Invested in a mixed portfolio.		
Old Mutual Nedbank Namibia Money Market Fund	46,141,266	-
Invested in a mixed money market portfolio.		
Bank Windhoek Investment - 3001906927	55,071,274	-
Invested in a fixed term account.		
Momentum Namibia Corporate Money Market Fund	50,565,427	-
Invested in a mixed money market portfolio.		
Bank Windhoek call - 3001134084	98,655,929	69,659
Invested in a fixed term account.		
SME Bank-09511431716 - LD1623100402	61,093,901	67,314,566
Invested in a fixed term account.		
SME Bank-09511431716 - LD1628700439	60,655,600	66,876,265
Invested in a fixed term account.		
RMB-71272546635	270,784,497	-
Invested in a fixed term account.		
Bank Windhoek - 3001941956	151,778,287	-
Invested in a fixed term account.		
Standard Bank call account	106,172,187	69,396,424
Invested in a call term account.		
Nedbank - 100CDFR191420001	-	31,000,000
Invested in a fixed term account.		
Nedbank - 100CDFR19239002	-	276,421,876
Invested in a fixed term account.		
Bank Windhoek NDP - 3001725697	-	256,647,759
Invested in a fixed term account.		
Provision for doubtful deposit - SME Bank	(121,749,502)	(134,190,831)
Impaired fixed term account		
	779,168,866	**663,219,460**
Non-current assets		
Investments	151,777,967	-
Current assets		
Investments	627,390,899	663,219,460
	779,168,866	**663,219,460**

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020 Restated

Impairment on investments has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Fund considers that its investments balances have low credit risk based on the external credit ratings of the counterparties, with the exception of the investment in SME bank where it is not rated and Bank has filed for liquidation.

SME Bank was put on full liquidation during the year 2020 and the preliminary indicators then where that only depositors with less than N$ 25,000 are guaranteed their full amounts deposited. No additional information is available relating to the liquidity of the bank and hence management estimated recovery on the investment is nil. However in December 2020, the SME Bank refunded the Fund an amount of N$12,441,330.

The Fund has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

The investments of N$152 million with Old Mutual Nedbank Namibia Money Market Fund, Momentum Namibia Corporate Money Market Fund and Bank Windhoek Limited relates to the reserve fund as disclosed in the statement of changes in equity.

The investments relating to the reserve fund have been classified as non-current as the intention of the Fund is not to draw down on these in the next 12 months.

Credit quality of non-current investments

The credit quality of investments that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Credit rating

Old Mutual Nedbank Namibia Money Market Fund (A+ & A-1 Bloomberg default risk)	46,141,266	-
Momentum Namibia Corporate Money Market Fund (AA-National scale rating)	50,565,427	-
Bank Windhoek Limited (A1+ Moody's credit rating)	55,071,274	-
	151,777,967	**-**

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020 Restated

9. Retirement benefits

Defined benefit plan

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

Movements for the year

	2021	2020 Restated
Opening balance	-	12,315,291
Benefits paid	-	(12,315,291)
	-	**-**

10. Cash and cash equivalents

Cash and cash equivalents consist of:

	2021	2020 Restated
Cash on hand	76,703	16,678
Bank balances	101,851,325	54,305,742
Investments - current (as disclosed in note 8)	627,390,899	663,219,460
Bank overdraft	(216,662,380)	-
	512,656,547	**717,541,880**
Bank and cash	729,318,927	717,541,879
Bank overdraft	(216,662,380)	-
	512,656,547	**717,541,879**
Cash and cash equivalents held by the entity that are not available for use by the Fund.	14,963,385	42,117,740

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020 Restated

10. Cash and cash equivalents (continued)

Restricted cash

Included in the bank and cash is an amount of N$14.9 million (2020: N$42.1 million) received from the Government of the Republic of Namibia for specific projects. These 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 not yet received a directive from its shareholder, the Government of the Republic of Namibia on the manner to deploy these funds to a specific project.

The Fund has a 12 month overdraft facility with Standard Bank of N$ 250 Million (Interest rate of Prime less 1% compounded monthly). The facility is guaranteed by the Government of the Republic of Namibia.

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, investments 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

	2021	2020 Restated
Bank Windhoek Limited (A1+ Moody's credit rating)	250,434,216	256,717,418
Standard Bank Namibia Limited (BB+Fitch credit rating)	208,023,512	123,702,166
First National Bank Namibia Limited (A+ Global credit rating)	270,784,497	-
Nedbank Limited Namibia (BA 1 Moody's credit rating)	-	307,421,876
Hangala Prescient Unit Trust (not rated)	-	29,683,742
	729,242,225	**717,525,202**

The impairment on financial assets has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Fund considers that its financial assets balances have low credit risk based on the external credit ratings of the counterparties, thus no impairment has been raised (2020:nil).

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020 Restated

11. Interest bearing borrowings

At amortized cost

KfW Loan II	495,225,076	481,753,355
The loan bears a fixed interest of 7.50% per annum and is repayable in 20 bi-annual payments of N$25.3 million starting 15 May 2021. The loan is guaranteed by the Government of the Republic of Namibia. The loan is denominated in Rand (The Rand is pegged to the Namibia Dollar on a 1:1 basis). The fair value of the loan is N$495,225,076 (2020:N$481,753,355).		
KfW Loan I	311,991,679	373,462,373
The loan bears a fixed interest 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 which is pegged 1:1 to the Namibia dollar. The fair value of the loan is N$310,972,180 (2020:N$372,297,289).		
	807,216,755	**855,215,728**

The carrying amount of the interest bearing borrowings approximates its fair value.

Split between non-current and current portions

Non-current liabilities	690,047,181	787,850,329
Current liabilities	117,169,574	67,365,399
	807,216,755	**855,215,728**

12. Trade and other payables

Financial instruments:

Roads Authority project administration and other fund creditors	138,897,228	183,224,418
Road Fund Administration-Administration payable	33,000,000	29,000,000
KFW labour based projects	6,596,755	-
Accrual Local Authorities and Traffic Law Enforcement	57,901,525	31,811,729
Provision - Etosha Roads	12,852,873	-

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020 Restated

12. Trade and other payables (continued)

Non-financial instruments:

Amounts received in advance - CBC/MDC Local and Foreign	17,543,135	5,149,380
Roads Authority - Provisions	55,351,549	7,672,354
Fuel levy refund	37,888,071	38,022,832
Government Road Project	14,963,385	42,117,740
	374,994,521	**336,998,453**

Government road project relates to Government specific projects and funds held in a designated bank deposit account to be used only for the purpose of the specific development of road projects. These funds are kept in a separate bank account in the name of the Road Fund Administration. These accounts are projects recorded in the books of the Road Fund Administration with a corresponding liability as disclosed above which are undertaken and administered on behalf of the Government.

Certain amounts in the 2020 financial year have been reclassified for correct classification and better presentation.

Financial instrument and non-financial instrument components of trade and other payables

At amortised cost	249,248,381	244,036,146
Non-financial instruments	125,746,142	92,962,306
	374,994,523	**336,998,452**

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

13. Revenue

Fuel levies	1,474,831,730	1,550,906,380
Fuel levy refunds	(270,524,062)	(302,596,054)
Other Road User Charges	1,009,810,792	1,043,399,647
	2,214,118,460	**2,291,709,973**

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020 Restated

The fuel levy refunds amount has been reclassified from administrative and operating expenses to revenue in the current year. This has been done to present the transactions correctly. The prior year amounts have also been reclassified for correct classification and presentation.

The amount included in revenue arising from exchange of goods or services included is as follows:

Vehicle license fees	737,720,695	729,492,055
Cross border charges	110,151,823	160,269,891
Mass distance charges-local	117,095,079	107,453,500
Mass distance charges-foreign	33,694,224	35,459,652
Abnormal permit fees	10,246,431	9,397,926
Road carrier permit fees	902,540	1,326,623
	1,009,810,792	**1,043,399,647**

14. Other operating income

Administration sundry income	3,160,053	10,106,141
Other recoveries	-	386,335
	3,160,053	**10,492,476**

15. Operating surplus

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

Auditor’s remuneration - external

Audit fees	1,705,342	2,152,136

Depreciation

Depreciation of property, plant and equipment	4,062,186	3,236,116

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020 Restated

Expenses by nature

The total operating expenses are analysed by nature as follows:

Depreciation	4,062,186	3,236,116
Other expenses	26,074,482	32,110,116
Transfer to Administration	117,083,804	116,495,813
Local Authorities	104,670,495	108,368,153
National road network expenditure - RA	1,647,048,290	1,770,766,271
Traffic Law Enforcement	27,664,374	13,400,847
Technical Assistance	4,576,775	10,080,292
National road network expenditure - RFA*	141,692,923	-
SME Bank Recoveries	(12,441,330)	-
	2,060,431,999	**2,054,457,608**

*The RFA and RA contributed N$100 million towards capital projects which by nature are funded by Government Stakeholders should take note that when comparing line item amounts in certain expense by nature categories compared with the 2020 Annual Report some changes have been made to allow for correct presentation and better understanding of the annual financial statements.

16. Impairment loss on trade and other receivables and property, plant and equipment

Property, plant and equipment	53,486,677	-
Trade and other receivables	(2,899,421)	7,570,960
Accrued income - Fund	783,685	-
Government receivables	275,564	-
	51,646,505	**7,570,960**

17. Investment income

Interest income

Investments in financial assets:

Bank and cash	1,335,319	1,666,137
Trade and other receivables	10,332	471,974
Investments	42,488,704	60,431,205
Total interest income	**43,834,355**	**62,569,316**

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020 Restated

18. Finance costs

Interest bearing borrowings	62,204,649	63,360,157

19. Cash generated from operations

Surplus for the year	86,829,715	239,383,040
Adjustments for:		
Depreciation	4,062,186	3,236,116
Investment income	(43,834,355)	(62,569,316)
Finance costs	62,204,649	63,360,157
Movements in retirement benefit assets and liabilities	-	(12,315,291)
Impairment - property, plant and equipment	53,486,677	-
Changes in working capital:		
Trade and other receivables	(129,297,539)	237,904,078
Prepayments	(53,267,965)	-
Trade and other payables	37,996,070	(72,974,887)
	18,179,438	**396,023,897**

The changes in working capital amounts for the 2020 financial year have been updated in the current year for better presentation. The overall cash generated from operations has not changed from prior year amounts.

20. Contingent liabilities

RA

The Fund is severally liable for the liabilities of it's related party, the Roads Authority. The operational and adminstrative budget of the RA is based on the funding available from the RFA thus ensuring that the possible exposure are continuously managed.

Other

The RFA terminated the contract with NewPoint Electronic Solutions (Pty) Ltd due to contractual disputes. The service provider is claiming N$3,720,098 for premature termination of the contract.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020 Restated

21. Related parties

Relationships

RFA distributes monies collected to RA for road maintenance, administration and systems.	Roads Authority
RFA gives monies to the Local Authorities for urban road maintenance in respective Local Authority Councils.	Local Authorities
RFA receives monies from the Government of the Republic of Namibia for specific road projects.	Ministry of Works and Transport (Unutilised Project Funds)
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	Kreditanstalt für Wiederaufbau (KfW)
Directors	Key management
Key management	Executive committee members
RFA is a Public Enterprise	Ministry of Finance

No further related party disclosures have been disclosed as the Administration has applied exemptions allowed for in IAS 24: Related Party Disclosures.

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.

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

	2021	2020 Restated
Balance at the beginning of the year	42,117,740	45,959,000
Payments during the year	(27,154,355)	(3,841,260)
	14,963,385	**42,117,740**
The amount is represented by:		
Project accounts included in bank balances	14,963,385	42,117,740

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020 Restated

23. National Road Network Expenditure - RA

Roads Authority - NaTIS	169,511,899	155,026,911
Roads Authority - Construction and Rehabilitation	5,460,600	65,666,181
Roads Authority - Network Planning	36,677,647	22,985,299
Roads Authority - Maintenance	987,612,376	1,124,682,949
Roads Authority - Road Management	16,919,080	20,293,906
Roads Authority - Administration	398,416,220	348,733,295
Roads Authority - Road Transport Inspection	11,677,973	9,770,836
Roads Authority - Office Accommodation	-	1,602,558
Roads Authority - Business Systems	20,772,495	21,107,663
Roads Authority - IT Operations	-	896,673
	1,647,048,290	**1,770,766,271**

24. Commitments

The following commitments were approved and authorized by the board of directors.

Not yet contracted

One Stop Vehicle and Driving Testing centre in Windhoek (Natis Land)	72,000,000	-

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020 Restated

25. New Standards and interpretations

25.1 Standards and interpretations effective and adopted in the current year

The standards and interpretations effective in the current year did not have a material impact on the operations of the Fund.

25.2 Standards and interpretations not yet effective

The Fund has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Fund's accounting periods beginning on or after 1 April 2021 or later periods:

Standard Interpretation:	Effective date: Years beginning on or after	Expected impact:
IFRS 7 Financial Instruments: Disclosures	1 January 2021	Unlikely there will be a material impact
IAS 1 Presentation of Financial Statements	1 January 2023	Unlikely there will be a material impact
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023	Unlikely there will be a material impact
IAS 16 Property, Plant and Equipment	1 January 2022	Unlikely there will be a material impact
IAS 37 Provisions, Contingent Liabilities and Contingent Assets	1 January 2022	Unlikely there will be a material impact

26. Fair value information

Fair value hierarchy

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the Fund can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements

The Fund's financial instruments all fall under level 3 as the fair value of financial instruments approximates their carrying amounts due to their short term nature.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020 Restated

26. Fair value information (continued)

Fair value hierarchy

The fair value of the property, plant and equipment and investments property fall under level 3 and are as disclosed in notes 3 and 4 respectively.

Transfers of assets and liabilities within levels of the fair value hierarchy

There were no transfers between assets and liabilities within levels of the fair value hierarchy.

27. Roads Authority - provisions

	2021	2020 Restated
Administration cost	48,141,950	3,268,872
Retention	7,209,599	4,403,482
	55,351,549	**7,672,354**

28. Reclassifications

Certain comparative figures have been reclassified for correct classification and better presentation as disclosed below.

Statement of Financial Position

Current Assets

	2021	2020 Restated
Increase in Trade and other receivables	-	993,503
Decrease in Other financial assets	-	(29,683,742)
Decrease in Cash and cash equivalents	-	(633,535,717)
Increase in Investments	-	663,219,459
Current Liabilities		
Decrease in Trade and other payables	-	19,279,800
Decrease in Other financial liabilities	-	47,092,096
Increase in Interest-bearing borrowings	-	(67,365,399)
Impact on Equity	-	-

Statement of Surplus or Deficit and Other Comprehensive Income

	2021	2020 Restated
Decrease in Revenue	-	302,596,054
Decrease in Administrative and operating expenses	-	(302,596,054)
Impact on surplus	-	-

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

28. Reclassifications (continued)

Statement of cash flows

Cash flows from operating activities

Decrease in cash receipts from road users	-	(254,316,756)
Decrease in cash paid to suppliers and employees	-	248,487,772
Decrease in cash generated from operations	-	(5,828,984)
Cash flows from investing activities		
Decrease in Financial assets	-	29,683,742
Cash flows from financing activities		
Increase in repayment of loans	-	5,828,984
Increase in Total cash movement for the year	-	29,683,742
Increase in Total cash and cash equivalents	**-**	**29,683,742**

Detailed Statement of Surplus or Deficit and Other Comprehensive Income

Figures in Namibia Dollar	Note(s)	2021	2020 Restated
Revenue			
Fuel levies		1,474,831,730	1,550,906,380
Fuel levy refund		(270,524,062)	(302,596,054)
Other road user charges		1,009,810,792	1,043,399,647
	13	**2,214,118,460**	**2,291,709,973**
Other operating income			
Other income		3,160,053	10,106,141
Other recoveries		-	386,335
	14	**3,160,053**	**10,492,476**
Other operating gains (losses)			
Impairment loss on trade and other receivables and property, plant and equipment	16	(51,646,505)	(7,570,960)
Expenses (Refer to page 189)		**(2,060,431,999)**	**(2,054,457,608)**
Operating surplus	15	**105,200,009**	**240,173,881**
Investment income	17	43,834,355	62,569,316
Finance costs	18	(62,204,649)	(63,360,157)
Surplus for the year		**86,829,715**	**239,383,040**

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

Detailed Statement of Surplus or Deficit and Other Comprehensive Income

Figures in Namibia Dollar	Note(s)	2021	2020 Restated
Other operating expenses			
Advertising		(321,473)	(968,705)
Auditors remuneration	15	(1,705,342)	(2,152,136)
Bank charges		(6,892,148)	(6,836,843)
Cleaning		(126,852)	-
Consulting and professional fees		(6,198,760)	(3,371,662)
Corporate items		(3,401,460)	-
Depreciation		(4,062,186)	(3,236,116)
Development of RUCS		-	(2,470,723)
Donations		(318,087)	(11,346,196)
Entertainment		-	(123,402)
Gifts		-	(187,501)
IT expenses		(2,720,500)	(2,553,217)
Legal fees		(1,980,324)	(1,139,607)
Local Authorities		(104,670,495)	(108,368,153)
Minor asset expense		-	(222,980)
Motor vehicle expenses		(2,192)	-
Municipal expenses		(844,709)	-
National road network expenditure - RA		(1,647,048,290)	(1,770,766,271)
National road network expenditure - RFA		(141,692,923)	-
National road safety council		(154,100)	-
Postage		(52,340)	-
Printing and stationery		-	(23,403)
Protective clothing		(601,105)	-
Repairs and maintenance		(46,795)	(53,364)
SME Bank recoveries		12,441,330	-
Seminars and conferences		(31,380)	(207,388)
Staff wellness		(672,065)	(272,493)
Subscriptions		(4,850)	-
Subsistence and travel		-	(180,496)
Technical Assistance AA		(4,576,775)	(10,080,292)
Traffic Law Enforcement agencies		(27,664,374)	(13,400,847)
Transfer to Administration Account		(117,083,804)	(116,495,813)
		(2,060,431,999)	**(2,054,457,608)**

Certain amounts in the 2020 financial year have been reclassified for correct classification and better presentation. The total comprehensive income for the year is still the same as per the 2020 signed annual financial statements.

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

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 with a view of achieving a safe and economically efficient road sector.
Directors	Dr. E. Haiyambo O. Hiveluah M.S. Tjijenda J. Mnyupe I. Angula
Registered office	21 Feld Street Windhoek Namibia
Business address	21 Feld Street Windhoek Namibia
Postal address	Private Bag 13372 Windhoek Namibia
Bankers	Standard Bank Namibia
Auditors	Grand Namibia Registered Accountants and Auditors Chartered Accountants (Namibia)
Secretary	Anna Matebele

Contents

Directors' Responsibilities and Approval

The directors are required in terms of the Road Fund Administration (RFA) Act (Act 18 of 1999) (RFA Act) 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 Road Fund Administration-Administration (Administration) 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 Administration and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set 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 Administration and all employees are required to maintain the highest ethical standards in ensuring that the Administration's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the Administration is on identifying, assessing, managing and monitoring all known forms of risk across the Administration. While operating risk cannot be fully eliminated, the Administration 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 Administration's cash flow forecast for the year to 31 March 2022 and, in light of this review and the current financial position, they are satisfied that the Administration 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 Administration's annual financial statements. The annual financial statements have been examined by the Administration's external auditors and their report is presented on pages 193 to 194.

The annual financial statements set out on pages 195 to 229, which have been prepared on the going concern basis, were approved by the directors on 25 August 2021 and were signed on their behalf by:

Director

Director

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of ROAD FUND ADMINISTRATION - ADMINISTRATION

Opinion

We have audited the annual financial statements of Road Fund Administration- Administration account set out on pages 195 to 229, which comprise the statement of financial position as at 31 March 2021, and the statement of surplus or deficit and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the annual financial statements, including a summary of significant accounting policies and the directors' report.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Road Fund Administration – Administration account as at 31 March 2021, and its financial performance and 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).

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 Statement section of our report. We are independent of the Road Fund Administration in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) and other independence requirements applicable in performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other information

The directors are responsible for the other information. The other information comprises the detailed statement of surplus and deficit and other comprehensive income and the integrated annual report which we obtained prior to the date of this auditor's report. The other information 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 Road Fund Administration'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 or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report

Auditor's responsibilities for the audit of the Annual 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 ISAs 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 ISAs, we exercise professional judgement and maintain professional scepticism 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 Road Fund Administration 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Grand Namibie

Grand Namibia
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: RN Beukes - Partner
Windhoek

14 September 2021

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of the Administration for the year ended 31 March 2021.

1. Review of financial results and 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 Road Fund Administration Act (Act 18 of 1999).

The operating results and state of affairs of the Administration 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	Office	Designation	Nationality	Changes
Dr. E. Haiyambo	Chairperson	Non-executive	Namibian	Appointed (01 October 2020)
O. Hiveluah	Director	Non-executive	Namibian	Appointed (01 October 2020)
M.S. Tjijenda	Director	Non-executive	Namibian	Appointed (01 October 2020)
J. Mnyupe	Director	Non-executive	Namibian	Appointed (01 October 2020)
I. Angula	Director	Non-executive	Namibian	Appointed (01 October 2020)
P. Ithindi	Chairperson	Non-executive	Namibian	Term ended (30 September 2020)
Dr. S. Amunkete	Director	Non-executive	Namibian	Term ended (30 September 2020)
Z. Stellmacher	Director	Non-executive	Namibian	Resigned (03 July 2020)
R. Amadhila	Director	Non-executive	Namibian	Term ended (30 September 2020)
N. Henok	Director	Non-executive	Namibian	Term ended (30 September 2020)

3. Events after the reporting period

The President of the Republic of Namibia in response to the COVID-19 outbreak in the country has declared various lockdowns from the initial one on 23 March 2020 to the last one on 15 June 2021.

The restriction on movement measures to contain the COVID-19 pandemic has had a significant and negative impact on the economy and on RFA operations including but not limited to slow revenue growth, reduction in funding to approved authorities and curtailing of some operational and strategic initiatives.

At this point, the directors are not aware of any material adverse effects on the financial statements as a result of the COVID-19 outbreak.

4. Going concern

The directors believe that the Administration has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis.

Directors' Report

The directors have satisfied themselves that the Administration 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 Administration. 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 materially affect the Administration.

The directors view that the Administration will continue operating as a going concern into the foreseeable future is predicated on the following reasons amongst others:

- The RFA's annual expenditure is limited to Road User Charges collected for that year, ensuring that the entity has no deficits in any year;
- The RFA has not reported any default on all its loans agreements;
- The RFA does not have any indication of unplanned sale of any non-current assets; and
- No negative operating cash flows indicated by the forecasts as indicated in its five-year business plan.

5. Auditors

Grand Namibia will continue in office as auditors of the RFA for the 2021/2022 financial year.

6. Secretary

The company secretary is Anna Matebele.

7. Approval of annual financial statements

The annual financial statements were approved and authorised for issue by the Board of directors on 25 August 2021.

8. Capital expenditure

The expenditure on property, plant and equipment during the year amounted to N$ 571,849 (2020: N$ 1,277,876).

Statement of Financial Position as at 31 March 2021

Figures in Namibia Dollar		2021	2020
Assets			
Non-Current Assets			
Property, plant and equipment	3	2,729,949	3,737,279
Right-of-use assets	15	649,611	-
Intangible assets	4	120,520	571,349
		3,500,080	**4,308,628**
Current Assets			
Trade and other receivables	5	33,269,219	29,473,010
Cash and cash equivalents	6	902,104	796,575
		34,171,323	**30,269,585**
Total Assets		**37,671,403**	**34,578,213**
Equity and Liabilities			
Equity			
Accumulated surplus		14,335,037	14,040,398
Liabilities			
Non-Current Liabilities			
Lease liabilities	15	680,598	-
Provisions - severance pay	7	8,244,053	7,180,105
		8,924,651	**7,180,105**
Current Liabilities			
Trade and other payables	8	9,144,002	8,845,247
Lease liabilities	15	18,892	-
Provisions - leave pay	7	5,248,821	4,512,463
		14,411,715	**13,357,710**
Total Liabilities		**23,336,366**	**20,537,815**
Total Equity and Liabilities		**37,671,403**	**34,578,213**

Amounts relating to leave pay provision have been reclassified from non-current liabilities to current liabilities in the current year. This has resulted in the correct presentation of the transaction based on it's nature. No amounts have been restated as the total liabilities are still the same as the previous years signed financial statements.

Statement of Surplus or Deficit and Other Comprehensive Income

Figures in Namibia Dollar		2021	2020
Capital contribution	9	117,083,804	116,495,813
Other operating income	16	432,107	242,291
Other operating expenses		**(117,148,194)**	**(116,233,534)**
Operating surplus	10	**367,717**	**504,570**
Interest income	11	-	53,246
Finance costs	17	(73,078)	-
Surplus for the year		**294,639**	**557,816**

Statement of Changes in Equity

Figures in Namibia Dollar	2021	2020

	Accumulated surplus	Total equity
Balance at 1 April 2019	**13,482,582**	**13,482,582**
Surplus for the year	**557,816**	**557,816**
Balance at 1 April 2020	**14,040,398**	**14,040,398**
Surplus for the year	**294,639**	**294,639**
Balance at 31 March 2021	**14,335,037**	**14,335,037**

Statement of Cash Flows

Figures in Namibia Dollar		2021	2020
Cash flows from operating activities			
Cash receipts from customers		113,287,595	116,738,104
Cash paid to suppliers and employees		(112,401,587)	(140,485,321)
Cash generated from/(utilised in) operations	12	886,008	(23,747,217)
Interest income		-	53,246
Finance costs		(73,078)	-
Net cash from operating activities		**812,930**	**(23,693,971)**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(571,849)	(1,277,876)
Purchase of other intangible assets	4	(24,532)	(28,396)
Net cash from investing activities		**(596,381)**	**(1,306,272)**
Cash flows from financing activities			
Payment on lease liabilities		(111,020)	-
Net cash from financing activities		**(111,020)**	**-**
Total cash movement for the year		**105,529**	**(25,000,243)**
Cash at the beginning of the year		796,575	25,796,817
Total cash at end of the year	6	**902,104**	**796,575**

Accounting Policies

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 on the going concern basis in accordance with, and in compliance with International Financial Reporting Standards and the RFA 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 incorporated the principal accounting policies set out below. They are presented in Namibia Dollars.

These accounting policies are consistent with the previous period except for new and revised interpretations implemented during the year. See note 14 for further details.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with International Financial Reporting Standards (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

Significant judgement

Trade and other receivables - impairment

The impairment provision for trade and other receivables are based on assumptions about the risk of default and expected loss rates. The Administration uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Administration's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to note 5 to the annual financial statements.

Other judgements

Impairment testing

The Administration reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Judgement is required in estimating the recoverable amount.

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. These useful lives are determined based on the Administration's 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.

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

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Provisions

Provisions are inherently determined based on assumptions and estimates using the best information available at the reporting date.

In accordance with Section 35 (1) of the Namibia Labour Act, 2007, severance benefits are payable when an 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 for each completed year of service. Estimation is involved in determining the triggering event for the accrual of the provision.

1.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the Administration 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 Administration, 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 Administration 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.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

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 Administration. 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 is derecognised.

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

Item	Depreciation method	Average useful life
Right of use assets	Straight line	shorter of lease term or useful life
Furniture and fittings	Straight line	10 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	3 years
Computer equipment	Straight line	3 years

Accounting Policies

1.3 Property, plant and equipment (continued)

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 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

Accounting Policies

1.4 Intangible assets (continued)

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight line	3 years

1.5 Financial instruments

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Administration becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, with the exception of trade receivables without a significant financing component. Trade receivables without a significant financing component are initially measured at the transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through surplus or deficit) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through surplus or deficit are recognised immediately in surplus or deficit.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Administration classifies financial assets as measured at amortised cost or fair value through surplus and deficit (FVTSD).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTSD:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Accounting Policies

1.5 Financial instruments (continued)

All financial assets not classified as measured at amortised cost as described above are measured at FVTSD. On initial recognition, the Administration may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or as at FVTSD if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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. The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

The Administration recognises a loss allowance for expected credit losses on trade and other receivables, excluding prepayments. The amount of expected credit losses is updated at each reporting date. The Administration measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

The carrying amount of the asset is reduced using an allowance account, and the amount of the loss is recognised in surplus or deficit as an impairment loss on trade receivables. 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.

Cash and cash equivalents

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

Impairment of financial assets

The Administration recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Administration recognises a loss allowance for expected credit losses on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Administration always recognises lifetime Expected Credit Loss (ECL) for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Administration's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Administration recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Administration measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Accounting Policies

1.5 Financial instruments (continued)

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, a 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Administration compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Administration considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Administration's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Administration's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition: an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating:

- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause asignificant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Administration presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Administration has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Administration assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default,
- the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily; reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Administration considers a financial asset to have low credit risk when the asset has an external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

Accounting Policies

1.5 Financial instruments (continued)

The Administration regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Administration considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Administration, in full (without taking into account any collateral held by the Administration).

Irrespective of the above analysis, the Administration considers that default has occurred when a financial asset is more than 90 days past due unless the Administration has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event (see (ii) above);
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Administration writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Administration's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in surplus or deficit.

Measurement and recognition of expected credit losses

The Administration makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 5.

Accounting Policies

1.5 Financial instruments (continued)

An impairment gain or loss is recognised in surplus or deficit with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in surplus or deficit as an impairment loss on trade and other receivables.

Derecognition of financial assets

The Administration derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Administration neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Administration recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Administration retains substantially all the risks and rewards of ownership of a transferred financial asset, the Administration continues to recognise the financial asset and recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in surplus or deficit.

Financial liabilities and equity

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Administration are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Administration's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in surplus or deficit on the purchase, sale, issue or cancellation of the Administration's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

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.

Other financial liabilities

Other financial liabilities, including borrowings are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings are recognised over the term of the borrowings in accordance with the Administration's accounting policy for borrowing costs.

Accounting Policies

1.5 Financial instruments (continued)

Derecognition of financial liabilities

The Administration derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Administration also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in surplus or deficit.

1.6 Tax

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 Administration was deregistered for VAT in April 2006 since it was not deemed to be a VAT vendor.

1.7 Leases

Administration as lessee

The Administration assesses whether a contract is or contains a lease, at inception of the contract. The Administration recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as small items of office furniture, equipment and telephones). For these leases, the Administration recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Administration uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Administration remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Accounting Policies

1.7 Leases (continued)

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Administration did not make any such adjustments during the periods presented.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Administration incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37: Provisions, Contingent Liabilities and Contingent Assets. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Administration expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the statement of financial position.

The Administration applies IAS 36: Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' accounting policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in surplus or deficit.

1.8 Impairment of assets

The Administration 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 Administration estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Administration 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.

Accounting Policies

1.8 Impairment of assets (continued)

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.

The Administration 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.

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

Long-term employee benefits

In accordance with Section 35 (1) of the Namibia Labour Act, 2007, severance benefits are payable when an 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 for each completed year of service.

1.10 Provisions and contingencies

Provisions are recognised when:

- the Administration 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.

Accounting Policies

1.11 Investment income

Interest income

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

1.12 Capital contribution

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

The Administration recognises revenues from non-exchange transactions when the event occurs and the resulting asset's recognition criteria are met.

An inflow of resources from a non-exchange transaction that meets the definition of an asset shall be recognised as an asset when, and only when:

(a) it is probable that the future economic benefits associated with the asset will flow to the entity; and

(b) the fair value of the asset can be measured reliably.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

2. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2021

	Note(s)	Amortised cost	Total	Fair value
Trade and other receivables	5	33,000,000	33,000,000	33,000,000
Cash and cash equivalents	6	902,104	902,104	902,104
		33,902,104	**33,902,104**	**33,902,104**

2020

	Note(s)	Amortised cost	Total	Fair value
Trade and other receivables	5	29,396,860	29,396,860	29,396,860
Cash and cash equivalents	6	796,575	796,575	796,575
		30,193,435	**30,193,435**	**30,193,435**

Financial risk management

Overview

The Administration'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 Administration's financial assets (cash and cash equivalents and trade and other receivables) and liabilities (trade and other payables and lease liabilities) approximate their carrying value due to the short-term nature.

Credit risk

Credit risk is the risk of financial loss to the Administration if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk consists mainly of cash deposits, bank and cash and trade and other receivables. The Administration only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty. Trade and other receivables arise from grants received and receivable from the Fund Account of the Road Administration. It is managed based on the approved budget and fund transfers between the two entities.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

2. Financial instruments and risk management (continued)

The maximum exposure to credit risk is presented in the table below:

		2021			2020		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Trade and other receivables	5	33,000,000	-	33,000,000	29,396,860	-	29,396,860
Cash and cash equivalents	6	902,104	-	902,104	796,575	-	796,575
		33,902,104	**-**	**33,902,104**	**30,193,435**	**-**	**30,193,435**

Liquidity risk

The Administration is exposed to liquidity risk, which is the risk that the Administration will encounter difficulties in meeting its obligations as they become due.

The Administration manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows (i.e through an ongoing review of future commitments). The financing requirements are met through funding from the Fund.

There have been no significant changes in the liquidity risk management policies and processes since the prior reporting period.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

As at 31 March 2021 - N$

	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Interest	Carrying amount
Non-current liabilities						
Lease liabilities	99,532	89,032	259,737	971,597	(720,408)	680,598
Current liabilities						
Trade and other payables	516,322	-	-	-	-	516,322
Lease liabilities	18,892	-	-	-	-	18,892
	620,853	89,032	259,737	971,597	(720,408)	1,215,812

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

As at 31 March 2020 - N$

		Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Interest	Carrying amount
Current liabilities							
Trade and other payables	8	527,221	-	-	-	-	527,221
		527,221	**-**	**-**	**-**	**-**	**527,221**

Statutory payments were erroneously included as financial instruments in the previous financial year. These have been correctly updated for in the current financial year.

Interest rate risk

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

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 rate.

The Administration's interest rate risk results mainly from its exposure to interest on short term fund invested and lease liabilities as demostrated below. Any realistic fluctuation in interest rates would not have a material impact on the Administration's surplus and equity.

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate of 1% which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

Increase or decrease in rate	2021 Increase	2021 Decrease	2020 Increase	2020 Decrease
Impact on surplus or deficit:				
Bank and cash	9,021	(9,021)	7,965	(7,965)
Lease liabilities	(6,994)	6,994	-	-
Total impact on surplus or deficit	**2,027**	**(2,027)**	**7,965**	**(7,965)**

Impact on equity:

Bank and Cash	9,021	(9,021)	7,965	(7,965)
Lease liabilities	(6,994)	6,994	-	-
Total impact on equity	**2,027**	**(2,027)**	**7,965**	**(7,965)**

3. Property, plant and equipment

	2021			2020		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fittings	3,198,442	(1,548,233)	1,650,209	3,168,122	(1,274,847)	1,893,275
Motor vehicles	3,591,605	(3,352,179)	239,426	3,591,605	(2,779,925)	811,680
Office equipment	534,293	(534,293)	-	534,292	(495,658)	38,634
Computer equipment	6,169,398	(5,329,084)	840,314	5,627,868	(4,634,178)	993,690
Total	**13,493,738**	**(10,763,789)**	**2,729,949**	**12,921,887**	**(9,184,608)**	**3,737,279**

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Depreciation	Total
Furniture and fittings	1,893,275	30,320	(273,386)	1,650,209
Motor vehicles	811,680	-	(572,254)	239,426
Office equipment	38,634	-	(38,634)	-
Computer equipment	993,690	541,529	(694,905)	840,314
	3,737,279	**571,849**	**(1,579,179)**	**2,729,949**

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Total
Furniture and fittings	2,086,674	90,376	(283,775)	1,893,275
Motor vehicles	1,456,967	-	(645,287)	811,680
Office equipment	122,783	14,913	(99,062)	38,634
Computer equipment	492,723	1,172,587	(671,620)	993,690
	4,159,147	**1,277,876**	**(1,699,744)**	**3,737,279**

Pledges and security

There were no assets pledged for security during the year under review (2020: none)

4. Intangible assets

	2021			2020		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	9,555,855	(9,435,335)	120,520	9,531,323	(8,959,974)	571,349

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Amortisation	Total
Computer software	571,349	24,532	(475,361)	120,520

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Amortisation	Total
Computer software	1,658,580	28,396	(1,115,627)	571,349

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

5. Trade and other receivables

Road Fund Administration - Fund receivable	33,000,000	29,000,000
Sundry debtors	-	396,860
Non-financial instruments:		
Employee costs in advance	269,219	76,150
Total trade and other receivables	**33,269,219**	**29,473,010**

Split between non-current and current portions

Current assets	33,269,219	29,473,010

Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	33,000,000	29,396,860
Non-financial instruments	269,219	76,150
	33,269,219	**29,473,010**

Exposure to credit risk

Trade and other receivables inherently expose the Administration to credit risk, being the risk that the Administration will incur financial loss if customers fail to make payments as they fall due.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade and other receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade and other receivables which have been written off are not subject to enforcement activities.

The Administration measures the loss allowance for trade and other receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade and other receivables is determined as the lifetime expected credit losses on trade and other receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period to those of the previous period.

The Administration considers that its other receivables from the Fund account have low credit risk based on the payment history and forward looking information.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

5. Trade and other receivables (continued)

The loss allowance provision is determined as follows:

Expected credit loss rate:

	2021 Estimated gross carrying amount at default	2021 Loss allowance (Lifetime expected credit loss)	2020 Estimated gross carrying amount at default	2020 Loss allowance (Lifetime expected credit loss)
Trade and other receivables				
Not past due: 0% (2020: 0%)	33,000,000	-	29,396,860	-
Sundry Debtors				
Not past due: 0% (2020: 0%)	-	-	396,860	-
Employees cost in Adavnce				
Not past due: 0% (2020: 0%)	269,219	-	76,150	-
Total	**33,269,219**	**-**	**29,869,870**	**-**

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts due to their short term nature.

6. Cash and cash equivalents

Cash and cash equivalents consist of:

	2021	2020
Cash on hand	5,026	2,557
Bank balances	897,078	794,018
	902,104	**796,575**

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

6. Cash and cash equivalents (continued)

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

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

Credit rating

	2021	2020
Standard Bank Namibia (BB+ Fitch credit ratings)	897,078	794,018

7. Provisions - leave pay

Reconciliation of provisions - leave pay - 2021

	Opening balance	Raised during the year	Total
Leave pay provision	4,512,463	736,358	5,248,821
Severance pay provision	7,180,105	1,063,948	8,244,053
	11,692,568	**1,800,306**	**13,492,874**

Reconciliation of provisions - leave pay - 2020

	Opening balance	(Utilised)/ raised during the year	Total
Leave pay provision	4,577,633	(65,170)	4,512,463
Severance pay provision	5,865,752	1,314,353	7,180,105
	10,443,385	**1,249,183**	**11,692,568**

	2021	2020
Non-current liabilities	8,244,053	7,180,105
Current liabilities	5,248,821	4,512,463
	13,492,874	**11,692,568**

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

7. Provisions - leave pay (continued)

Provision for severance pay

In accordance with Section 35 (1) of the Namibia Labour Act, 2007, severance benefits are payable when an 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 for each completed year of service.

Should the salary inflation rate increase or decrease by 1% the severance pay liability would be as follows:

	2021	2020
1% increase in salary inflation rate	8,326,494	7,251,906
1% decrease in salary inflation rate	8,162,429	7,109,015

8. Trade and other payables

	2021	2020
Financial instruments:		
Trade payables	516,322	527,221
Other payables	8,627,680	8,318,026
	9,144,002	**8,845,247**

Other payables related to PAYE and salary related payments.

Financial instrument and non-financial instrument components of trade and other payables

	2021	2020
At amortised cost	516,322	8,845,247
Non-financial instruments	8,627,680	-
	9,144,002	**8,845,247**

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts due to their short term nature.

9. Capital Contribution

	2021	2020
Transfer from Fund	117,083,804	116,495,813

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

10. Operating surplus (deficit)

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

Depreciation and amortisation

Depreciation of property, plant and equipment	1,579,179	1,699,744
Depreciation of right-of-use assets	160,899	-
Amortisation of intangible assets	475,361	1,115,627
Total depreciation and amortisation	**2,215,439**	**2,815,371**

Expenses by nature

The total general and administrative expenses and other operating expenses are analysed by nature as follows:

Employee costs	94,634,719	92,279,376
Lease expenses	76,021	220,606
Depreciation and amortisation	2,215,439	2,815,371
Other expenses	20,222,015	20,918,181
	117,148,194	**116,233,534**

Stakeholders should take note that when comparing line item amounts in certain expense by nature categories compared with the 2020 Annual Report, some changes have been effected due to amounts having been reclassified for better presentation. However, the total amounts have remained unchanged.

11. Investment income

Interest income

Investments in financial assets:

Interest on current account	-	53,246

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

12. Cash generated from/(utilised in) operations

Surplus for the year	294,639	557,816
Adjustments for:		
Depreciation and amortisation	2,215,439	2,815,371
Interest income	-	(53,246)
Finance costs	73,078	-
Movements in provisions	1,800,306	1,249,183
Changes in working capital:		
Trade and other receivables	(3,796,209)	(28,762,138)
Trade and other payables	298,755	445,797
	886,008	**(23,747,217)**

13. Related parties

Relationships	Related Party
RFA Administration undertakes the management of the RFA Fund	Road Fund Administration - Fund
Key management	Directors and executive management

No further related party disclosures have been disclosed as the Administration has applied exemptions allowed for in IAS 24: Related Party Disclosures.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

14. New Standards and interpretations

14.1 Adoption of new and reused standards

The standards and interpretation effective in the current year did not have a material impact on the operations of the Administration.

14.2 Standards and interpretations not yet effective

The Administration has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Administration's accounting periods beginning on or after 1 April 2021 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
IFRS 7 Financial Instruments: Disclosures	1 January 2021	Unlikely there will be a material impact
IAS 1 Presentation of Financial Statements	1 January 2023	Unlikely there will be a material impact
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023	Unlikely there will be a material impact
IAS 16 Property, Plant and Equipment	1 January 2023	Unlikely there will be a material impact
IAS 37 Provisions, Contingent Liabilities and Contingent Assets	1 January 2023	Unlikely there will be a material impact

15. Leases (Administration as lessee)

The Administration leases several assets, including buildings, plant and IT equipment. The average lease term is from 2 to 18 years (2020: 2 to 18 years).

The Administration adopted IFRS 16: Leases for the first time in the current financial period. Comparative figures have been accounted for in accordance with IAS 17 and accordingly, any assets recognised under finance leases in accordance with IAS 17 for the comparative have been recognised as part of property, plant and equipment. The information presented in this note for right-of-use assets therefore only includes the current period.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

15. Leases (Administration as lessee) (continued)

Details pertaining to leasing arrangements, where the Administration is lessee are presented below

Right of use assets

Net carrying amount of right-of-use assets

The carrying amounts of right-of-use assets are included in the following line items:

Buildings	649,611	-
Additions to right-of-use assets		
Buildings	810,510	-
Depreciation recognised on right-of-use assets		
Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in surplus or loss (note 10).		
Buildings	160,899	-
Lease liabilities		
The maturity analysis of lease liabilities is as follows:		
Within one year	99,532	-
One to two years	89,032	-
Two to five years	259,737	-
More than five years	971,597	-
	1,419,898	-
Less: future finance charges	(720,408)	-
Present value of minimum lease payments	**699,490**	**-**

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

15. Leases (Administration as lessee) (continued)

Present value of minimum lease payments due		
Within one year	18,892	-
Second to fifth year inclusive	680,598	-
	699,490	**-**
Non-current liabilities	680,598	-
Current liabilities	18,892	-
	699,490	**-**

The company has entered into finance leases for certain property.

All leases have fixed repayments and with an effective interest rate of 10% (2020 : 10%).

The company's obligations under finance leases are secured over right of use assets with a net book value of N$ 649,611 (2020: N$ 0.00).

Monthly instalments for finance leases amount to N$ 10,299 (2020: N$ 0.00).

16. Other operating income

NTA refund	133,287	-
Sundry income	298,820	242,291
	432,107	**242,291**

17. Finance costs

Interest paid - leases	73,078	-

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2021	2020

18. Fair value information

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the Administration can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements

The Administration's financial instruments all fall under level 3 as the fair value of financial instruments approximates their carrying amounts due to their short term nature.

Transfers of assets and liabilities within levels of the fair value hierarchy

There were no transfers between assets and liabilities within levels of the fair value hierarchy.

19. Reclassifications

Certain comparative figures have been reclassified for correct classification and better presentation as disclosed below:

	2021	2020
Statement of Financial Position		
Non-current Liabilities		
Decrease in provisions	-	11,692,568
Increase in provisions-severance pay	-	(7,180,105)
Current Liabilities		
Increase in provisions - leave pay	-	(4,512,463)
Effect on equity	-	-
Statement of Surplus or Deficit and Other Comprehensive Income		
Decrease in Transfer from Fund and other income (2020) /Capital Contribution (2021)*	-	242,291
Increase in other operating income	-	(242,291)
Effect on surplus for the year	-	-

*The description of the account changed from Transfers from Fund in the prior year signed financial statements to Capital Contribution in the current year.

Detailed Statement of Surplus or Deficit and Other Comprehensive Income

Figures in Namibia Dollar	Note(s)	2021	2020
Transfer from Fund and other income			
Capital contribution		117,083,804	116,495,813
Other operating income			
Other recoveries		133,287	-
Sundry income		298,820	242,291
	16	**432,107**	**242,291**
Expenses (Refer to page 229)		**(117,148,194)**	**(116,233,534)**
Operating surplus	10	**367,717**	**504,570**
Investment income	11	-	53,246
Finance costs	17	(73,078)	-
Surplus for the year		**294,639**	**557,816**

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

Detailed Statement of Surplus or Deficit and Other Comprehensive Income

Figures in Namibia Dollar	Note(s)	2021	2020
Other operating expenses			
Advertising		(535,461)	(601,732)
Amortisation		(475,361)	(1,115,627)
Bank charges		(47,091)	(50,981)
Cleaning		(527,598)	(498,637)
Computer expenses		(958,989)	(1,078,304)
Consulting and professional fees		(1,242,242)	(339,683)
Consumables		(862,859)	(413,984)
Depreciation		(1,740,078)	(1,699,744)
Donations		(262,225)	(534,410)
Employee costs		(94,634,719)	(92,279,376)
Entertainment		(609,027)	(906,838)
Books		(177,865)	-
Training levy		(788,993)	(820,858)
Seminars & conferences		(30,218)	(126,307)
Fines and penalties		(79,520)	-
Equipment Hire		(4,957)	-
Insurance		(406,607)	(348,381)
IT expenses		(1,946,900)	(1,638,874)
Lease rentals on operating lease		(76,021)	(220,606)
Motor vehicle expenses		(453,513)	(518,579)
Municipal expenses		(1,131,601)	(1,102,468)
Packaging		(264,132)	(74,463)
Postage		(196,666)	(234,493)
Printing and stationery		(1,160,175)	(1,421,447)
Promotions		(635,676)	(317,044)
Repairs and maintenance		(772,802)	(493,907)
Security		(2,676,033)	(2,772,881)
Staff wellness		(963,640)	(227,034)
Subscriptions		(634,610)	(694,790)
Telephone and fax		(774,580)	(986,250)
Training		(672,110)	(756,200)
Subsistence and travel		(1,405,925)	(3,959,636)
		(117,148,194)	**(116,233,534)**

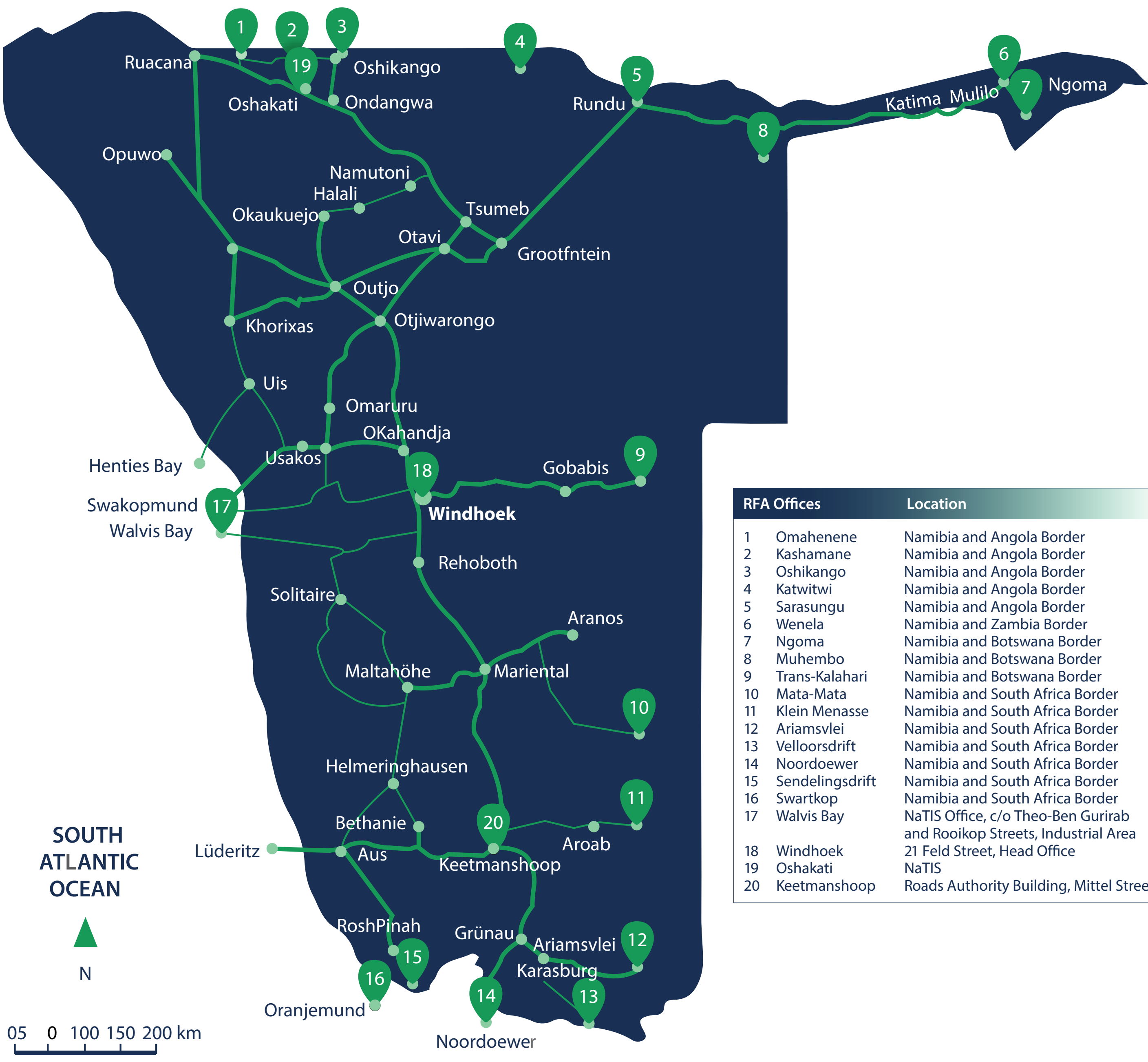
The supplementary information presented does not form part of the annual financial statements and is unaudited

ABBREVIATIONS

AAs:	Approved Authorities
AIRCC:	Investment, Risk and Compliance Committee
ARMFA:	African Road Maintenance Fund Association
Bl-km:	Blade kilometre
CCTV:	Close Circuit Television
CBCs:	Cross Borger Charges
CEO:	Chief Executive Officer
COBIT:	Control Objectives for Information Technology
CPBN:	Central Procurement Board of Namibia
DR:	Disaster Recovery
ERM:	Enterprise Risk Management
ERP:	Enterprise Resource Planning
EXCO:	Executive Committee
FY:	Financial Year
HC:	Human Capital
HPP:	Harambee Prosperity Plan
GDP:	Gross Domestic Product
HPP:	Harambee Prosperity Plan
IAR:	Integrated Annual Report
ICT:	Information, Communication and Technology
IRF:	International Road Federation
ISBP:	Integrated Strategic Business Plan
KfW:	Kreditanstalt Für Wiederaufbau
LAs:	Local Authorities
MDCs:	Mass Distance Charges
NamCode:	Corporate Governance Code for Namibia
NAMPOL:	Namibian Police
NaTIS:	Namibia Traffic Information System
NCCI:	Namibia Chamber of Commerce and Industry
NDP5:	Fifth National Development Plan
NRSC:	National Road Safety Council
RA:	Roads Authority
RFA:	Road Fund Administration
RF:	Road Fund
RUCs:	Road User Charges
RUCS:	Road User Charging System
SADC:	Southern African Development Community
TLE:	Traffic Law Enforcement
VAT:	Value Added Tax
WBCG:	Walvis Bay Corridor Group
WEF:	World Economic Forum

ROAD FUND ADMINISTRATION

RFA GEOGRAPHIC FOOTPRINT



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

RFA
Road Fund Administration
Funding roads, steering growth.

21 Feld Street
Windhoek, Namibia

Private Bag 13372
Windhoek, Namibia

+264 61 433 3000
+264 61 433 3070
info@rfanam.com.na
www.rfanam.com.na
rfanamibia