

Road Fund Administration • Annual Report 2012/2013



Contact Information
Tel: +264 61 378 950 | Fax: +264 61 378 978
Private Bag 13372, Windhoek, Republic of Namibia
3rd Floor, Maerua Park Office Block, Centaurus Road, Windhoek
info@rfanam.com.na | www.rfanam.com.na

ROAD FUND ADMINISTRATION

Annual Report

2012/13



BOARD OF DIRECTORS



Mr. Penda Ithindi
Chairperson



Ms. Akua Avafia
Director



Mr. Denis Maxwell
Director



Mr. Simeon Amunkete
Director



Ms. Elizabeth Asino-Joseph
Director



CONTENTS

Always drive on the left

High Level Statements	3
Chairperson's Report	5
Executive Summary	8
Board of Directors	11
Corporate Overview	16
• Office of the CEO	16
• Corporate Services	17
• Fund Management	18
• Programme Management, Policy and Advice	21
• Audit and Risk Management	25
• Information and Communication Technology	25
Financial Statements	
• Annual Financial Statements for Year ended 31 March 2013	27
• Administration Account	60
• Fund Account	86



HIGH LEVEL STATEMENTS

Speed should be adjusted according to road conditions

Vision

To achieve a safe and economically efficient road sector in Namibia.

Mission

To manage Namibia's Road User Charging System to provide funds for a safe and economically efficient Road Sector for all road users.

Core Values

The Administration has committed itself to the following Core Values:

- **Efficiency**
Promote efficient use of resources.
- **Equity**
Apply principles of equity in determining rates of road user charges.
- **Effectiveness**
Implement monitoring and control mechanisms to enable the achievement of our objectives.
- **Transparency**
Act fairly and openly in our operations by subscribing to ethical standards.
- **Accountability**
Ensure reporting to all stakeholders on utilisation of resources.
- **Integrity**
Apply truthfulness and consistency in all our operations.
- **Safety**
Promote and contribute towards a safe National Road Sector.



CHAIRPERSONS REPORT



Drive at a safe speed and always observe the speed limit

The Road Fund Administration's revenue and expenditure projections in its Five Year Business Plan for the financial years from 2012/13 to 2016/17 indicated that our road network funding is significantly less than what is required to keep our network in a sustainable and acceptable condition.

For this 5-year Business Plan period, the RFA projected its income at N\$14.782 billion, and expenditure at N\$16.797 billion, towards which Government (including development cooperation funding received by Government) was projected to contribute N\$5.205 billion.

During the period under review, from April 2012 to March 2013, the actual income from road user charges and related sources amounted to N\$1 581 million and actual expenditure amounted to N\$1 609 million, resulting in a deficit for the year of N\$28 million.

After expenditure on administration costs of the RA and RFA, and on urban roads maintenance and traffic management and road safety, road user charges income available for the management of the national road network amounted to only N\$1 030 million, of which N\$790 million was spent on routine and periodic road maintenance. By comparison, the RA would have required N\$1 100 million to fully cover the routine and periodic maintenance needs for sustaining the quality of the existing road network.

The unacceptable deterioration of the road network over the past years due to inadequate funding for road maintenance will require the Administration to dedicate the inadequate available funding, apart from meeting its responsibilities towards urban roads and traffic management and road safety, to routine and periodic road maintenance works on the national road network.

In the interest of providing the support to national prosperity that would arise from a properly maintained road network, it is imperative that the RFA be empowered to raise at least sufficient road user charges revenue to fully cover, in addition to its other mandatory funding obligations, the costs of optimal national road network maintenance.

In particular, the road user charge on fuel has not been increased in line with the inflationary increases in road works costs, which the RA and RFA have had to cope with.

Income from the mass-distance charging system has remained severely constrained by persistent evasion, and by the RFA's inadequate means, legal and otherwise, to counteract evasion. In this regard, the RFA has taken note of the study on "Accompanying Measures for the Sector-Wide Approach in the Roads Sector in the Republic of Namibia", commissioned by the Ministry of Works and Transport. Based on the study's report, the RFA has decided to revise the Mass Distance Charges (MDC) collection system to improve the collection rate.

On a positive note, the RFA's decision to take-over the collection of Cross-Border Charges and Mass-Distance Charges on foreign registered vehicles in-house instead of outsourcing this to a contractor has been remarkably successful. By implementing more efficient control and monitoring systems during the period under review, the RFA has managed to collect about N\$15 million in Cross-Border and Mass-Distance Charges more than previously collected by the former contractor.

Under the condition of the RFA not being able to perform a road funding regulatory role as intended by the RFA Act in, achieving Vision 2030 and the aims of NDP4, would thus require increasing contributions from Government, and development cooperation partners engaged by Government, towards particularly road rehabilitation and development.

During the past year the RFA has also been seriously constrained in its ability to perform its functions in accordance with the RFA Act, due to two strategically important posts remaining vacant. These include that of the Chief Executive Officer and the Manager: Programme Management, Policy and Advice. Due to the remuneration constraints imposed by the SOE tier, ranking in which the RFA has been placed, the RFA has found itself unable to offer remuneration packages that will attract suitably qualified and experienced persons to fill these vacancies.

Finally, I would like to take this opportunity, on behalf of the Board, to thank all stakeholders who have interacted with the RFA, and in particular Management and Staff, for their contribution towards the achievement of the RFA's objectives.



EXECUTIVE SUMMARY

Do NOT drink and drive

The Road Fund Administration has been mandated to manage a Road User Charging System and a Road Fund, from which collected funds are be disbursed to designated beneficiaries in the roads sector. This is encapsulated in the Mission of the Road Fund Administration.

Section 3 of the Road Fund Administration Act (Act 18 of 1999), provides the Administration with a specific mandate, namely to manage the Road User Charging System in such a manner as to secure and allocate sufficient funding for the management of the national road network and certain related expenditures.

The Administration's basic role is therefore that of a road funding regulator in which it must, in the first place, aim to meet the economically justified funding requirements of the Roads Authority and other approved Authorities, and secondly, act as trustee on behalf of road users to ensure that they receive value for their money and that the revenue from the Road User Charging System is utilised for their exclusive benefit.

The vision of the RFA is to apply these collected funds in such a way as to achieve a safe and economically efficient Road Sector in Namibia.

The core values of the RFA, amongst others, are the promotion of efficient use of resources. It should also apply principles of equity in determining rates of road user charges. The effective implementation of monitoring and control mechanisms enables the RFA to achieve its main objectives.

The Road Fund Administration must act in a transparent way in its operations by subscribing to ethical standards. Through reporting to all stakeholders on the utilisation of resources the RFA promotes accountability. Its integrity as organisation is reflected in the application of truthfulness and consistency in all the operations of the RFA.

Namibia is fortunate in having a well-developed national road network. This lessens the road use costs road users. The main challenge, which the RFA is facing, together with Government and the Roads Authority, is the maintenance of the existing road network as well as the development of new infrastructure to link all Namibians in order for nobody to be excluded from the benefits of economic development.

The RFA would like to express its sincere appreciation to the Ministry of Works and Transport as well as the Roads Authority for being valuable partners in the endeavour and quest to achieve the common vision of realising a safe and efficient Roads Sector in Namibia.

The support of management and staff of the RFA towards achieving the vision and mission of the RFA is gratefully acknowledged. Their unrelenting efforts are required to facilitate maintaining the Namibian road network to standards commensurate with Namibia's vision to become a major transport hub in the SADC Region.



BOARD OF DIRECTORS

Before you drive a vehicle ensure that the vehicle is properly licensed

The Honourable Minister of Finance, in consultation with the Honourable Minister of Works and Transport, appoints the Board of Directors for a three-year period, in terms of the RFA Act (Section 4). The Board of Directors is responsible for the policy, control and management of the Administration.

For the 2012/13 financial year, the Board of Directors consisted of the following:

- Chairperson - Ms Angeline Simana-Paulo (up to 20 December 2012)
- Mr Penda Ithindi (as from 21 December 2012)
- Directors - Mr Frans Kwala (up to 15 October 2012)
- Mr Adriaan van der Merwe (up to 20 December 2012)
- Mrs Alma Nambundunga (up to 20 December 2012)
- Ms Akua Avafia (as from 21 December 2012)
- Mrs Elizabeth Asino-Joseph (as from 21 December 2012)
- Mr Denis Maxwell (as from 21 December 2012)
- Mr Simeon Amunkete (as from 21 December 2012)

MEETINGS OF THE BOARD OF DIRECTORS

The RFA Act (Section 9) requires that the Board of Directors meet at such times and places as the Board may determine. However, at least one meeting per quarter must take place.

During the 2012/13 financial year, the Board of Directors held meetings on the following dates:

1. 14 April 2012
2. 07 June 2012
3. 27 July 2012
4. 15 October 2012
5. 16 November 2012
6. 08 February 2013
7. 20 March 2013

Committees of the Board of Directors

In line with the principles and guidelines of the King III Report on Corporate Governance, the Board recognizes the importance of focused deliberations on critical performance areas, thus best utilizing Directors in their respective fields of expertise. To this effect the Board commissioned five different Committees. In executing their duties within the respective Committees the Board Members are assisted by the CEO and Managers.

Audit Committee

The primary role of the Audit Committee is to assist the Board of Directors in fulfilling its supervisory responsibilities for the financial reporting process, the system of internal controls, the audit process, and the Fund's processes for monitoring compliance with laws and regulations as well as accounting standards.

This Committee further provides a forum for the discussion of business risks and control issues, for the development of relevant management interventions and recommendations for consideration by the Board for final decision and approval. Membership, resources, responsibilities and authorities of the Committee to perform its role effectively, is stipulated in its Terms of Reference, which may be amended by the Board of Directors as and when required. The Committee is constituted in terms of the requirements of sound corporate governance practices and operates within that framework.

The Audit Committee consisted of the following members:

Chairperson - Ms Alma Nambundunga (up to 20 December 2012)

Director - Mr Frans Kwala (up to 15 October 2012)

Chairperson - Ms Akua Avafia (as from 21 December 2012)

Director - Mr Penda Ithindi (as from 21 December 2012)

During the 2012/13 financial year, the Audit Committee held meetings on the following dates:

1. 14 April 2012
2. 08 May 2012
3. 09 October 2012
4. 06 March 2013
5. 18 March 2013

Human Resources Committee

The Human Resources Committee mainly considers contentious human resource related matters as well as human resource development related questions such as:

- Permanent staff recruitment, selection and retention,
- Staff remuneration and bonuses,
- Board member remuneration,
- Management's performance appraisal,
- Organizational development and
- Training and development

The Human Resources Committee consisted of the following members:

Chairperson - Ms Alma Nambundunga (up to 20 December 2012)

Chairperson - Mr Simeon Amunkete (as from 21 December 2012)

Director - Ms Akua Avafia (as from 21 December 2012)

During the 2012/13 financial year, the Human Resources Committee held meetings on the following dates:

1. 10 April 2012
2. 05 September 2012
3. 27 September 2012
4. 05 March 2013

ICT Committee

The ICT Committee is there to oversee the effective and efficient management of IT resources and facilitate the achievement of corporate objectives and strategic goals. It is responsible for directing, controlling and measuring IT activities and processes.

The ICT Committee consisted of the following members:

- Mrs Elizabet Asino-Joseph (as from 21 December 2012)
- Mr Denis Maxwell (as from 21 December 2012)

During the 2012/13 financial year, the ICT Committee held a meeting on the following date:

1. 01 March 2013

Investment Committee

One of the key performance areas of the Administration is the management of funds that it collects with different instruments and the disbursement thereof to approved authorities. The Investment Committee overlooks and controls how cash funds that are available for investment from time to time are managed and invested for the Road Fund.

Further, the Administration issued loan stock, guaranteed by Government, and the management of these funds as well as the required loan repayment reserves are in the focus of the Investment Committee.

The Investment Committee consisted of the following members:

Chairperson - Mr Adriaan van der Merwe (up to 20 December 2012)

Director - Mr Frans Kwala (up to 15 October 2012)

Chairperson - Mr Penda Ithindi (as from 21 December 2012)

Director - Mrs Elizabeth Asino-Joseph (as from 21 December 2012)

During the 2012/13 financial year, the Investment Committee held meetings on the following dates:

1. 04 April 2012
2. 01 October 2012
3. 25 February 2013
4. 05 March 2013

Tender Committee

The Tender Committee's key responsibility is to guide the Administration in terms of the procurement of goods and services. In this regard, the Tender Committee monitors adherence to the procurement policy and further reviews and recommends to the Board the procurement of goods and services that exceed the procurement delegation of management.

The Tender Committee consisted of the following members:

Chairperson - Mr Adriaan van der Merwe (up to 20 December 2012)

Director - Mr Frans Kwala (up to 15 October 2012)

Chairperson - Mr Denis Maxwell (as from 21 December 2012)

Director - Mr Penda Ithindi (as from 21 December 2012)

During the 2012/13 financial year, the Tender Committee held meetings on the following dates:

1. 24 September 2012
2. 25 October 2012
3. 25 February 2013



CORPORATE OVERVIEW

Do not cross the road at bends where you cannot see the danger of oncoming vehicles

The Road Fund Administration performs its mandate through the following internal Divisions:

- Office of the CEO.
- Corporate Services.
- Fund Management.
- Programme Management, Policy and Advice.
- Audit and Risk Management.
- Information and Communication Technology.

OFFICE OF THE CEO

The post of CEO was vacant during the 2012/13 financial year.

The CEO is responsible for the administration of the RFA in accordance with the RFA Act and policies and directions given by the Board of Directors.

The CEO provides visionary leadership to the Administration ensuring that it contributes to a safe, effective and economically efficient road network. In doing so, shareholder interests should be optimally considered and the Road User Charging System should be managed in such a way as to provide affordable road transport infrastructure to serve the Namibian economy and all road users in general.

CORPORATE SERVICES

Corporate Services is one of the five Divisions within the Administration and is an important partner and facilitator for all other Divisions in their achievement of the objectives of the Administration.

The Corporate Services Division is the portal of entry to and exit from the Administration, and as such one of its main objectives and goals is to ensure that the work environment is conducive for all Divisions to operate effectively and efficiently, so that the Administration as a whole, can achieve its strategic goals Corporate Services. It also assists the Administration in ensuring that all Divisions' activities are aligned to the Administration's overall mission and vision. Its overarching objective is to continually improve service delivery to all other Divisions in the Administration.

Staffing and Employment

In previous financial years, the Administration had a relatively small staff complement which stood at 35 members at the end of the financial year 2011/12.

The staff complement, however, significantly increased with the in-house absorption of the Cross-Border Charging system as from 1 April 2012. A net total of 60 staff members were taken over, and subsequent to some staff turnover, the total of RFA staff stood at 91 at the end of March 2013.

A breakdown of the RFA staff complement at the end of the 2012/13 financial year is provided in the following table:

Staff Category	Number of Positions	Filled		Vacancies
		Male	Female	
CEO	1	0	0	1
Management	6	2	2	2
Professional	12	8	4	0
Administration	69	14	54	1
Labour	7	4	3	0
	95	28	63	4

Professional: Accounting, Internal Audit and Engineering personnel

Administration: Fuel Levy Refunding and Mass Distance Charges Assessors, Corporate Services Administrator, Executive Secretary, CBC Clerks, CBC Senior Clerks, CBC Data Capturers and Inspectors, Receptionists

Labour: Cleaners and Security Officers

Of the above staff, 31 are located at the Head Office and 60 are located at CBC offices.

Training and Development

The Administration acknowledges the importance of maintaining an above average skills-base and has thus committed itself to keep abreast of developments within the respective professional fields required within the Administration to attain its vision and mission. The Administration thus, in its attempt to empower and develop its employees, strives to train each staff member to perform his/her job effectively. The Administration encourages its staff to constantly develop their professional knowledge in the disciplines related to their functions and duties.

FUND MANAGEMENT

The Fund Management Division is responsible for some of the core business activities of the Administration, being revenue collection, safekeeping of funds and disbursement of funds to approved authorities. The Division is also the custodian of the Fuel Levy Refunding System and its operations, and is also responsible for the overall accounting functions of the Road Fund and the RFA.

Imposition of Road User Charges

The RFA employed the following agents in the year under review:

- Petroleum companies: collection of Fuel Levies;
- Roads Authority: collection of Registration and License Fees as well as Abnormal Vehicle and Load Charges.

The Administration operated an in-house Mass-Distance Charging System, an in-house Cross-Border Charging System and a Fuel Levy Refunding System.

Table 1 summarizes the revenues collected from road user charges during the 2012/13 financial year in comparison to the 2011/12 financial year, while the following sub-sections provide detailed deliberations. During 2012/13, overall revenue increased by 5.2% compared to 2011/12.

Table 1: Revenue Sources

Road User Charge	2012/13 [N\$ mil.]	2011/12 [N\$ mil.]	Increase
Fuel Levies	975	938	3.9%
Licence Fees	404	383	5.5%
Cross-Border Charges	87	78	11.5%
Mass-Distance Charges – local	49	41	19.5%
– foreign	16	10	60.0%
Abnormal Load Charges	6	10	-40.0%
Total	1 536	1 460	5.2%

Fuel Levies

During the 2012/13 financial year, no increase in the road user charge on fuel was granted.

The revenue increase shown in Table 1 is attributed to increased fuel usage due to increased vehicle population and general economic activities in the country.

Mass-Distance Charges

Mass-Distance Charges (MDC) are travelling distance charges provided for in Section 18(1)(a) of the Act. The charge is calculated in relation to the mass of the vehicle and the distance travelled and is applicable to all vehicles with a gross vehicle mass (GVM) exceeding 3,500 kg. For foreign registered vehicles, MDC are collected at the border posts together with Cross-Border Charges. For Namibian registered vehicles, MDCs are collected by the RFA at its head office.

The RFA commenced collecting MDC at border posts as from 1 April 2012, which has led to the approximately 60% increase in MDC on foreign registered vehicles as reflected in Table 1. The collection increase of 19.5% on MDC on local vehicles is attributed to heavy vehicle traffic increases.

Abnormal Vehicle and Load Charges

The Roads Authority, acting in terms of the Road Traffic and Transport Act, 1999, collects Abnormal Load Fees on behalf of the Road Fund Administration.

Abnormal vehicles and loads operate under exemption permits assessed and delivered by the Roads Authority. Fees for such permits derive from Section 18(1)(a) of the RFA Act and are based on travelling distance, vehicle dimensions and load characteristics. The amount of revenue generated by this charge is limited. The volume of traffic is mostly influenced by activities in the mining and construction sectors, which generate the largest movement of abnormal goods and equipment items.

The reduction of abnormal vehicle and load charges of 40% as compared to 2011/12 is attributed to reduced conveyance of abnormal loads, which is usually at a low level in any event.

Cross-Border Charges

Entry fees in respect of all motor vehicles not registered in Namibia that temporarily enter Namibia, are provided for in Section 18(1)(b) of the Act and are collected through the Cross-Border Charge (CBC) instrument.

The Cross-Border Charge System was operated in-house by the RFA as from 1 April 2012.

The collection increase of 11.5% is largely attributed to more the efficient control and monitoring systems implemented in-house.

Vehicle Registration and Licence Fees

The collection of registration and annual Licence Fees in respect of vehicles registered in Namibia (Section 18(1)(c)) is managed by the Roads Authority as delegated by the Minister responsible for Transport. The total revenue generated through this instrument relates directly to the total number of vehicles registered in the country, which has increased during the period under review, and the applicable Licence Fees, which have remained unchanged.

Investments

The long- and short-term investment portfolio of the Fund slightly reduced from N\$383.3 million held at 31 March 2012 to an amount of N\$ 381.1 million at 31 March 2013. This reduction is due to the liquidation of some short-term investments to finance cash flow.

The majority of these assets are held under management by Investec in a diversified High Income Fund Portfolio, and the remainder in various short-term deposits at local banks.

Interest on trade investments and on current account balances amounted to N\$31.7 million in the period under review, compared to N\$29.9 million for the previous year.

Liquidity

The Road Fund Administration, as a matter of policy, keeps its funds as liquid assets. The liquidity position has decreased slightly from 1.71:1 in 2011/12 to 1.67:1 in 2012/13, but still portrays a healthy liquidity position with sufficient reserves.

RFA Loan Stock

The RFA Loan Stock amounts to N\$330 million, and the interest paid amounted to N\$31.3 million, for the year under review.

Accumulated Deficit

The accumulated deficit increased from N\$45.6 million in 2011/12 to N\$ 73.8 million in 2012/13, an increase of N\$ 28.2 million, which constitutes 1.8% of the Road Fund's total revenue for the year under review. This increase resulted from a minor difference between revenue and expenses arising in the normal course of operations.

Fuel Levy Refunding System

As Fuel Levies are also included in the price of fuel used off-road, the Administration operates a system for the refunding of Fuel Levies on diesel used off-road (almost all petrol is used on-road).

Fuel Levies refunded to off-road users are handled in terms of the Administration's Fuel Levy refunding policy, which provides for refunds to be made on fuel used off-road by sectors identified to be eligible for refunds. Refunding rates are determined on a sector basis. The eligible sectors are:

- Agriculture (Agronomic and Livestock),
- Construction (Building and Civil),
- Fishing,
- Mining and
- Rail (TransNamib).

During 2012/13, refunds amounting to N\$ 211.0 million (21.6% of fuel levy revenue) were paid to registered off-road users, compared to N\$ 186.3 million during 2011/12 (19.8% of fuel levy revenue).

PROGRAMME MANAGEMENT, POLICY AND ADVICE

Responsibilities

This Division is responsible for the development and implementation of policies on road user charges, including conditions subject to which the RFA makes funding allocations, and to the following functions pertaining to the Road User Charging System:

- Determination of the amount of funding for road projects and programmes,
- Determination of the manner in which such amount of funding shall be allocated and
- Determination of the rates of road user charges.

Subsequent to the allocation of funds to beneficiaries, being the Roads Authority and other approved authorities, the Division carries out monitoring programmes to verify that beneficiaries utilise the allocated funds in compliance with the terms of the RFA Act, regulations and policies, and the funding conditions imposed by the RFA.

The Division further supports the Chief Executive Officer in advising the Minister responsible for Finance and Transport on matters pertaining to the application and maintenance of the Road Fund Administration Act and regulations promulgated in terms of the Act.

Activities

During the year under review, the positions of Manager and Senior Engineer of the Division were vacant. As a result thereof, the Division was substantially unable to perform its intended functions.

The only position filled was that of the Engineer, who could only attend to limited desk study monitoring of the utilisation of funds by the Roads Authority and other approved authorities. The other functions pertaining to the Division, which are reported hereunder, were physically performed and reported by the Division Fund Management.

Funding Determinations

The determination of funding was guided by financial constraints rather than achieving optimal economic efficiency as determined in accordance with the RFA Act. Revenue from road user charges continued to be far below the required level of funding to facilitate the optimal preservation of the current national road network.

Funding allocation decisions were guided by the following principles:

- Continuation of funding for the administrative costs of the RFA and RA,
- Continuation of funding for urban roads maintenance programmes, and programmes under traffic management and road safety,
- Continuation of funding for on-going national road network projects, which had been contractually committed to in previous financial years,
- Funding for new national road network rehabilitation and development works deemed of high priority and
- Funding of routine and periodic road maintenance on the national road network.

Determination of the rates of road user charges

During the year under review, the RFA was not permitted to adjust any of the rates of road user charges.

Policy and Advice Activities

Revision of the Procedures Agreement between RA and RFA

The revision of the Procedures Agreement between the Roads Authority and the RFA has been continuing without the parties having been able to reach an agreement.

Improvement of Mass-Distance Charge (MDC) collection system

It is estimated that the current MDC collection system is receiving only about 50% of the revenues expected to be generated. The system is based on log-books completed by the owners and drivers of vehicles themselves, which creates a risk of easy manipulation and evasion of the MDC. It is thus considered to be full of loopholes and inequitable.

The Ministry of Works and Transport has commissioned a study on “Accompanying Measures for the Sector-Wide Approach in the Roads Sector in the Republic of Namibia”, and the draft final

study report on the review of road user charges was released in October 2012. Various alternative options for implementing MDC system have been presented that might be considered more robust than the current log-book based system. The most feasible options have in common a requirement for additional legal powers to be granted to the RFA, which are not currently covered in the RFA Act.

It is therefore evident that any prospective change to a more robust MDC system would have to be preceded by extensive stakeholder consultations. These, and a revision of the MDC, are planned for the financial year 2013/14.

Execution of Projects and Programmes

Contribution to the Management of the National Road Network

Projects and programmes for which the RFA has allocated funds to the Roads Authority for the management of the national road network during 2012/13 are listed below.

Road Rehabilitation:

TR7/1: Okahandja - Karibib road rehabilitation Phase 2

Bridge Rehabilitation:

Bridge no.157 on TR1/4: Rehoboth - Mariental

Bridge no. 2312 on TR1/4: Rehoboth - Mariental

Bridge no. 158 on MR1/4: Rehoboth - Mariental

Bridge no. 139 on MR92: Ongwediva

Bridge no. 138 on MR92: Okandjengedi

Road Development:

MR120: Onunho - Endola - Okatana road upgrading (36km)

Labour-based Road Development:

DR3643: Ekamba - Onkani gravel road (46km)

Kunene Drainage Structures - Okombahe

DR3642: Okahao - Outapi gravel road (46km)

Bridge Construction:

Divundu Bridge - widening and reinforcement

Weighbridge Development:

Weighbridge construction - Gobabis

The contributions paid by the RFA towards the management of the national road network, excluding administrative expenses, amount to:

Table 2: Management of National Road Network - Expenditure

Item	Amount [N\$ mil.]
Road construction and rehabilitation	137.1
Routine and periodic road maintenance	790.4
Fencing of roads and landowners' compensation	7.2
Road management system	15.4
Research, development and feasibility studies	9.7
Project administrative expenses	8.6
Weighbridge maintenance	2.5
Total	1 536

Contribution to the Maintenance of Urban Roads and Streets

The RFA paid contributions to the traffic related maintenance of urban roads and streets to Local Authorities, which had been published in the Government Gazette as Approved Authorities. The funding determinations were made in accordance with the RFA Act, Sections 17 and 20, based on budgets submitted by the Local Authorities.

Funding for 51 approved Local Authorities and all 13 Regional Councils was included in the budget for the maintenance of urban roads, and N\$ 58.2 million was disbursed (86.6% of the RFA budget allocation).

As in the case of the national road network, funds allocation for urban roads and streets were constrained by the lack of funding raised through the road user charging system during the year under review. However, the most significant constraint in funding the majority of the smaller Local Authorities was their lack of capacity in planning and budgeting for road maintenance works. Some consultancy firms providing professional assistance to Local Authorities delivered doubtful results, while their charges burdened funds by between 20% and 30%. Due to the aforementioned capacity constraints in the PMPA Division, it was not possible to pursue the previously envisaged measures towards solving these problems.

Contribution to Traffic Management and Road Safety

The promotion of a safe road sector implies that organizations which assume responsibility for the management of traffic and road safety should be supported.

The RFA's contribution paid to the Roads Authority Transport Information and Regulatory Services (mainly NaTIS), amounted to N\$ 59.0 million, which is 121.1% of the RFA's budget allocation.

The funds allocated to the RA included the Road Traffic and Transport Inspectorate which monitors the overloading of heavy vehicles on the national road network and operates the weighbridge infrastructure.

The Approved Authorities, which submitted budgets for law enforcement expenses for the 2012/13 financial year, were the Roads Authority, the Namibian Police, and the municipalities of Henties Bay, Keetmanshoop, Otjiwarongo, Swakopmund, Walvis Bay and Windhoek. The funding determinations for traffic law enforcement functions were also constrained by a limited availability of funds. A total amount of N\$ 27.6 million was disbursed (89.9% of the RFA budget allocation).

Further, the RFA Act provides for the provision of funds to the National Road Safety Council for programmes aimed at addressing road safety. However, no programmes were submitted for funding and thus no funds were disbursed during 2012/13.

AUDIT AND RISK MANAGEMENT

The Audit and Risk Management Division provides an independent and objective control system within the Administration ensuring efficiency principals being adhered to and corporate governance being observed.

Risk Management tools are applied for the safeguarding of assets, maintenance of reliable financial information and compliance with applicable laws, regulations and policies.

The Division performs internal audits, monitors all revenues collected and funds disbursed from the Road Fund, and provides advice to all Division.

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) DIVISION

The Information & Communication Technology Division is responsible for advising Board and Management in providing technological vision and leadership in the process of developing, implementing, operating and maintaining the Road Fund Administration's ICT systems. It also provides guidance in the execution of ICT strategic plans in order to optimize the use of ICT in support of its operations.

DO NOT TAILGATE

ALWAYS WEAR YOUR SEAT BELT
AND ENSURE THAT YOUR
PASSENGERS DO THE SAME.

DO NOT STICK OUT ANY PART OF
YOUR BODY WHEN YOU ARE IN A
MOVING BUS OR CAR.

OVERTAKE WITH CARE

ALWAYS CROSS
THE ROAD AT DESIGNATED
PEDESTRIAN OR
ZEBRA CROSSINGS

BEFORE YOU DRIVE A VEHICLE
ENSURE THAT, YOU HAVE A VALID
AND APPROPRIATE LICENCE TO
DRIVE THE VEHICLE

FOLLOW OTHER VEHICLES
AT A SAFE DISTANCE AND
NEVER USE A MOBILE
PHONE WHILST DRIVING

DRIVE TO THE CONDITIONS:
WHEN DRIVING YOU NEED TO
JUDGE THE SAFE SPEED NEEDED
FOR THE STRETCH OF ROAD
YOU'RE ON AT THAT PARTICULAR
TIME.



Road Fund Administration

Annual Financial Statements for the year ended 31 March 2013

Road Fund Administration

Annual Financial Statements for the year ended 31 March 2013

General Information

Country of incorporation and domicile	Namibia
Nature of business and principal activities	To manage Namibia's road user charging system so as to achieve a safe and economically efficient road sector, for the benefit of all road users.
Directors	P. Ithindi (Chairperson) E. O. Asino-Joseph S. Amunkete A. Avafia D. Maxwell
Business address	3rd Floor Maerua Park Office Block Centaurus Road Windhoek Namibia
Postal address	Private Bag 13372 Windhoek Namibia 9000
Bankers	Bank Windhoek Limited
Auditors	PricewaterhouseCoopers Registered Accountants and Auditors PwC, a partnership duly organised according to the laws of the Republic of Namibia (hereafter referred to as "Pwc", "we", "us", "our")

Road Fund Administration

Annual Financial Statements for the year ended 31 March 2013

Contents

The reports and statements set out below comprise the annual financial statements presented to the beneficiaries:

Contents	Page
Directors' Responsibilities and Approval	3
Independent Auditor's Report	4 - 6
Directors' Report	7 - 8
Statement of Financial Position	9
Statement of Comprehensive Income	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Accounting Policies	13 - 20
Notes to the Annual Financial Statements	21 - 32

Road Fund Administration

Annual Financial Statements for the year ended 31 March 2013

Directors' Responsibilities and Approval

The directors are required in terms of the Road Fund Administration 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 fund as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the fund and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board 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 the fund's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the fund is on identifying, assessing, managing and monitoring all known forms of risk across the fund. While operating risk cannot be fully eliminated, the fund endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The directors have reviewed the fund's cash flow forecast for the year to 31 March 2014 and, in the light of this review and the current financial position, they are satisfied that the fund has or has access to adequate resources to continue in operational existence for the foreseeable future.

The independent auditors are responsible for independently reviewing and reporting on the fund's annual financial statements. The annual financial statements have been examined by the fund's independent auditors and their report is presented on pages 4 to 6.

The annual financial statements set out on pages 7 to 32, which have been prepared on the going concern basis, were approved by the board and were signed on its behalf by:



Director



Director

Windhoek

9/12/2013

(Date)

Independent Auditor's Report

To the member of Road Fund Administration

We have audited the annual financial statements of Road Fund Administration, which comprise the statement of financial position as at 31 March 2013, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and the directors' report, as set out on pages 7 to 32.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Road Fund Administration Act of Namibia, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion

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

Country Senior Partner: R Nangula Uaandja
Partners: Stephen D Viljoen, Carl P van der Merwe, Louis van der Riet, Ansie EJ Rossouw, Seretta N Lombaard, Stéfano Hugo, Chantell N Husselmann, Gerrit Esterhuyse, Talita B Horn

Independent Auditor's Report (continued)

Mass Distance Charges (Local):

The Fund's accounting records do not provide sufficient evidence supporting local Mass Distance Charges. We noted that the assessments are not recorded in the year that customers of the fund travelled. As a result, we were unable to obtain sufficient appropriate audit evidence whether all Local Mass Distance Charges for the year have been recorded in the financial period. We could therefore not satisfy ourselves as to the completeness and cut-off of revenue collected from Mass Distance Charges (Local).

License fees:

The Fund's accounting records do not provide sufficient evidence supporting the revenue component of the statement of comprehensive income amounting to N\$ 404,026,655 in respect of vehicle licence fees. These fees are recorded on a cash basis rather than accrual basis of accounting. As a result, we were unable to obtain appropriate audit evidence to satisfy ourselves regarding completeness, accuracy as well as cut off of licence fees collected for the year under review.

Completeness of Fuel Levy Refunds:

The Fund's accounting records did not provide sufficient evidence supporting the accrual of fuel levy reFunds amounting to N\$ 96,272,190 at 31 March 2012 year-end. Since opening trade and other payables affect the determination of the results and operations, we were unable to determine whether adjustments and results of operations and opening retained earnings might be necessary for 2012. Our opinion on the current period's financial statements is modified because of the possible effect of this matter on the comparability of the current figures and corresponding figures.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Road Fund Administration as at 31 March 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of Namibia.

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Independent Auditor's Report (continued)

Emphasis of Matter

Without further qualifying our opinion, we draw attention to the directors report, the fund's total liabilities exceeded its total assets by N\$ 75,513,063 (2012: N\$46,611,045). The directors report indicates that these conditions, along with other matters, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern.

Supplementary information

The supplementary information set out on page 32 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)

Per: R.Nangula Uaandja
Partner

Windhoek, 9/12/2013

PricewaterhouseCoopers, 344 Independence Avenue, Windhoek, P O Box 1571, Windhoek, Namibia
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Directors' Report

The directors submit their annual report for the year ended 31 March 2013.

1. Review of activities

Main business and operations

The fund is engaged in to manage Namibia's road user charging system so as to achieve a safe and economically efficient road sector, for the benefit of all road users. and operates principally in Namibia.

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.

Net deficit of the fund was N\$ 28,902,018 (2012: N\$ 107,329,051 surplus).

2. Going concern

We draw attention to the fact that at 31 March 2013, the fund had accumulated losses of N\$ (75,513,061) and that the fund's total liabilities exceed its assets by N\$ (75,513,061).

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

The ability of the fund to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the fund.

The government of the Republic of Namibia guarantees the due performance of the obligation of the RFA with respect to the due performance under the terms and conditions of the trust deed up to such amount equal to the value of the issued loan stock of N\$ 330,000,000, plus interest, penalty interest and any other amount payable by the RFA.

3. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year.

4. Directors

The directors of the fund during the year and to the date of this report are as follows:

Name	Nationality	Changes
A. Simana - Paulo	Namibian	Resigned 21 December 2012
F. M. Kwala	Namibian	Resigned 12 October 2012
A. N. Nambundunga	Namibian	Resigned 21 December 2012
T. N. Shaanika	Namibian	Resigned 30 November 2012
A. C. Van der Merwe	Namibian	Resigned 21 December 2012
P. Ithindi (Chairperson)	Namibian	Appointed 21 December 2012
E. O. Asino-Joseph	Namibian	Appointed 21 December 2012
S. Amunkete	Namibian	Appointed 21 December 2012
A. Avafia	Namibian	Appointed 21 December 2012
D. Maxwell	Namibian	Appointed 21 December 2012

Directors' Report

5. Auditors

PricewaterhouseCoopers completed their three year term of office and Road Fund Administration will go out on public tender to appoint an independent auditor for the coming three year term in terms of section 24(3) of the Road Fund Administration Act (Act 18 of 1999).

Road Fund Administration
Annual Financial Statements for the year ended 31 March 2013

Statement of Financial Position

	Note(s)	2013 N\$	2012 N\$
Assets			
Non-Current Assets			
Property, plant and equipment	4	6,696,021	5,764,787
Current Assets			
Investments	5	381,132,469	358,139,995
Trade and other receivables	7	89,797,257	98,427,705
Cash and cash equivalents	8	157,214,465	217,839,163
		628,144,191	674,406,863
Total Assets		634,840,212	680,171,650
Equity and Liabilities			
Equity			
Accumulated deficit		(75,513,061)	(46,611,045)
Liabilities			
Non-Current Liabilities			
Other financial liabilities	9	330,000,000	330,000,000
Current Liabilities			
Trade and other payables	10	380,353,273	396,782,695
Total Liabilities		710,353,273	726,782,695
Total Equity and Liabilities		634,840,212	680,171,650

Road Fund Administration

Annual Financial Statements for the year ended 31 March 2013

Statement of Comprehensive Income

	Note(s)	2013 N\$	2012 N\$
Revenue	12	1,535,729,028	1,459,758,410
Other income	24	13,435,840	5,623,204
Operating expenses		(1,578,458,592)	(1,356,682,347)
Operating (deficit)/surplus	13	(29,293,724)	108,699,267
Investment revenue	14	31,741,708	29,979,784
Finance costs	15	(31,350,000)	(31,350,000)
(Deficit)/ surplus for the year		(28,902,016)	107,329,051
Other comprehensive income		-	-
Total comprehensive (loss) income for the year		(28,902,016)	107,329,051

Road Fund Administration
Annual Financial Statements for the year ended 31 March 2013

Statement of Changes in Equity

	Accumulated deficit N\$	Total equity N\$
Balance at 01 April 2011	(153,940,096)	(153,940,096)
Profit for the year	107,329,051	107,329,051
Other comprehensive income	-	-
Total comprehensive income for the year	107,329,051	107,329,051
Balance at 01 April 2012	(46,611,045)	(46,611,045)
Loss for the year	(28,902,016)	(28,902,016)
Other comprehensive income	-	-
Total comprehensive Loss for the year	(28,902,016)	(28,902,016)
Balance at 31 March 2013	(75,513,061)	(75,513,061)

Road Fund Administration
Annual Financial Statements for the year ended 31 March 2013

Statement of Cash Flows

	Note(s)	2013 N\$	2012 N\$
Cash flows from operating activities			
Cash used in operations	17	(36,629,929)	103,841,868
Interest income	14	31,741,708	29,979,784
Finance costs	15	(31,350,000)	(31,350,000)
Net cash from operating activities		(36,238,221)	102,471,652
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(1,572,458)	(1,885,325)
Sale of property, plant and equipment	4	178,455	-
Sale of financial assets	6	(22,992,474)	(70,412,622)
Net cash from investing activities		(24,386,477)	(72,297,947)
Cash flows from financing activities			
Total cash and cash equivalents movement for the year		(60,624,698)	30,173,705
Cash and cash equivalents at the beginning of the year		217,839,163	187,665,458
Total cash and cash equivalents at end of the year	8	157,214,465	217,839,163

Accounting Policies

1. Basis of preparation

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Road Fund Administration Act. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in Namibian Dollars.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

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

Trade receivables and loans and receivables

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

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

Fair value estimation

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

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The fund uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

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

Provisions

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

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

Post employment Medical Aid obligation

The cost of post retirement medical aid benefits is determined using actuarial valuations. These valuations involve making assumptions about discount rate, staff turnover, rate of increase in compensation costs and mortality rates. Due to the longterm nature of these plans, such estimates are subject to significant uncertainty.

1.2 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost.

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

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

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

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset 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.

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

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

Item	Average useful life
Furniture and fixtures	5 years
Motor vehicles	5 years
Office equipment	3 years
Computer Equipment	3 years

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

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

Accounting Policies

1.2 Property, plant and equipment (continued)

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

1.3 Financial instruments

Classification

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

- Financial assets at fair value through profit or loss - designated
- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Management determines the classification of its financial assets at initial recognition.

Initial recognition and measurement

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

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

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

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

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

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

Subsequent measurement

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

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

Dividend income is recognised in profit or loss as part of other income when the fund's right to receive payment is established.

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

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

Accounting Policies

1.3 Financial instruments (continued)

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

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the fund establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment of financial assets

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

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

Impairment losses are recognised in profit or loss.

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

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

Loans to directors, managers and employees

These financial assets are classified as loans and receivables.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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

Accounting Policies

1.3 Financial instruments (continued)

Trade and other receivables are classified as loans and receivables.

Trade and other payables

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

Cash and cash equivalents

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

Bank overdraft and borrowings

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

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

1.4 Income tax

Current tax assets and liabilities

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

1.5 Leases

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

Operating leases – lessee

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

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

1.6 Impairment of non-financial assets

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

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

Accounting Policies

1.6 Impairment of non-financial assets (continued)

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

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

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

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

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

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

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

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

1.7 Employee benefits

Short-term employee benefits

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

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

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

Defined contribution plans

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. The company has no further payment obligations once the contributions have been paid.

Road Fund Administration

Annual Financial Statements for the year ended 31 March 2013

Accounting Policies

1.7 Employee benefits (continued)

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the fund's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.8 Provisions and contingencies

Provisions are recognised when:

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

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

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

Provisions are not recognised for future operating losses.

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 19.

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

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

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

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

Road Fund Administration

Annual Financial Statements for the year ended 31 March 2013

Accounting Policies

1.9 Government grants (continued)

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

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

1.10 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Finance Income

Interest is recognised, in profit or loss, using the effective interest rate method.

Road user charges

Road user charges revenue of the fund comprises of road user charges levied in terms of Section 18 (1) of the Road Fund Administration Act 1999 (Act 18 of 1999). These road users charges comprise mainly of fuel levies, Vehicle licence fees, Cross border charges, Mass distance charges and Abnormal loading fees. Such charges are recognised on the accrual basis and upon collection from the road users.

1.11 Post employment medical aid obligation

The latest actuarial valuation of the Roads Authority post employment medical benefit indicates a deficit of about N\$62,301,419 (2012: N\$63,102,789). The directors resolved to provide for this deficit in terms of International accounting statement IAS 19. The movement in the balance of the provision is included in the income statement in terms of the statutory funding arrangements as set out in the applicable Road Authority Act 17 of 1999 (Act 17 of 1999) and the Road Fund Administration Act 18 of 1999 (Act 18 of 1999).

Road Fund Administration

Annual Financial Statements for the year ended 31 March 2013

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2013 N\$	2012 N\$
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2. New standards and interpretations

2.1 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the company's accounting periods beginning on or after 01 April 2013 or later periods but are not relevant to its operations:

Standard Number	Effective date
• Amendment to IFRS 1, 'First time adoption' on government loans	1 January 2013
• Amendment to IFRS 7 Financial Instruments: Disclosures – Asset and Liability offsetting	1 January 2013
• Amendments to IAS 1, 'Presentation of Financial Statements', on presentation of items of OCI	1 July 2012
• IAS 19, "Employee benefits"	1 January 2013
• IFRS 9 – Financial Instruments (2009)	1 January 2013
• IFRS 9 – Financial Instruments (2010)	1 January 2013
• Amendments to IFRS 9 – Financial Instruments (2011)	1 January 2015
• IFRS 10 – Consolidated financial statements	1 January 2013
• IFRS 11 – Joint arrangements	1 January 2013
• IFRS 12 – Disclosures of interests in other entities	1 January 2013
• IFRS 13 – Fair value measurement	1 January 2013
• IAS 27 (revised 2011) – Separate financial statements	1 January 2013
• IAS 28 (revised 2011) – Associates and joint ventures	1 January 2013
• Amendments to IAS 32 – Financial Instruments: Presentation	1 January 2014
• Amendment to the transition requirements in IFRS 10, 'Consolidated financial statements', IFRS 11, 'Joint Arrangements', and IFRS 12, 'Disclosure of interests in other entities'	1 January 2013

Notes to the Annual Financial Statements

3. Risk management

Capital risk management

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

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

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

Financial risk management

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

The fair values of all the Fund's financial assets (cash and cash equivalent, trade and other receivables) and liabilities (trade and other payables) approximate their carrying value due to its short-term nature. The fair value of loan stock is calculated by discounting future cash flows at a fair rate of return.

Liquidity risk

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

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

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

At 31 March 2013	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	380,353,275	-	-	-
Loan stock	-	-	330,000,000	-
At 31 March 2012	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	396,782,695	-	-	-
Loan stock	-	-	-	330,000,000

The government of the Republic of Namibia guarantees the due performance of the obligation of the RFA with respect to the due performance under the terms and conditions of the trust deed up to such amount equal to the value of the issued loan stock, plus interest, penalty interest and any other amount payable by the RFA.

Notes to the Annual Financial Statements

3. Risk management (continued)

Interest rate risk

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

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

The fund has an investment in Investec High income Income Fund amounting to N\$ 381,132,469, (2012: N\$ 358,139,995). The fund invest in high-yielding Namibian and South African fixed-income assets, including government and corporate bonds, fixed deposits and money market instruments. The fund is actively managed and the maximum average duration of asset is two years.

Had the interest rate changed by 100 basis points, the effect on the surplus and equity would have been N\$ 3,811,300 (2012: N\$ 3,581,400).

Fair value interest rate risk

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

Credit risk

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

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

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

The fund is exposed to a number of guarantees for the overdraft facilities of Group companies and for guarantees issued in favour of the creditors of A (Pty) Ltd. Refer to note for additional details.

Price risk

The fund is exposed to equity securities price risk because of investments held by the fund and classified on the statement of financial position at fair value through profit or loss. The fund is not exposed to commodity price risk.

Notes to the Annual Financial Statements

	2013			2012		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
4. Property, plant and equipment						
Land	5,313,740	-	5,313,740	5,141,626	-	5,141,626
Furniture and fixtures	926,303	(821,051)	105,252	854,184	(798,435)	55,749
Motor vehicles	767,749	(408,873)	358,876	678,961	(541,852)	137,109
Office equipment	236,207	(145,589)	90,618	149,268	(108,139)	41,129
Computer equipment	6,187,597	(5,360,062)	827,535	5,291,386	(4,902,212)	389,174
Total	13,431,596	(6,735,575)	6,696,021	12,115,425	(6,350,638)	5,764,787

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Disposals	Depreciation	Total
Land	5,141,626	172,114	-	-	5,313,740
Furniture and fixtures	55,749	72,115	-	(22,612)	105,252
Motor vehicles	137,109	345,079	(29,720)	(93,592)	358,876
Office equipment	41,129	86,938	-	(37,449)	90,618
Computer equipment	389,174	896,212	-	(457,851)	827,535
	5,764,787	1,572,458	(29,720)	(611,504)	6,696,021

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Depreciation	Total
Land	3,530,014	1,611,612	-	5,141,626
Furniture and fixtures	46,752	48,190	(39,193)	55,749
Motor vehicles	236,907	-	(99,798)	137,109
Office equipment	70,296	74,759	(103,926)	41,129
Computer equipment	924,932	150,764	(686,522)	389,174
	4,808,901	1,885,325	(929,439)	5,764,787

Pledged as security

There were no assets pledged for security during the year under review, (2012: none).

Land comprises of vacant ervens 5845 and 5846 situated in Feld Street, Windhoek.

A register containing the information required by paragraph 22(3) of Schedule 4 of the Companies Act is available for inspection at the registered office of the fund.

Notes to the Annual Financial Statements

	2013 N\$	2012 N\$
5. Investments		
<i>At fair value through profit or loss - designated</i>		
Invested High Income Fund Namibia	381,132,469	358,139,995
Investments consist of 32,409,223.55 units @ N\$ 11.76 per unit (2011: 32,177,897.12 units @ N\$ 11.13 per unit).		
Current assets		
At fair value through profit or loss	381,132,469	358,139,995

6. Financial assets by category

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

2013

	Loans and receivables	Fair value through profit or loss - designated	Total
Other financial assets	-	381,132,469	381,132,469
Trade and other receivables	89,797,257	-	89,797,257
Cash and cash equivalents	157,214,465	-	157,214,465
	247,011,722	381,132,469	628,144,191

2012

	Loans and receivables	Fair value through profit or loss - designated	Total
Other financial assets	-	358,139,995	358,139,995
Trade and other receivables	98,427,705	-	98,427,705
Cash and cash equivalents	217,839,163	-	217,839,163
	316,266,868	358,139,995	674,406,863

7. Trade and other receivables

Trade receivables	5,773,061	11,783,735
Accrued Fund Income	83,776,680	86,541,784
KFW Grants	78,628	-
Other receivable	168,888	102,186
	89,797,257	98,427,705

Credit quality of trade and other receivables

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

Notes to the Annual Financial Statements

	2013 N\$	2012 N\$
7. Trade and other receivables (continued)		
<i>Trade receivables</i>		
Counterparties without external credit rating		
Group 1	83,776,680	86,541,785
Group 2	6,020,577	11,885,920
	89,797,257	98,427,705

Group 1 – Fuel and license levies for Oil companies (less 6 months).

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

8. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	42	42
Bank balances	134,987,942	171,200,020
Short-term deposits	-	25,226,369
Bank balance - Project Accounts	22,226,481	21,412,732
	157,214,465	217,839,163

Restricted Cash

Included in the bank balance is an amount of N\$ 22,226,481 (2012: N\$ 21,412,732) relating to government specific projects. The funds are held in a designated bank deposit account to be used only for the purpose of the specific development, Government Kunene Road Project. (Refer to note 23 for details)

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

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

Credit rating

Bank Windhoek Limited (A1+ Moody's credit rating)	102,042,990	100,955,382
Nedbank Limited (C Fitch credit rating)	-	30,475,193
Simonis Storm Securities - No credit rating	-	25,226,369
Namibia Post limited - State owned entity with no credit rating and no history of default.	55,171,435	61,182,177
	157,214,425	217,839,121

9. Other financial liabilities

Held at amortised cost

RFA 16 Loan stock (3,500 loan stock units of N\$1,000 each)	330,000,000	330,000,000

Notes to the Annual Financial Statements

	2013 N\$	2012 N\$
9. Other financial liabilities (continued)		
<i>Non-current liabilities</i>		
At amortised cost	330,000,000	330,000,000

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

10. Trade and other payables

Trade payables	110,173,186	119,443,806
Government Kunene Road Project	22,226,481	21,412,732
Traffic law enforcement	27,616,267	25,067,000
Other payable- KFW and Vehicle and Driving Testing Stations	40,366,848	47,310,595
Other accruals	525	350
Road Authority obligation	62,301,419	63,102,789
Accrual - Local Authorities	37,690,519	17,697,904
Provisions	1,648,739	1,250,329
Accrual - Loan stock	5,225,000	5,225,000
Fuel levy creditors	72,053,489	96,272,190
Amounts received in advance (CBC)	1,050,800	-
	380,353,273	396,782,695

Included in the Government Kunene Road project is an amount of N\$ 22,226,481 (N\$ 2012: N\$ 21,412,732) relating to government specific projects. These funds are kept in separate Bank account in the name of the Road Fund Administrations. These accounts are recorded in the books of Road Fund Administration with a corresponding liability as disclosed above.

11. Financial liabilities by category

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

2013

	Financial liabilities at amortised cost	Total
Other financial liabilities	330,000,000	330,000,000
Trade and other payables	373,479,536	373,479,536
	703,479,536	703,479,536

2012

Notes to the Annual Financial Statements

	2013 N\$	2012 N\$
11. Financial liabilities by category (continued)		
	Financial liabilities at amortised cost	Total
Other financial liabilities	330,000,000	330,000,000
Trade and other payables	390,307,363	390,307,363
	720,307,363	720,307,363
12. Revenue		
Fuel Levies	975,011,755	937,823,256
Other Road User Charges	560,717,273	521,935,154
	1,535,729,028	1,459,758,410
Other road user charges included in revenue are as follows:		
Vehicle Licence Fees	404,026,655	383,466,846
Mass Distance Charges - local	47,831,424	41,575,629
Cross Border Charges	86,734,357	78,360,010
Abnormal Permit Fees	6,037,394	8,676,909
Mass Distance Charges - foreign	16,087,443	9,855,760
	560,717,273	521,935,154
13. Operating (deficit)/surplus		
Operating (deficit)/surplus for the year is stated after accounting for the following:		
Premises		
• Contractual amounts	1,808,935	1,612,727
Profit on sale of property, plant and equipment	148,735	-
Depreciation on property, plant and equipment	611,504	929,439
Employee costs	17,933,342	15,002,836

Notes to the Annual Financial Statements

	2013 N\$	2012 N\$
13. Operating (deficit)/surplus (continued)		
<i>Expenses by nature</i>		
Employee costs	17,933,342	15,002,836
Depreciation, amortisation and impairments	611,504	929,439
Lease rentals on operating lease	1,808,935	1,612,727
Bank charges	3,027,739	2,307,021
Administration and management fees	1,248,758,905	1,044,503,606
Transfer to local authorities	58,232,689	71,275,064
Fuel levy refunds - agri, const, fishing, mining, retail	211,056,188	186,257,535
Traffic law enforcement	27,616,267	25,067,000
Advertising	479,462	417,407
Other expenses	8,933,561	9,309,712
Total administrative expenses	1,578,458,592	1,356,682,347
14. Finance income		
<i>Interest revenue</i>		
Bank	3,975,964	1,766,548
Interest on Trade Investment	27,765,744	28,213,236
	31,741,708	29,979,784
15. Finance costs		
Interest paid	31,350,000	31,350,000
16. Auditor's remuneration		
Audit fee	358,220	331,878
17. Cash used in operations		
Surplus for the year	(28,902,016)	107,329,051
<i>Adjustments for:</i>		
Depreciation and amortisation	611,504	929,439
Profit on sale of assets	(148,735)	-
Interest received	(31,741,708)	(29,979,784)
Finance costs	31,350,000	31,350,000
<i>Changes in working capital:</i>		
Trade and other receivables	8,630,448	(1,144,387)
Trade and other payables	(16,429,422)	(4,642,451)
	(36,629,929)	103,841,868

Road Fund Administration

Annual Financial Statements for the year ended 31 March 2013

Notes to the Annual Financial Statements

	2013 N\$	2012 N\$
18. Commitments		
<i>Operating leases – as lessee (expense)</i>		
<i>Minimum lease payments due</i>		
- within one year	370,730	337,028

Operating lease payments represent rentals payable by the fund for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

19. Contingencies

Government loans

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

Road Fund Administration

Annual Financial Statements for the year ended 31 March 2013

Notes to the Annual Financial Statements

	2013 N\$	2012 N\$
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20. Related parties

Relationships

RFA receives monies from RA that is collected for Licence and Overloading Fees. RFA then distributes monies collected to RA for roads maintenance.

Roads Authority

The RFA gives monies to the Local authorities for the roads maintenance in their respective local Authority Councils.

Local Authorities

RFA receives monies from the Ministry for specific projects.

Ministry of Works & Transport (Unutilised project funds)

The RFA gives monies to the Traffic Law Enforcements for law enforcements in their respective jurisdictions.

Traffic Law Enforcements

RFA received a grant from KFW through the Government.

KFW Grant

Related party balances

Amounts included in Trade payables and provision regarding related parties

Roads Authority	170,080,516	181,318,796
Local Authorities	37,690,519	17,697,904
Ministry of Works & Transport (Unutilised project funds)	40,366,848	47,310,595
Traffic Law Enforcements	27,616,267	25,067,000
Government Kunene Road Projects	22,226,481	21,412,732

Related party transactions

Payments made to related parties

Road Authority	1,247,670,347	1,035,451,905
Local Authorities	58,232,689	71,275,064
Traffic Law Enforcements	27,616,267	25,067,000
Road Fund Administration - Administration Account	27,640,000	24,340,000

21. Directors' emoluments

Non-executive

2013

	Directors' fees	Total
For services as directors	384,803	384,803

2012

	Directors' fees	Total
For services as directors	144,000	144,000

Road Fund Administration

Annual Financial Statements for the year ended 31 March 2013

Notes to the Annual Financial Statements

	2013 N\$	2012 N\$
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22. Compliance with Road Fund Administration Act

Section 24 (1)(b) of the Road Fund Administration Act requires that separate annual financial statements of the Fund and Administration accounts prepared. This is has been complied with and separate accounts are available at the Fund's Head Office.

23. Government Kunene Road Project

The Fund administers some accounts that are used to finance certain project on behalf of the government. The 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	21,412,732	137,475,174
Advances during the year	1,113,749	536,292,087
Payment during the year	(300,000)	(652,354,529)
	22,226,481	21,412,732

The amount is represented by:

Project accounts included in bank balances	22,226,481	21,412,732
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24. Other Income

This comprises of:

Other sundry income	165,928	1,742,050
Donor - SWAP	-	3,881,154
Refunds - Bonus	188,223	-
Refunds - Fuel Levy	2,211,525	-
Roads Authority Payment	10,870,163	-
	13,435,839	5,623,204

Road Fund Administration

Administration Account



Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2013

General Information

Country of incorporation and domicile	Namibia
Nature of business and principal activities	To manage Namibia's road user charging system so as to achieve a safe and economically efficient road sector, for the benefit of all road users.
Directors	P. Ithindi (Chairperson) E. O. Asino-Joseph S. Amunkete A. Avafia D. Maxwell
Business address	Maerua Park Office Block Third Floor Centaurus Road Windhoek Namibia
Postal address	Private Bag 13372 Windhoek Namibia
Bankers	Bank Windhoek Limited
Secretary	Ms M.E Mungunda
Auditors	PricewaterhouseCoopers Registered Accountants and Auditors

Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2013

Contents

The reports and statements set out below comprise the annual financial statements presented to the beneficiaries:

Contents	Page
Directors' Responsibilities and Approval	3
Independent Auditor's Report	4 - 5
Directors' Report	6
Statement of Financial Position	7
Statement of Comprehensive Income	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Accounting Policies	11 - 17
Notes to the Annual Financial Statements	18 - 23
Detailed Statement of Comprehensive Income	24 - 25

Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2013

Directors' Responsibilities and Approval

The directors are required in terms of the Road Fund Administration 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 fund as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the basis of accounting described in note 1 to the financial statements.

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

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the fund and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board 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 the fund's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the fund is on identifying, assessing, managing and monitoring all known forms of risk across the fund. While operating risk cannot be fully eliminated, the fund endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The directors have reviewed the fund's cash flow forecast for the year to 31 March 2014 and, in the light of this review and the current financial position, they are satisfied that the fund has or has access to adequate resources to continue in operational existence for the foreseeable future.

The independent auditors are responsible for independently reviewing and reporting on the fund's annual financial statements. The annual financial statements have been examined by the fund's independent auditors and their report is presented on pages 4 to 5.

The annual financial statements set out on pages 6 to 25, which have been prepared on the going concern basis, were approved by the board and were signed on its behalf by:



Director



Director

Windhoek

9/12/2013

(Date)

Independent Auditor's Report

To the beneficiaries of Road Fund Administration - Administration Account

Report on the Financial Statements

We have audited the annual financial statements of Road Fund Administration - Administration Account, which comprise the statement of financial position as at 31 March 2013, and the statements of comprehensive income, statement of changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and the directors' report, as set out on pages 6 to 23.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting described in note 1 to the financial statements and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Road Fund Administration - Administration Account as at 31 March 2013, and its financial performance and its cash flows for the year then ended in accordance with the basis of accounting described in note 1 to the financial statements and in the manner required by the Road Fund Administration Act.



Independent Auditor's Report (continued)

Emphasis of Matter

Without further qualifying our opinion, we draw attention to the directors report, the fund's total liabilities exceeded its total assets by N\$ 1,638,644 (2012: N\$921,735). The directors report indicates that these conditions, along with other matters, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern.

Other matter

Without qualifying our opinion, we draw attention to the fact that the supplementary information set out on pages 24 to 25 does not form part of the financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

Basis of Accounting

Without further qualifying our opinion, we draw attention to note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to ensure compliance with section 24.1(b) of the Road Fund Administration Act, 1999 (Act number 18 of 1999). As a result, the financial statements may not be suitable for another purpose.

PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)

Per: Nangula Uaandja
Partner

Windhoek, 9/12/2013

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

Managing Partner: R Nangula Uaandja
Partners: Stephen D Viljoen, Carl P van der Merwe, Louis van der Riet (Chief Operating Officer), Ansie EJ Rossouw, Seretta N Lombaard, Stefan Hugo, Chantell N Husselmann



Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2013

Directors' Report

The directors submit their report for the year ended 31 March 2013.

1. Review of activities

Main business and operations

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

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

Net deficit of the fund was N\$ 716,909 (2012:N\$ 1,665,077 deficit)

2. Going concern

We draw attention to the fact that at 31 March 2013, the company had accumulated losses of N\$ (1,638,644) and that the company's total liabilities exceed its assets by N\$ (1,638,644).

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

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the fund. The fact that the total liabilities exceed the assets has not hindered the fund's ability to pay its debts as they become due in the normal course of business.

3. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year.

4. Directors

The directors of the fund during the year and to the date of this report are as follows:

Name	Nationality	Changes
A. Simana-Paulo	Namibian	Resigned 21 December 2012
T.N. Shaanika	Namibian	Resigned 30 November 2012
A.C. Van der Merwe	Namibian	Resigned 21 December 2012
F.M. Kwala	Namibian	Resigned 12 October 2012
A.N. Nambundunga	Namibian	Resigned 21 December 2012
P. Ithindi (Chairperson)	Namibian	Appointed 21 December 2012
E. O. Asino-Joseph	Namibian	Appointed 21 December 2012
S. Amunkete	Namibian	Appointed 21 December 2012
A. Avafia	Namibian	Appointed 21 December 2012
D. Maxwell	Namibian	Appointed 21 December 2012

Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2013

Statement of Financial Position

	Note(s)	2013 N\$	2012 N\$
Assets			
Non-Current Assets			
Property, plant and equipment	3	1,382,280	623,160
Current Assets			
Trade and other receivables	5	247,513	102,185
Cash and cash equivalents	6	251,139	71,936
		498,652	174,121
Total Assets		1,880,932	797,281
Equity and Liabilities			
Equity			
Accumulated loss		(1,638,644)	(921,735)
Liabilities			
Current Liabilities			
Trade and other payables	7	3,519,576	1,719,016
Total Equity and Liabilities		1,880,932	797,281

Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2013

Statement of Comprehensive Income

	Note(s)	2013 N\$	2012 N\$
Capital contribution	8	27,657,194	24,359,845
Other income		148,735	-
Operating expenses		(28,545,923)	(26,046,480)
Operating deficit		(739,994)	(1,686,635)
Investment revenue	9	23,085	21,558
Total deficit for the year		(716,909)	(1,665,077)
Other comprehensive income		-	-
Total comprehensive loss for the year		(716,909)	(1,665,077)

Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2013

Statement of Changes in Equity

	Accumulated loss N\$	Total equity N\$
Balance at 01 April 2011	743,342	743,342
Loss for the year	(1,665,077)	(1,665,077)
Other comprehensive income	-	-
Total comprehensive Loss for the year	(1,665,077)	(1,665,077)
Balance at 01 April 2012	(921,735)	(921,735)
Loss for the year	(716,909)	(716,909)
Other comprehensive income	-	-
Total comprehensive Loss for the year	(716,909)	(716,909)
Balance at 31 March 2013	(1,638,644)	(1,638,644)

Note(s)

Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2013

Statement of Cash Flows

	Note(s)	2013 N\$	2012 N\$
Cash flows from operating activities			
Cash generated from operations	11	1,378,007	119,733
Interest income	9	23,085	21,558
Net cash to operating activities		1,401,092	141,291
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(1,400,344)	(273,713)
Sale of property, plant and equipment	3	178,455	-
Net cash from investing activities		(1,221,889)	(273,713)
Total cash and cash equivalents movement for the year		179,203	(132,422)
Cash and cash equivalents at the beginning of the year		71,936	204,358
Total cash and cash equivalents at end of the year	6	251,139	71,936

Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2013

Accounting Policies

1. Basis of preparation

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

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

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

Trade receivables or loans and receivables

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

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

1.2 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

Item	Average useful life
Furniture and fixtures	5 years
Motor vehicles	5 years

Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2013

Accounting Policies

1.2 Property, plant and equipment (continued)

Office equipment	3 years
Computer software	3 years

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

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

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

1.3 Financial instruments

Classification

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

- Financial assets at fair value through profit or loss.
- Loans and receivables
- Financial liabilities measured at amortised cost

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

Initial recognition and measurement

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

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

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

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

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

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

Subsequent measurement

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

Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2013

Accounting Policies

1.3 Financial instruments (continued)

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

Dividend income is recognised in profit or loss as part of other income when the company's right to receive payment is established.

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

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

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment of financial assets

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

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

Impairment losses are recognised in profit or loss.

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

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

Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2013

Accounting Policies

1.3 Financial instruments (continued)

Loans to managers and employees

These financial assets are classified as loans and receivables.

Trade and other receivables

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

Trade and other payables

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

Cash and cash equivalents

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

Bank overdraft and borrowings

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

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

1.4 Income tax

Current tax assets and liabilities

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

1.5 Leases

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

Operating leases – lessee

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

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

Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2013

Accounting Policies

1.6 Impairment of non-financial assets

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

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

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

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

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 profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

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

1.7 Employee benefits

Short-term employee benefits

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

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

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

Defined contribution plans

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. The company has no further payment obligations once the contributions have been paid.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the company's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2013

Accounting Policies

1.8 Provisions and contingencies

Provisions are recognised when:

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

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

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

Provisions are not recognised for future operating losses.

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

Contingent assets and contingent liabilities are not recognised.

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

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

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

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

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

Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2013

Accounting Policies

1.10 Revenue

a) Transfers from Fund Account

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

b) Finance income

Interest is recognised, in profit or loss, using the effective interest rate method.

Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2013

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2013 N\$	2012 N\$
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2. Risk management

Financial risk management

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

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

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

Liquidity risk

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

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

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

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

At 31 March 2013	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	3,346,393	-	-	-
At 31 March 2012	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	1,719,016	-	-	-

Market risks

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

Interest rate risk

Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2013

Notes to the Annual Financial Statements

2. Risk management (continued)

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

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

Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2013

Notes to the Annual Financial Statements

2. Risk management (continued)

Credit risk

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

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

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

3. Property, plant and equipment

	2013			2012		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	926,303	(821,051)	105,252	854,184	(798,435)	55,749
Motor vehicles	767,749	(408,873)	358,876	678,961	(541,852)	137,109
Office equipment	236,207	(145,589)	90,618	149,268	(108,139)	41,129
Computer software	6,034,750	(5,207,216)	827,534	5,138,539	(4,749,366)	389,173
Total	7,965,009	(6,582,729)	1,382,280	6,820,952	(6,197,792)	623,160

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	55,749	72,116	-	(22,613)	105,252
Motor vehicles	137,109	345,078	(29,720)	(93,591)	358,876
Office equipment	41,129	86,938	-	(37,449)	90,618
Computer software	389,173	896,212	-	(457,851)	827,534
	623,160	1,400,344	(29,720)	(611,504)	1,382,280

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	46,752	48,190	(39,193)	55,749
Motor vehicles	236,907	-	(99,798)	137,109
Office equipment	70,296	74,760	(103,927)	41,129
Computer software	924,931	150,763	(686,521)	389,173
	1,278,886	273,713	(929,439)	623,160

Notes to the Annual Financial Statements

	2013 N\$	2012 N\$
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4. Financial assets by category

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

2013

	Loans and receivables	Total
Trade and other receivables	168,888	168,888
Cash and cash equivalents	251,139	251,139
	420,027	420,027

2012

	Loans and receivables	Total
Trade and other receivables	102,186	102,186
Cash and cash equivalents	71,936	71,936
	174,122	174,122

5. Trade and other receivables

Prepayments	-	3,540
PAYE paid in advance	78,628	-
Sundry debtors	2,278	2,278
Staff loans	166,607	96,367
	247,513	102,185

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	42	42
Bank balances	251,097	71,894
	251,139	71,936

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

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

Credit rating

Bank Windhoek Limited (A1+ Moody's credit rating)	251,097	71,936
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Notes to the Annual Financial Statements

	2013 N\$	2012 N\$
7. Trade and other payables		
Trade payables	842,786	468,687
Accrued social security	6,082	10,572
Accrued leave pay	635,340	1,239,757
Severance pay provision	1,007,317	-
Employee and personnel cost	1,028,051	-
	3,519,576	1,719,016
8. Capital Contribution		
Sale of goods	17,194	19,845
Transfer from the fund	27,640,000	24,340,000
	27,657,194	24,359,845
9. Investment revenue		
<i>Interest revenue</i>		
Interest from Banks	23,085	21,558
10. Auditor's remuneration		
Audit fees	358,220	331,878
11. Cash generated from operations		
Loss before taxation	(716,909)	(1,665,077)
<i>Adjustments for:</i>		
Depreciation and amortisation	611,504	929,439
Profit on sale of assets	(148,735)	-
Interest received	(23,085)	(21,558)
<i>Changes in working capital:</i>		
Trade and other receivables	(145,328)	(77,788)
Trade and other payables	1,800,560	954,717
	1,378,007	119,733
12. Related parties		
Relationships		
RFA Administration receives monies to cover day to day expenses.	Road Fund Account	
<i>Related party transactions</i>		
<i>Funds Tranfered from the Road Fund</i>		
Road Fund Account	27,640,000	24,340,000

Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2013

Notes to the Annual Financial Statements

	2013 N\$	2012 N\$
13. Directors' emoluments		
<i>Non-executive</i>		
2013		
	Directors' fees	Total
For services as directors	384,803	384,803
2012		
	Directors' fees	Total
For services as directors	144,000	144,000

Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2013

Detailed Statement of Comprehensive Income

	Note(s)	2013 N\$	2012 N\$
Capital contribution			
Sale of goods		17,194	19,845
Capital contribution		27,640,000	24,340,000
	8	27,657,194	24,359,845
Other income			
Interest received	9	23,085	21,558
Gains on disposal of assets		148,735	-
		171,820	21,558
Expenses (Refer to page 25)		(28,545,923)	(26,046,480)
Loss for the year		(716,909)	(1,665,077)
Other comprehensive income		-	-
Total comprehensive loss for the year		(716,909)	(1,665,077)

Road Fund Administration - Administration Account

Annual Financial Statements for the year ended 31 March 2013

Detailed Statement of Comprehensive Income

	Note(s)	2013 N\$	2012 N\$
Operating expenses			
Advertising		(465,985)	(404,353)
Auditors remuneration	10	(358,220)	(331,878)
Bank charges		(22,471)	(16,578)
Books		(24,254)	(11,912)
Cleaning		(23,486)	(4,824)
Computer expenses		(32,786)	(43,243)
Consulting and professional fees		(455,730)	-
Stationary and Consumables		(37,782)	-
Corporate & Social Responsibility		(6,604)	(8,905)
Depreciation, amortisation and impairments		(611,504)	(929,439)
E-mail & Internet Services		(332,289)	(157,460)
Employee costs and Directors fees (Note 14)		(17,933,343)	(15,002,836)
Entertainment		(16,251)	(22,594)
Corporate Items		(66,099)	(1,438)
Equipment Hire		(3,998)	-
IT expenses		(1,301,587)	(12,949)
Insurance		(101,248)	(101,239)
Lease rentals on operating lease		(1,808,935)	(1,612,727)
Legal expenses		(492,176)	(1,915,550)
Motor vehicle expenses		-	(8,989)
Professional fees		(1,210,674)	(3,882,619)
Postage		(140,830)	(93,752)
Printing and stationery		(668,552)	(301,036)
Public relation activities		(618)	(157,460)
Repairs and maintenance		(127,210)	(97,280)
Security		(899,478)	(9,764)
Seminars & Conference		(74,044)	(19,500)
Staff welfare		-	(40,892)
Subscriptions		(147,238)	(14,768)
Sundry expenses		(80,838)	(54,308)
Telephone and fax		(445,518)	(252,062)
Training		(55,471)	(189,076)
Travel - local		(509,834)	(276,415)
Water and Electricity		(90,870)	(70,634)
		(28,545,923)	(26,046,480)

Road Fund Administration

Fund Account



Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2013

General Information

Nature of business and principal activities	To Manage Namibia's road user charging system so as to achieve a safe and economically efficient road sector, for the benefit of all road users.
Directors	P. Ithindi (Chairperson) E. O. Asino-Joseph S. Amunkete A. Avafia D. Maxwell
Business address	3rd Floor Maerua Park Office Block Centaurus Road Windhoek Namibia 9000
Postal address	Private Bag 13372 Windhoek Namibia 9000
Bankers	Bank Windhoek Limited
Auditors	PricewaterhouseCoopers Registered Accountants and Auditors PwC, a partnership duly organised according to the laws of the Republic of Namibia (hereafter referred to as "Pwc", "we", "us",our")

Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2013

Contents

The reports and statements set out below comprise the annual financial statements presented to the stakeholders:

Contents	Page
Director's Responsibilities and Approval	3
Independent Auditor's Report	4 - 6
Director's Report	7 - 8
Statement of Financial Position	9
Statement of Comprehensive Income	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Accounting Policies	13 - 20
Notes to the Annual Financial Statements	21 - 31
Detailed Statement of Comprehensive Income	32

Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2013

Director's Responsibilities and Approval

The directors are required in terms of the Road Fund Administration 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 fund as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the basis of accounting described in note 1 to the financial statements.

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

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the fund and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board 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 the fund's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the fund is on identifying, assessing, managing and monitoring all known forms of risk across the fund. While operating risk cannot be fully eliminated, the fund endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The directors have reviewed the fund's cash flow forecast for the year to 31 March 2014 and, in the light of this review and the current financial position, they are satisfied that the fund has or has access to adequate resources to continue in operational existence for the foreseeable future.

The independent auditors are responsible for independently reviewing and reporting on the fund's annual financial statements. The annual financial statements have been examined by the fund's independent auditors and their report is presented on pages 4 to 6.

The annual financial statements set out on pages 7 to 32, which have been prepared on the going concern basis, were approved by the board and were signed on its behalf by:



Director



Director

Windhoek

9/12/2013

(Date)

Independent Auditor's Report

To the beneficiaries of Road Fund Administration - Fund Account

Report on the Financial Statements

We have audited the annual financial statements of Road Fund Administration - Fund Account, which comprise the statement of financial position as at 31 March 2013, and the statements of comprehensive income, statement of changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and the directors' report, as set out on pages 7 to 31.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Independent Auditor's Report (continued)

Basis for Qualified Opinion

Mass Distance Charges (Local): The Fund's accounting records do not provide sufficient evidence supporting local Mass Distance Charges. We noted that the assessments are not recorded in the year that customers of the Fund travelled. As a result, we were unable to obtain sufficient appropriate audit evidence whether all Local Mass Distance Charges for the year have been recorded in the financial period. We could therefore not satisfy ourselves as to the completeness and cut-off of revenue collected from Mass Distance Charges (Local).

License fees: The Fund's accounting records do not provide sufficient evidence supporting the revenue component of the statement of comprehensive income amounting to N\$ 404,026,655 in respect of vehicle licence fees. These fees are recorded on a cash basis rather than accrual basis of accounting. As a result, we were unable to obtain appropriate audit evidence to satisfy ourselves regarding completeness, accuracy as well as cut off of licence fees collected for the year under review.

Completeness of Fuel Levy ReFunds: The Fund's accounting records did not provide sufficient evidence supporting the accrual of fuel levy reFunds amounting to N\$ 96,272,190 at 31 March 2012 year-end. Since opening trade and other payables affect the determination of the results and operations, we were unable to determine whether adjustments and results of operations and opening retained earnings might be necessary for 2012. Our opinion on the current period's financial statements is modified because of the possible effect of this matter on the comparability of the current figures and corresponding figures.

Qualified Audit Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Road Fund Administration - Fund Account as at 31 March 2013, and its financial performance and its cash flows for the year then ended in accordance with the basis of accounting described in note 1 to the financial statements and in the manner required by the Road Fund Administration Act.

Emphasis of Matter

Without further qualifying our opinion, we draw attention to the directors report, the Fund's total liabilities exceeded its total assets by N\$ 73,874,421 (2012: N\$45,689,311). The directors report indicates that these conditions, along with other matters, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern.

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

Managing Partner: R Nangula Uaandja
Partners: Stephen D Viljoen, Carl P van der Merwe, Louis van der Riet (Chief Operating Officer), Ansie EJ Rossouw, Seretta N Lombaard, Stefan Hugo, Chantell N Husselmann

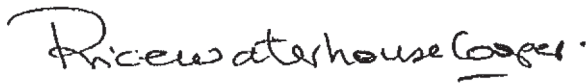
Independent Auditor's Report (continued)

Other matter

Without qualifying our opinion, we draw attention to the fact that the supplementary information set out on pages 32 does not form part of the financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

Basis of Accounting

Without further qualifying our opinion, we draw attention to note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to ensure compliance with section 24.1(b) of the Road Fund Administration Act, 1999 (Act number 18 of 1999). As a result, the financial statements may not be suitable for another purpose.



PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)

Per: Nangula Uaandja
Partner

Windhoek 9/12/2013

PricewaterhouseCoopers, 344 Independence Avenue, Windhoek, P O Box 1571, Windhoek, Namibia
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Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2013

Director's Report

The directors submit their report for the year ended 31 March 2013.

1. Review of activities

Main business and operations

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

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

Net deficit of the Fund was N\$ 28,185,110 (2012: N\$ 108,994,128 surplus).

2. Going concern

We draw attention to the fact that at 31 March 2013, the Fund had accumulated losses of N\$ (73,874,421) and that the Fund's total liabilities exceed its assets by N\$ (73,874,421).

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

The ability of the Fund to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure Funding for the ongoing operations for the Fund.

The government of the Republic of Namibia guarantees the due performance of the obligation of the RFA with respect to the due performance under the terms and conditions of the trust deed up to such amount equal to the value of the issued loan stock of N\$ 330,000,000, plus interest, penalty interest and any other amount payable by the RFA.

3. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year.

4. Directors

The directors of the Fund during the year and to the date of this report are as follows:

Name	Nationality	Changes
A. C. Van der Merwe	Namibian	Resigned 21 December 2012
F. M. Kwala	Namibian	Resigned 12 October 2012
A. N. Nambundunga	Namibian	Resigned 21 December 2012
A. Simano-Paulo (Chairperson)	Namibian	Resigned 21 December 2012
P. Ithindi (Chairperson)	Namibian	Appointed 21 December 2012
E. O. Asino-Joseph	Namibian	Appointed 21 December 2012
S. Amunkete	Namibian	Appointed 21 December 2012
A. Avafia	Namibian	Appointed 21 December 2012
D. Maxwell	Namibian	Appointed 21 December 2012

Director's Report

5. Auditors

PricewaterhouseCoopers completed their three year term of office and Road Fund Administration will go out on public tender to appoint an independent auditor for the coming three year term in terms of section 24(3) of the Road Fund Administration Act (Act 18 of 1999).

Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2013

Statement of Financial Position

	Note(s)	2013 N\$	2012 N\$
Assets			
Non-Current Assets			
Property, plant and equipment	3	5,313,741	5,141,627
Current Assets			
Investments	4	381,132,469	358,139,995
Trade and other receivables	6	89,549,741	98,325,519
Cash and cash equivalents	7	156,963,327	217,767,227
		627,645,537	674,232,741
Total Assets		632,959,278	679,374,368
Equity and Liabilities			
Equity			
Distributable Reserve		(73,874,421)	(45,689,311)
Liabilities			
Non-Current Liabilities			
Other financial liabilities	8	330,000,000	330,000,000
Current Liabilities			
Trade and other payables	9	376,833,699	395,063,679
Total Liabilities		706,833,699	725,063,679
Total Equity and Liabilities		632,959,278	679,374,368

Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2013

Statement of Comprehensive Income

	Note(s)	2013 N\$	2012 N\$
Revenue	11	1,535,729,027	1,459,758,410
Other income	18	13,269,911	5,603,359
Operating expenses		(1,577,552,671)	(1,354,975,867)
Operating (deficit)/surplus	12	(28,553,733)	110,385,902
Investment revenue	13	31,718,623	29,958,226
Finance costs	14	(31,350,000)	(31,350,000)
(Deficit)/Surplus for the year		(28,185,110)	108,994,128

Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2013

Statement of Changes in Equity

	Distributable Reserve N\$	Total equity N\$
Balance at 01 April 2011	(154,683,439)	(154,683,439)
Total comprehensive surplus for the year	108,994,128	108,994,128
Balance at 01 April 2012	(45,689,311)	(45,689,311)
Total comprehensive deficit for the year	(28,185,110)	(28,185,110)
Balance at 31 March 2013	(73,874,421)	(73,874,421)

Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2013

Statement of Cash Flows

	Note(s)	2013 N\$	2012 N\$
Cash flows from operating activities			
Cash used in operations	15	(38,007,935)	103,722,138
Interest income	13	31,718,623	29,958,226
Finance costs	14	(31,350,000)	(31,350,000)
Net cash from operating activities		(37,639,312)	102,330,364
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(172,114)	(1,611,612)
Sale of financial assets	5	(22,992,474)	(70,412,625)
Net cash from investing activities		(23,164,588)	(72,024,237)
Cash flows from financing activities			
Total cash and cash equivalents movement for the year		(60,803,900)	30,306,127
Cash and cash equivalents at the beginning of the year		217,767,227	187,461,100
Total cash and cash equivalents at end of the year	7	156,963,327	217,767,227

Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2013

Accounting Policies

1. Basis of preparation

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

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

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

Trade receivables and loans and receivables

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

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

Fair value estimation

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

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The fund uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

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

Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2013

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

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

Provisions

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

Post employment medical aid obligations

The cost of post retirement medical aid benefits is determined using actuarial valuations. These valuations involve making assumptions about discount rates, staff turnover, rates of increases in compensation costs and mortality rates. Due to the longterm nature of these plans, such estimates are subject to significant uncertainty.

1.2 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

Item	Average useful life
Computer equipment	3 years

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

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

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

Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2013

Accounting Policies

1.3 Financial instruments

Classification

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

- Financial assets at fair value through profit or loss - designated
- Loans and receivables
- Financial liabilities measured at amortised cost

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

Initial recognition and measurement

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

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

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

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

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

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

Subsequent measurement

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

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

Dividend income is recognised in profit or loss as part of other income when the fund's right to receive payment is established.

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

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

Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2013

Accounting Policies

1.3 Financial instruments (continued)

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the fund establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment of financial assets

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

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

Impairment losses are recognised in profit or loss.

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

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

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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

Trade and other receivables are classified as loans and receivables.

Trade and other payables

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

Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2013

Accounting Policies

1.3 Financial instruments (continued)

Cash and cash equivalents

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

Bank overdraft and borrowings

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

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

1.4 Income tax

Current tax assets and liabilities

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

1.5 Leases

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

Operating leases – lessee

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

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

1.6 Impairment of non-financial assets

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

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

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

Accounting Policies

1.6 Impairment of non-financial assets (continued)

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

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 profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

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

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

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

1.7 Employee benefits

Short-term employee benefits

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

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

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

1.8 Provisions and contingencies

Provisions are recognised when:

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

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

Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2013

Accounting Policies

1.8 Provisions and contingencies (continued)

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

Provisions are not recognised for future operating losses.

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 16.

Post employment medical aid obligation

The latest actuarial valuation of the Roads Authority post retirement medical benefit indicates a deficit of about N\$ 62,301,419 (2012:N\$ 63,102,789). The directors resolved to provide for this deficit in terms of International accounting statement IAS 19. The movement in the balance of the provision is included in the income statement in terms of the statutory Funding arrangements as set out in the applicable Road Authority Act 17 of 1999 (Act 17 of 1999) and the Road Fund Administration Act 18 of 1999 (Act 18 of 1999) (refer to note 10).

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

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

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

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

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

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

Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2013

Accounting Policies

1.10 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Road user charge

Revenue of the Fund comprise of road user charges levied in terms of Section 18(1) of the Road Fund Administration Act 1999 (Act 18 of 1999). These road user charges comprise mainly of Fuel levies, Vehicle license fees, Cross border charges, Mass distance charges and Abnormal load fees. Such charges are recognised on the accrual basis and upon collection from the road users..

Finance income

Interest is recognised, in profit or loss, using the effective interest rate method.

Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2013

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2013 N\$	2012 N\$
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2. Risk management

Capital risk management

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

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

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

Financial risk management

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

The fair values of all the Fund's financial assets (cash and cash equivalent, trade and other receivables) and liabilities (trade and other payables) approximate their carrying value due to its short-term nature. The fair value of loan stock is calculated by discounting future cash flows at a fair rate of return.

Liquidity risk

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

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

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

At 31 March 2013	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Loan Stock	-	-	330,000,000	-
Trade and other payables	376,833,699	-	-	-
At 31 March 2012	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Loan Stock	-	-	330,000,000	-
Trade and other payables	395,063,679	-	-	-

The government of the Republic of Namibia guarantees the due performance of the obligation of the RFA with respect to the due performance under the terms and conditions of the trust deed up to such amount equal to the value of the issued loan stock, plus interest, penalty interest and any other amount payable by the RFA.

Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2013

Notes to the Annual Financial Statements

2. Risk management (continued)

Market risk

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

Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2013

Notes to the Annual Financial Statements

2. Risk management (continued)

Interest rate risk

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

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

The Fund has an interest bearing investment in Investec account of N\$ 381,132,469 , (2012: N\$ 358,139,995). The Fund invest in high-yielding Namibian and South African fixed-income assets, including government and corporate bonds, fixed deposits and money market instruments. The Fund is actively managed and the maximum average duration of asset is two years.

Had the interest rate changed by 100 basis points, the effect on the surplus and equity would have been N\$ 3,811,324. (2011: N\$ 3,581,400).

Fair value interest rate risk

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

Credit risk

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

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

Trade receivables comprise a majority of fuel and license fees levies. The company ensures that these levies are payable to them on or before the 15th of the next month. Management has put controls in place to ensure that these levies are payable to them on or before the 15th of the next month.

Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2013

Notes to the Annual Financial Statements

	2013			2012		
	N\$			N\$		
3. Property, plant and equipment						
	2013			2012		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land	5,313,740	-	5,313,740	5,141,626	-	5,141,626
Computer equipment	152,847	(152,846)	1	152,847	(152,846)	1
Total	5,466,587	(152,846)	5,313,741	5,294,473	(152,846)	5,141,627

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Total
Land	5,141,626	172,114	5,313,740
Computer equipment	1	-	1
	5,141,627	172,114	5,313,741

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Total
Land	3,530,014	1,611,612	5,141,626
Computer equipment	1	-	1
	3,530,015	1,611,612	5,141,627

Pledged as security

There were no assets pledged for security during the year under review, (2012: none).
Land comprises of vacant ervens 5845 and 5846 situated in Feld Street, Windhoek.

A register containing the information required by paragraph 22(3) of Schedule 4 of the Companies Act is available for inspection at the registered office of the fund.

4. Investments

At fair value through profit or loss - designated

Investec High Income Fund Namibia	381,132,469	358,139,995
Investments consist of 32,409,223.55 units @ N\$ 11.76 per unit (2012:32,120,178.92 units @ N\$ 11,15 per unit) Fair values are determined annually at balance sheet date.		

Current assets

At fair value through profit or loss	381,132,469	358,139,995
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Notes to the Annual Financial Statements

	2013 N\$	2012 N\$
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4. Investments (continued)

Credit quality of other financial assets

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

Credit quality of other financial assets

Credit rating (Fitch)

F1	381,132,469	358,139,995
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5. Financial assets by category

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

2013

	Loans and receivables	Fair value through profit or loss - designated	Total
Investments	-	381,132,469	381,132,469
Trade and other receivables	89,549,741	-	89,549,741
Cash and cash equivalents	156,963,327	-	156,963,327
	246,513,068	381,132,469	627,645,537

2012

	Loans and receivables	Fair value through profit or loss - designated	Total
Other financial assets	-	358,139,995	358,139,995
Trade and other receivables	98,325,518	-	98,325,518
Cash and cash equivalents	217,767,227	-	217,767,227
	316,092,745	358,139,995	674,232,740

6. Trade and other receivables

Trade receivables	2,448,076	2,513,882
Control RFA Receivables (Control Border Posts)	3,324,985	9,269,853
Accrued Income Fund (Licence fees and Fuel levies)	83,776,680	86,541,784
	89,549,741	98,325,519

Credit quality of trade and other receivables

Notes to the Annual Financial Statements

	2013	2012
	N\$	N\$

6. Trade and other receivables (continued)

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

Trade receivables

Counterparties without external credit rating

Group 1	83,776,680	86,541,784
Group 2	5,773,059	11,783,734
	89,549,739	98,325,518

Group 1 – Fuel levies for Oil companies (less than 6 months).

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

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	134,736,846	171,128,126
Short-term deposits	-	25,226,369
Bank balance - Project Accounts	22,226,481	21,412,732
	156,963,327	217,767,227

Restricted Cash

Included in the bank balance is an amount of N\$ 22,226,481 (2012: N\$ 21,412,732) relating to government specific projects. The Funds are held in a designated bank deposit account to be used only for the purpose of the specific development, Government Kunene Road Project.

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

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

Credit rating

Bank Windhoek Limited (A1+ Moody's credit rating)	101,791,892	100,883,488
Namibia Post limited - State Owned Entity with no credit rating	55,171,435	61,182,177
Nedbank Limited (C Fitch credit rating)	-	30,475,193
Simonis Storm Securities (No credit rating)	-	25,226,369
	156,963,327	217,767,227

Notes to the Annual Financial Statements

	2013 N\$	2012 N\$
8. Other financial liabilities		
<i>Held at amortised cost</i>		
RFA 16 Loan Stock (3,500 loan stock units of N\$ 1,000 each)	330,000,000	330,000,000
<hr/>		
<i>Non-current liabilities</i>		
At amortised cost	330,000,000	330,000,000
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The government of the Republic of Namibia guarantees the due performance of the obligation of the RFA with respect to the due performance under the terms and conditions of the trust deed up to such amount equal to the value of the issued loan stock, plus interest, penalty interest and any other amount payable by the RFA. The amount of coupon payable in respect of each loan stock is calculated on the nominal value of N\$ 100,000 per loan stock equal to 9.5% per annum, compounded semiannual. The Loan stock shall be redeemed on the 31st of January 2016.

9. Trade and other payables

Trade payables	108,302,351	118,975,119
Amounts received in advance (CBC)	1,050,800	-
Vehicle and driving testing stations	17,499,887	35,894,484
KFW Grants	22,866,961	11,416,111
Accruals- Local Authorities	37,690,519	17,697,904
Accruals- Loan Stock	5,225,000	5,225,000
Accruals- Fuel Levy Refunds	72,053,489	96,272,190
Roads Authority retention funds	62,301,419	63,102,789
Accruals- Traffic Law Enforcement	27,616,267	25,067,000
Other accruals	525	350
Government Kunene Road Project (refer to note 16)	22,226,481	21,412,732
	376,833,699	395,063,679

The Government Kunene Road project amounted to N\$ 22,226,481 (N\$ 2012: N\$ 21,412,732) relating to government specific projects. These funds are kept in a separate Bank account in the name of the Road Fund Administrations. These accounts are recorded in the books of Road Fund Administration with a corresponding liability as disclosed above.

Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2013

Notes to the Annual Financial Statements

	2013 N\$	2012 N\$
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10. Financial liabilities by category

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

2013

	Financial liabilities at amortised cost	Total
Other financial liabilities	330,000,000	330,000,000
Trade and other payables	371,608,699	371,608,699
	701,608,699	701,608,699

2012

	Financial liabilities at amortised cost	Total
Other financial liabilities	330,000,000	330,000,000
Trade and other payables	373,650,947	373,650,947
	703,650,947	703,650,947

11. Revenue

Fuel levies	975,011,755	937,823,256
Other Road User Charges (Refer to 11.1 below)	560,717,272	521,935,154
	1,535,729,027	1,459,758,410

11.1 Other Road User Charges

Vehicle License Fees	404,026,655	383,466,846
Mass Distance Charges - Local	47,831,424	41,575,629
Cross Border Charges	86,734,357	78,360,010
Abnormal Permit Fees	6,037,394	8,676,909
Mass Distance Charges - Foreign	16,087,441	9,855,760
	560,717,271	521,935,154

12. Operating (deficit)/surplus

Operating profit for the year is stated after accounting for the following:

Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2013

Notes to the Annual Financial Statements

	2013 N\$	2012 N\$
12. Operating (deficit)/surplus (continued)		
<i>Expenses by nature</i>		
Administration and management fees - third party	1,248,758,905	1,044,503,606
Transfer to Administration account	27,640,000	24,340,000
Advertising	13,477	13,054
Fuel Levy Refunds -Agri,Const,Fishing,Mining,Rail	211,056,188	186,257,535
Transfer to local authorities (Urban road maintenance)	58,232,689	71,275,066
Traffic law enforcement	27,616,267	25,067,000
Other expenses	4,235,144	3,550,243
Total administrative expenses	1,577,552,670	1,355,006,504
Total administrative expenses	1,577,552,670	1,355,006,504
13. Finance income		
<i>Interest revenue</i>		
Interest on Current Account	3,952,879	1,744,990
Interest on Investment from Asset Manager	27,765,744	28,213,236
	31,718,623	29,958,226
14. Finance costs		
Interest paid on loan stock	31,350,000	31,350,000
15. Cash used in operations		
Surplus for the year	(28,185,110)	108,994,128
<i>Adjustments for:</i>		
Interest received	(31,718,623)	(29,958,226)
Finance costs	31,350,000	31,350,000
<i>Changes in working capital:</i>		
Trade and other receivables	8,775,778	(1,066,598)
Trade and other payables	(18,229,980)	(5,597,166)
	(38,007,935)	103,722,138
16. Contingencies		

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

Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2013

Notes to the Annual Financial Statements

	2013 N\$	2012 N\$
17. Related parties		
RFA receives monies from RA that is collected for Licence and Overloading Fees. RFA then distributes monies collected to RA for roads maintenance.		Roads Authority
The RFA gives monies to the Local authorities for the roads maintenance in their respective local Authority Councils		Local Authorities
RFA receives monies from the Ministry for specific projects.		Ministry of Works & Transport (Unutilised project funds)
The RFA gives monies to the Traffic Law Enforcements for law enforcements in their respective jurisdictions.		Traffic Law Enforcements
RFA received a grant from KFW through the Government.		KFW Grant

Related party balances

Amounts included in Trade payables and Provisions regarding related parties:

Roads Authority	170,080,516	181,318,796
Local Authorities	37,690,519	17,697,904
Ministry of Works & Transport (Unutilised project funds)	40,366,848	47,310,595
Traffic Law Enforcements	27,616,267	25,067,000
Government Kunene Road Projects	22,226,481	21,412,732

Related party transactions

Payments made to related parties

Roads Authority	1,247,670,347	1,035,451,909
Local Authorities	58,232,689	71,275,064
Road Fund Administration - Administration Account	27,640,000	24,340,000
Traffic Law Enforcements	27,616,267	25,067,000

Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2013

Notes to the Annual Financial Statements

	2013 N\$	2012 N\$
18. Other income		
Other sundry income	-	1,722,205
Donor - SWAP	-	3,881,154
Refunds - Bonus	188,223	-
Refunds - Fuel Levy	2,211,525	-
Roads Authority Payment	10,870,163	-
	13,269,911	5,603,359

19. Government Kunene Road Projects

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

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

Balance at the beginning of the year	21,412,732	137,475,174
Advance during the year	1,113,749	536,292,087
Payment during the year	(300,000)	(652,354,529)
	22,226,481	21,412,732

The amount is represented by:

Project accounts included in bank balances	22,226,481	21,412,732
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Road Fund Administration - Fund Account

Annual Financial Statements for the year ended 31 March 2013

Detailed Statement of Comprehensive Income

	Note(s)	2013 N\$	2012 N\$
Revenue			
Fuel Levy		975,011,755	937,823,256
Other road user charges		560,717,272	521,935,154
	11	1,535,729,027	1,459,758,410
Other income			
Sundry Income		-	1,722,205
Refunds Bonus		188,223	-
Road Authority Payment		10,870,163	-
Donor - (SWAP)		-	3,881,154
Fuel Levy Refunds		2,211,525	-
Interest received	13	31,718,623	29,958,226
		44,988,534	35,561,585
Operating expenses			
Administration and management fees		(1,248,758,905)	(1,044,503,606)
Advertising		(13,477)	(13,054)
Bank charges		(3,005,268)	(2,290,443)
Professional fees		(36,000)	-
Vehicle License Fees- Refunds		(316,570)	(353,606)
Transfer to Administration account		(27,640,000)	(24,340,000)
Transfer to local authorities (Urban road maintenance)		(58,232,689)	(71,275,066)
Traffic law enforcement		(27,616,267)	(25,067,000)
Fuel Levy Refunds -Agri,Const,Fishing,Mining,Rail		(211,056,188)	(186,257,535)
IT expenses		(809,341)	(828,027)
Other expenses		(67,966)	(47,530)
		(1,577,552,671)	(1,354,975,867)
Operating surplus	12	3,164,890	140,344,128
Finance costs	14	(31,350,000)	(31,350,000)
(Deficit)/Surplus for the year		(28,185,110)	108,994,128

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

