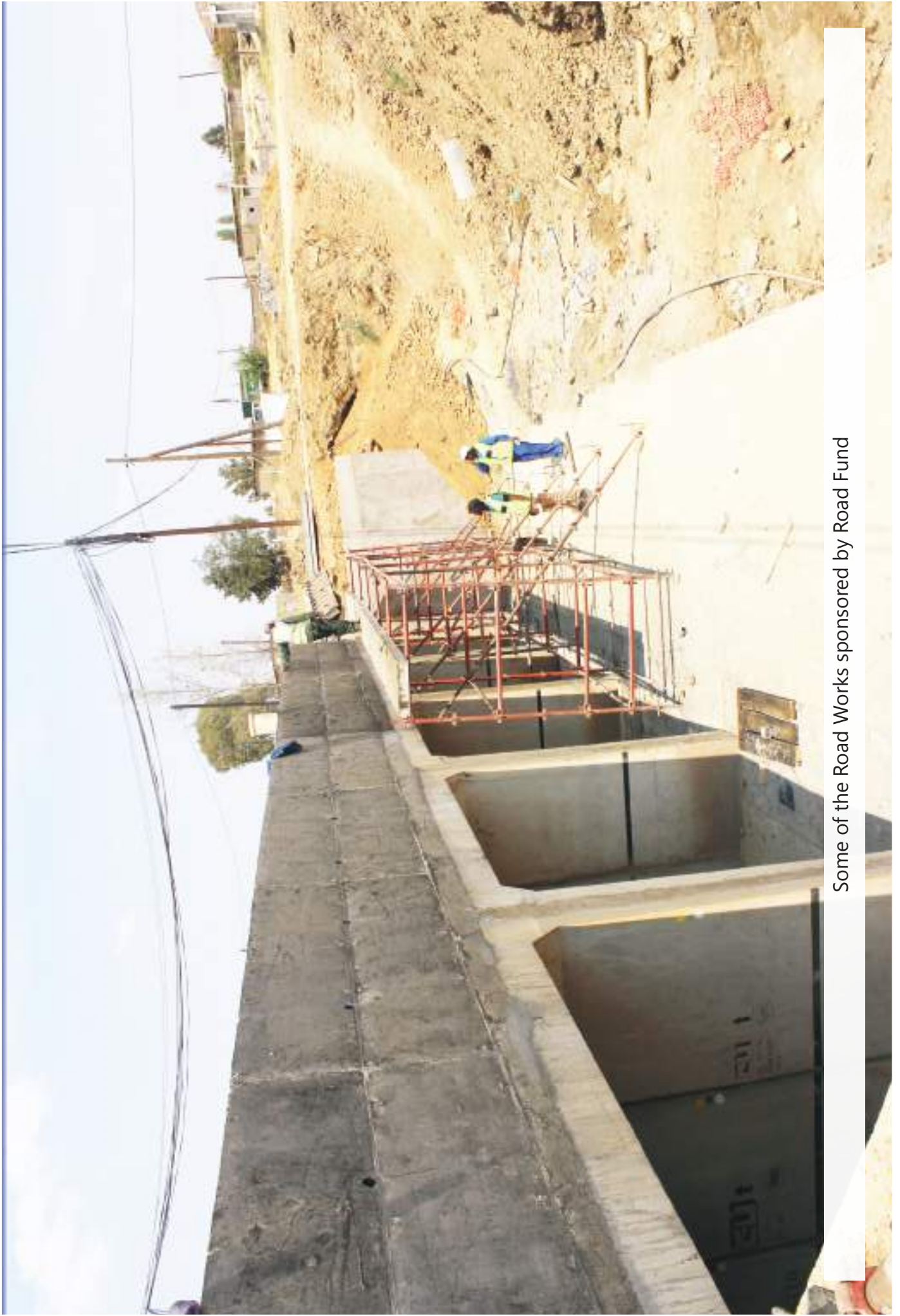


2018/2019 ANNUAL REPORT





ANNUAL REPORT
2018 / 2019



Some of the Road Works sponsored by Road Fund

TABLE OF CONTENTS

Vision statement.....	1
Mission statement.....	1
Core Values.....	1
Road Fund Board of Directors.....	2
Chairperson’s Statement.....	3
Governance Report.....	5
Chief Executive Officer’s Report.....	8
Engineering.....	11
Human Resources and Administration.....	22
Information Communication Technology.....	24
Public Relations.....	25
Finance.....	26
Audited Financial Statements.....	35
Road Fund Staff.....	61



Vision Statement

Through our well-maintained roads; excellent revenue collection and efficient road maintenance, we take great pride in being recognised as one of the leading Road Funds in Africa.

Mission Statement

To finance road maintenance, upgrading and rehabilitation of road networks and road user safety programmes, aligning ourselves with Government Policy, Best Business Practices, through motivated and committed professional personnel.

Core Values

At all times and to stakeholders we shall uphold the principles of:

TRAIT

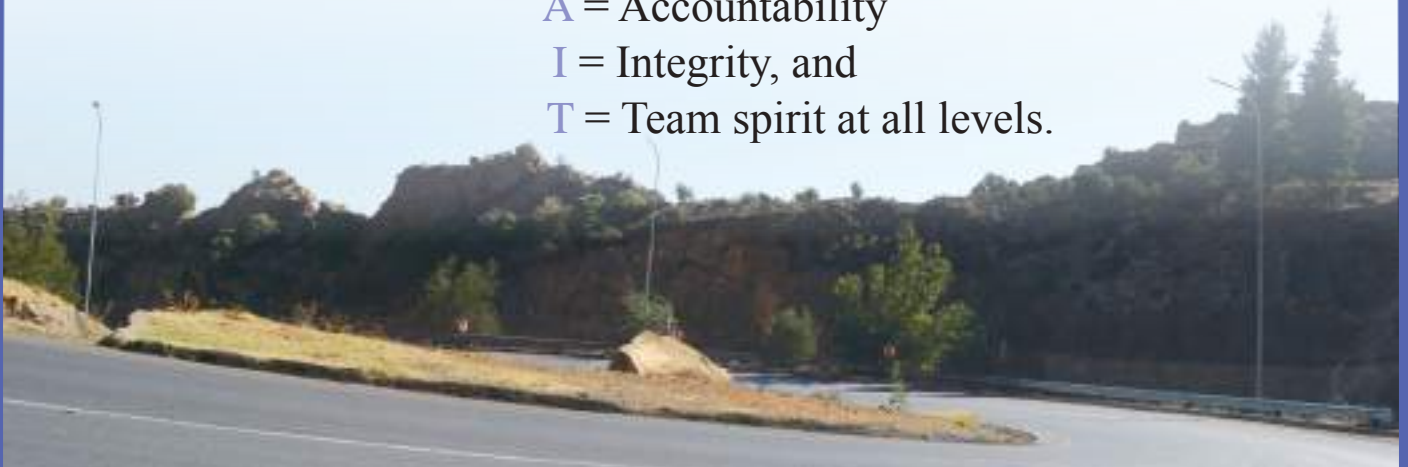
T = Transparency

R = Responsibility

A = Accountability

I = Integrity, and

T = Team spirit at all levels.



BOARD OF DIRECTORS



Mr. Thato Mohasoa
Chairperson



Mr. Nkareng Letsie
Deputy Chairperson



Mr. Nkekeletse Makara Pr. Eng
Board Secretary



Mr. Charles Mopeli
Member



Mr. Jerry Seithleko
Member



Mr. Khasapane Kikine
Member



Ms. Lineo Lephatsa
Member



Mr. Lebohang Moea
Member



Mr. Lebohang Phohleli
Member



Mr. Mosito Moqhekoana
Member



Ms. Seriti Keta
Member

CHAIRPERSON'S STATEMENT

It is once again a privilege to present the Road Fund Annual Report for 2018/2019 Financial Year. The year under review has been a busy one in an endeavour to fulfill the mandate that the Fund is entrusted with, which is to provide funding for continuous construction, upgrade and rehabilitation of roads in Lesotho, amidst a recognition of limited funds on the part of central government and other conflicting national needs.

The Board of Directors remains the ultimate governing body of the Road Fund Secretariat in terms of Regulation 6(1) of the Finance (Road Fund) Regulations 2012. It is composed in terms of Regulation 8 for periods established under Regulation 9. It is responsible for the long-term strategy of the organisation as tabulated under Regulation 10. The Board also ensures compliance with applicable legislation, documents, directives and accountability in the activities of the Fund.

The Board therefore completed another year of service and continued with its governance role in line with the Fund's Regulations. During the reporting period, The Minister of Finance appointed two members to the Board of Directors with effect from 25 September 2018; namely Mr. Charles Mopeli representing Lesotho Association of Engineers and Mr. Mosito Moqhekoana as the Minister's Appointee. This brought the total number of Directors to eleven (11) as envisaged in the Regulations. Mr. Lebohang Moea's term ended on 28 February 2019 and was replaced by Mr. Sepitle Masenyetse as of 1 March 2019.

The Board committees, namely the Audit and Risk Committee, Human Resources Committee and the Technical Committee continued with their delegated businesses respectively, and completed tasks they were entrusted with during the reporting period. Each of the committees has 3 members, the Chairman of the Board and the Chief Executive Officer are not substantive members of any of the committees but may be invited therein.

Mr. Makotoko Makotoko
Board Chairperson

During the year under review, the Secretariat ventured into two revenue enhancement projects namely the electronic National Traffic Information System (eNaTIS) and electronic Spot Fine (eSpot Fine). At the end of the year under review, the bulk of computers for implementation of eNaTIS were procured except for the servers, while the eSpot Fine project was only at its preliminary stages.

The eNaTIS, which is implemented by the Department of Traffic and Transport, is aimed at enhancing efficiency through automation of the National Traffic Information System, thereby making it easy for the Department to collect revenue and for Road Fund to verify the revenue collected. The eSpot Fine on the other hand, is meant to resuscitate control and sense of responsibility on Lesotho's Roads. The idea of computerizing the Spot Fine came with a number of benefits that include instant communication between all stakeholders in all geographical areas of Lesotho and the possibility of identifying offenders immediately. Above all, the eSpot Fine was meant to activate one of the revenue streams for Road fund hence the financing of the project.



In the year 2018/2019 the Fund's financial performance kept on demonstrating a steady growth in that total revenue collected for the period up to 31 March 2019 amounted to M169,059,817 increasing by M20,108,736 (13.5%) from M148,951,0821 collected for the same period up to 31 March 2018.

Lesotho's road network consists of arterial, urban and rural access roads. Arterial roads connect the districts with one another; others connect border posts with the main road network and traverse through a number of community councils' areas within the districts. The total road network is comprised of 9,200 km categorized in accordance with the surfacing material.

The Road Fund as mandated by the Legal notice 103 Finance (Road Fund) Regulations 2012 Section 10 (1) (c) review and approve allocation of funds for Annual Roads Programmes and road safety related activities at least six months before the national budget is approved.

During the reporting period, an amount of M265,408,368.42 was allocated to the Roads Directorate, Maseru City Council, Ministry of Local Government and the Road Safety Department accordingly. Of this, an amount M152,322,594 was utilised by these implementing agencies. This was due to the fact that most projects were not completed due to reallocations made by the Roads Directorate to cater for procurement of road construction equipment (Yellow Plant).

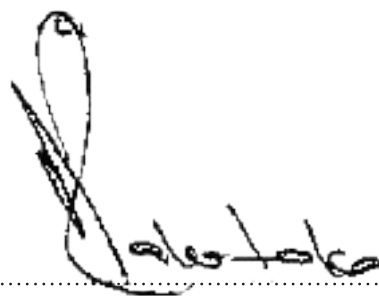
Road Maintenance Agencies have been going through different spells of performance due to delays in the submission of Annual Road Maintenance Programmes, lengthy procurement procedures, insufficient supervision of contractors and insensitivity to contractual obligations. All implementing agencies procure their physical works and services through the government of Lesotho Central Tender Board except for Maseru City Council which uses its in-house Tender Board.

The implementing agencies have full responsibility for the procurement and contract management of the road works undertaken by them.

The Fund continued to conduct financial and technical audits of all works that it finances. The audits have revealed that the agencies do not follow proper change management and reporting processes, this has led to major weaknesses in the analysis of historical data and monitoring of individual projects. In pursuant of acquiring value for money, the Fund invited Road Maintenance Agencies to stakeholder meetings designed to encourage good practices in project management.

The Fund Secretariat has continued to perform to the best of its ability, especially with a fully-fledged Executive Management following the creation of four new departments of Compliance, Information Communication Technology, Internal Audit and Public Relations. I would therefore like to thank the Management and staff of the Fund for their continued dedication in fulfilling the daunting mandate of the Fund.

The Fund's work would not have been easier if the stakeholders did not come to the party, I wish to thank all stakeholders for the continued collaboration in ensuring that the Funds Secretariat performs well at all times. On my behalf and that of that of the entire Board of Directors, thank you all and let us keep moving from strength to strength.



Makotoko Makotoko (Mr.)
Board Chairperson

GOVERNANCE REPORT

MANDATE

Good corporate governance is an essential enabler for the Board to fulfill the organisation's mandate. The Board reviews the governance structures and processes to ensure that the organisation is focused on the strategic objectives, uses resources effectively whilst also focusing on managing risk, providing assurance and accountability and ensuring transparency for the benefit of all stakeholders adhering to leading practices.

BOARD COMPOSITION

The Board is the ultimate governing body of the Road Fund Secretariat in terms of Regulation 6(1) of the Finance (Road Fund) Regulations 2012. It is composed in terms of Regulation 8 for periods established under Regulation 9. It is responsible for the long-term strategy of the organisation as tabulated under Regulation 10. The Board also ensures compliance with applicable legislation, documents, directives and ensures accountability.

The Board of Directors is appointed by the Minister of Finance in terms of Regulation 7 (1). The current Board has been appointed at different intervals with some members having left the organisation and some still continuing their tenure. The Board is comprised of the Chief Executive, three ex-officio members (One representative of the Ministry of Finance, one representative of the ministry responsible for construction and maintenance of roads and one representative of the ministry responsible for energy) and seven non-governmental members representing the following sectors (passenger transport, freight transport, engineering, Law Society of Lesotho, consumer organisation and two people appointed by the Minister on account of their special skills). The Board is guided by the Board Charter. The below table indicates the current directors of the Road Fund.

NAME	POSITION ON BOARD	REPRESENTATION
Mr. Thato Mohasoa	Chairperson	Minister's Appointee
Mr. Nkareng Letsie	Vice Chairperson	Consumer Organisation
Mr. Nkekeletse Makara	Director	Chief Executive Officer
Ms. Seriti Keta	Director	Ministry of Finance
Mr. Khasapane Kikine	Director	Ministry of Public Works and Transport
Mrs. Lineo 'Masalome Lephatsa	Director	Law Society of Lesotho
Mr. Lebohang Phohleli	Director	Association of Lesotho Road Transporters
Mr. Lebohang Moea	Director	Passenger Transport
Mr. Jerry Seithleko	Director	Department of Energy
Mr. Charles Mopeli	Director	Lesotho Association of Engineers
Mr. Mosito Moqhekoana	Director	Minister's Appointee

NEW BOARD APPOINTMENTS

The Minister of Finance appointed two members to the Board of Directors with effect from 25

September 2018; namely Mr. Charles Mopeli representing Lesotho Engineers' Association and Mr. Mosito Moqhekoana as the Minister's Appointee. This brought the total number of Directors to eleven (11) as envisaged in the Regulations.

Mr. Lebohang Moea's term ended on 28 February 2019 and was replaced by Mr. Sepitle Masenyetse as of 1 March 2019.

BOARD COMMITTEES

The Road Fund's governance structure as envisaged under Regulation 10(2) is comprised of three Board Committees, namely Audit and Risk Committee (3 members), Human Resources Committee (3 members) and the Technical Committee (3 members). The Chairman of the Board and the Chief Executive Officer are not substantive members of any of the committees but may be invited therein.

AUDIT COMMITTEE

The Audit and Risk Committee is constituted to assist the Board in discharging its oversight and monitoring responsibilities by ensuring that there are adequate controls and systems in place for the reliability of the financial results and accountability for the organisation's assets. The Committee Charter sets out specific responsibilities delegated by the Board to the Audit and Risk Committee. This Charter further details the manner in which the Committee will operate. The Committee is tasked to deal with risk management, internal controls, financial reporting processes, auditing processes, anti-corruption, fraud and theft. The Committee comprises of Mr. Nkareng Letsie as the Chairperson, Ms. Seriti Keta and Mr. Khasapane Kikine as members.

HUMAN RESOURCES COMMITTEE

The Human Resources Committee is mandated by the Board to look into overall human capital issues including but not limited to the creation of a healthy organizational culture, ensuring the creation and maintenance of an environment that supports employee development and growth and actualization of potential performance and to oversee compliance with the applicable laws on all matters pertaining to employment. The Committee comprises, Mr. Lebohang Phohleli as the Chairperson, Mr. Lebohang Moea (replaced by Mr. Sepitle Masenyetse) and Ms. Lineo 'Masalome Lephatsa as members.

TECHNICAL COMMITTEE

The Technical Committee is seized with the responsibility of technical advice focusing on implementation of various projects and taking a strategic role in advising the Board on policy direction as relates to major capital projects.

The Committee comprises, Mr. Jerry Seithleko as the Chairperson, Mr. Charles Mopeli and Mr. Mosito Moqhekoana as members.

DISCLOSURE OF INTERESTS

A 'conflict of interest' is considered to be any connection or association with a third party that is (or appears to be) against the best interests of the Road Fund, or which could enable one reasonably to be suspected of using their position within the Road Fund to gain an unfair advantage for or from a third party. Conflicts of interest are best avoided altogether; however, the Road Fund acknowledges that conflicts of interest (and potential conflicts) are sometimes unavoidable. In such circumstances the principles of openness and integrity apply and any such conflicted member of the Board is required to disclose such and this is a standing agenda in all Board and Committee meetings. This is to promote independent and transparent decision making by the Board and its Committees in line with Regulation 12.

BOARD REMUNERATION

The Board Remuneration is paid as approved by the Minister of Finance under Regulation 13.

BOARD EVALUATION

Board evaluation was conducted to ensure that the Board performs its duties efficiently. Board evaluation is conducted every second year.



CHIEF EXECUTIVE OFFICER'S REPORT

This report is aimed at highlighting progress on the 2018/2019 Road Fund Business Plan. On behalf of the Fund's Management and staff, it is a pleasure to present the performance of the Fund during the period under review.

BACKGROUND

During the period under review, the Fund remained committed to working with its Implementing Agencies. These are the Roads Directorate, Ministry of Local Government and Maseru City Council for maintenance of roads; while for road user safety, Road Safety Department remained the relevant stakeholder.

The Fund continued to finance the following, in order of priority; routine, emergency and periodic maintenance of all roads in Lesotho; urban and rural community roads, on a cost share basis; road rehabilitation, road upgrading, new road works and road safety projects; including any other project or matter connected with roads.



Revenue collection by the Fund, on the other hand, was from the Department of Traffic and Transport, Lesotho Revenue Authority, Traffic Police and Oil Companies.

ACHIEVEMENTS

Financial performance

In 2018/2019, Road Maintenance Levy (RML) remained the largest stream contributing 48.2% (M81,537,561) of the total revenue collected, followed by Toll Gate Fees with 37.6% (M63,609,477). Motor Vehicle Licenses and Permits contributed 13.8% (M23,286,083) while Fines on Road Traffic Offences contributed 0.4% (M626,696). Lastly Fines on Overloaded Vehicles with 0.0% contribution for the period under review, this was due to nonfunctioning weigh bridges. An overall 13.5% (M20,108,736) increase in revenue was realized between 2017/2018 and 2018/2019 resultant from increased Toll Gate fees tariffs coupled with increased effort from the Revenue Section.

On maintenance of roads, a total of M265, 408, 364 was allocated to Implementing Agencies for the various programmes for the year under review, at the end of the year, M152, 322, 594 had been utilised.

Stakeholder engagement and relationship Management

During the period under review, a Stakeholder Engagement Framework was developed and approved for implementation. The Plan was also developed and would be implemented in line with the Framework. In order to deliver on its mandate, the RF depends on a variety of stakeholders, who influence and impact on the its progress and delivery of results, hence the importance of stakeholder engagement and relationship management.

Mr. Nkekeletse Makara Pr. Eng.
Chief Executive Officer

Establishment of new departments

During the reporting period, the Fund established four new departments to address the ensuing business needs and to improve the performance of the Fund's Secretariat, as well as strengthen the human resources of the Fund.

The new departments namely Compliance, Information Communication Technology, Internal Audit and Public Relations were formed, and the respective heads of these departments were also employed and they all started work on different months during the Financial Year under review.

The Compliance Manager is responsible for Legal Support, Compliance Management, Contract Management, Litigation Management and serving as Board Secretariat. The Information Communication Technology Manager on the other hand is entrusted with ICT Governance and Policy Management, Systems Acquisition and ICT Project implementation, Business Application and Software maintenance, Contract and Supplier Management, ICT Budgeting and Monitoring, Disaster Recovery and Planning as well as ICT Infrastructure Support.

The Internal Auditor has been recruited to provide independent, objective assurance and consulting services on adequacy and effectiveness of the Control, Risk Management and Governance issues. Lastly, the Public Relations Manager is tasked to perform the Corporate Social Responsibility activities of the Fund, external and internal communication, media relations, production of publications, publicity and promotional material development, Stakeholder Engagement and Management and Strategic Communications Management.

Recruitment

The Road Fund staff complement grew from eighteen (18) employees in 2017/2018 to thirty-two (32) employees in 2018/2019. The Human Resources and Administration Manager and one Office Assistant's employment contracts came to an end in 2018/2019 as the position holders had reached the retirement age. The Information

Communication Technology Manager resigned from the Road Fund in the same year. All the above three (3) positions were filled together with the positions of Compliance Manager, Internal Auditor, Public Relations Manager, two (2) Verification Officers, four (4) Revenue Collection Supervisors, two (2) ICT Technicians, an Accountant, one (1) Driver and another one (1) Office Assistant. This signifies forty-four (44%) percent increase.

Road Maintenance Projects

During this reporting year the Road Fund continued to finance Labour based programmes rolled over from the 2017/2018 Financial Year which were mainly catering for upcoming contractors. Most of this projects were not completed due to reallocations made by the Roads Directorate to cater for procurement of road construction equipment. Furthermore, Roads Directorate had to request emergency funds to prevent sections of Main North 1 Road (A1) road being totally cut due to erosion. The Ministry of Local Government and Maseru City council on the other hand had projects which were rolled over from the 2017/2018 Financial Year. Most of these projects were rolled over due to the inability to monitor and control programmes under their jurisdiction.

Conclusion

On behalf of the Road Fund Secretariat I wish to thank all role players especially the Minister of Finance Dr. Moeketsi Majoro and the Board of Directors for their guidance, the Management and staff of Road Fund for their continual efforts in making execution of the Fund's mandate a whole lot easier than it could have been, for that I highly appreciate and encourage all to soldier on.



Nkekeletse Malakia Makara (Mr.) Pr. Eng.
Chief Executive Officer



Protection works on the Marabeng to Lekokoaneng Road sponsored by Road Fund

OVERVIEW OF THE NATIONAL ROAD NETWORK

Lesotho's road network consists of arterial, urban and rural access roads. Arterial roads connect the districts with one another; others connect border posts with the main road network and traverse through a number of community councils' areas within the districts. The total road network is comprised of 9,200 km categorized in accordance with the surfacing material as stated in Table 1 hereunder.

The Roads Directorate is mindful of the implications of good road asset management and has implemented a sophisticated system namely the Lesotho Road Management System(LRMS) aimed at providing valuable information for road network management and planning. This system provides the ability to manage the road infrastructure connecting the major economic centres in Lesotho as well as providing access to the remote areas of the Mountain Kingdom.

Since 2010, visual condition surveys were conducted annually by trained assessors on the paved and unpaved road network under jurisdiction of the Roads Directorate. Surfacing defects, structural defects and functional aspects were recorded to determine the current condition

and future need of the paved and unpaved roads. Equipment measured transverse and longitudinal profiles of paved roads that were conducted in 2017 were included in the analysis to describe the condition of the paved roads. Falling Weight Deflection measurements, also recorded in 2012, were used to calculate structural numbers for the paved road network, to improve the accuracy of the analysis.

The urban roads are within the jurisdiction of urban community councils while the rural access roads traverse the local community councils' areas. In line with the Lesotho road sector and decentralization policies, arterial roads and rural roads which traverse through two or more community councils' areas are under the responsibility of the Central Government, while the urban and rural access roads that provide access limited to the particular councils' areas are under the custody of local authorities. However, Roads Directorate, under the Ministry of Public Works and Transport is responsible for formulation of national road sector policies and standards, with which every road agency and/or community council must comply.

Table1: LESOTHO ROADS NETWORK

AGENCY	LENGTH (km)				Total	PROPORTION (%)
	Paved	Gravel	Earth	Track		
Roads Directorate	1693	3043	1087	92	5915	64
Ministry of Local Government	82	2500	84	0	2666	29
Maseru City Council	167	230	278	0	675	7
Total	1942	5773	1449	92	9256	100

LESOTHO ROAD MANAGEMENT SYSTEM

The Fund is committed to giving support to the scientific evaluation of road maintenance needs in Lesotho. It has been a priority to the Fund to support Roads Directorate's initiative of conducting Road Condition surveys through the Lesotho Road Management System from 2009.

Road network surveys are conducted annually to identify specific areas of interventions needed on the network and the impacts of such interventions. The 2018 report is used for analysis.

CONDITION OF PAVED ROADS

The Visual Condition Index (VCI) is a condition index used to assess the condition of surfaced roads. The average VCI in 2010 was 65% and has reduced to 55% in 2018 and it should be noted that the percentages shown portray only 91% of the Lesotho paved road network that was surveyed.

The network was thus categorised as being in a fair condition category in 2018. An overall Visual Condition Index (VCI) value for each road segment is required to express the condition in a single value. This is calculated from the various recorded distresses. Each distress has a maximum contribution to VCI, so that one particular distress does not predominate in the calculation.

During 2018, visual condition surveys were conducted by trained assessors on the paved and

gravel road network under jurisdiction of the Roads Directorate. Surfacing defects, structural defects and functional aspects were recorded to determine the current condition and future need of roads.

To determine the VCI, the formula sums each rated item's rating, multiplied by its weight, and sums all the values obtained in this way, to arrive at a value, which is deducted from 100 to provide a score out of 100. Low scores, close to 0, represent segments with poor road conditions (deteriorated roads), and high scores, close to 100 represent road segments in a good condition.

The following categories are used to categorise the VCI into 5 categories of very good, good, fair, poor and very poor roads.

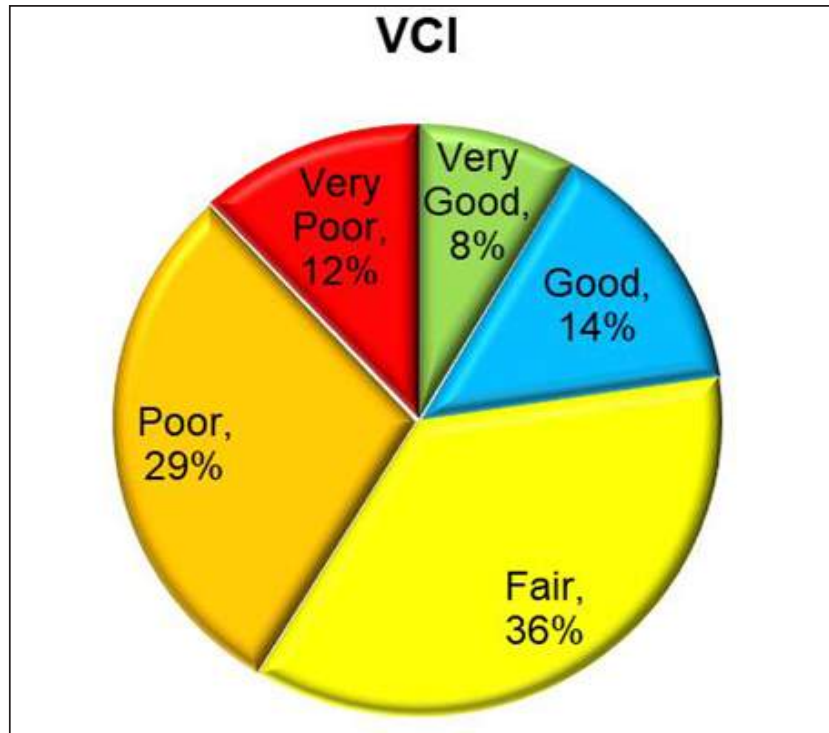
Table 2: VCI CONDITION CATEGORIES

DESCRIPTION	VCI VALUES
Very good	More than 85
Good	70 to 85
Fair	50 to 70
Poor	30 to 50
Very poor	Below 30

The percentage of roads in poor and very poor condition increased from 25% in 2010 increased in 2013 to 42% where after it decreased to 27% in 2014 and again increased to 30% in 2016 and increased to 41% in the 2018 surveys which shall mark an all-time high percentage of roads in this range and an all-time low of 22% of roads in a good to very good condition.

The percentage roads in fair condition increased from 28% in 2010 to 44% in 2014 then decreased to 35% in 2016, increased to 44% in 2017 and increased to 36% in 2018. Note that in 2010, 78% of the paved road network was surveyed, 96% in 2011, 89% in 2012 and 2013, 83% in 2014, 89% in 2015, 99% in 2016. 89% in 2017 and 91% in 2018.

Figure 1: OVERALL NETWORK VISUAL CONDITION INDEX DISTRIBUTION (VCI) FOR SURFACED ROADS (2018)



The percentage of roads in poor and very poor condition increased from 25% in 2010 to 42% in 2013 where after it decreased to 27% in 2014 and again increased to 30% in 2016 and increased to 41% in the 2018 surveys which shall mark an all-time high percentage of roads in this range and an all-time low of 22% of roads in a good to very good condition.

The percentage roads in fair condition increased from 28% in 2010 to 44% in 2014 then decreased to 35% in 2016, increased to 44% in 2017 and increased to 36% in 2018. Note that in 2010, 78% of the paved road network was surveyed, 96% in 2011, 89% in 2012 and 2013, 83% in 2014, 89% in 2015, 99% in 2016, 89% in 2017 and 91% in 2018.

Figure 2: OVERALL HISTORICAL VCI (2010-2018) (% ROAD PERCONDITION CATEGORY)

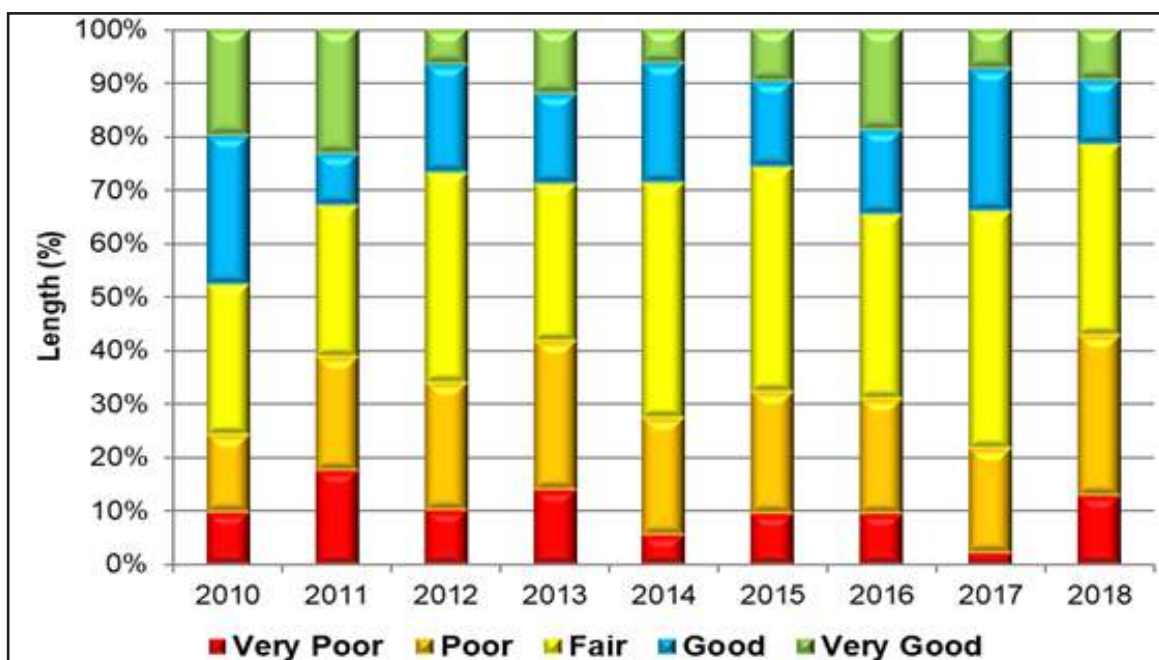
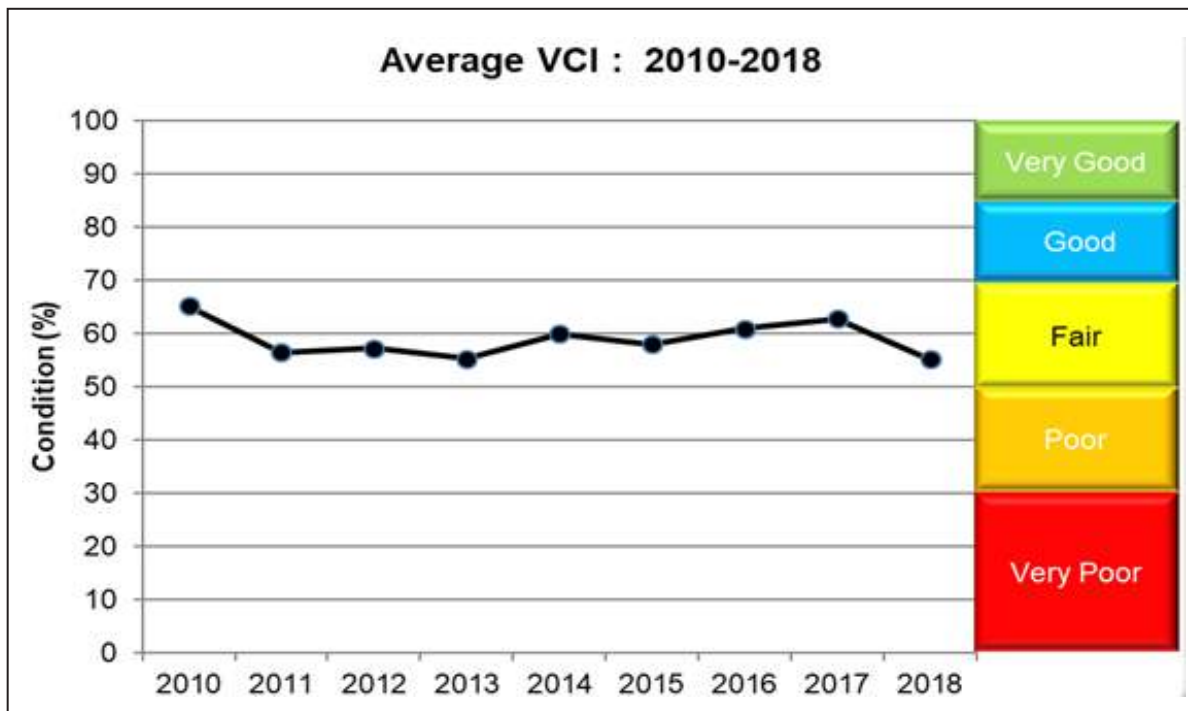


Figure 3: VCI TRENDS FROM 2010 - 2018



The average VCI was calculated over the last nine years and is represented in Figure 3. There has been a steady decrease in the VCI since 2010. The graph shows a 13% deterioration of the network condition between 2010 and 2013. The overall condition of the roads has improved slightly after 2013 till 2017 showing a steep decline in 2017 to 2018. The steep decline shows that Lesotho is losing its road paved asset if remedial action is not taken.

In 2018, the percentage of roads in 'poor' and 'very poor' condition category was 41%, thus well above the acceptable norm of 10% (a World Bank guideline), and the roads in the 'fair' condition category is 36%, also above the norm of 25%, based on experience. This classifies the Equipment Based paved network as having a large rehabilitation as well as preventive maintenance need.

CONDITION OF GRAVEL ROADS

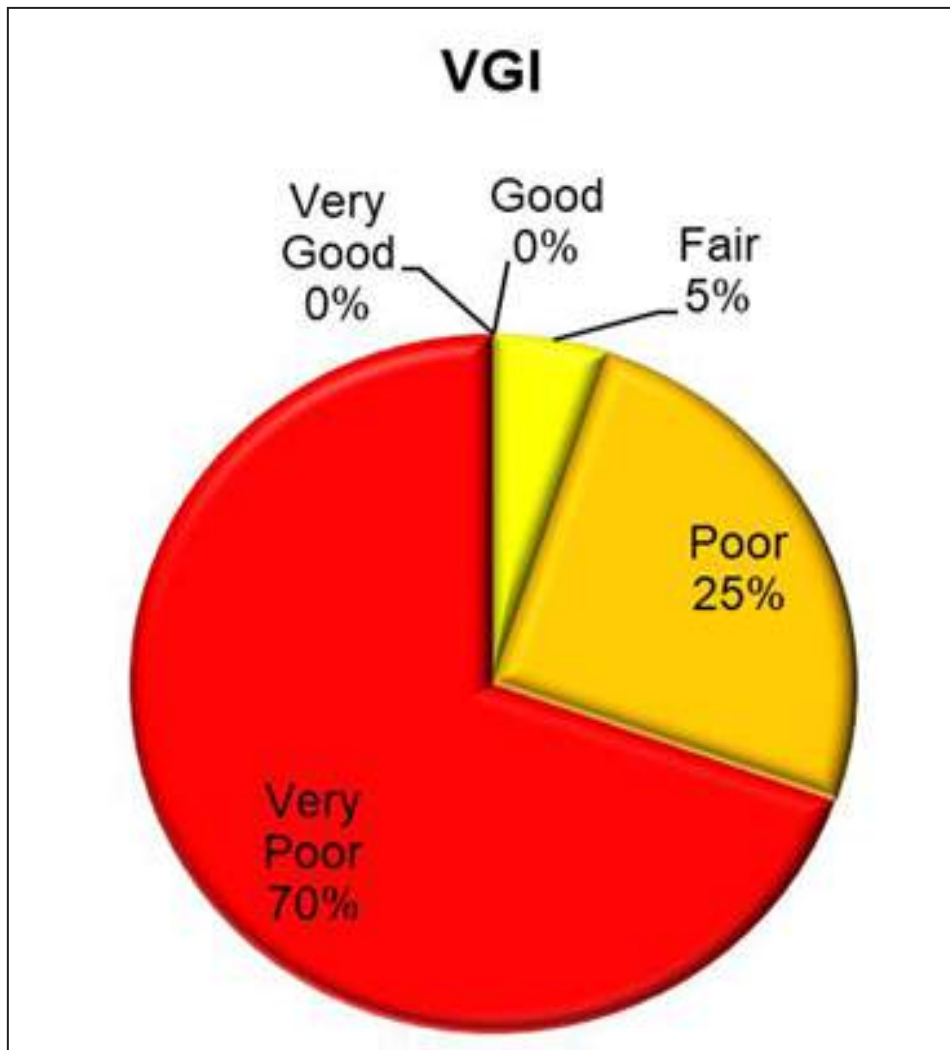
The Visual Gravel Index (VGI) is a condition index used to assess the condition of gravel roads maintained by the use of heavy road construction equipment.

In a similar fashion to the Visual Condition Index for paved roads, it is also possible to calculate a condition index for gravel roads referred to as the Visual Gravel Index or VGI. This is a single number that attempts to express the overall condition of gravel roads. A low value for a VGI indicates a road segment that is in poor condition, and a high value, close to 100, indicates a road segment that is in good condition.

Figure 4 below depicts that Equipment Based gravel road network is mostly in 'very poor' to 'poor' condition, with approximately 95% in these condition categories, 5% in 'fair' condition and 0% in 'good' condition.

The following VGI categories in table 3 were used to categorise very good, good, fair, poor and very poor roads:

Figure 4: NETWORK-LEVEL DISTRIBUTION OF UNSURFACED ROAD CONDITIONS (2018 SURVEYED)



The following VGI categories in table 3 were used to categorise very good, good, fair, poor and very poor roads:

Table 3: VGI CONDITION CATEGORIES

Description	VGI values
Very Good	85 to 100
Good	70 to 85
Fair	50 to 70
Poor	30 to 50
Very Poor	0 to 30

Figure 5: NETWORK-LEVEL DISTRIBUTION OF UNSURFACED ROAD CONDITIONS (2010 – 2018)

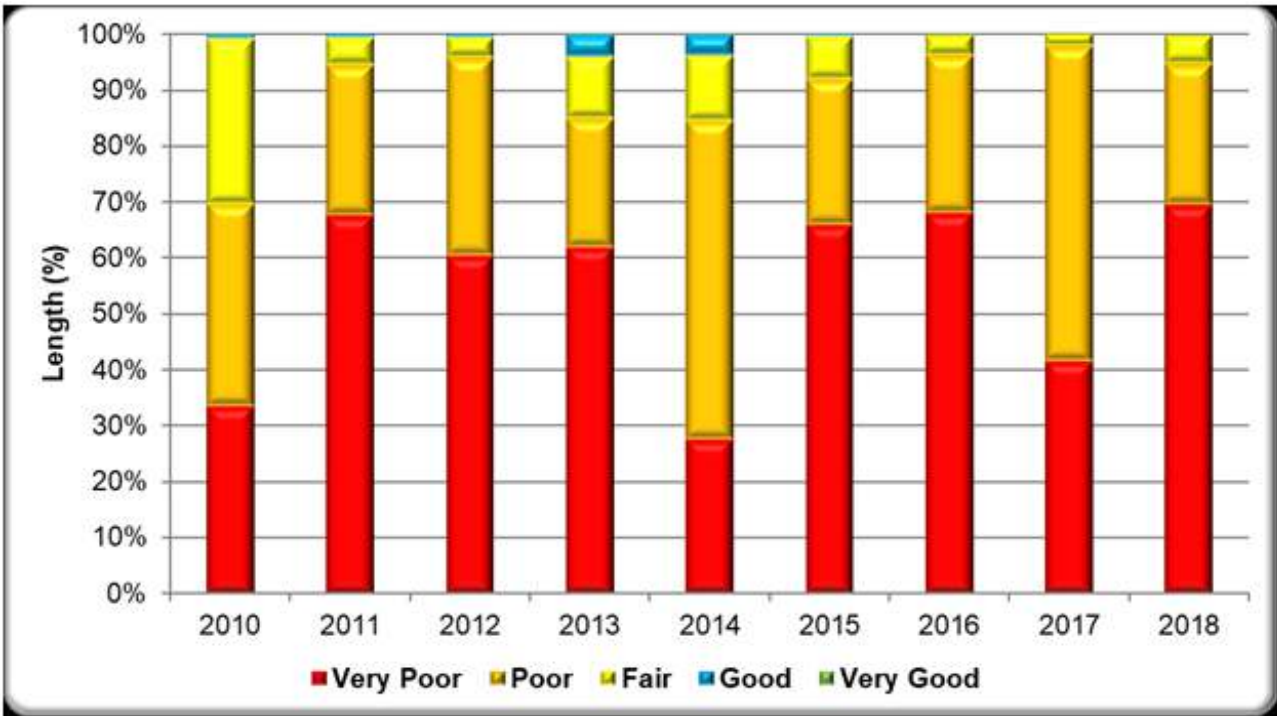
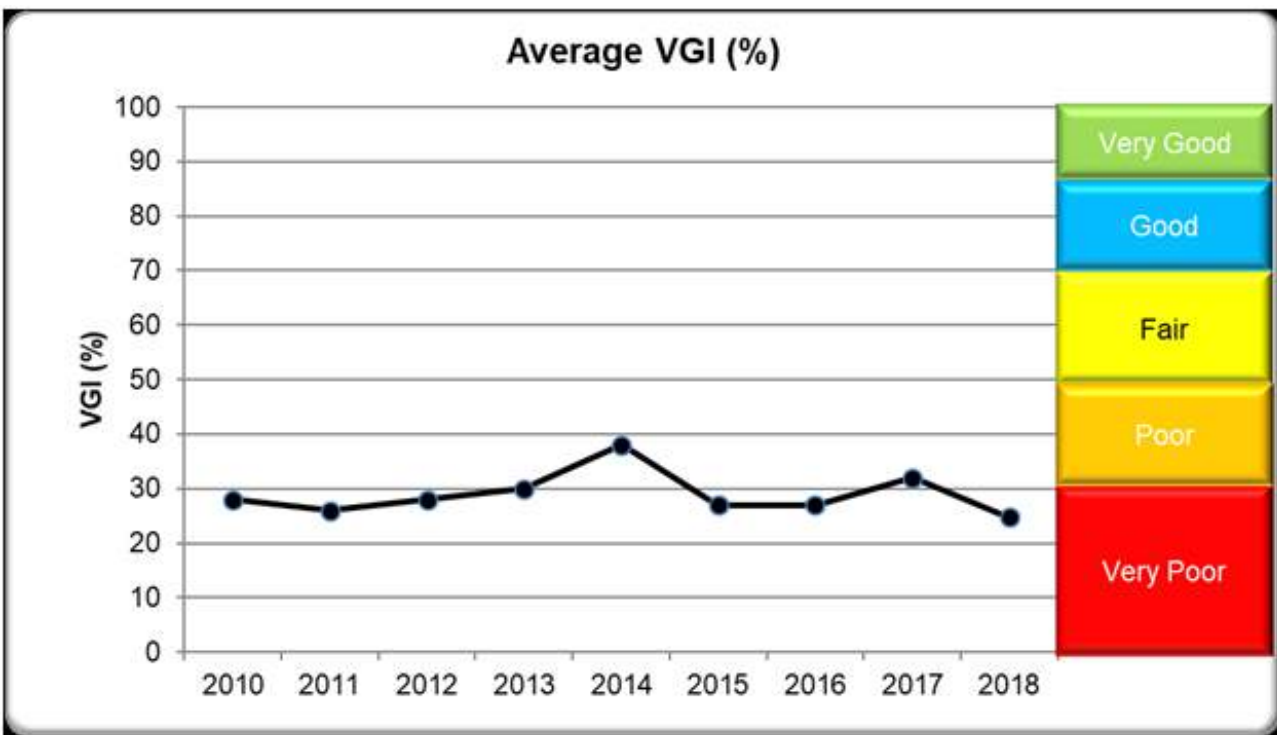


Figure 5 compares the past nine of network level distribution of gravel roads. We can note that roads in a poor to very poor condition increased to 96% in 2012, decreased to 86% in 2013, 83% in 2014, increased to 92% in 2015, 86% in 2016. 98% in 2017 and the decrease to 95% in 2018. The percentage of roads in a fair conditions has decrease from 30% in 2010 to 12% in 2014, has since decreased even further to 8% in 2015, 4% in 2016 and 2% in 2017, it the increased to 5% in 2018.

Figure 6: AVERAGE VGI PERCENTAGE TRENDS FROM 2010-2018



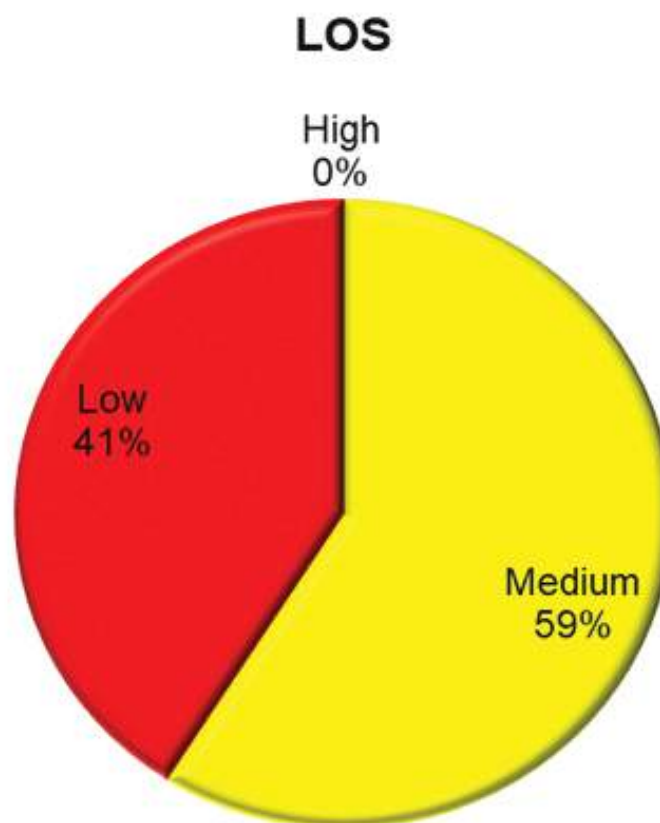
The trend in the gravel road network condition has been between poor and very poor with 2018 rating being in the very poor category. This indicates a need to increase our maintenance effort for us to realise an improved scenario.

CONDITION OF LABOUR BASED ROADS

The Level of Service (LOS) is a condition index used to assess the condition of gravel roads maintained by Labour Intensive methods of construction. The LOS categories are similar to those used in VGI classifications in Table 2 above.

For Labour Based roads, the unpaved road assessment data, expressing the condition through distress ratings are also used to calculate a single Level of Service (LOS) index. This indicator represents the perceived level of service the road provides due to its design standards and its current condition. The LOS is calculated for each labour based road segment that was surveyed.

Figure 7: NETWORK-LEVEL DISTRIBUTION OF LOS (2018)



From the 2018 pie chart above, it is clear that labour-based gravel road network mostly delivers a Medium Level of Service, with approximately 59% being in Medium LOS and 41% in medium LOS. The average LOS in 2018 is 54%.

Road Maintenance and Rehabilitation Needs

The condition of the Lesotho Road Network shows that surfaced roads are in a fair condition. However, the network exhibits an increasing rehabilitation backlog of surfaced roads and re-gravelling of gravel roads.

It is worth noting that this assessment does not include Ministry of Local Government & Chieftainship and Maseru City Council road network as preparations are underway to include them in the assessment.

Though the Roads Directorate is yet to calculate and compile a report on Road Maintenance and Rehabilitation needs one can conclude that, due to the condition of Lesotho's Road Network, Implementing

Agencies will need more than 6 billion Maloti to satisfy the immediate technical needs of the road network.

IMPLEMENTATION OF ROAD MAINTENANCE PROGRAMMES

The Road Fund as mandated by the Legal notice 103 Finance (Road Fund) Regulations 2012 Section 10 (1) (c) review and approve allocation of funds for Annual Roads Programmes and road safety related activities at least six months before the national budget is approved.

Table 5: BUDGET ALLOCATION AND EXPENDITURE FOR IMPLEMENTING AGENCIES

Financial year	2018/2019	
	BUDGET ALLOCATION	EXPENDITURES
Roads Directorate	164,759,404.03	76,527,208
Maseru City Council	79,863,445	65,736,527
Ministry of Local Government	12,666,948	5,199,385
Road Safety Department	8,118,570	4,859,474
Total	265,408,368.42	152,322,595

ROAD MAINTENANCE PROJECTS AND ROAD SAFETY ACTIVITIES

During the period under review the Road Fund financed a number of projects in order to:

- (i) Enhance the socio-economic development of the country;
- (ii) Develop the local construction industry;
- (iii) Increase employment opportunities for the local community by financing labour based programmes;
- (iv) Respond to road maintenance emergencies; and
- (v) Decrease the number of road accidents by financing road safety activities.

During this reporting year the Road Fund continued to finance Labour based programmes rolled over from the 2017/2018 fiscal year which were mainly catering for upcoming contractors. Most of this projects were not completed due to reallocations made by the Roads Directorate to cater for procurement of road construction equipment. Roads Directorate had to request emergency funds to prevent sections of Main North 1 Road (A1) road being totally cut due to erosion.







Ministry of Local Government and Maseru City council had projects which were rolled over from the 2017/2018 fiscal year. Most of these projects were rolled over due to the inability to monitor and control programmes under their jurisdiction.

Table 6: AREA MAINTENANCE PROJECTS IMPLEMENTED IN 2018/2019

DISTRICT	ROAD MAINTENANCE AGENCY	PROJECT	LENGTH (Km)	COST (Maloti)
Thaba Tseka	Roads Directorate	Thaba Tseka Area Routine Maintenance	30	11, 292, 723
Mohale's Hoek	Roads Directorate	Phamong Area Routine Maintenance	48	20, 078, 384
Quthing	Roads Directorate	Quthing Area Routine Maintenance	42	20,460,911
Qacha's Nek	Roads Directorate	Qacha's Nek Area Routine Maintenance	32	10,702,777
Botha Bothe	Roads Directorate	Kao Area Routine Maintenance	44	11,904,165
Leribe	Roads Directorate	Pitseng Area Routine Maintenance		6,327,548

Area Routine Maintenance Projects were located in every district and totalled to 12 in number. These projects covered an estimated length of 660Km, employed an average of 30 people per month over 12 months at a total cost of M217,314,196.00.

Table 7: MAJOR PROJECTS FINANCED BY THE FUND IN 2018/2019

Maseru City Council Maintenance Projects	Project Photographs (for selected sections)	Cost (Maloti)	Length (Km)	Remarks
Periodic Maintenance of Paved roads Tšenola - Motimposo		5,362,434		80% Complete. Better riding quality.
Periodic Maintenance of gravel roads Koalabata to Sekhutlong		8,155,740		Ongoing 90% complete. Social impact: Provided an all-weather access to residents and primary school children
Rehabilitation of Lekhaloaneng Pita to Matala Traffic Circle		127,000,000		Ongoing 97% Complete. Social impact: Provided an all-weather access to residents improved stormwater management.
Roads Directorate Berea Emergency Erosion Protection Works Along the A1		6,768,241.63		100% Complete. Social impact: Prevented a complete collapse of the road. Major Towns in the northern parts of the country would have been isolated from the Capital City
Upgrading to Bitumen Standard Makabei to Monontsa - VO to repair Hlotse Hill, Tsifa Li Mali and to Complete Moteng Repair Works		10,126,463.58		100% complete Better riding quality.
Ministry of Local Government and Chieftainship. Periodic Maintenance of Butha- Buthe Urban Roads.		7,773,307.56		100% Complete. Social impact: Better riding quality within the CBD.

PROJECTS FINANCED BY THE FUND CONTRIBUTING TO CONTRACTOR DEVELOPMENT

The Fund supported more than 74.30 km of gravel road maintenance projects which were awarded to small and medium construction companies in training and after qualification at the Contractor Training Centre.

Road Fund funding has created for more than 1920 man-months of employment through these contracts. The total wages paid by these 16 projects is estimated to be M4,147,200.00.

Table 8: CONTRACTOR TRAINING FINANCED BY THE FUND

Project Name	Contractor Name	Km	Employment Creation (Man-Months)	Contract Price
Mt Tebor-Lifateng A	Denvor Development	4.90	120	1,794,627.96
Mt Tebor-Lifateng B	Lee Construction	4.90	120	1,794,627.96
Ribaneng - Kubake A	Sparks Construction	5.00	120	1,801,355.56
Ribaneng - Kubake B	Mofoneso Construction	5.00	120	1,769,061.17
Ribaneng - Seale A	Prime Comstruction and Holdings	5.80	120	1,923,982.09
Ribaneng - Seale B	Dyno Holdings	5.80	120	1,874,870.14
Mapotu - Matsieng A	Tokoloho Construction	3.60	120	1,437,877.01
Mapotu - Matsieng B	MMTP Construction	3.60	120	1,378,158.70
Ramokoatse - Tsita's Nek A	Selprocon Construction	5.40	120	1,897,354.20
Ramokoatse - Tsita's Nek B	T & S Building Construction	5.40	120	1,870,270.25
Molise - Lerakong A	Maisa Holdings	4.30	120	1,229,393.57
Mofo - Likhetleng A	Llefa Construction	4.00	120	1,551,899.13
Mofo - Likhetleng B	Success International	4.00	120	1,533,755.85
Mokhalinyana - Likhetleng A	Letmore Enterprise	4.30	120	1,595,572.39
Mokhalinyana - Likhetleng B	Mokepi Building & Road Construction	4.30	120	1,629,400.35
Mathebe - Seobi	TP Construction	4.00	120	1,613,722.53
Total		74.30	1920	26,695,928.86

DESIGN, CONSTRUCTION SUPERVISION AND ENGINEERING SUPPORT

This is done for the purpose of supporting the Implementing Agencies for design, construction supervision, and contract management of road construction projects and installation of artificial lighting on the constructed roads. This reporting year the fund has not received any proposals to fund this phase of works due to the number of designs that still have to be implemented.

PROCUREMENT AND PROJECT MANAGEMENT

All implementing agencies procure their physical works and services through the government of Lesotho Central Tender Board except for MCC that uses its in-house Tender Board. The implementing agencies have full responsibility for the procurement and contact management of the road works undertaken by them.

On the other hand, the role of Road Fund Board is to ensure that funds are disbursed for the sole purpose for which they were intended. The Road Fund Secretariat, on behalf of the Board, conducts financial and technical audits of all works that are financed by the Fund. Payments for works done by contracts under Roads Directorate, Maseru City Council and Ministry of Local Government are made by the Road Fund Secretariat through submission of payments certificates by the respective road agencies. The time for processing and issuing payments has helped to improve contractor's cash flows thereby ensuring the smooth running of the projects to successful completion as well as stimulating the construction industry as a whole.

Technical auditing of the programmes has revealed that the agencies do not follow proper change management and reporting processes, this has led to major weaknesses in the analysis of historical data and monitoring of individual projects. In pursuit of acquiring value for money the Fund invited Road Maintenance Agencies to several stakeholder meetings designed to encourage project management good practise.

Road Maintenance Agencies have been going through different spells of performance due to delays in the submission of Annual Road Maintenance Programmes, lengthy procurement procedures, insufficient supervision of contractors and insensitivity to contractual obligations. Figure 5 displays performance of Road Agencies compared

Figure 9: BUDGET VERSUS EXPENDITURE PER AGENCY

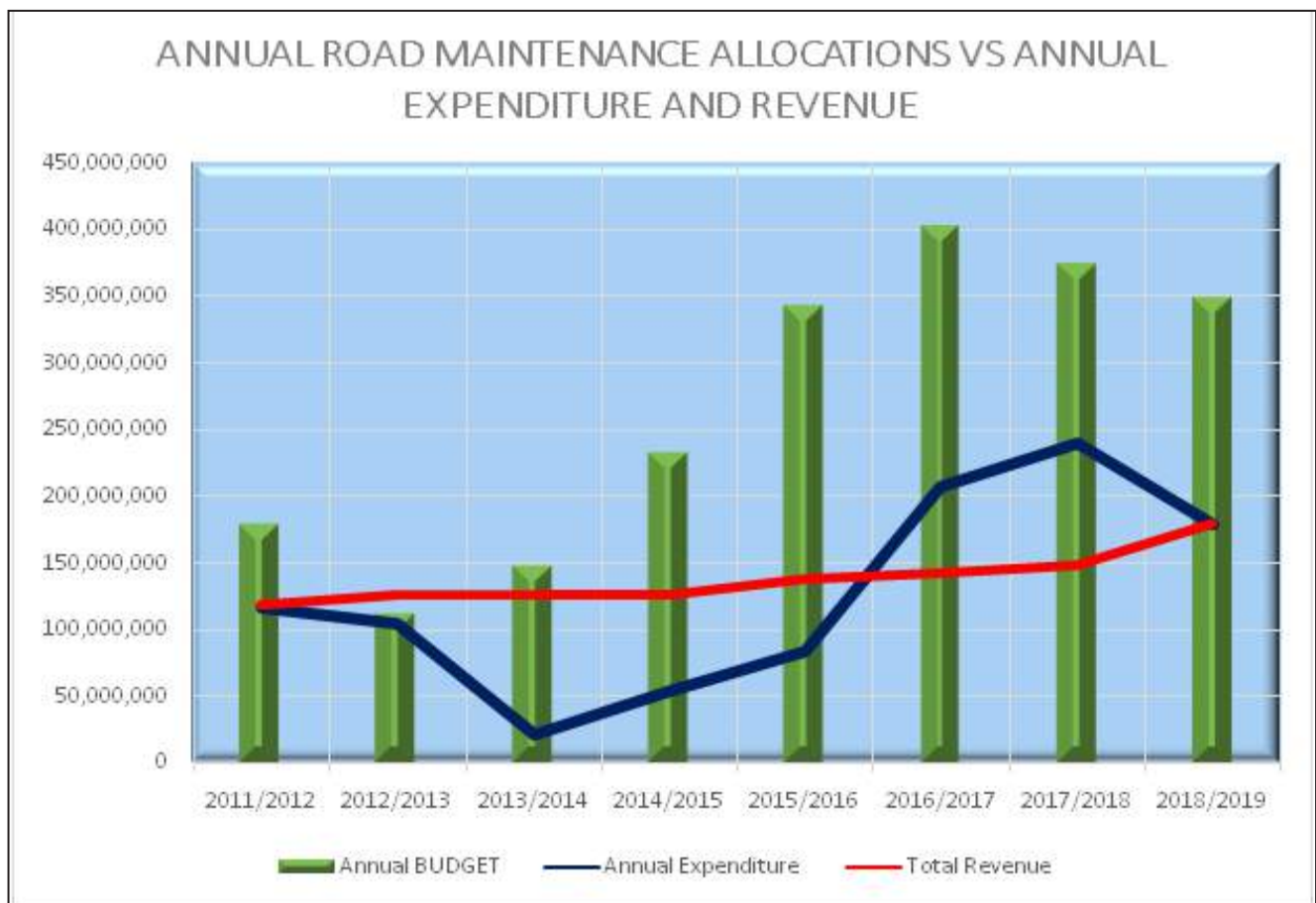


Figure 9 portrays performance of the Road Fund in funding Road Maintenance activities, performance of Road Maintenance Agencies (RMA) comparing them to revenue collected over a period of eight (8) years. The chart shows that Road Maintenance Agencies performed below the revenue collected by the Fund from 2011 to 2016, there was an improvement in the performance during the 2016/2017 2017/2018 fiscal year where the financial performance was greater than the revenue collected and a downward trend of

the Road Maintenance Agencies performance was noted during the 2018/2019 fiscal year. Revenue collection improved during the 2018/2019 due to efforts in automation of collection processes and improved stakeholder engagements.

The downward trend of the budgeted amounts, a relative increase in performance of RMA indicate and Road Fund's endeavours to automate Revenue Collection Processes has led to a gradual depletion of reserves collected during the 2011/2012 to 2015/2016. The Road Fund is therefore challenged to collect more when taking into account the general performance of agencies and the decomposing road infrastructure due to age and lack of proper maintenance regime.

Visual Road Condition Surveys 2018 show that Lesotho's road network is deteriorating at an alarming rate, this situation requires the Fund to efficiently collect and improve its revenue base. Complementing revenue collection the Fund will have to invest more on stakeholder management and value for money activities for optimisation of expected road infrastructure performance.

The report from the Roads Directorate 2017 Maintenance and Rehabilitation Report concludes that the condition of Lesotho's Road Network requires, Implementing Agencies more than 5.5 billion Maloti to satisfy the immediate technical needs of the road network.

HUMAN RESOURCES AND ADMINISTRATION

RECRUITMENT

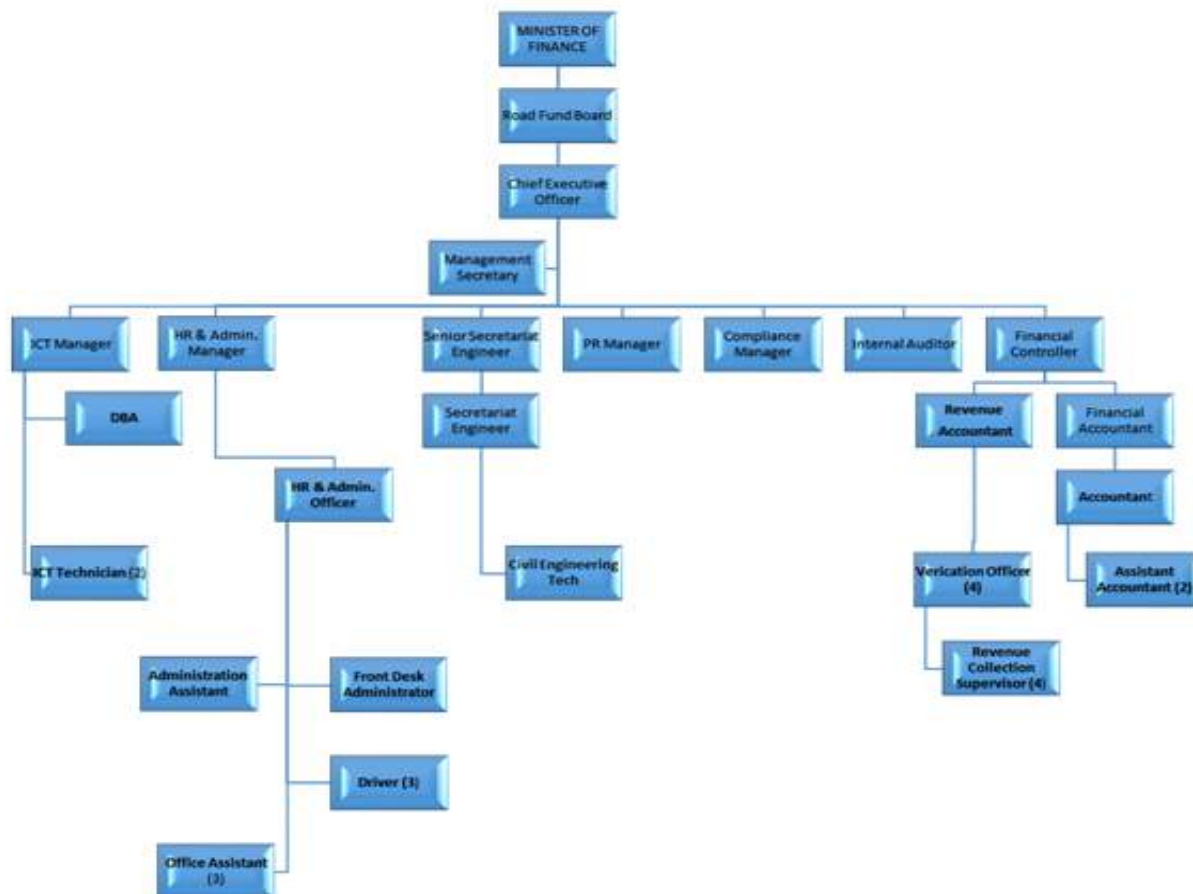
The Road Fund staff complement grew from eighteen (18) employees in 2017/2018 to thirty-two (32) employees in 2018/2019. The Human Resources and Administration Manager and one Office Assistant's employment contracts came to an end in 2018/2019 as the position holders had reached the retirement age. The Information Communication Technology Manager resigned from the Road Fund in the same year. All the above three (3) positions were filled together with the positions of Compliance Manager, Internal Auditor, Public Relations Manager, two (2) Verification Officers, four (4) Revenue Collection Supervisors, two (2) ICT Technicians, an Accountant, one (1) Driver and another one (1) Office Assistant. This signifies forty-four (44%) percent increase.

This growth was an initiative to address the business needs as well as strengthen the Human Resources of the Fund.

REVIEW OF HUMAN RESOURCES POLICIES AND PROCEDURES MANUAL

During the reporting period, the Staff Training and Development Policy was reviewed and the Industrial Attachment Policy was designed and both policies were within the Human Resources Policies and Procedures Manual were approved by the Board. These were done at the end of the 2018/2019 year therefore will be workshopped to Members of Staff in 2018/2019 to reinforce commitment to the values of Road Fund, especially Accountability.

Figure 10: ROAD FUND ORGANOGRAM



TRAININGS, CONTINENTAL AND REGIONAL MEETINGS

In keeping with the Road Fund Policy on Staff Training that: “The Fund shall undertake short term training and development of its employees with a view to improving their performance and enhancing the quality of service that they offer the public,” members of Staff have had the opportunity to be exposed to various conferences and training interventions within and outside the country. These range from IPM conference, Kenya Roads Board 2nd International Conference, Secretaries conference, IRFS Training, Audit and Risk Management Workshop, Management Development Training, Accounts Payable Workshop, Internal Audit Training, Report Writing, Sage Payroll, Sage Leave Administration and others.

Team building exercises involving all members of Staff were also undertaken to enhance team spirit in the Fund. An exercise reviewing the Road Fund Strategic Plan was taken in January 2019 which was intended to review progress on the Plans’ implementation to improve Road Funds’ operational performance with implementation of systems that will enhance organizational development. Through this exercise, the Fund committed to leading the management of the Road Fund through a structured and planned approach.

PARTICIPATION AT THE CONTINENTAL ASSOCIATIONS MEETINGS

Road Fund is a member of African Roads Maintenance Funds Association (ARMFA) where they get to exchange ideas on a platform in order to improve their operations. Four (4) officials from Road Fund Management and Board went to Zambia on an educational tour to learn how their Road Fund mitigates problems that arise on day to day business operations as well as achievements thus far.

During the period, the Fund was represented at the ARMFA SADC Focal Group meetings and Annual General Assembly held as follows:

Table 9: ATTENDANCE OF ARMFA MEETINGS 2018/2019 FINANCIAL YEAR

Meeting Venue	Meeting Type	Date
Zambia	ASAFG	June 2018
Namibia	ASAFG	January 2019
Namibia	ARMFA AGA/AGM and EXCO meeting	March 2019

INFORMATION COMMUNICATION TECHNOLOGY

ESPOT FINE PROJECT

The introduction of the electronic Spot Fine (eSpot Fine) was meant to resuscitate control and sense of responsibility in Lesotho roads. It had become clear that the manual spot fine was not able to achieve its objectives because of numerous limitations that were identified and documented. The idea of computerizing the Spot Fine came with a number of benefits that include instant communication between all stakeholders in all geographical areas of Lesotho and the possibility of identifying offenders immediately. Above all, the eSpot Fine was meant to activate one of the revenue streams for Road fund hence the financing of the project.

This project was initially secured and driven by the Lesotho Mounted Police Services, (LMPS) as a stakeholder mandated to curb crime. Other major stakeholders such as the Road Fund, played a pivotal role that influenced the direction of the project, and ultimately, revenue collections of the Spot Fine managed by Road Fund. LMPS experienced financial challenges that forced it to relinquish the project; at this stage the Fund came forth to finance the project while maintaining LMPS with a special partnership role.

Road Fund also decided to maintain Engidata as the implementing consultant who has been the developer of the eSpot Fine system from its inception. A new contractual relationship was therefore forged between Road Fund and Engidata.

The sense of this project has been such that several agencies collaborate to deliver the expected product. The laws governing issuance of spot fines are developed by Department of Traffic (DTT) under the Ministry of Public Works and Transport (MPWT). Compliance of these laws is executed by Ministry of Police through Lesotho Mounted Police Services (LMPS) and the Courts of law. Collection

of payments is executed by Ministry of Finance through Sub-Accountancies and Lesotho Revenue Authority (LRA). While all these agencies play a role, they shall not form part of project management, but will be informed of project progress and direction through other forums outside this project.

ENATIS PROJECT

The Department of Traffic and Transport under the Ministry of Public Works and Transport is mandated with managing Lesotho's transportation Industry, the mandate comprises of issuing of vehicle registrations and licensing, driver licensing service, road transport law enforcement, weigh bridge operation, vehicle fitness inspection and certification.

Due to the requirement to improve efficiency through automation a National Traffic Information System (NaTIS) was deployed in Maseru and Leribe, while the rest of the other eight (8) districts were still operating manually. The Ministry of Public works and Transport therefore decided to face out NATIS due to its limitations in favour of a newer comprehensive, effective and Integrated Transport Management Information system. In the financial year 2018/2019 the Road Fund partnered with the said Ministry for the support on the implementation of upgraded vehicle management solution termed electronic National Traffic Information System (eNaTIS).

The system was intended to address several challenges which include the following among others:

- Extensive Revenues leakages due to ineffective system controls and lack of comprehensive reporting capability;
- Lack of control of the system by Lesotho Government since it was under the hosting, administration and support of a foreign contractor;

- The old NaTIS solution lacked integration with crucial stakeholders in the vehicle registration and licensing value chain such as the Lesotho revenue Authority, Interpol, and National Identity;
- The old NaTIS solution had very limited coverage since only two districts of Lesotho were using the system, while the rest of the 8 districts are operating manually;
- Complex, inefficient processes that resulted in poor service delivery, high cost of operation and very high rate of corruption;
- The system is out of alignment with Tripartite Transport and Transit Facilitation Programme (TTTFP) and other regional and International standards in vehicle registration and licensing standards and practices.

The Road Fund implemented the project in close collaboration with Ministry of Public Works and Transport as the main stakeholder. Project implementation began with upgrade of Maseru and Leribe from the NaTIS to the eNaTIS solution. The upgrade was led by a consultant and developer of the system: Road Traffic Management Corporation of South Africa(RTMC).

The second phase of the implementation had been the computerization of the rest of the 8 districts which had always been operating manually, this activity included capturing of the vehicle population of this 8 districts into the system, procurement of new computers equipment to facilitate the migration and intensive training for vehicle registration officers.

PUBLIC RELATIONS

ROAD FUND WEBSITE

The Road Fund website was reviewed and most content, especially on the homepage was found to be outdated. The website was therefore populated with fresh content with more focus on the homepage, which is the page that people come into contact with once they visit the website. The homepage was further revamped such that latest news and recent activities and projects are more visible and can be easily accessed. Content that would not change regularly was moved to bottom of the homepage.

Other pages like About Road Fund, Board of Directors and Executive Management have also been created and updated. All other pages are being reviewed continuously to ensure that they remain up to date at all times

ROAD FUND FACEBOOK PAGE

The Road Fund Facebook page was created and is being updated regularly to attract more likes to the page. This social media platform is ideal for quick information dissemination and feedback from the stakeholders and the public at large. The aim is to keep it up to date at all times.

The number of likes to the pages grew steadily during the reporting period, such that at the end of the two months it had hit 500 likes, and already reaching over three thousand people through those who have liked the page already.

MEDIA RELATIONS

Relations with the media were enhanced as follows:

Media Conference on Launching of eNaTIS

Road Fund co-organized a media conference to launch the Electronic National Traffic Information System (eNaTIS) with the Ministry of Public Works and Transport Information Office. The Fund assisted with drafting of a media statement for the Minister, and followed up on invitations to the media houses. The media conference was executed as planned and was a success.

Media Releases and News Articles

Media releases and news articles were written during this period. These media releases were circulated to various media house for further dissemination of information to the public. Both the media releases and news articles were used to update the website and facebook page so as to enhance the Fund's presence online.

PRODUCTION OF PUBLICATIONS

The 2016/2017 Annual Report was finalized and mass printed during the reporting period. The same report was distributed to relevant stakeholders as part of the Fund's initiatives to share information

and comply with its establishing regulations.

The 2017/2018 Annual Report compilation was also initiated during this period. The report was to be finalized in the following financial year for further dissemination to the relevant stakeholders.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) promotes a vision of business accountability and that of a responsible Corporate Citizen. The Fund was able to assist identified beneficiaries during the reporting period. Since the CSR Committee decided to focus on Orphans and Vulnerable Children (OVCs), the OVCs of Ha Lejone were assisted with food parcels, warm winter clothing and school uniform. The ten OVCs were identified and assisted through the help of Lejone local authority structures.

The Fund also sponsored the Public Transport Awards event organized by Harvest FM. The event was aimed at honouring best performing individuals in the public transport sector. The Fund chose the Best Taxi Driver category for an award of M3,000.00 and has also reserved a table of 10 for its staff members.

STAKEHOLDER ENGAGEMENT AND RELATIONSHIP MANAGEMENT

In order to deliver on its mandate, the Fund depends on a variety of stakeholders, who influence and impact on the its progress and delivery of results, hence the importance of stakeholder engagement. The Stakeholder Engagement Framework was developed and presented to the joint Board and Management retreat. The Plan was also developed and it would be implemented in line with the Framework.

FINANCE

FINANCIAL PERFORMANCE

Preamble

The report on financial performance of the Fund refers to how the Fund performed in meeting the financial requirements of the implementing agencies for their respective road works. It is not supposed to be viewed as Management Accounts whose

main objective is to monitor financial performance against budgetary provisions and forecasts.

There has been a slight increase in RML collections. This was last reviewed in June 2006 and as it can be seen only consistent annual adjustments to the road user fees can ensure constant monitoring of roads regardless of the daily challenges that the roads sector comes across.

Since July 2009 the Department of Traffic and Transport (DTT) deposited collections directly into the Fund's bank account and the Fund started close monitoring of collections. However, the challenge that only two districts Maseru and Leribe have an electronic system of collecting motor vehicle licenses while the rest of the collections in all the other districts were done manually, has been overcome by the end of financial year 2018/2019. The results will fully reflect in 2019/2020 financial year.

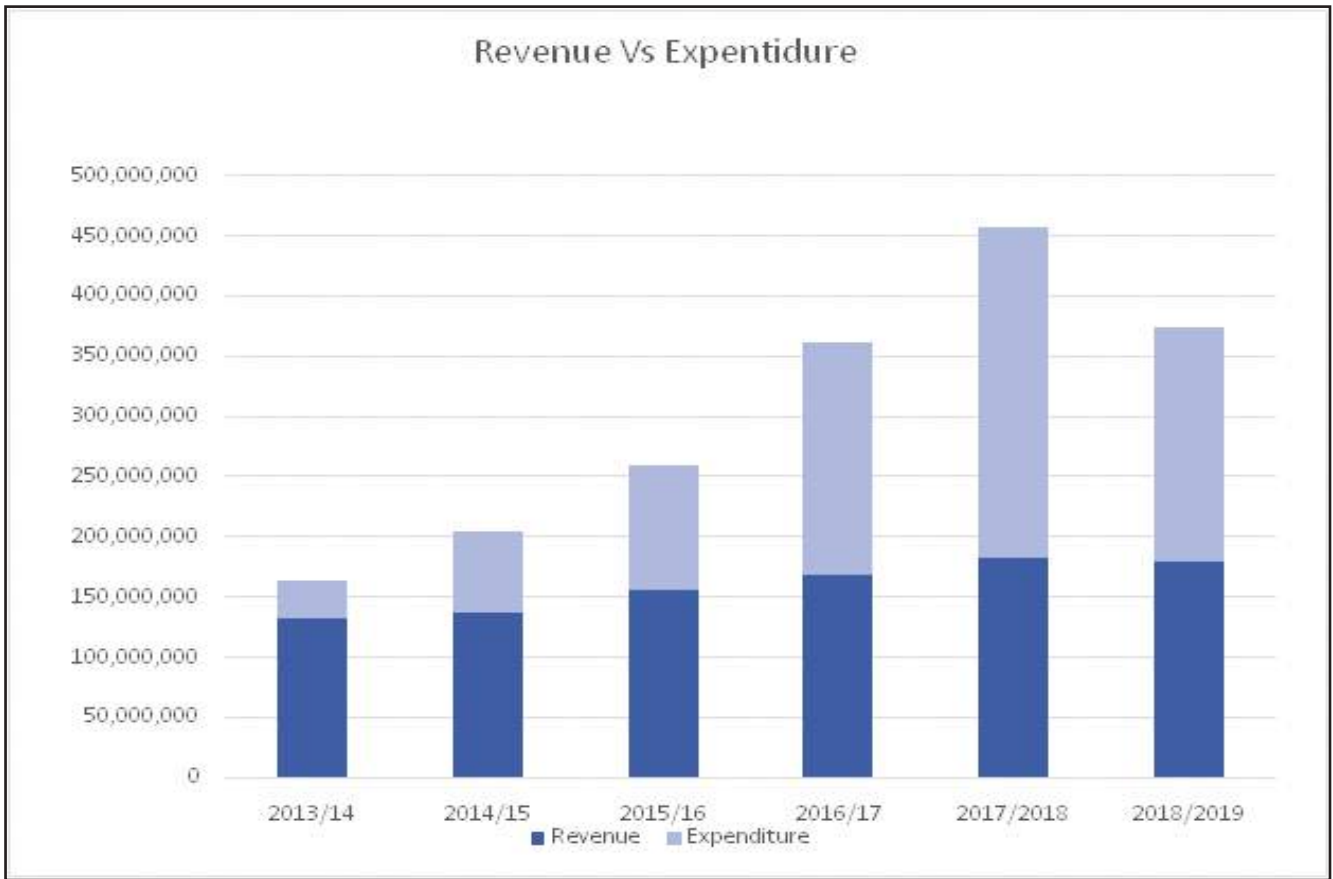
The toll collection operations were handed over to Lesotho Revenue Authority (LRA) in February 2011 as the plan was that LRA should collect all government revenues. This was followed by tollgate fees increase which was effected in March 2011. The last review was in September 2018 and this has yielded an increase of 17.6% for the remaining part of the year.

A further decline of 34% on interest received over the period under review was noted due to decline in investment income this time towards financing of the operations of the Fund.

On the other hand, the secretariat ventured into two revenue enhancement projects namely the electronic National Traffic Information System (eNaTIS) and electronic Spot Fine (eSpot Fine). At the end of financial year under review, the bulk of computers for implementation of eNaTIS were procured except for the servers, while the eSpot Fine project was only at its preliminary stages.

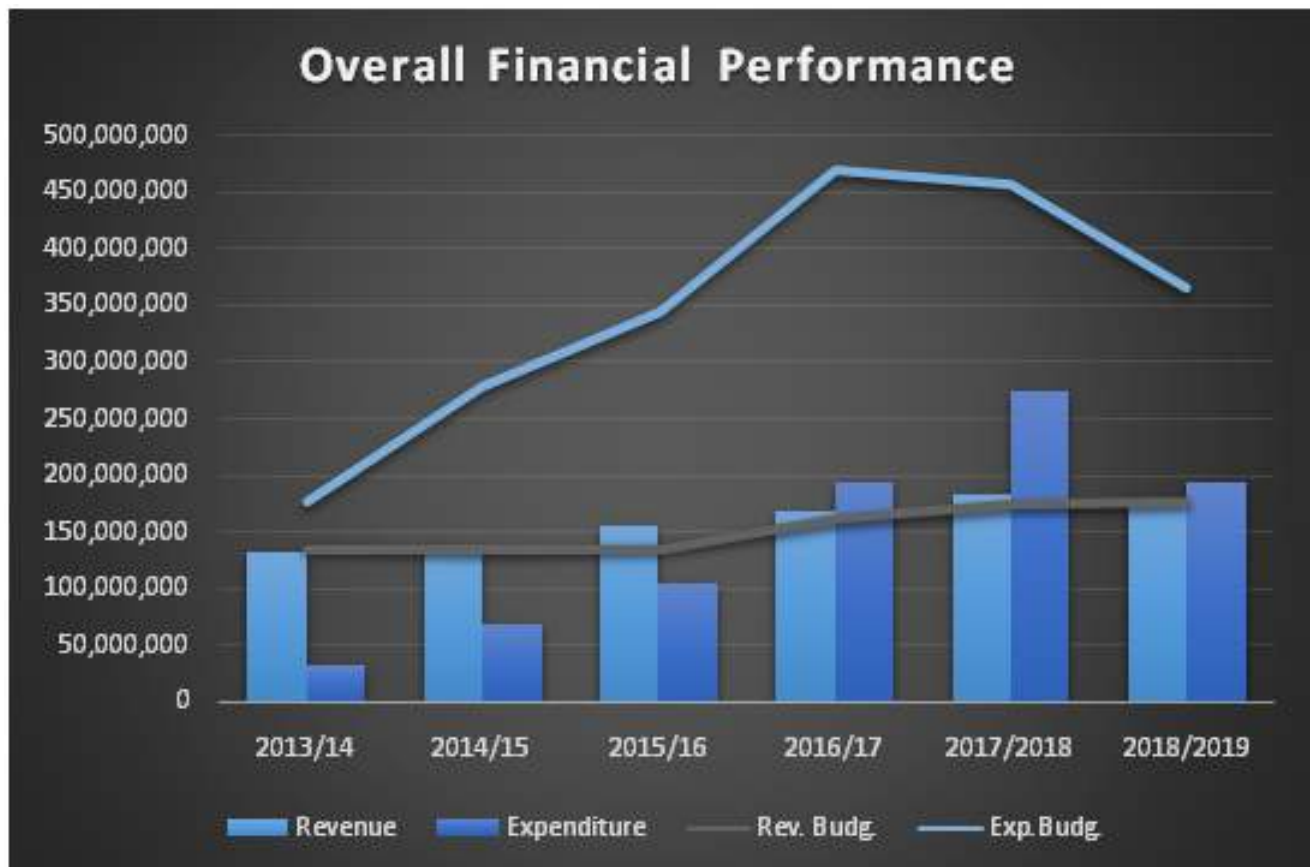
The performance on implementing agencies declined in comparison with 2017/2018. This is due to Roads Directorate area maintenance contracts which were suspended during the year under review. This is shown in the figures below:

Figure 11: REVENUE VERSUS EXPENDITURE



27

Figure 12: OVERALL FINANCIAL PERFORMANCE



AUDIT REPORT

The Fund received a Disclaimer of Opinion in 2018/2019, as it did in 2017/2018. This time it was due to non-assurance on completeness of DTT missing receipt books. The Auditor General is further not pleased by the fact that implementing agencies do not keep proper books of account as a result they are not able to confirm amounts disbursed to them by the Road Fund.

REVENUE

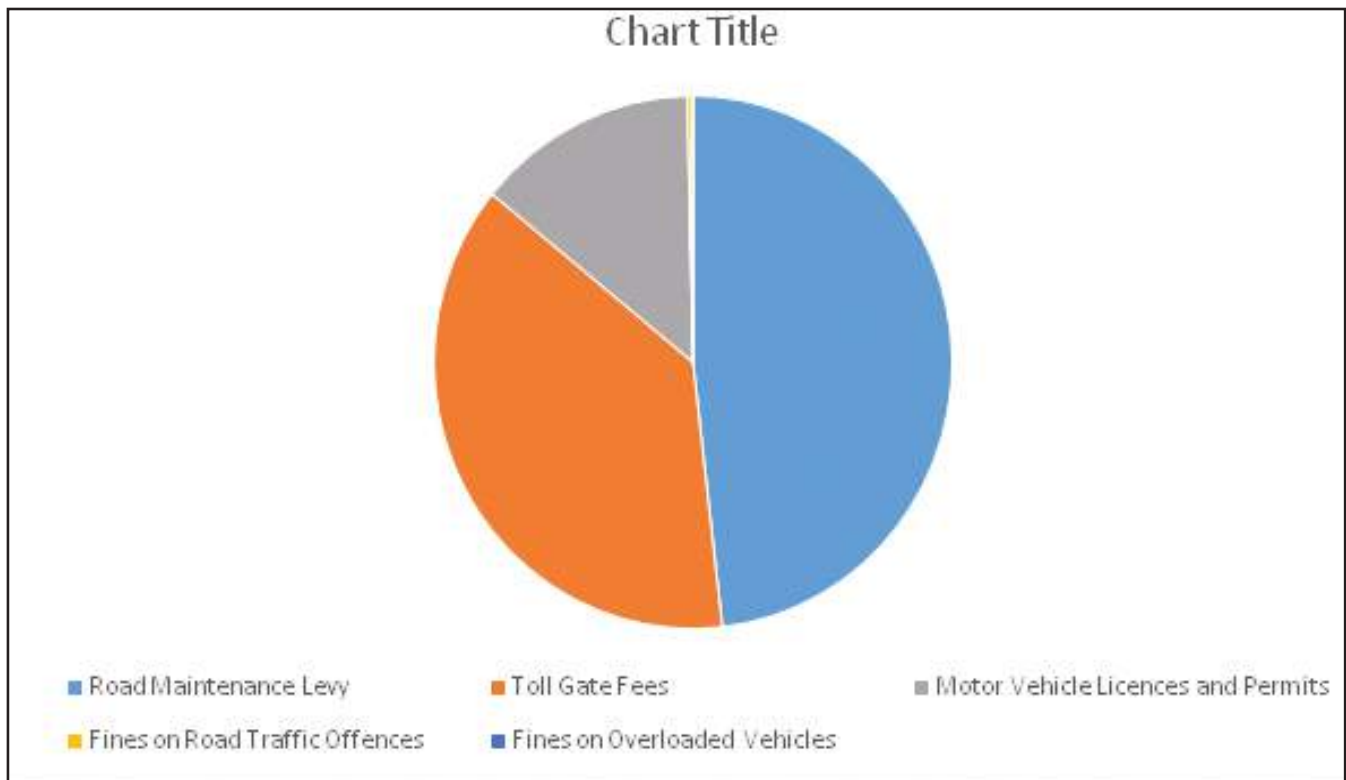
Road Fund derives its mandate to collect revenue from the Finance (Road Fund) Regulations 2012 (Legal Notice 103 of 2012) as amended. The revenue collected through various streams is currently collected on behalf of the Fund through Government of Lesotho Ministries and/or Departments, Agencies and by companies operating in the country collectively referred to as Collecting Agencies.

The Board has taken measures for an urgent need for review of the founding Road Fund legislation with the intention to motivate towards establishing the Fund through an Act of Parliament.

The Fund is expected to ensure effective and efficient collection of the revenue. This is achieved through various direct and/or indirect interventions with the Collecting Agencies. Verification of the reports for the funds collected is undertaken periodically by visiting the Collecting Agencies to reconcile the money paid into the Fund to the source documents.

This Revenue Report provides brief analysis of the Revenue figures reported thereon. The report concentrates only on the Road User Fees excluding interest derived from reserves held with various financial institutions. The Road User Fees are divided into various streams depicted according to each stream contribution to Total Revenue by the figure below:

Figure 13: REVENUE STREAMS



Road Maintenance Levy (RML) remains the largest stream contributing 48.2% (M81,537,561) of the total revenue collected, followed by Toll Gate Fees with 37.6% (M63,609,477). Motor Vehicle Licenses and Permits contributed 13.8% (M23,286,083) while Fines on Road Traffic Offences contributed 0.4% (M626,696) and lastly Fines on Overloaded Vehicles with 0.0% contribution for the period under review. An overall 13.5% (M20,108,736) increase in revenue was realized between 2017/2018 and 2018/2019

resultant from increased Toll Gate fees tariffs coupled with more effort from the Revenue Section detailed in the report.

DETAILED ANALYSIS

Total Revenue collected for the period up to 31 March 2019 amounted to M169,059,817 increasing by M20,108,736 (13.5%) from M148,951,081 collected for the same period up to 31 March 2018. Detail on the collection per Revenue Stream is given in table 10 and figure 14 below:

Table 10: TOTAL REVENUE COLLECTED

		2019	2018	Variance	% Variance
1	Road Maintenance Levy	81,537,561	76,661,829	4,875,732	5.98%
2	Toll Gate Fees	63,609,477	52,443,887	11,165,590	17.55%
3	Motor Vehicle Licences and Permits	23,286,083	19,582,400	3,703,683	15.91%
4	Fines on Road Traffic Offences	626,696	262,965	363,731	58.04%
5	Fines on Overloaded Vehicles	0	0	0	0.00%
		169,059,817	148,951,081	20,108,736	11.89%

Figure 14: TOTAL REVENUE COLLECTED

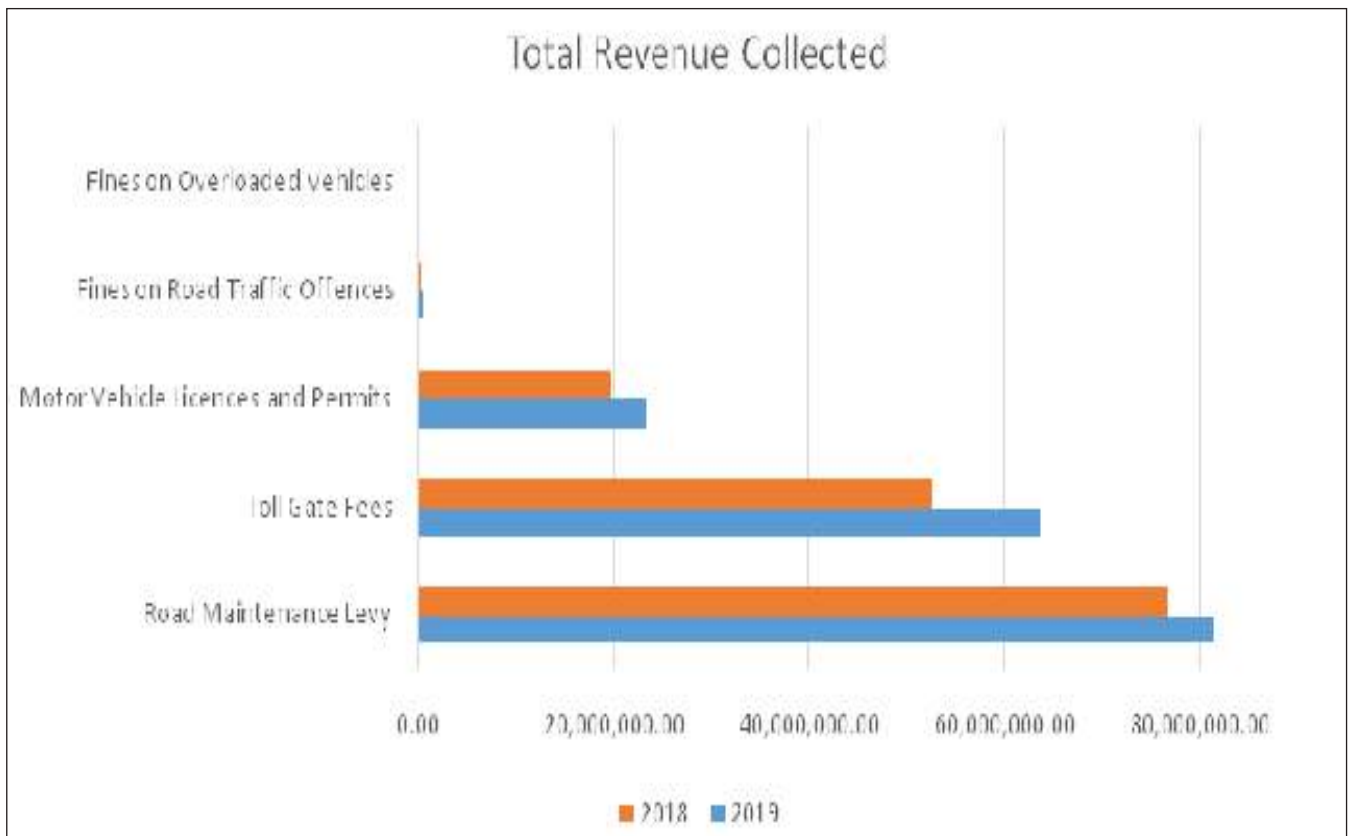


Table 11: BUDGET VARIANCE ANALYSIS

	Item	Budget	Actual	Variance	% Variance
1	Road Maintenance Levy	86,034,909	81,537,561	4,875,732	5.23%
2	Toll Gate Fees	55,218,128	63,609,477	11,165,590	-12.20%
3	Motor Vehicle Licenses and Permits	18,968,509	23,286,083	3,703,683	22.76%
4	Fines on Road Traffic Offences	252,207	626,696	363,731	-148.48%
5	Fines on Overloaded Vehicles	250,000	0	0	100.00%
		160,723,753	169,059,817	-8,336,064	-5.19%

ROAD MAINTENANCE LEVY (RML)

Road Maintenance Levy (RML) is a levy imposed on motor vehicle fuel imported and used in Lesotho in accordance with The Fuel and Service Control Act 1983 (Act No. 23 of 1983) read together with Petrol or Distillate Fuel Levy Regulations 1985 (Legal Notice No. 102 of 1985).

The Levy is collected on behalf of the Fund by licensed Oil Companies operating in the country.

The current rates are as follows:

- Thirty (0.30) Lisente per litre of Petrol
- Forty (0.40) Lisente per litre of Diesel

The rates were last reviewed in the year 2006 and do not take into consideration the fuel grade, that is, whether it is leaded or unleaded petrol for instance.

Total revenue collected from RML increased by M4,875,732 (6,4%) from M76,661,829 in 2017/2018 to M81,537,561 in 2018/2019.

TOLL GATE FEES

Toll Gate as per Toll Gates Act 1976 (Act No. 2 of 1976) means a bar placed across a road to prevent passage by a vehicle until the tax has been paid. Currently Toll Gate fees are collected at designated border posts around the country.

The current rates as per Toll Gate Amendment Regulations 2018 (Legal Notice No. 67 of 2018) are as follows:

Table 12: TOLL GATE FEE RATES

Vehicle Classes	Rate
Class 1 Light Vehicles	M40.00
Class 2 Medium Vehicles	M80.00
Class 3 3 axle trucks and buses	M120.00
Class 4 4 and 4+ axle buses and goods vehicles	M280.00

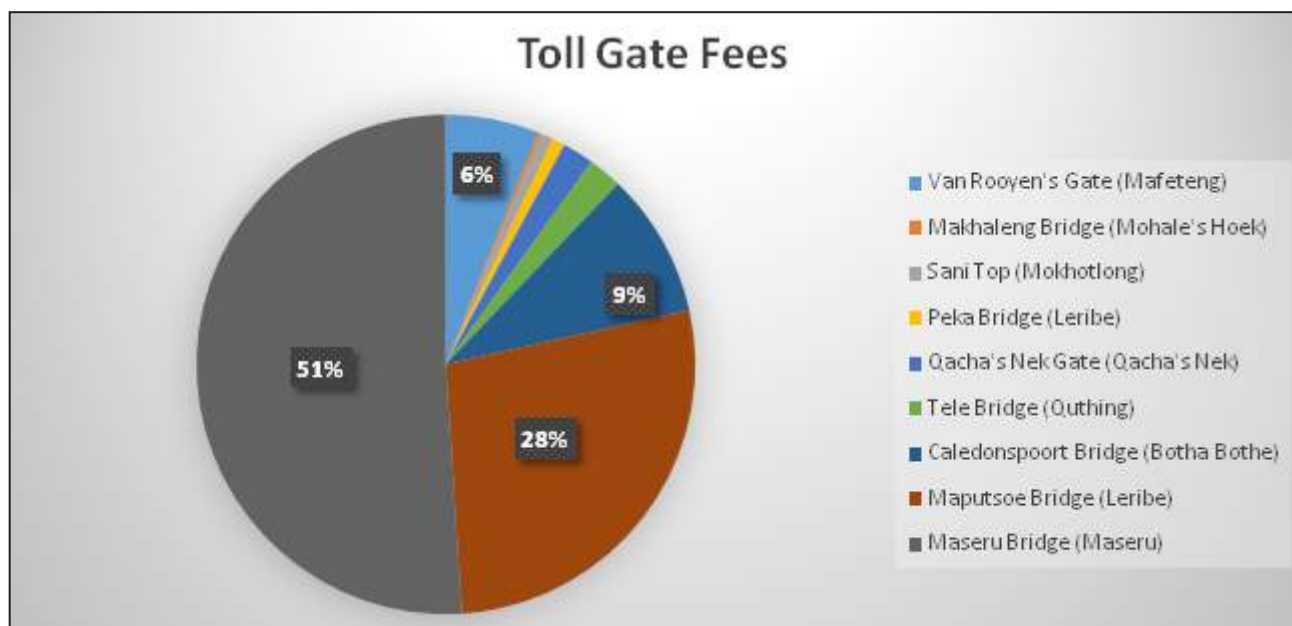
The rates were reviewed in September 2018 as per above captioned Legal Notice. In accordance with a directive issued by the then Honourable Minister responsible for Finance, collection of Toll Gate fees operations was transferred from the Fund to the Lesotho Revenue Authority in February 2011.

Toll Gate Fees revenue increased by M 11,165,590 (19%) to M 63,609,477 in 2018/2019 from M 52,443,887 in 2017/2018 as per table 13 and figure 15 below:

Table 13: TOLL GATE FEES COLLECTED IN 2018/2019 PER BORDER POST

	2019	2018	Variance	% Variance
Border Post	M	M	M	%
Van Rooyen's Gate (Mafeteng)	3,842,770	3,086,370	756,400	24.5%
Makhaleng Bridge (Mohale's Hoek)	158,280	142,190	16,090	11.3%
Sani Top (Mokhotlong)	485,960	423,435	62,525	14.8%
Peka Bridge (Leribe)	534,320	472,750	61,570	13.0%
Qacha's Nek Gate (Qacha's Nek)	1,293,930	1,138,650	155,280	13.6%
Tele Bridge (Quthing)	1,401,301	1,087,425	313,876	28.9%
Caledonspoort Bridge (Botha Bothe)	5,974,930	4,740,900	1,234,030	26.0%
Maputsoe Bridge (Leribe)	17,452,611	14,778,598	2,674,013	18.0%
Maseru Bridge (Maseru)	32,465,375	26,573,569	5,891,806	22.2%
	63,609,477	52,443,887	11,165,590	19.0%

Figure 15: TOLL GATE FEES



MOTOR VEHICLE LICENSES AND PERMITS

Motor Vehicle Licenses and Permits are road user fees imposed on motorists for the use of the national roads as per Road Traffic 1981 (Act No. 8 of 1981) and Road Transport Act 1981 (Act No. 6 of 1981) read together with related regulations thereon.

The rates on Motor Vehicle Licenses and Permits were last reviewed in 2006 as per Road Traffic Amendment Regulations 2006 (Legal Notice No.18 of 2006).

The Fund currently collects Cross Border Permits (F Permit), Short term permit and Special Permits as well as motor vehicle annual license renewals through the Department of Traffic and Transport of the Ministry of Public Works and Transport as per current legal instruments.

A total of M23,286,083 was collected in the period under review as per table 14 below:

Table 14: MOTOR VEHICLE LICENSES AND PERMITS

	2019	2018	Variance	% Variance
	M	M	M	M
Motor Vehicle Permits, Botha-Bothe	204,630	225,221	-20,591	-10.1%
Motor Vehicle Permits, Berea	348,686	155,240	193,446	55.5%
Motor Vehicle Permits, Leribe	623,296	489,470	133,826	21.5%
Motor Vehicle Permits, Mafeteng	267,116	216,515	50,601	18.9%
Motor Vehicle Permits, Mohale's Hoek	195,505	190,275	5,230	2.7%
Motor Vehicle Permits, Mokhotlong	74,090	70,570	3,520	4.8%
Motor Vehicle Permits, Maseru	3,966,747	2,496,769	1,469,978	37.1%
Motor Vehicle Permits, Qacha's Nek	30,955	29,250	1,705	5.5%
Motor Vehicle Permits, Quthing	67,124	31,580	35,544	53.0%
Motor Vehicle Permits, Thaba-Tseka	26,575	18,775	7,800	29.4%
	5,804,725	3,923,665	1,881,059	32.4%

	2019	2018	Variance	% Variance
	M	M	M	M
Motor Vehicle Licenses				
Motor Vehicle Licenses, Botha-Bothe	876,185	893,350	-17,165	-2.0%
Motor Vehicle Licenses, Berea	1,452,650	1,250,672	201,978	13.9%
Motor Vehicle Licenses, Leribe	2,393,605	2,074,482	319,123	13.0%
Motor Vehicle Licenses, Mafeteng	1,296,669	1,226,896	69,773	5.4%
Motor Vehicle Licenses, Mohale's Hoek	832,939	766,995	65,944	7.9%
Motor Vehicle Licenses, Mokhotlong	465,974	427,617	38,356	8.2%
Motor Vehicle Licenses, Maseru	9,078,727	8,062,247	1,016,481	11.2%
Motor Vehicle Licenses, Qacha's Nek	315,248	266,119	49,128	15.6%
Motor Vehicle Licenses, Quthing	485,424	455,601	29,823	6.1%
Motor Vehicle Licenses, Thaba-Tseka	283,937	234,756	49,181	17.3%
	17,481,358	15,658,735	1,822,623	10.4%

ROAD TRAFFIC OFFENCES

Road Traffic Offences form part of the Fund's revenue through collection of Spot Fines imposed on traffic offenders by the Traffic Police.

A total of M626,696 was collected as per table 15 below:

Table 15: ROAD TRAFFIC OFFENCES

	M	M	M	M
Road Traffic Offences - Fines, Botha-Bothe	15,370	11,905	3,465	22.5%
Road Traffic Offences - Fines, Berea	47,446	7,680	39,766	83.8%
Road Traffic Offences - Fines, Leribe	49,009	7,770	41,239	84.1%
Road Traffic Offences - Fines, Mafeteng	87,070	55,670	31,400	36.1%
Road Traffic Offences - Fines, Mohale's Hoek	59,079	43,795	15,284	25.9%
Road Traffic Offences - Fines, Mokhotlong	4,682	7,455	-2,773	-59.2%
Road Traffic Offences - Fines, Maseru	295,242	86,195	209,047	70.8%
Road Traffic Offences - Fines, Qacha's Nek	25,730	17,430	8,300	32.3%
Road Traffic Offences - Fines, Quthing	30,934	12,675	18,259	59.0%
Road Traffic Offences - Fines, Thaba-Tseka	12,135	12,390	-255	-2.1%
	626,696	262,965	363,731	58.0%

FINES ON OVERLOADED VEHICLES

Weigh bridges currently installed at Maseru Bridge and along Sir Seretse Khama Road in Maputsoe are non-operational hence no revenue collected under this stream. The Department of Traffic and Transport through financial support of the Fund is currently preparing to put the weigh bridges into operation again.



STOP

Tele Bridge Border Post		
1. Light Vehicles e.g. Motorcycles, Cars, Vans and Campers		M40.00
2. Medium Heavy Vehicles (2 Heavy axles) e.g. Medium Buses and High Trucks		M80.00
3. Large Heavy Vehicles (3 axles) e.g. Large Buses and Semi Vehicles		M120.00
4. Extra-Large Heavy Vehicles (4+ axles) e.g. Large Trucks, Buses and Large Buses with Trailers		M200.00

Toll fees display at Tele Border Post



Road Fund

AUDITED FINANCIAL STATEMENTS

2018 / 2019

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2019

Directors' Responsibilities and Approval

The Directors are required by the Finance (Road Fund) Regulations 2012, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Fund as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards. The Auditor General expresses an independent opinion on the financial statements.

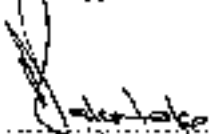
The financial statements are prepared in accordance with International Financial Reporting Standards and in the manner required by the Legal Notice No. 103 of 2012 – Finance (Road Fund) Regulations 2012 and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial controls established by the Fund and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board of Directors set standards for internal controls aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clear 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 minimize 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 the management that the system of internal controls provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial controls 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 31st March 2020 and, in light of this review and the current financial position, they are satisfied that the Fund has access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements set out on pages 7 to 36 which have been prepared on the going concern basis, were approved on the 2nd October 2019 and signed by:



Makotoko Makotoko (Mr)
Board Chairperson



Nkekeletse Makara (Mr) Pr.Eng.
Chief Executive Officer



OFFICE OF THE AUDITOR - GENERAL
P.O. BOX 502, MASERU 100
LESOTHO

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS
OF ROAD FUND - MINISTRY OF FINANCE
FOR THE YEAR ENDED 31 MARCH 2019**

Opinion

New Dawn Chartered Accountants, under Section 24(1) of the Audit Act 2016, have audited the financial statements of Road Fund ("Fund") set on pages 7 to 26, which comprise Statement of Financial Position as at 31 March 2019, and the Statement of Comprehensive Income, the Statement of Changes in Reserves and the Statement of Cash Flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

I do not express an opinion on the financial statements of Road Fund because of the significance of matters described in the basis for Disclaimer of Opinion section of my report. I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

- a) Road Fund was established by Finance (Road Fund) Regulations, 2012. The regulations state that the receipts to the Fund include Road user fees and Road maintenance levy on petrol and diesel. Road Fund Regulations did not refer to other existing laws on road user fees and road maintenance levy. Road Transport Act 1981 requires Transport Controller to issue different classes of permits and collection of Road User Fees. Lesotho (Petroleum Fund) Regulations, 2009 stipulate that the Fund responsibilities include collection of levies imposed on every litre of petroleum fuel purchased in or imported in Lesotho. As a result of these limiting factors, Road Fund has limited access to the records of the service organisations (Department of Traffic and Oil Companies).
- b) I did not get assurance on completeness of revenue from the Department of Traffic due to missing receipt books. Even when using alternative audit procedures, I could not reach a satisfactory conclusion as to the accuracy and completeness of figures reported in the financial statements.
- c) My audit procedure included obtaining confirmations from implementing agencies (Roads Directorate, Road Safety, Maseru City Council and Ministry of Local Government). However, confirmation amounts from Road Directorate

and Maseru City Council were found to differ from the amounts recorded in the financial statements by M1, 120,742.78 M25, 399,479.47 respectively due to Improper reconciliations.

- d) Road Fund is required by the Public Financial Management and Accountability (PFMA) Act 2011 to prepare financial statements in accordance with IFRS. However, the Fund does not fully comply with the requirements of IFRS.

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for independent of the Organisation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to audit of the financial statements in Lesotho, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period.

There were no key matters identified during the course of audit.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes my opinion. Reasonable

assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

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

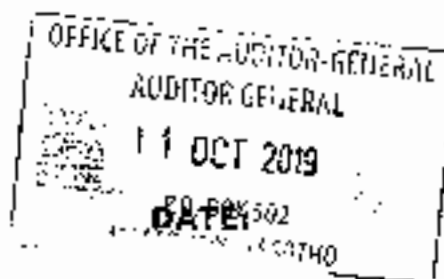
I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my

audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding Independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my Independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.


L.L. LIPHAFI (MRS)
AUDITOR-GENERAL



Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2019

Directors' Report

The Directors submit the draft annual financial statements of the Fund for the year ended 31st March 2019.

Review of the Fund and its operations

The main objective of the Road Fund is to collect revenue for use to maintain, rehabilitate and upgrade roads, road safety projects and any other projects connected with roads in the country as mandated by the Government of Lesotho.

Operating Results

The operations for the year resulted in a deficit of M14, 194,949 while in 2018 the deficit was M107, 866.881.

Going Concern

The financial statements have been prepared on the basis of the 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.

Material events after the year end

The directors are not aware of any matter or circumstance arising since the end of the financial year that will require adjustment or disclosure in the financial statements.

Board of Directors

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

Mr. T. Molusua	Chairperson
Mr. N. Letsie	Deputy Chairperson
Mr. K. Kikioe	Member
Mr. L. Moca	Member -Terminated 28-02-2019
Ms S. Keta	Member

Mrs. L. Lephatsa	Member
Mr. L. Phohleli	Member
Mr. J. Seilheko	Member
Mr. M.Moqhekoana	Member - Appointed 25/09/2018
Mr. C. Mopeli	Member - Appointed 25/09/2018
Mr. N. Makara	Secretary

Physical address of the Fund

1st Floor
 Old DRR Building
 C/o Moshoeshoe & Senate Road
 Industrial Area
 Maseru

Auditors

The Office of the Auditor General of Lesotho
 4th Floor
 Finance House
 P.O. BOX 502
 Maseru 109
 Lesotho

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2019

Statement of Accounting Policies

Basis of Preparation

Statement of compliance with International Financial Reporting Standards (IFRSs)

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting and Assurance Standards Board (IAASB) and the interpretations of these standards, issued by the International Accounting and Assurance Standards Board (IAASB) and in the manner required by the Legal Notice No. 103 of 2012 – Finance (Road Fund) Regulations 2012 and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The annual financial statements have been prepared using accrual basis of accounting, whereby revenues earned and expenses incurred by the Fund up to 31st March 2019 have been incorporated into the financial statements. These financial statements are prepared under the historical cost convention; this is a measurement basis of accounting whereby assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation, or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business. The financial statements have been prepared to incorporate the following principal accounting policies, consistently applied in all material respects:

1. Property, Plant and Equipment (PPE)

Property Plant and Equipment (PPE) is recognised when the cost of an asset can be reliably measured and it is probable that the Fund will obtain future economic benefits from the asset. PPE is measured initially at cost. Cost includes the fair value of consideration given to acquire the asset (Net of discount and rebates) and any directly attributable costs of bringing the asset to working condition for its intended use (inclusive of import duties and non-refundable taxes) regardless of whether it is idle or not. Cost of PPE is carried at the relevant amount less any accumulated depreciation and subsequent accumulated impairment losses. The depreciable amount is depreciated on straight line basis to reduce carrying amounts over their anticipated economic useful lives at the following depreciation rates:

Motor Vehicles	20.00%
Office Machine and Equipment	33.33%
Furniture and Fittings	20.00%

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2019

Statement of Accounting Policies (Continued)

Land and Buildings	10.00%
Specialized Equipment	33.33%

Full year's depreciation is charged in the year of acquisition and no depreciation is charged in the year of disposal.

2. Revenue

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Fund and the revenue can be reliably measured.

3. Interest Income

It is recognised using the effective interest rate method that is apportioned over time invested up to the period to maturity, when it is certain that such income will accrue to the Fund.

4. Cash and Cash Equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held with banks, and investments in money market instruments, net of bank overdraft, all of which are available for use by the Fund unless otherwise stated.

5. Taxation

The Fund is a non-profit making organisation and is therefore exempt from payment of taxation as per section 25 sub-section 1(c) of Income Tax Order Number 9 of 1993.

6. Impairment of Assets

The carrying amounts of the Fund's assets are reviewed at each Statement of Financial Position date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated. The recoverable amount is the higher of its net selling price and its value in use. For intangible assets that are not yet available for use or goodwill or intangible assets amortised over a period exceeding 20 years, the recoverable amount is estimated at each Statement of Financial Position date.

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2019

Statement of Accounting Policies (Continued)

In assessing value in use, the expected future cash flows from the asset are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

For an asset that does not generate cash inflows that are largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised in the Statement of Comprehensive Income whenever the carrying amount of the cash-generating unit exceeds its recoverable amount.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior years.

7. Financial Instruments

Financial Assets

The principal financial assets of the fund are Cash and Accounts Receivable. Accounts Receivable are stated at cost and reduced by appropriate allowances for estimated irrecoverable amounts. Advances that are paid to suppliers in respect of work that is yet to be performed must be recorded as receivable until the work in respect of which the advance was given has been performed.

Receivables that have been discounted with financial institutions are accounted for according to the conditions attaching to the financial agreement. Where the financial institution has no recourse against the Fund, the receivable is treated as settled. Where the financial institution has recourse against the fund for defaulting receivables, the amount of such receivables and the related advances are presented in current assets and current liabilities respectively.

Financial liabilities and reserve instruments

Financial liabilities and reserve instruments are classified according to the substance of the contractual agreements entered into. Significant financial liabilities include trade and other payables. Trade and other payables are stated at their nominal value. Reserve instruments are recorded at the proceeds received net of direct issue costs.

**Road Fund
(Ministry of Finance, Government of Lesotho)**

Annual Financial Statements
for the year ended 31st March 2019

Statement of Accounting Policies (Continued)

8. Trade and other payables

Trade and other payables are initially recognized at fair value and subsequently stated at amortised cost.

9. Critical accounting estimates and judgements

Management of the fund makes estimates and assumptions concerning the future in applying its accounting policies. The resulting accounting estimates may, by definition, not equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are detailed in the notes to the financial statements where applicable.

Management continually evaluates estimates and judgments based on historical experience and other factors, including expectations of future events which are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the estimates are reviewed and in any future periods affected.

10. Foreign Currency Translation

Transactions on foreign currency are translated to Maloti at a foreign exchange rate ruling at the date of the transaction. All exchange gains or losses arising on the transaction are dealt with in the Statement of Comprehensive Income.

ROAD FUND**MINISTRY OF FINANCE, GOVERNMENT OF LESOTHO****STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2019**

	Notes	2019 M	2018 M
NON CURRENT ASSETS		18,207,109	18,248,222
Property Plant & Equipment	(1)	17,965,646	18,178,759
Intangible Assets	(1)	241,463	69,463
CURRENT ASSETS:		204,026,092	227,980,189
Road User Fees Debtors		19,674,023	23,237,909
Less: Provision for Bad Debts		0	8,830,378
	(2)	19,674,023	14,407,531
Contractor's Advance Payments	(3)	10,179,325	6,317,119
Advances to Road Agencies	(4)	3,684,963	1,734,046
Sundry Debtors	(5)	2,460,743	1,367,397
Cash and Cash Equivalents	(6)	168,027,038	204,154,096
TOTAL ASSETS		222,233,203	246,228,412
EQUITY		155,050,807	169 506 384
OPERATING SURPLUS/(DEFICIT)		(14 194 949)	(107 806 881)
ACCUMULATED FUND B/P	(16)	169,245,756	277,373,265
CURRENT LIABILITIES:		67,182,394	76,722,027
Accounts Payable	(7)	64,867,088	75,956,721
Provisions	(8)	2,315,306	765,306
TOTAL EQUITY AND LIABILITIES		222,233,203	246,228,412

ROAD FUND**MINISTRY OF FINANCE, GOVERNMENT OF LESOTHO****STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 MARCH, 2019**

	Notes	2019 <u>M</u>	2018 <u>M</u>
<u>REVENUE</u>		179,935,802	166,257,806
Road Maintenance Levy	(9)	81,537,561	76,661,829
Tollgate Fees		63,609,477	52,443,887
Road User Fees		23,286,083	19,582,400
Road Traffic Offences Fines		626,696	262,965
Fines on Overloaded Vehicles		-	-
Sundry Income		36,160	19,220
Other Income		10,839,824	17,287,505
Investment Income	(14)	10,839,824	16,487,327
Gain on sale of fixed asset		-	800,178
<u>LESS: EXPENDITURE</u>		194,130,751	274,124,688
Operating Expenses		167,187,539	248,636,221
Road Maintenance Expenses	(10)	152,322,594	239,480,715
Revenue Collection Expenses	(12)	8,451,155	6,724,089
Revenue Enhancement		5,056,420	131,566
Toll System Expenses	(13)	1,357,371	2,299,850
Secretariat Expenses		26,943,212	25,488,467
Consultancy Services		3,070,822	1,475,952
Board Expenses	(15)	2,279,820	823,239
Secretariat Staff Salaries & benefits	(11)	11,797,478	9,078,896
Office Rent		871,792	676,858
Audit Fees		69,414	72,923
Depreciation		1,775,821	1,277,763
Provision For Bad Debts Expense		-	7,047,007
Other Expenses	(17)	7,078,064	5,035,828
OPERATING SURPLUS/(DEFICIT)		(14,194,949)	(107,866,881)

ROAD FUND**MINISTRY OF FINANCE, GOVERNMENT OF LESOTHO****STATEMENT OF CHANGES IN RESERVES****FOR THE YEAR ENDED 31 MARCH, 2019**

	Retained earnings	Revaluation Surplus	Total Equity
	M	M	M
Balance at 1 April 2017	242,448,388		242,448,388
Changes in accounting policy	34,556,734	-	34,556,734
Restated balance	277,005,122	-	277,005,122
Changes in equity for the year 2017			-
Surplus/ (Deficit) for the year	(107,866,881)		(107,866,881)
Movement due to prior year adjustments	368,142		
Balance at 31 March 2018	169,506,384	-	169,506,384
Correction of errors	(274,471)		
Correction of system errors	4,477		
Restated balance	169,236,390		169,236,390
Changes in equity for 2018			
Surplus/(Deficit) for the year	(14,194,949)		(14,194,949)
Prior year adjustments	9,366		9,366
Changes in accounting policy	-		
Balance at 31 March 2019	155,050,807	-	155,050,807

ROAD FUND

MINISTRY OF FINANCE, GOVERNMENT OF LESOTHO

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH, 2019

	2019 <u>M</u>	<u>M</u>	2018 <u>M</u>	<u>M</u>
Cash generated by operating activities				
Net Surplus/(Deficit) for the year	114 194 949		1 107 566 581	
Adjustments for:				
Depreciation	1 775 821		1 277 767	
Gain/Loss on Fixed Assets Disposal	-		1 509 178	
Provision	1 190 968		508 142	
Investment Income	(16,839,824)		(16,487,327)	
Operating surplus/(deficit) before working capital changes	(21 528 546)		1123 508 489	
Working capital changes	(21 312 595)		47 209 201	
(Increase) /Decrease in accounts receivable	(12 172 562)		32 740 493	
(Increase) /Decrease) in accounts payable	49 529 623)		14 468 711	
Net cash inflow (outflow) from operating activities		(43 241 178)		(76 299 240)
Net cash inflows/outflows from investing activities	7 114 120		1 079 628	
Purchases of property, plant and equipment	(3 725 704)		(16 211 684)	
Proceeds on sale of Property Plant & Equipment	-		868 986	
Investment Income	10 839 824		16 487 327	
Net cash inflows/(outflows) from financing activities		7 114 120		1 979 628
Net increase (decrease) in cash and cash equivalents		16 127 859		(75 219 643)
Cash and cash equivalents at the beginning of the year		204 154 056		279 373 745
Cash and cash equivalents at the end of the year		168 027 018		204 154 096

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2019

Notes to the Annual Financial Statements (continued)

2. Road User Fees Debtors

The balance represents remittances of Road Maintenance Levy, tollgate fees and vehicle license fees not yet transferred, as well as credit sales in respect of tollgate fees not yet paid to the Road Fund. It is worth noting that debts amounting to M6, 937,236 from Accountant General and M17,781 from Cabinet Office had been written off in the year under review. As at 31 March 2019 M19, 674,023 was owing to the Road Fund comprising of:

	<u>2019</u>	<u>2018</u>
	<u>M</u>	<u>M</u>
GOL - Treasury	0	5,289,315
- Sub-Accountancies	35,468	1,702,889
Oil Companies	14,378,733	12,220,353
Tollgate Fees Credit Sales	0	17,781
Lesotho Revenue Authority	5,259,822	4,007,571
	<u>19,674,023</u>	<u>23,237,909</u>
Less: Provision for Doubtful Debts	0	8,830,378
TOTAL	<u>19,674,023</u>	<u>14,407,531</u>

3. Contractors' Advance Payments

The Contractors Advance Payments are as follows:

	<u>2019</u>	<u>2018</u>
Contractors Advance Payments	10,179,225	6,317,119

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2019

Notes to the Annual Financial Statements (continued)

4. Advances to Road Agencies

Amounts advanced for maintenance of Rural Roads and Lesotho Road Management System (LRMS) under Roads Directorate on the basis of its Annual Road Programme submitted to and approved by the Road Fund Board. As at 31 March 2019 the Roads Directorate bank account had an undisbursed balance of M13,684,963, while as at 31 March 2018 the bank account had M1,734,046.

5. Sundry Debtors

	2019	2018
	M	M
Fuel Deposit	10,000	10,000
LNIG - Cash Theft	-	109,770
Staff Debtors	176,436	151,756
Interest Receivable	2,274,307	1,205,641
TOTAL	2,460,743	1,477,167
Less: Provision for Doubtful Debts		109,770
	2,460,743	1,367,397

The amount of M109, 770 owing from LNIG - Cash Theft was written off as per Board's recommendation.

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2019

Notes to the Annual Financial Statements (continued)

6. Cash and Cash Equivalents

	<u>2019</u>	<u>2018</u>
	<u>M</u>	<u>M</u>
Petty Cash - Head Office	5,000	5,000
Current Account - Standard Lesotho Bank	2,000	(250,996)
Call Account - Standard Lesotho Bank	10,393,055	183,592
Money Market Account	17,630,095	60,473,519
Stanlib Income Fund	136,296,429	128,787,411
Current Account - Central Bank of Lesotho	3,700,459	14,976,559
Standard Bank Credit Card	0	-20,990
TOTAL	<u>168,027,038</u>	<u>204,154,096</u>

7. Accounts Payable

	<u>2019</u>	<u>2018</u>
	<u>M</u>	<u>M</u>
Rentention	23,075,894	20,369,273
Supplier Control	39,806,177	54,346,542
Tax Payable	478,092	1,012,385
Sundry Creditors	1,511,974	151,318
Cash Shortages/Surplus	(5,949)	77,203
	<u>64,867,088</u>	<u>75,956,721</u>

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2019

Notes to the Annual Financial Statements (continued)

8. Provisions

	2019	2018
	M	M
Provision for Gratuity	2,044,151	587,232
Provision for Leave Pay	271,157	178,074
	<u>2,315,307</u>	<u>765,306</u>

9. Road Maintenance Levy (RML)

The RML remained fixed at M0.30 and M0.40 per litre of petrol and diesel respectively. The Oil Companies operating in Lesotho are the collecting agents and the remittances are based on monthly Sales volume.

10. Road Maintenance Expenses

	2019	2018
	M	M
Roads Directorate	76,527,206	112,955,617
Road Safety Department	4,859,474	4,194,290
Ministry of Local Government - Local Government	5,199,385	34,311,061
- MCC	65,736,527	88,019,747
	<u>152,322,594</u>	<u>239,480,715</u>

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2019

Notes to the Annual Financial Statements (continued)

11. Secretariat Staff Salaries & Benefits

	2019	2018
	M	M
Salaries	8,735,052	5,597,453
Temporary Staff	289,961	519,737
Gratuities	1,842,773	1,944,080
Leave Pay	150,384	473,265
Fringe Benefit Tax	87,890	83,393
Fringe Benefits	<u>690,517</u>	<u>462,968</u>
TOTAL	<u>11,797,478</u>	<u>9,078,896</u>

12. Revenue Collection Expenses

	2019	2018
	M	M
LRA Collection Costs Recovery (12%)	7,632,854	6,291,885
RML Collection Costs	0	31,500
Sub-Accountancy Collection Costs (3.5%)	<u>818,301</u>	<u>400,705</u>
TOTAL	<u>8,451,155</u>	<u>6,724,089</u>

13. Toll System Expenses

	2019	2018
	M	M
Toll System Expenses	1,066,613	2,299,850
Toll security Expenses	<u>290,759</u>	-
	<u>1,357,371</u>	<u>2,299,850</u>

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2019

Notes to the Annual Financial Statements (continued)

14. Interest Income

	2019	2018
	M	M
STO Bank Call	105,563	85,318
Money Market	1,835,882	7,263,671
Income Fund	<u>9,141,961</u>	<u>9,138,338</u>
TOTAL	<u>11,083,406</u>	<u>16,487,327</u>

Interest received from Standard Lesotho Bank Call Account and Stanlib Income Fund are net of 10% final withholding tax.

15. Board Expenses

The Board expenses is comprised of regular and special meetings sitting allowances, sub-committee sitting allowances and the refreshments as follows:

	2019	2018
	M	M
General meetings	113,500	178,172
Special meetings	536,150	378,291
Sub Committees	208,427	66,304
Travel, Accomodation and Meals	122,314	99,561
Subscriptions	20,609	-
Refreshments	64,484	30,248
Branded Jackets	23,400	-
Training and Seminars	1,064,850	-
Inspection Tours Local	9,000	-
Communication (Ipad contracts)	158,996	-
Gifts for outgoing Board Members	-	70,668
Total	<u>2,279,820</u>	<u>823,239</u>

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2019

Notes to the Annual Financial Statements (continued)

16. Changes in Accounting policies and errors

- (a) The provision for bad debts amounting to M1,875,361 was included in the amount of M6,927,236 provision for all old Government debtors which existed in 2017/18. This resulted in an overstatement of provision which was therefore adjusted in accumulated surplus.
- (b) An amount of M274,471 in respect of 3.5% Maseru collection costs was not charged to expense account in 2017/18. The error was corrected in 2018/19.
- (c) A change in depreciation policy was approved in 2018/19 to depreciate all pool vehicles at 20% per annum instead of 33.33%. All Motor Vehicles were depreciated prospectively from 2018/2019. However, there is Toyota Corolla EB 686 which was already fully depreciated in 2017/18 and is therefore kept at zero value in the books until end of its useful life.

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2019

Notes to the Annual Financial Statements (continued)

17. Detailed Statement of Comprehensive Income (Other Expenses)

	Notes	2019 M	2018 M
REVENUE		179,935,802	166,257,807
Road Maintenance Levy	(9)	81,537,561	76,661,829
Tollgate Fees		63,609,477	52,443,887
Road User Fees		23,286,083	19,582,400
Road Traffic Offences Fines		626,696	262,965
Fines on Overloaded Vehicles		0	0
Sundry Income		36,160	19,220
Other Income		10,839,824	17,287,505
Investment Income	(14)	10,839,824	16,487,327
Gain on sale of fixed asset		0	800,178
LESS: EXPENDITURE		194,130,750	274,124,688
Operating Expenses		167,187,539	248,636,221
Road Maintenance Expenses	(10)	152,322,594	239,480,715
Revenue Collection Expenses	(12)	8,451,155	6,724,089
Revenue Enhancement		5,056,420	131,566
Toll System Expenses	(13)	1,357,371	2,299,850
Secretariat Expenses		19,865,147	20,452,639
Consultancy Services		3,070,822	1,475,952
Board Expenses	(10)	3,470,240	843,339
Secretariat Staff Salaries & benefits	(11)	11,797,478	9,078,896
Office Rent		671,792	676,858
Audit Fees		69,414	72,923
Depreciation		1,775,821	1,277,763
Bad Debts		0.00	7,047,007
Loss on Disposal of Assets		-	-
Other Administration Expenses		3,902,639	4,136,497
Advertising and Publicity		656,027	215,970
Bank Charges		171,600	147,673
Cleaning		71,316	32,105

Communication (Tel,Fax,E-mail,WAN)	940,845	844,982
Computer Expenses	66,755	53,475
Courier & Postage	1,591	100
Donations	42,669	0
Electricity & Water	0	0
Entertainment	161,279	158,371
General Expenses	20,390	24,844
Insurances	319,520	227,218
Motor Vehicle Expenses	399,927	321,830
Office Rellocation	288,236	490,877
Printing & Stationery	135,181	315,375
Repairs & Maintenance	103,645	177,571
Subscriptions	229,452	179,088
Travel	926,543	476,505
Workshops & Conferences	1,367,661	470,512
Staff Related Expenses	1,175,426	899,331
Recruitment	199,234	83,032
Staff Training/Team Building	673,966	524,664
Staff Uniform and Protective Clothing	125,073	67,230
Staff Wellness & Assistance Programme	177,153	224,405
OPERATING SURPLUS/(DEFICIT)	(14,194,949)	(107,866,881)



Part of the rehabilitated road from Lekhaloaneng, Pita, Ha Matala, Traffic Circle



Mr. Nkekeletse Makara Pr. Eng
Chief Executive Officer



Mr. Phoka Thene
Compliance Manager



Mr. Tšeliso Polaki
Senior Secretariat Engineer



Ms. Mphaphathi Ramanyalane
Financial Controller



Ms. 'Mafako Lepholisa
Human Resources and Administration Manager



Mr. Khotso Mohale
Information and Communication Technology Manager



Ms. Karabelo Hokinyane-Tlhoeli
Internal Auditor



Mrs. Phumla Moleko
Public Relations Manager



Mrs. Thuto Mokonyana
Management Secretary



Mr. Khatso Mohlomi
Financial Accountant



Mr. Leabile Mofolo
Revenue Accountant



Ms. Mahlape Tsekoa
Human Resources and Administration Officer



Mr. Thato Makoele
Accountant



Mrs. 'Malobiane Mokonyana
Assistant Accountant



Mr. Rethabile Mota
Assistant Accountant



Mr. Lenkoane Letete
Verification Officer

MEMBERS



Mr. Lefu Mothobi
Verification Officer



Mrs. 'Malebaka Tsotetsi
Verification Officer



Ms. 'Mankome Letsie
Verification Officer



Mrs. 'Makatlheho Rankhone
Verification Officer



Mr. Mpesi Maphakamisa
Verification officer



Ms. Nthathi Nkoebele
Verification officer



Mr. Motlalepula Phala
ICT Technician



Mr. Nyatso Motleleng
ICT Technician



Mrs. 'Mamoekoa Thahane
Front Desk Administrator



Ms. Molikuoia Letsie
Administration Assistant



Mr. Teboho Mosala
Driver



Mrs. 'Mamosala Mokitimi
Driver



Mr. Liketso Mochaba
Driver



Mrs. 'Mathato Tjamela
Office Assistant



Ms. Matšelisio Chopho
Office Assistant



Mr. Teboho Molapo
Office Assistant



P.O. Box 14644, Maseru 100,,Lesotho
Ground Floor, Former Department of Rural Roads Building,
Cnr Moshoeshoe & Senate Road, Industrial Area Maseru
Work: (+266) 22216000, **Email:** info@roadfund.org.ls
Website: www.roadfund.org.ls

Like us on  Road Fund