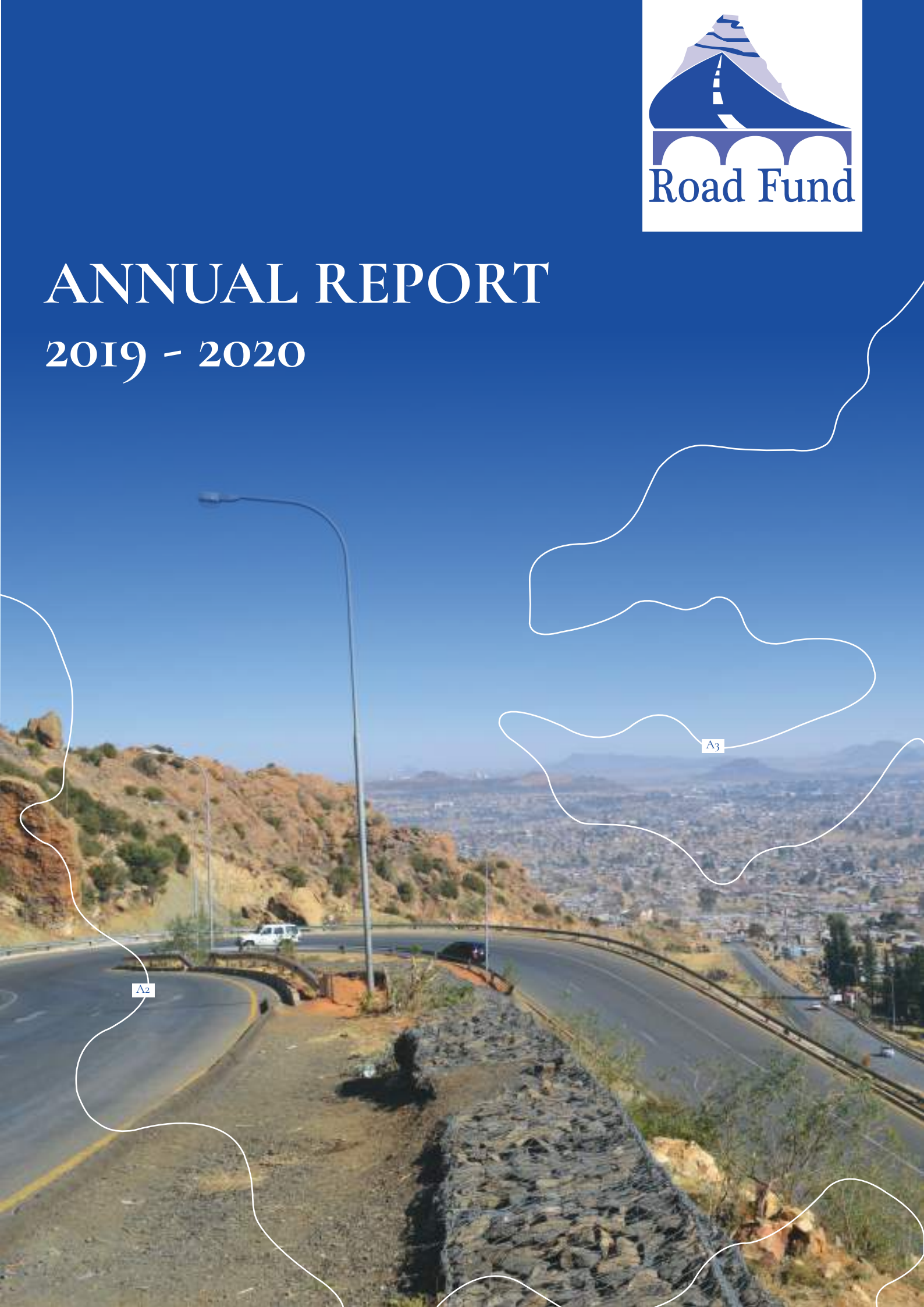




ANNUAL REPORT

2019 - 2020



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ANNUAL REPORT

2019 - 2020

TABLE OF CONTENTS

Vision	01
Strategic Statement	01
Purpose	01
Employee Philosophy	01
Core Values	01
Road Fund Board of Directors	02
Board Chairperson's Statement	03
Chief Executive Officer's Report	05
Governance Report	08
Engineering	11
Human Resources and Administration	21
Information Communication Technology	24
Public Relations	24
Finance	28
Audited Financial Statements	36
Road Fund Staff	65

VISION

We are committed to enhance Lesotho's economy through efficient revenue collection and disbursements towards road infrastructure.

STRATEGIC STATEMENT

We aspire to harness effective and efficient collection and disbursement of funds, cognizant of highest moral, business standards and sound stakeholder management.

PURPOSE

To collect road user charges and finance road works and road safety activities.

EMPLOYEE PHILOSOPHY

We create the most efficient and joyful workforce in Africa.

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.

ROAD FUND BOARD OF DIRECTORS



Mr. Makotoko Makotoko
Chairperson



Mr. Nkareng Letsie
Deputy Chairperson



Mr. Nkekeletse Makara Pr. Eng
*Chief Executive Officer &
Board Secretary*



Ms. Seriti Keta
Member



Mr. Khasapane Kikine
Member



Mr. Charles Mopeli
Member



Mr. Mosito Moqhekoana
Member



Mr. Sepitle Masenyetse
Member



Mr. Tefo Macheli
Member

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BOARD CHAIRPERSON'S STATEMENT

The year 2019-2020 has been full of activity with many achievements and challenges. The report will highlight milestones that the Fund has achieved while fulfilling the daunting mandate of providing 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, tenure of three Board members ended at varying times. Ms. Lineo 'Masalome Lephatsa and Mr. Lebohang Phohleli's terms ended on 31st May 2019, while Mr. Jerry Seitlheko's term ended on 15th October 2019. The Board Chairperson Mr. Thato Mohasoa resigned from the Board on 2nd September 2019. I was appointed by the Minister of Finance as the new Chairperson of the Board by 9th September 2019. Mr. Tefo Macheli was also appointed by the Minister of Finance on 1st February 2020 to represent the Law Society of Lesotho. Two vacancies still exist on the Board representation for both the Passenger Transport and Department of Energy portfolios.

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 maybe invited therein.

During the year under review, the Fund's revenue collection has demonstrated a steady growth in total revenue collected, despite the effects of COVID-19 which affected not only the Fund, but every organization and country of the world during the last quarter of the reporting period. Total revenue collected for the period up to 31 March 2020 amounted to M174,180,590 increasing by M5,121,774 (3.03%) from M169, 059, 817 collected for the same period up to 31 March 2019. Therefore, an overall increase of 3.03% in revenue was realized between 2018/2019 and 2019/2020.

In 2019/2020 the Fund remained committed to giving support to the scientific evaluation of road maintenance

needs in Lesotho. The Fund therefore continued to support Road Directorate's initiative to conduct road condition surveys through the Lesotho Road Management System. 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.

A2 Even though this assessment does not include Ministry of Local Government and Chieftainship and Maseru City Council road networks, preparations are underway to include them in the assessment. The Roads Directorate is yet to calculate and compile a report on Road Maintenance and Rehabilitation needs but it can be concluded that due to the condition of Lesotho's Road Network, Implementing Agencies will need more than 7 billion Maloti to satisfy the immediate technical needs of the road network.

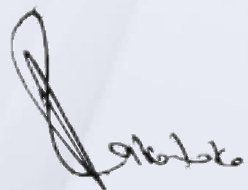
During the reporting period, an amount of M232,901,099 was allocated to the Roads Directorate, Maseru City Council, Ministry of Local Government and the Road Safety Department accordingly. Of this, an amount of M114,837,252 was utilised by these implementing agencies. This was due to suspension of road maintenance projects in favour of yellow plant and Mpilo Boulevard Project pending court case.

The Fund remains committed to conducting of technical audits of the programmes, which 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 several stakeholder meetings designed to encourage good practices in project management.

Despite a myriad of challenges that the Fund's Secretariat encountered, staff continued to perform to the best of their 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 which were introduced in the past financial year. The development of a new the Strategic Plan came at an opportune time, as it would serve as a tool to guide the Fund's activities for coming three years. The Board is looking forward to the implementation of the Strategic Plan in the coming Financial Year and beyond.

On my behalf and that of the entire Board of Directors, I would therefore like to extend my heartfelt gratitude to the Management and Staff of Road Fund for their dedication in executing the demanding mandate. I wish to congratulate all stakeholders in making the work of Road Fund easier and for their concerted efforts in ensuring the Fund's achievements in this reporting cycle.



Makotoko Makotoko (Mr.)
Board Chairperson

CHIEF EXECUTIVE OFFICER'S REPORT

This report is aimed at highlighting progress on the 2019/2020 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

The Fund realized a number of achievements during the period under review, below are the highlighted few:



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 and relationship management.

In an effort to further enhance relations with key stakeholders, the Road Fund team led by the Chief Executive Officer, successfully embarked on two rounds of one on one stakeholder engagement meetings with

all road implementing agencies except the Ministry of Local Government. The Fund also engaged the revenue collection agencies except the oil companies whose meetings never materialized. The technical meetings combining all road implementing agencies were also successfully organized and executed.

Financial Performance -Revenue Collection

The total revenue collected for the period up to 31 March 2020 amounted to M174,180,590 increasing by M 5,121,774 (3.03%) from M 169,059,817 collected for the same period up to 31 March 2019. Road Maintenance Levy (RML) remained the largest stream contributing 45.1% of the total revenue collected, followed by Toll Gate Fees with 39.5%. Motor Vehicle Licenses and Permits contributed 15.1% while Fines on Road Traffic Offences contributed 0.3% and lastly Fines on Overloaded Vehicles with 0.0% contribution for the period under review.

ENaTIS Network Upgrade

The project was upgrade of the network infrastructure connecting offices of the Department of Traffic and Transport at the vehicle registration stations. The project was sponsored and implemented by the Road Fund. The Objective was to improve the performance and system reliability of the National Vehicle Registration and Licensing Systems and the electronic Spot Fine system. Through the project, a separate network was installed based on fiber technology across all vehicle registration sites across the country. The improved performance and reliability of the new connectivity mode had greatly improved the system performance and reliability, resulting in improved and more reliable service.

Development of a New Strategic Plan

Road Fund embarked on development of 2020-2023 Strategic Plan which was approved by the end of the period under review. The Strategic Plan was developed through a facilitated and consultative process with Management and staff. It is aimed at clearly defining the vision and strategic statement of the Fund, as well as establishing realistic goals for the financial years 2020-2023. It provides a base from which progress can be measured and to ensure increased productivity, efficiency and effectiveness.

Road Maintenance Projects

During the period under review the Road Fund financed a number of projects. Ministry of Local Government, Maseru City council and Roads Directorate had projects which were rolled over from the 2018/2019 fiscal year. Most of these projects were rolled over due to the inability to monitor and control programmes under their jurisdiction. Maseru City Council could not implement the Mpilo Boulevard due to procurement challenges.

Fund's Corporate Image

A number of initiatives continued to be implemented in a bit to boost the Fund's Corporate Image. Information dissemination and interaction with road users and public at large was enhanced through radio programmes, Fund's website as well the Facebook page. These were updated regularly and well monitored by the administrator during the reporting period. Another tool that was used to boost the Fund's image was to forge and maintain healthy relations with the media. This was done through issuance of regular media releases

and news articles, advertisements and production of corporate publications like the Fund's newsletter.

CHALLENGES

During the period under review, the following were challenges encountered:

Decline in performance of Implementing agencies

There was a further decline in the performance on implementing agencies from 2017/2018 to 2019/2020. This is due to suspension of road maintenance projects in favour of yellow plant and Mpilo Boulevard Project pending court case. On maintenance of roads, a total of M232,901,099 was allocated to Implementing Agencies for the various programmes for the year under review, at the end of the year, M114,837,252 had been utilized.

Effects of COVID-19

Road Fund just like all organizations and the rest of the world was disturbed by the outbreak of COVID-19 which affected the final quarter of the year. The Fund closed office for a period of three weeks in line with the national lockdown instituted by government. However, the organization had to act quickly to protect

all members of staff from being infected with the virus by purchasing Personal Protective Equipment (PPE). In the weeks just before the nationwide lockdown Road Fund purchased and distributed PPE to all the employees and immediate stakeholders, including hand sanitizers.

Conclusion

On behalf of the Road Fund Secretariat I wish to extend my gratitude to thank all role players and the Board of Directors for their guidance and oversight role in the running of the Secretariat's affairs. The Management and staff of Road Fund remained equally committed in execution of the Fund's demanding mandate. I highly appreciate and encourage all to soldier on amidst the challenges that the Fund faces.



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

GOVERNANCE REPORT

MANDATE

Good corporate governance is an essential enabler for the Board to fulfill the organization's mandate. The Board reviews the governance structures and processes to ensure that the organization 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(t) of the Finance (Road Fund) Regulations 2012 and reports to the Minister of Finance. It is responsible for the long-term strategy of the organization 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 (t). The current Board has been appointed at different intervals with some members having left the organization and some continuing with their tenure. It is composed in terms of Regulation 8 for

periods established under Regulation 9. 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 organization 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. Makotoko Makotoko	Chairperson	Minister's Appointee
Mr. Letsie Nkareng	Vice Chairperson	Consumer Organization
Mr. Nkekeletse Makara	Director	Chief Executive Officer & Board Secretary
Ms. Seriti Keta	Director	Ministry of Finance
Mr. Khasapane Kikine	Director	Ministry of Public Works
Mr. Tefo Macheli	Director	Law Society of Lesotho
Mr. Sepitle Masenyetse	Director	Passenger Transport
Mr. Charles Mopeli	Director	Lesotho Association of Engineers
Mr. Mosito Moqhekoana	Director	Minister's Appointee

NEW BOARD APPOINTMENTS, RENEWALS, RESIGNATIONS AND DEPARTURES

RESIGNATIONS, END OF TERM AND VACANCIES

Mr. Thato Mohasoa resigned from the Board on 2nd September 2019.

Ms. Lineo 'Masalome Lephatsa's term ended on 31st May 2019.

Mr. Lebohang Phohleli's term ended on 31st May 2019.

Mr. Jerry Seitlheko's term ended on 15th October 2019.

Vacancies still exist on the Board representation for both the Freight Transport and Department of Energy portfolios.

NEW APPOINTMENTS

Mr. Makotoko Makotoko was appointed as Chairperson of the Board by the Minister of Finance on 9th September 2019.

Mr. Tefo Macheli was appointed by the Minister of Finance on 1st February 2020 to represent the Law Society of Lesotho.

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 are not substantive members of any of the committees but may be invited therein.

AUDIT AND RISK 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 organization's assets. The Committee Charter sets out specific responsibilities delegated by the Board to the

Audit and Risk Committee. This Charter further details the way 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. Sepitle Masenyetse and Ms. Lineo 'Masalome Lephatsa (replaced by Mr. Tefo Macheli) as members.

TECHNICAL COMMITTEE

The Technical Committee is charged 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 Seitlheko 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 as approved by the Minister of Finance under Regulation 13.

BOARD EVALUATION

Board and its committees were evaluated to ensure efficient performance. Board evaluation is conducted annually.



ENGINEERING

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 several 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 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 is responsible for formulation of National Road Sector Policies and Standards, with which every road agency and/or community council must comply.

Table 1: Lesotho Roads Network

Agency	Length (km)					Proportion (%)
	Paved	Gravel	Earth	Track	Total	
Roads Directorate	1756	3051	1084	113	6005	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	9346	100

CONDITION OF PAVED ROADS

During the period under review, 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.

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 51% in 2019 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 2019. 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.

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.

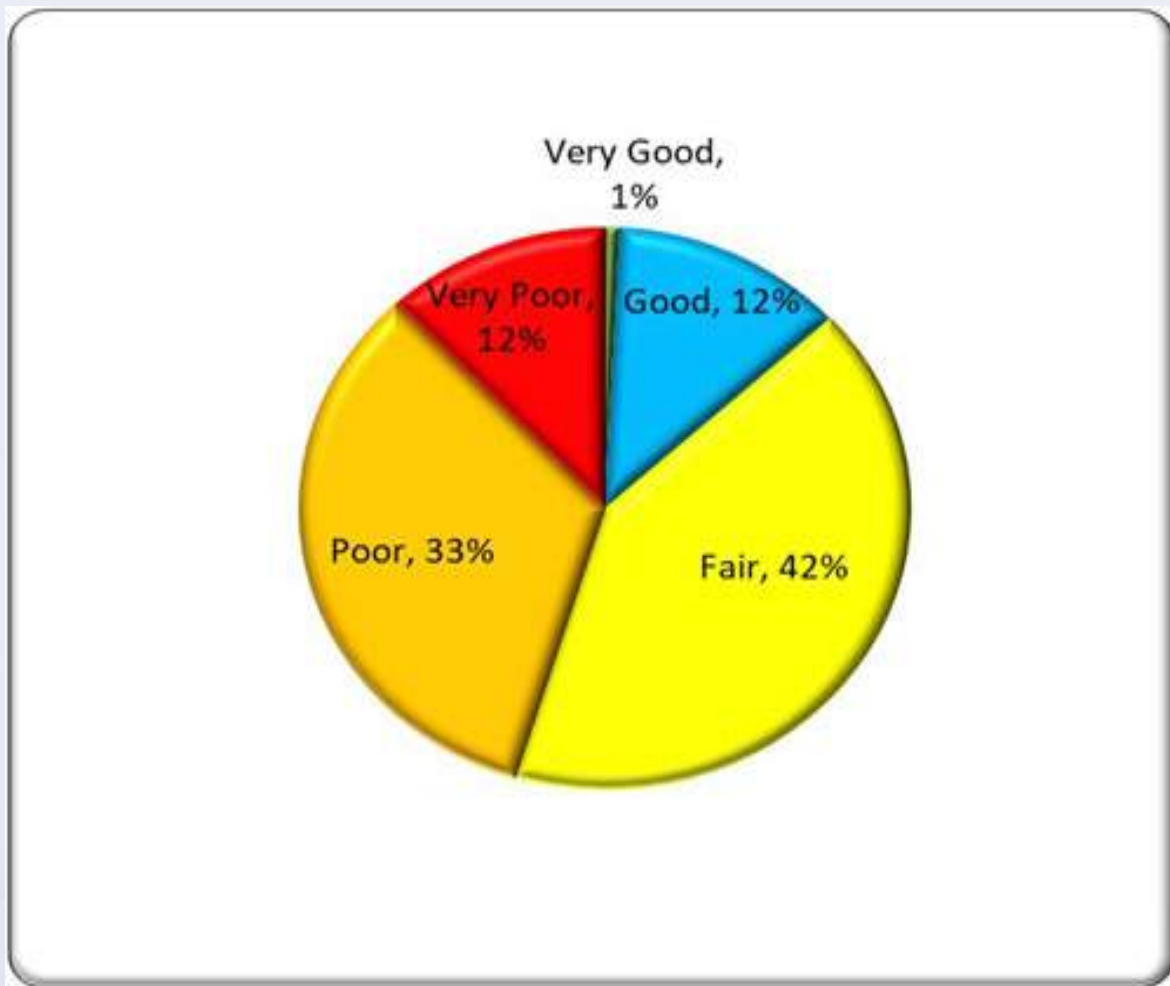
Table 2: VCI condition categories

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 45% in the 2019 surveys which shall

mark an all-time high percentage of roads in this range and an all-time low of 13% of roads in a good to very good condition. This is shown in Figure 1 below:

Figure 1: Overall network visual Condition Index Distribution (VCI) for surfaced roads (2019)



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 45% in the 2019 surveys which shall mark an all-time high percentage of roads in this range and an all-time low of 13% 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 42% in 2019. 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 2019. Figure 2 below shows the historical VCI per road category.

Figure 2: Overall historical VCI (2010-2019) (% road per condition category)

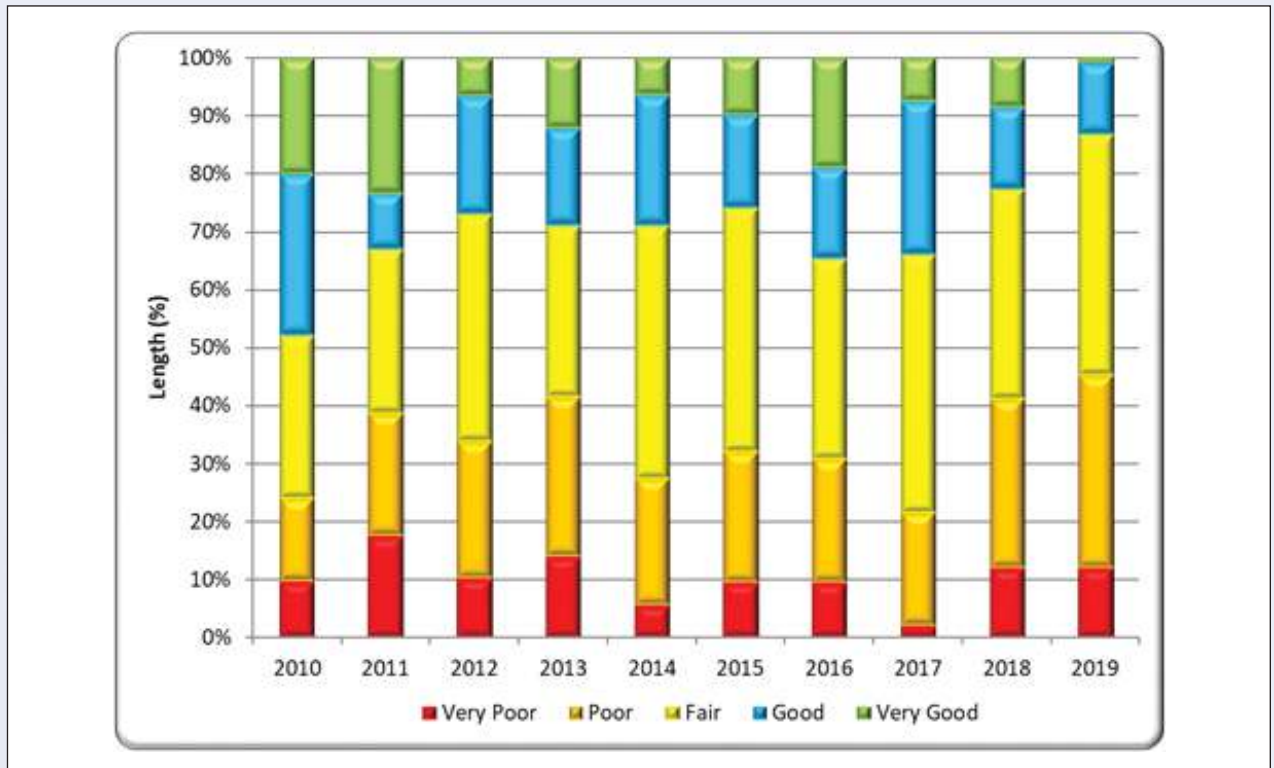
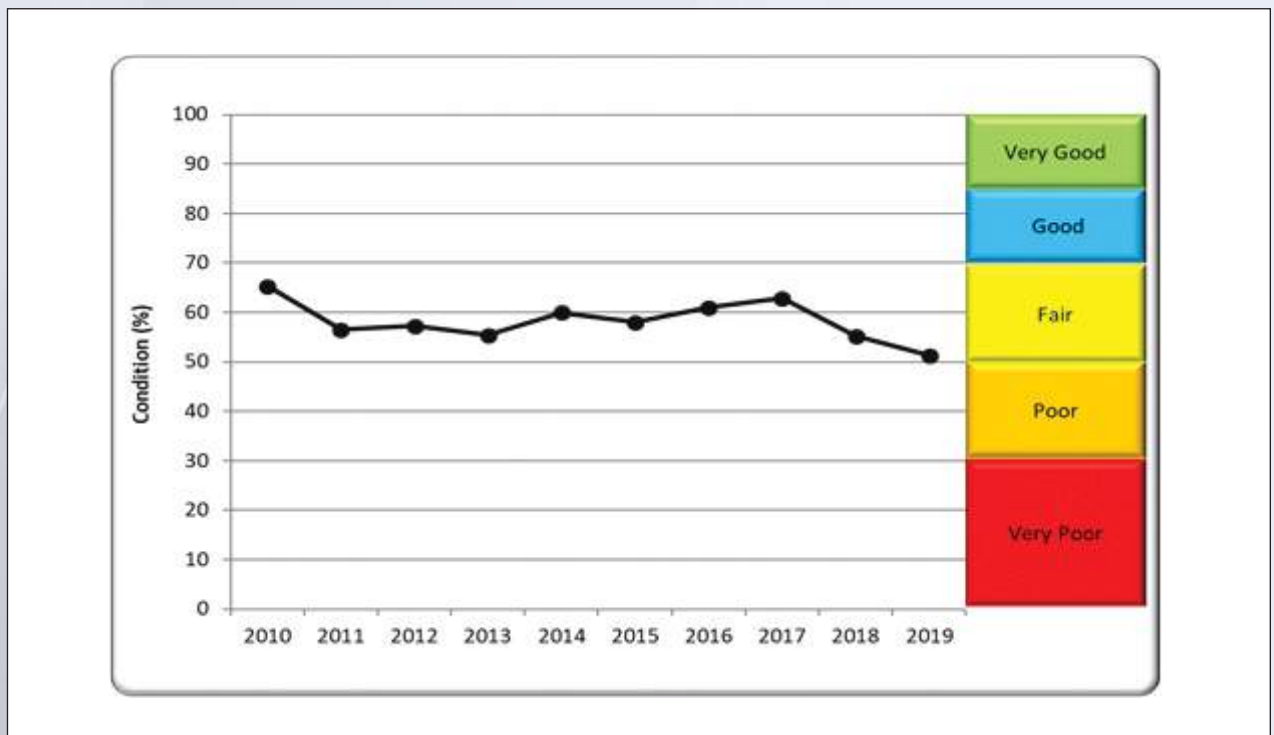


Figure 3: VCI trends from 2010-2019



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The average VCI was calculated over the last ten years and is represented in figure 3 above. 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 2019. The steep decline shows that Lesotho is losing its road paved asset if remedial action is not taken.

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.

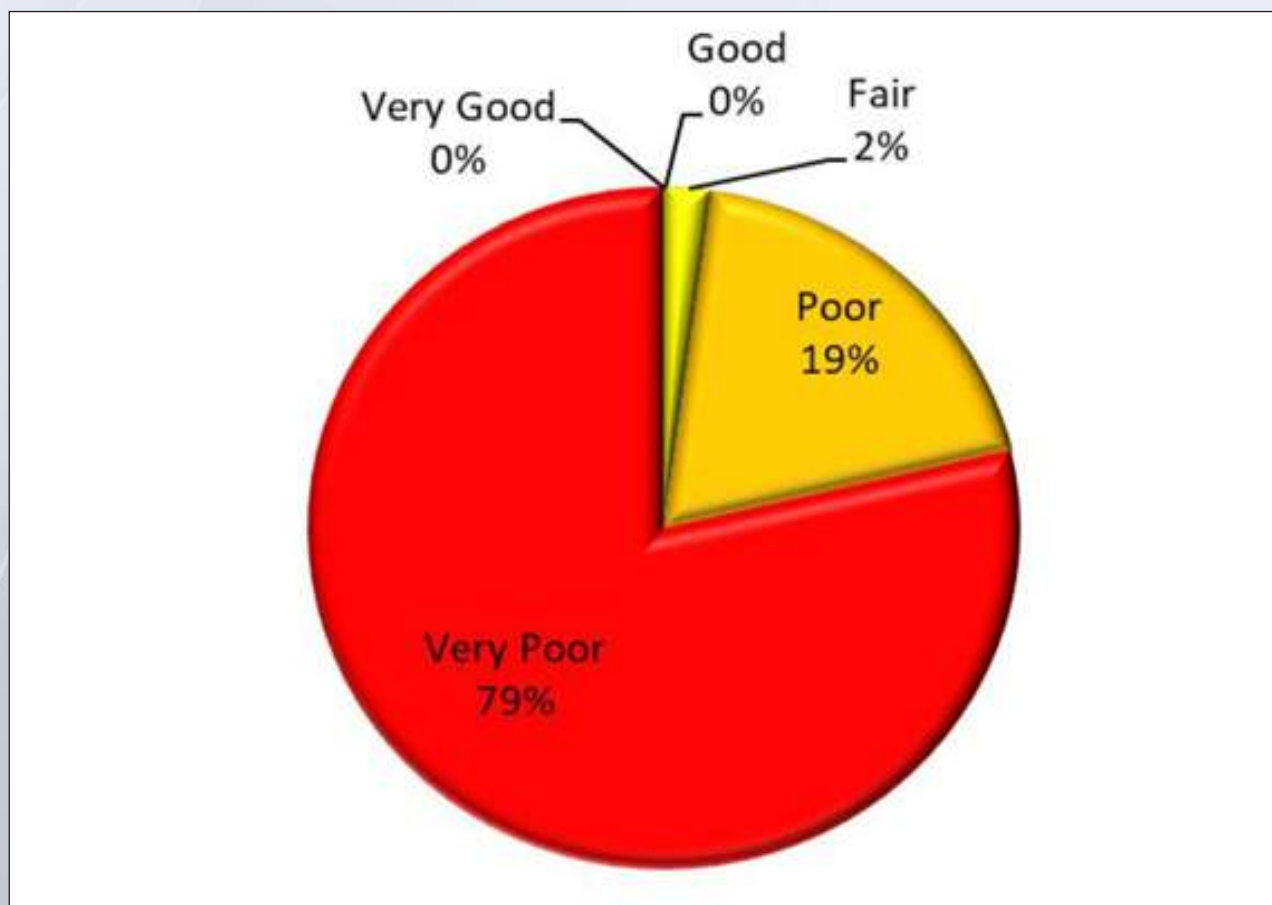
In a similar fashion to the Visual Condition Index for paved roads, it is also possible to calculate a condition index for gravel roads referred to as the Visual Gravel Index or VGI. This is a single number that attempts to express the overall condition of gravel roads. A low

In 2019, the percentage of roads in 'poor' and 'very poor' condition category was 45%, thus well above the acceptable norm of 10% (World Bank guideline), and the roads in the 'fair' condition category is 42%, 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.

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 depicts that Equipment Based gravel road network is mostly in 'very poor' to 'poor' condition, with approximately 98% in these condition categories, 2% in 'fair' condition and 0% in 'good' condition.

Figure 4: Network-Level distribution of Unsurfaced Road Conditions (2019 surveyed network)



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 – 2019)

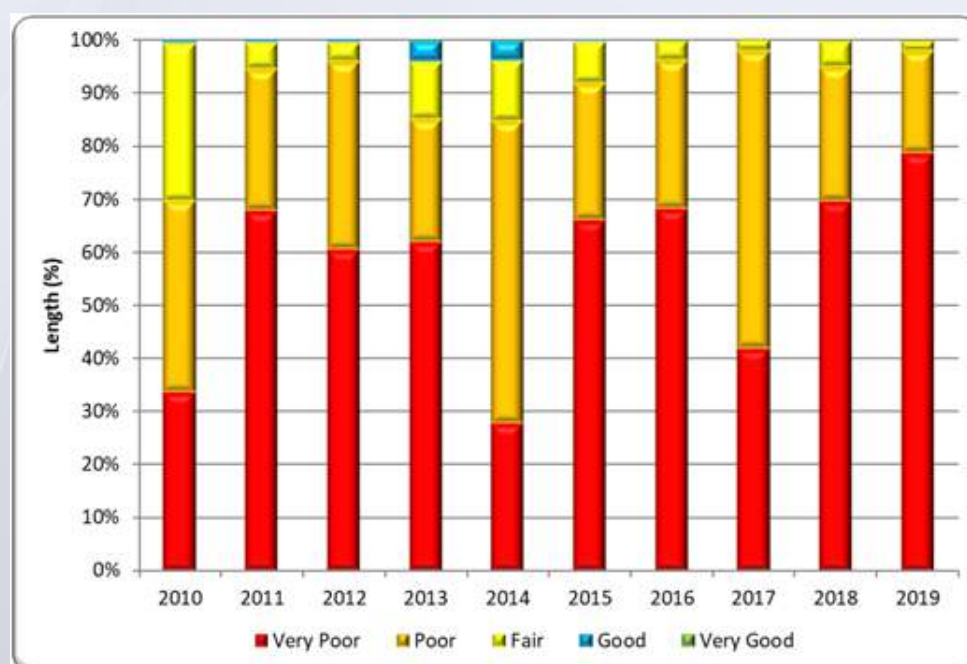
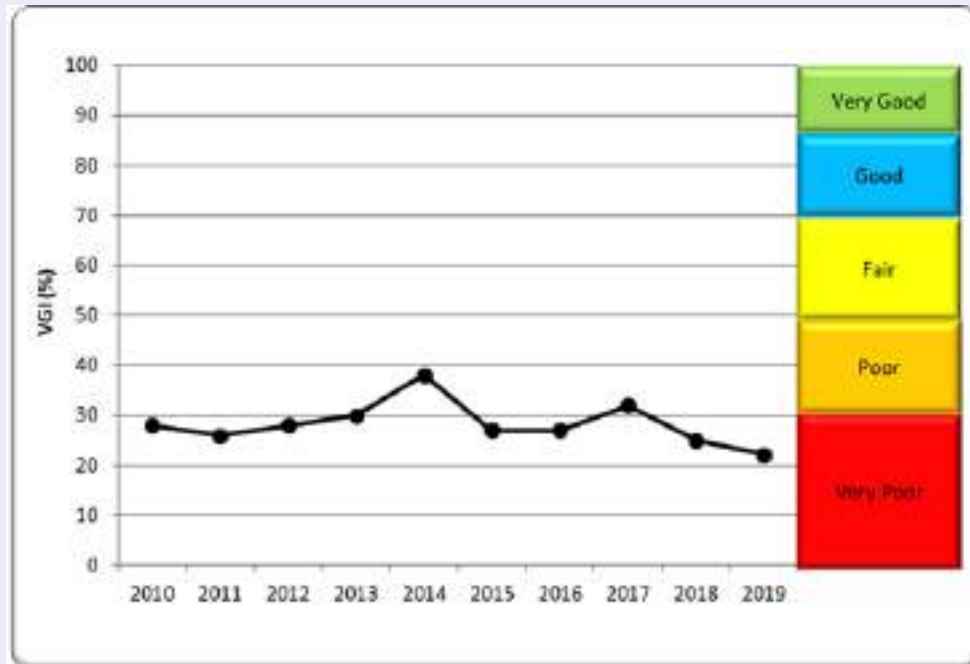


Figure 5 above compares the past ten surveys of network level distribution of gravel roads. It can be noted that roads in poor to very poor condition increased to 96% in 2012, decreased to 86% in 2013, 83% in 2014, increased to 92% in 2015, 86% in 2016, 98% in 2017 and finally

decreased to 98% in 2019. The percentage of roads in a fair conditions has decrease from 30% in 2010 to 12% in 2014, but has since decreased even further to 8% in 2015, 4% in 2016 and 2% in 2017, it then increase 5% in 2018 and dropped to 2% in 2019.

Figure 6: Average VGI Percentage Trends from 2010 – 2019



The trend in the gravel road network condition has been between poor and very poor with 2019 rating being in the very poor category. This indicates a need

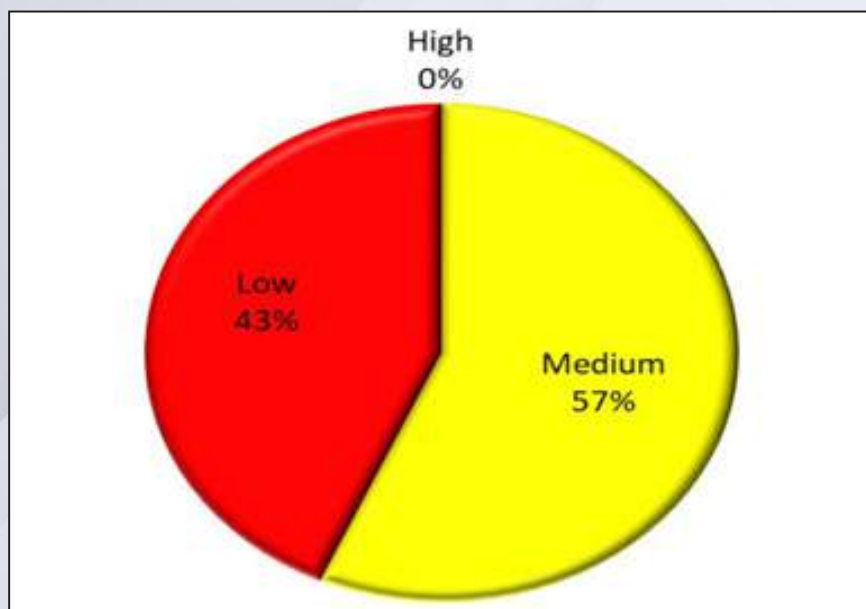
to increase maintenance efforts in order to realise an improved scenario.

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 (2019)



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From the 2019 pie chart above, it is clear that labour-based gravel road network mostly delivers Medium Level of Service, with approximately 57% being in

Medium LOS and 43% in medium LOS. The average LOS in 2019 was 55%.

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.

road network as preparations are underway to include them in the assessment.

It is worth noting that this assessment does not include Ministry of Local Government and Chieftainship and Maseru City Council

Though the Roads Directorate is yet to calculate and compile a report on Road Maintenance and Rehabilitation needs it can be concluded that, due to the condition of Lesotho's Road Network, Implementing Agencies will need more than 7 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	2019/2020	
	BUDGET ALLOCATION	EXPENDITURES
AGENCIES		
Roads Directorate	123,765,793	89,283,000
Maseru City Council	109,124,692	16,791,369
Ministry of Local Government	27,886,781	5,295,055
Road Safety	5,623,834	3,526,970
Total	266,401,100	114,896,394

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.

Ministry of Local Government, Maseru City council and Roads Directorate had projects which were rolled over from the 2018/2019 fiscal year. Most of these projects were rolled over due to the inability to monitor and control programmes under their jurisdiction. Maseru City Council could not implement the Mpilo Boulevard due to procurement challenges.

Table 6: Major Projects Financed by the Fund in 2019/2020

ROAD AGENCY	PROJECT	LENGTH (Km)	COST (Maloti)
Roads Directorate	A3 Mountain Road Section A	60	739 365.37
Roads Directorate	A3 Mountain Road Section A	51	344 970.05
Roads Directorate	A6 Moshoeshoe Road	4	685 289.51
Roads Directorate	B12 TY - Kubetu	24	1 260 872.91
Roads Directorate	A1 Marabeng - Hleoheng	72	988 504.70
Roads Directorate	A2 Mafeteng – Mohale's Hoek	46	27 201 566.67
Ministry of Local Government and Chieftainship	Periodic Maintenance of Urban Paved Roads at Qacha's Nek	5.5	1 934 096.45
Ministry of Local Government and Chieftainship	Periodic Maintenance gravel road - Mofoka - Morumotšo	12	5 659 582.69
Ministry of Local Government and Chieftainship	Periodic Maintenance gravel road - Tsakholo - Litšoeneng	15	4 323 618.20
Road Safety Activities	Support for information dissemination on critical Road safety issues to the public. Training of Drivers on safe operation of motor vehicle and collection of data.		5,623,834.20

Pic Table 1: Major Projects Financed by the Fund in 2019/2020



Qacha's Nek Urban Roads – Periodic Maintenance:



Tsakholo – Litšoeneng Gravel Road



Mini Bridge at Mofoka – Morumotšo Gravel Road

DESIGN, CONSTRUCTION SUPERVISION AND ENGINEERING SUPPORT

The Road Fund has not received any proposals in this area of support. The Fund encourages road agencies to consider preserving the existing Road Asset. To attain

return on investment the Fund has requested agencies to request for supervision assistance from engineering consultants.

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 contract 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 and Chieftainship 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 pursuant of acquiring value for money the Fund invited Road Maintenance Agencies to several stakeholder meetings designed to encourage project management good practice.

Road Maintenance Agencies have been going through different spells of performance due to delays^{A2} in the submission of Annual Road Maintenance Programmes, lengthy procurement procedures, insufficient supervision of contractors and insensitivity to contractual obligations. Figure 8 below displays implementing agencies' performance

Figure 8: Implementing Agencies' Performance

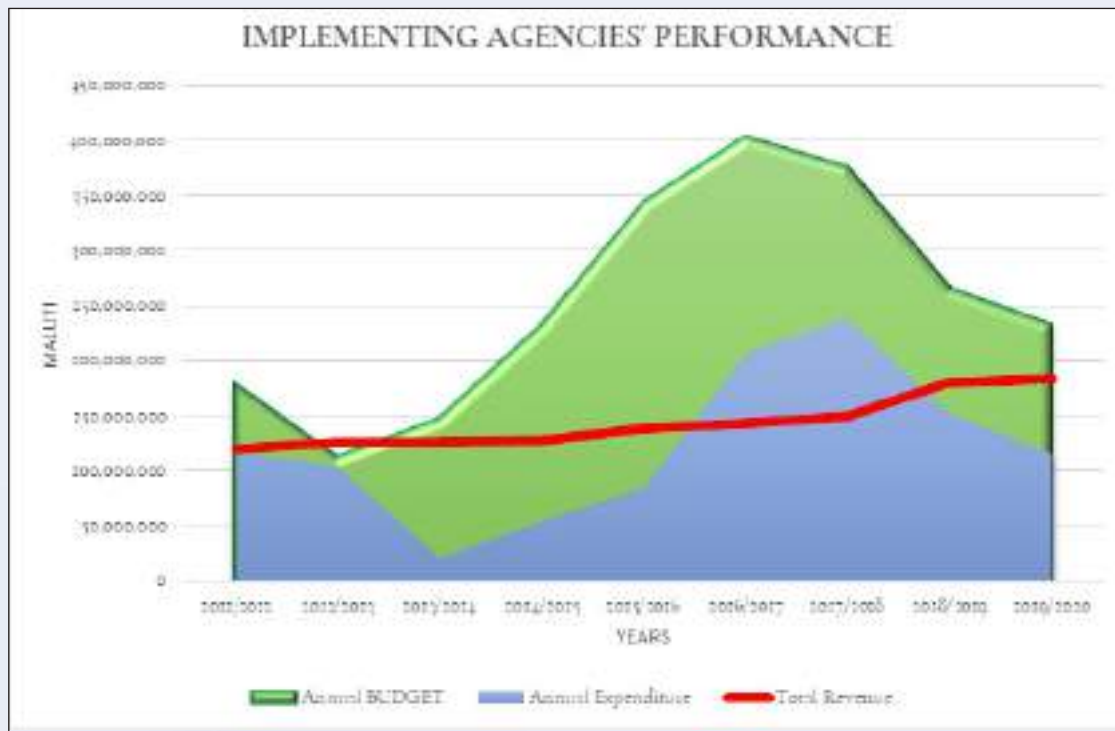


Figure 8 portrays performance of the Road Fund in funding Road Maintenance activities, performance of Implementing Agencies (Road Maintenance Agencies) comparing them to revenue collected over a period of 9 years.

A steady increase of revenue has been realised by the Fund due to its investments in automation of Road Fund points of collection.

Through the years the Fund has observed a below par performance by the Implementing Agencies. The annual expenditure area shaded blue is less than the annual budget area shaded green. This is mainly due to late submission of Annual Road Maintenance Programmes to the Fund contravening the Finance Road Fund

Regulations 2021 and non-adherence of Implementing Agencies to project management good practise.

The deterioration of our Road Network as shown by the Visual Road Condition Surveys of 2019 makes it increasingly urgent for the Fund to explore increasing its revenue for it to sufficiently push back the 6.5 billion maloti maintenance needs of the country's road network.

To complement the drive for increased revenue the Fund has been engaged in Stakeholder meetings which were mainly conducted to motivate good project management practices in order to improve quality of the works supervised by Implementing Agencies and therefor better serve road users.

HUMAN RESOURCES AND ADMINISTRATION

RECRUITMENT

In the year 2019/2020 Road Fund had to bid farewell to three staff members, an Office Assistant and a Verification Officer who had both reached the legal retirement age and an Accountant, who resigned. The Fund replaced the Office Assistant and the Verification officer in the same year. The establishment also grew

with additional two creations which were filled in May 2019 being the Database Administrator and the Civil Works Technician.

As the organizations business needs evolve, more skillful human resources are required to complement the already existing members of the Fund's Secretariat.

REVIEW OF HUMAN RESOURCES POLICIES AND PROCEDURES MANUAL

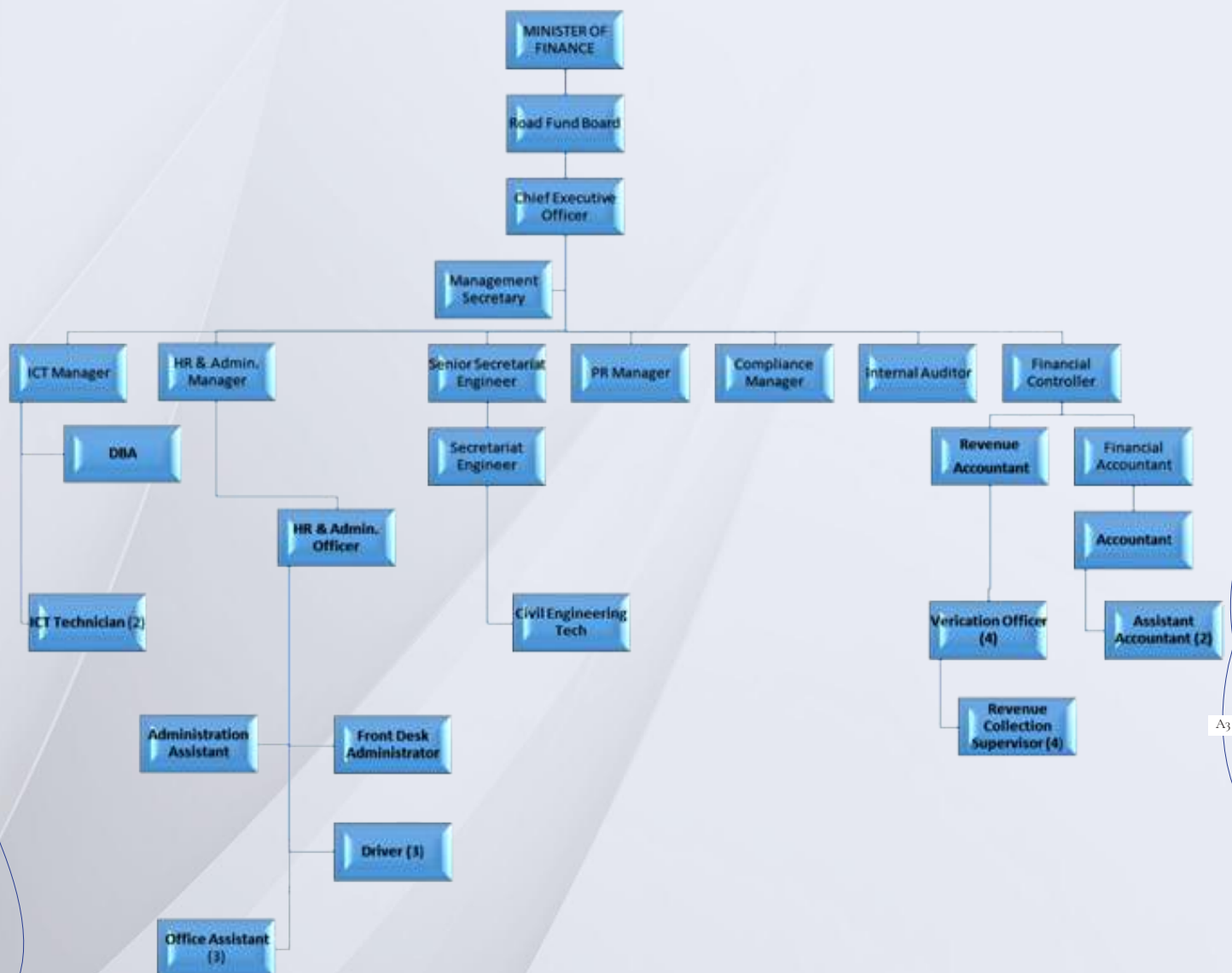
During the reporting period, previous year's reviewed policies namely the Staff Training Development Policy and Industrial Attachment Policy were workshopped to members of staff with the aim to reinforce commitment to the values of Road Fund, especially Accountability. The same policies were reviewed again during the reporting period along with the Leave Administration Policy and the Exit Policy. These were reviewed because of discrepancies discovered as a result of the commitment of employees not only reading them but actually using them. All the four policies were under the Human Resources Policies and Procedures Manual and approved by the Board.

The introduction and implementation of the Industrial Attachment Policy has made the Human Resources and

Administration department to be more aware of the volunteers and internship students that walk through the organizations doors. During the year there were many students and volunteers that approached the Fund for space but only a few could be accommodated. Out of those, one student that was attached in the Engineering department got an offer in South Africa before he even completed his internship; two volunteers in the Human Resources and Administration department got an offer at the National University of Lesotho and Road Fund respectively. This made the department and the organization at large proud seeing that the calibre of volunteers engaged were indeed employable.

Figure 9 below shows the revised organogram of the Fund's Secretariat.

Figure 9: Road Fund Organogram



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TRAININGS, CONTINENTAL AND REGIONAL MEETINGS

Road Fund is committed to enhancing skills of all employees as well as their development to better perform and improve the organization as a whole.

Yet again, members of Staff have had the opportunity to be exposed to various conferences and training interventions within and outside the country. The list includes the annual IPM conference, PFMA Supply Chain Management Bid Committees' Training, IRES and Latest Updates Training, Compliance Management Training, Website Content Management Training, Tools and Techniques for New Audit Manager Training, Fleet Management Training, Certificate in

windows Applications using Microsoft Office Training, Secretaries conference, to mention but a few.

A team building exercise that consisted of all members of Staff was also undertaken to enhance team spirit in the Fund right before heading for Christmas break as way of relaxing each employee's mind, body and spirit before the year end and a new one could start. Road Fund embarked on development of 2020-2023 Strategic Plan which was approved just before the year end and the interference of the COVID-19 which instituted a nationwide lockdown.

HEALTH AND SAFETY

Road Fund just like all organizations and the rest of the world was disturbed by the outbreak of COVID-19 which affected the final quarter of the year. The organization had to act quickly to protect all members of staff from being infected with the virus by purchasing

Personal Protective Equipment (PPE). In the weeks just before the nationwide lockdown Road Fund purchased and distributed to all the employees and immediate stakeholders, including hand sanitizers.

PARTICIPATION AT THE CONTINENTAL ASSOCIATIONS MEETINGS

Road Fund is a member of African Roads Maintenance Funds Association (ARMFA), a non-profit making and non-political association that was founded in the year 2003 in Libreville, Gabon. The aim is to form a platform and a network for experience and information sharing on best road maintenance practices in Africa; to discuss and find opportunities on funding options and to promote and strengthen links between members of African Road Funds.

During the reporting period, four (4) officials from Road Fund Management went to Malawi and Zambia respectively for meetings of the ARMFA Southern African Focal Group known as ASAFG, to jointly celebrate milestones as well as tackle challenges that Road Funds in the region encounter, including jointly devising possible solutions to the challenges.

INFORMATION COMMUNICATION AND TECHNOLOGY

ENATIS NETWORK ROLLOUT

The project was upgrade of the network infrastructure connecting offices of the Department of Traffic and Transport at the vehicle registration stations. The project was sponsored and implemented by the Road Fund. The Objective was to improve the performance and system reliability of the National Vehicle Registration and Licensing Systems and the electronic Spot Fine system.

The Electronic National Traffic Registration System (ENaTIS) has had serious performance and downtime problems since its initial installation in 2019, part of the

problem was due to insufficient network capacity and frequent connection breakdowns. This issue caused poor service and had a negative impact on the perception on the service and the system.

Through the project, a separate network was installed based on fiber technology across all vehicle registration sites across the country. The improved performance and reliability of the new connectivity mode had greatly improved the system performance and reliability, resulting in improved and more reliable service.

TELE BORDER INSTALLATION

The project was to Install a Toll System at Tele Border Post, to automate the toll fee collection process at the border and to connect the border through and network to the rest of the country's Toll System infrastructure. The purpose for the Toll system was to curb revenue leakage caused by manual toll collection at the border posts.

The project included procurement and installation of toll infrastructure hardware, surveillance and monitoring system and integration of the border operation to the central Toll system infrastructure. The initiative has resulted in improved revenue collection at the border, reduced revenue leakages due to real time surveillance and monitoring.

PUBLIC RELATIONS

CORPORATE SOCIAL RESPONSIBILITY

As a responsible corporate citizen, the Fund continued to demonstrate a sense of responsibility towards the community by ploughing back through its corporate social responsibility programme. Since the CSR Committee decided to focus on Orphans and Vulnerable Children (OVCs), the OVCs of Ha Lejone were assisted for the second time 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 Thapoha Hiking Club with funds to buy socks for OVCs of Thaba- Bosiu Primary School. Upon visit to the School, the Fund saw a need to also directly sponsor 20 most vulnerable students of the same school with food parcels, toiletries and school uniform.

Pic 1: Symbolic handing over of school uniform from Road Fund CEO to Principal Thaba-Bosiu Primary School



ROAD FUND FACEBOOK PAGE

The Road Fund Facebook page remained up to date as it was updated on a weekly basis in order 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.

ROAD FUND WEBSITE

The website remained a powerful communication tool to reach a wider range of stakeholders even beyond the borders of Lesotho. It continued to be populated with fresh content with more focus on the homepage, which is the page that people come into contact with when they visit the website. The news section remained the

The number of likes to the pages grew steadily during the reporting period, such that at the end of the year it had hit 2000 likes, and already reaching over ten thousand people through those who have liked the page already.

most up to date as it was updated continuously on a bi-monthly basis. Other pages like, Board of Directors and recent projects and activities have also remain^{A3} up to date as need arose. All other pages are being reviewed continuously to ensure that they remain up to date at all times.

MEDIA RELATIONS

Relations with the media were enhanced as follows:

Media Conference on Launching of eSpot Fine

Road Fund co-organized a media conference to launch the Electronic Spot Fine in collaboration with the Lesotho Mounted Police Service and other relevant stakeholders in the enforcement of road traffic laws as

well Engidata as the developer of the system. The Fund assisted with media invitations, the media conference was executed as planned and was a success.

Pic 2: Principals at the Media Conference to launch eSpot Fine



Media Releases and News Articles

One of the tools that organizations use to enhance their corporate image is to forge and maintain healthy relations with the media. Media releases and news articles have proved to help to achieve this goal during this period. These were written as per need, and

were circulated to various media houses 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 online presence.

Advertisements

Advertising is also important to assist in boosting the corporate image. Two adverts were designed and featured in various newspapers; these were about the King's birthday wishes and the announcement on the increase on toll gate fees.

A2 Radio Programmes

Radio Programmes were secured and done to promote the Fund's mandate and to ensure that it is understood for what it was established to do. These were done at Harvest FM, MoAfrika FM and PCFM. Other adhoc radio interviews were done with various radio

The Fund was also featured in Lesotho Review 2020 version, this publication is gives a comprehensive overview of each sector of the country's economy, along with useful information for potential investors and interested parties. It is distributed throughout the country at designated spots like hotels and libraries.

stations like MXXL FM, 357FM and Radio Lesotho. The programmes were designed to be interactive such that listeners were afforded an opportunity to phone in and interact with the Fund's personnel.

PRODUCTION OF PUBLICATIONS

Annual Report

The 2018/2019 Annual Report compilation was also initiated during this period. The report was finalized and mass printed, and further distributed to relevant stakeholders as part of the Fund's initiatives to

share information and comply with its establishing regulations. With the production of this report, the Fund became up to date with the annual reporting.

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.

In an effort to further enhance relations with key stakeholders, the Road Fund team led by the Chief Executive Officer, successfully embarked on two rounds of one on one stakeholder engagement meetings with all road implementing agencies except the Ministry of Local Government. The Fund also engaged the revenue

collection agencies except the oil companies whose meetings never materialized. The technical meetings combining all road implementing agencies were also successfully organized and executed.

A3 During the meeting an awareness of the fund's mandate was raised, and issues pertaining to improvement of working relations were discussed all in the name of sound stakeholder relations and smooth working relations between the Fund and its stakeholders.

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 decrease in RML collections compared to last year. Efforts to revise RML tariffs which were last reviewed in June 2006 were not successful.

An increase of 13% in Road User Fees was realized compared to last year. This is due to roll out of eNaTIS in all the districts of Lesotho. This means that vehicle license renewal is now automated in all the ten districts. However, all permits are still manual and a plan to automate was derailed by the implementation of new system to be known as LITIS. A system called eSpot Fine was also introduced to collect spot fines. The implementation and roll out occurred towards the end of the financial year, so full effects will be noticeable

in the following year. Despite the challenges faced with LMPS who are the users of the eSpot Fine gargets, the old manual fines did not have sufficient information to trace the convicted drivers as intended thus defeating the initial purpose of the system.

The Toll collection operations handled by Lesotho Revenue Authority (LRA) realized an increase of 8% over the past year. However, the % increase has reduced despite the fact that a review of tariffs in September 2018 has now run its full year cycle.

Lastly, declining revenue reserves also yielded 11.5% reduction in interest received.

There was a further decline in the performance on implementing agencies from 2017/2018 to 2019/2020. This is due to suspension of road maintenance projects in favour of yellow plant and Mpilo Boulevard Project pending court case.

Figure 10: Revenue Versus Administration Expenditure

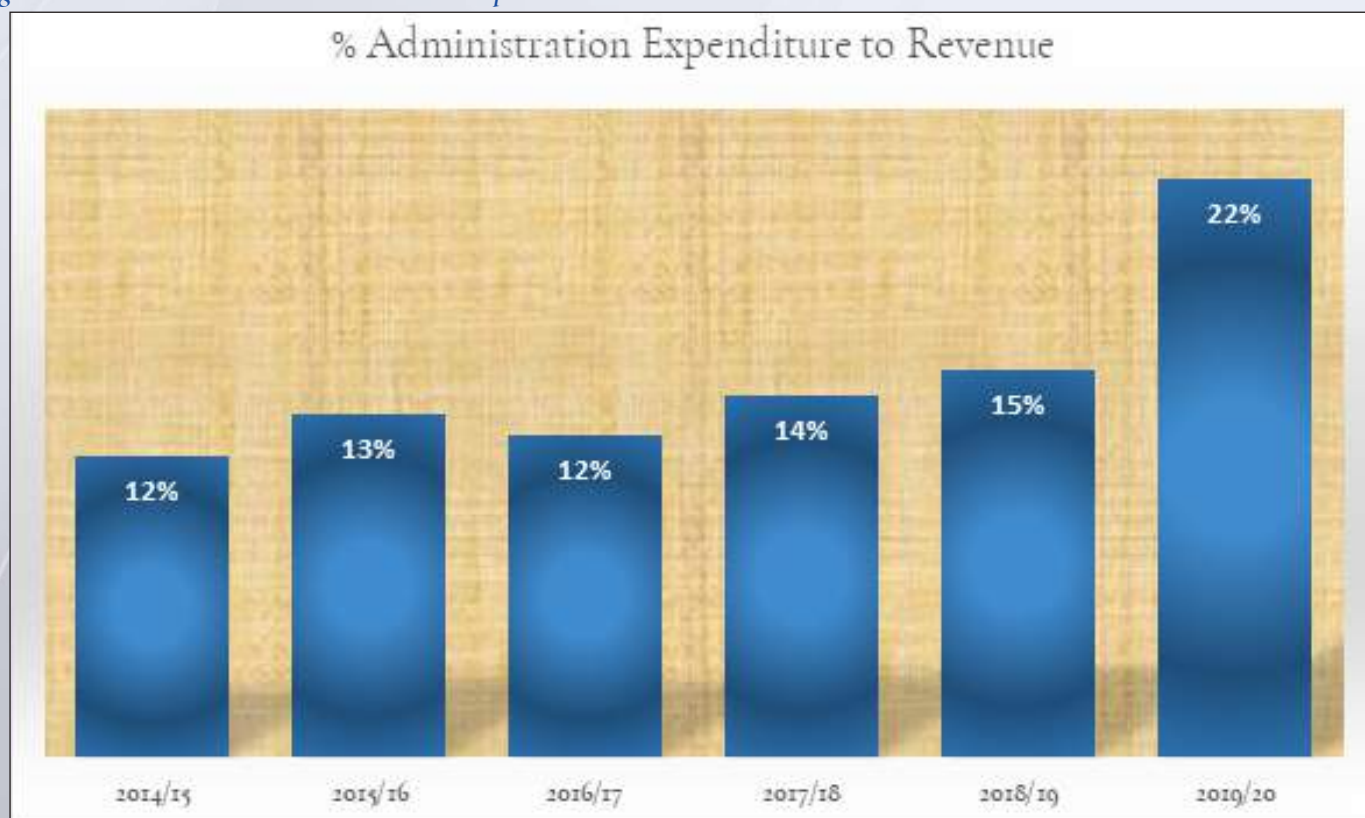
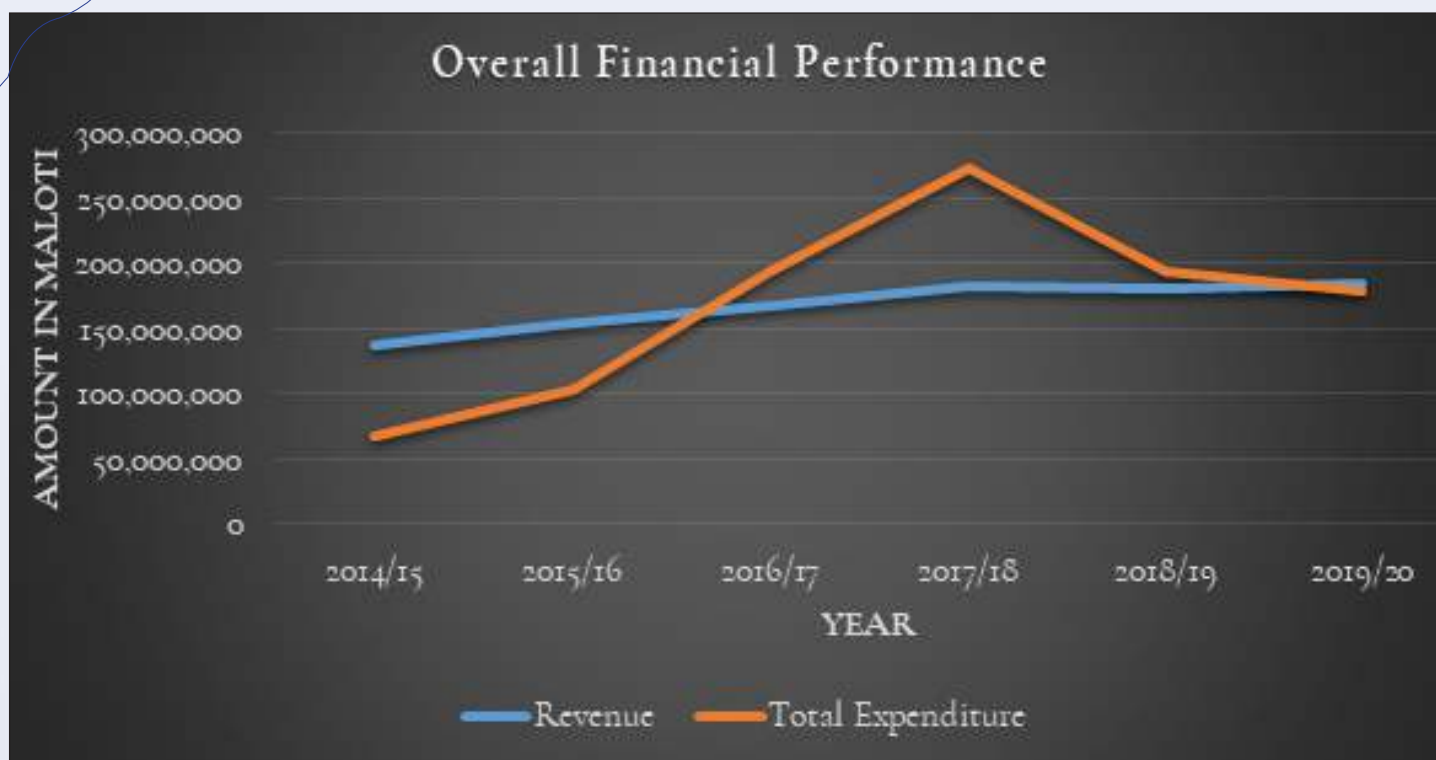


Figure 11: Overall Financial Performance



AUDIT REPORT

The Fund received yet another Disclaimer of Opinion for financial year 2019/2020. The qualification is still the same as last year that the auditors could not get assurance on completeness of revenue from oil companies, Ministry of Police and the Department of Traffic and Transport (DTT) due to limited access to

the organizations' records. The Auditor General further states that Road fund is required by PFMA Act 2011 to prepare financial statements in accordance with IFRS. However, the Fund did not fully comply with the requirements of IFRS.

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.

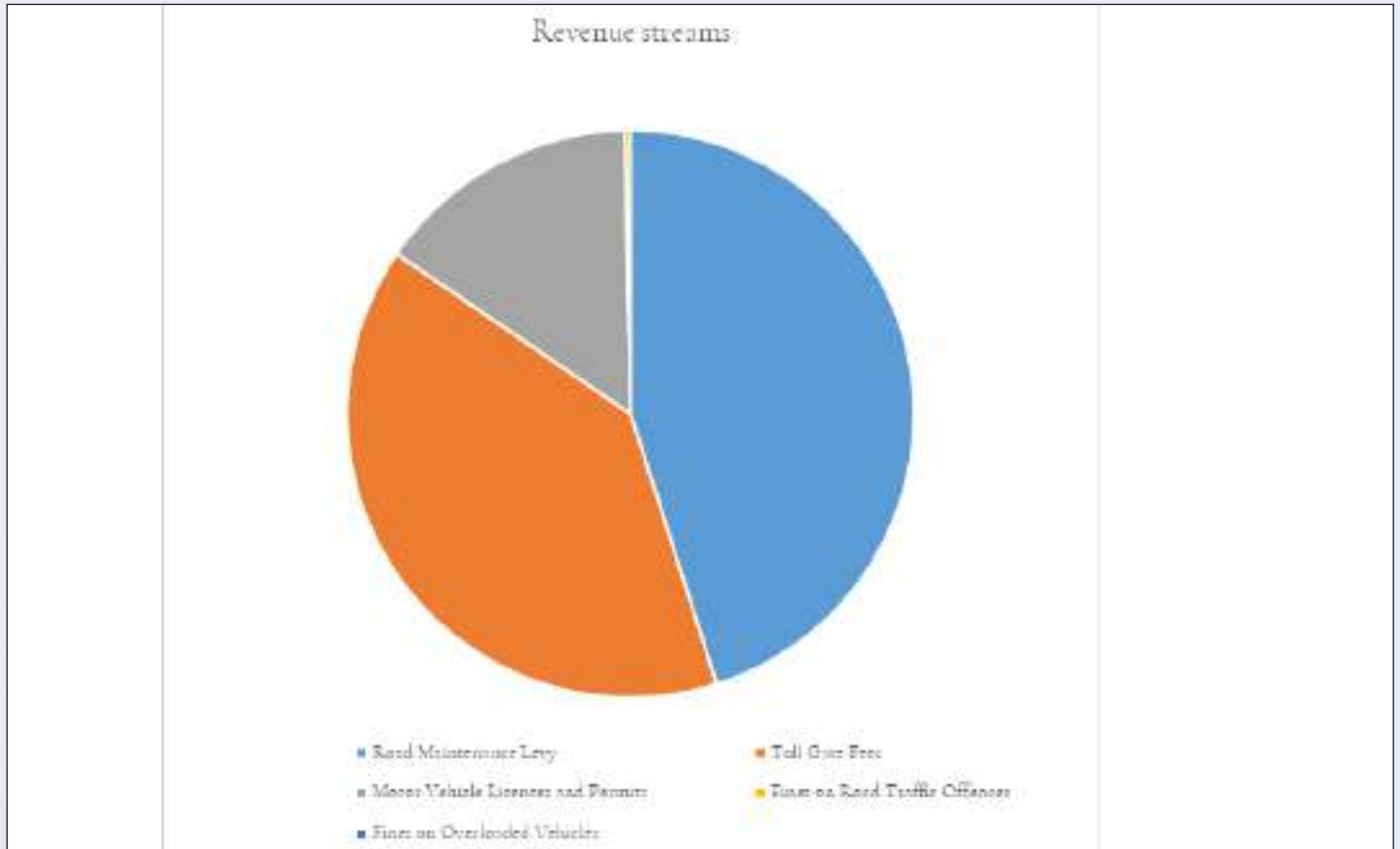
The Fund is expected to ensure effective and efficient collection of revenue. This is achieved through various

direct and/or indirect interventions with the Collecting Agencies. Verification of the reports and the funds collection is undertaken periodically by visiting the Collecting Agencies to reconcile the money paid into the Fund bank account 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 10 below:

Figure 12: Revenue Streams



Road Maintenance Levy (RML) remained the largest stream contributing 45.1% of the total revenue collected, followed by Toll Gate Fees with 39.5%. Motor Vehicle Licenses and Permits contributed 15.1% while Fines on

Road Traffic Offences contributed 0.3% and lastly Fines on Overloaded Vehicles with 0.0% contribution for the period under review.

DETAILED ANALYSIS

Total revenue collected for the period up to 31 March 2020 amounted to M174,180,590 increasing by M 5,121,774 (3.03%) from M 169,059,817 collected for the same period

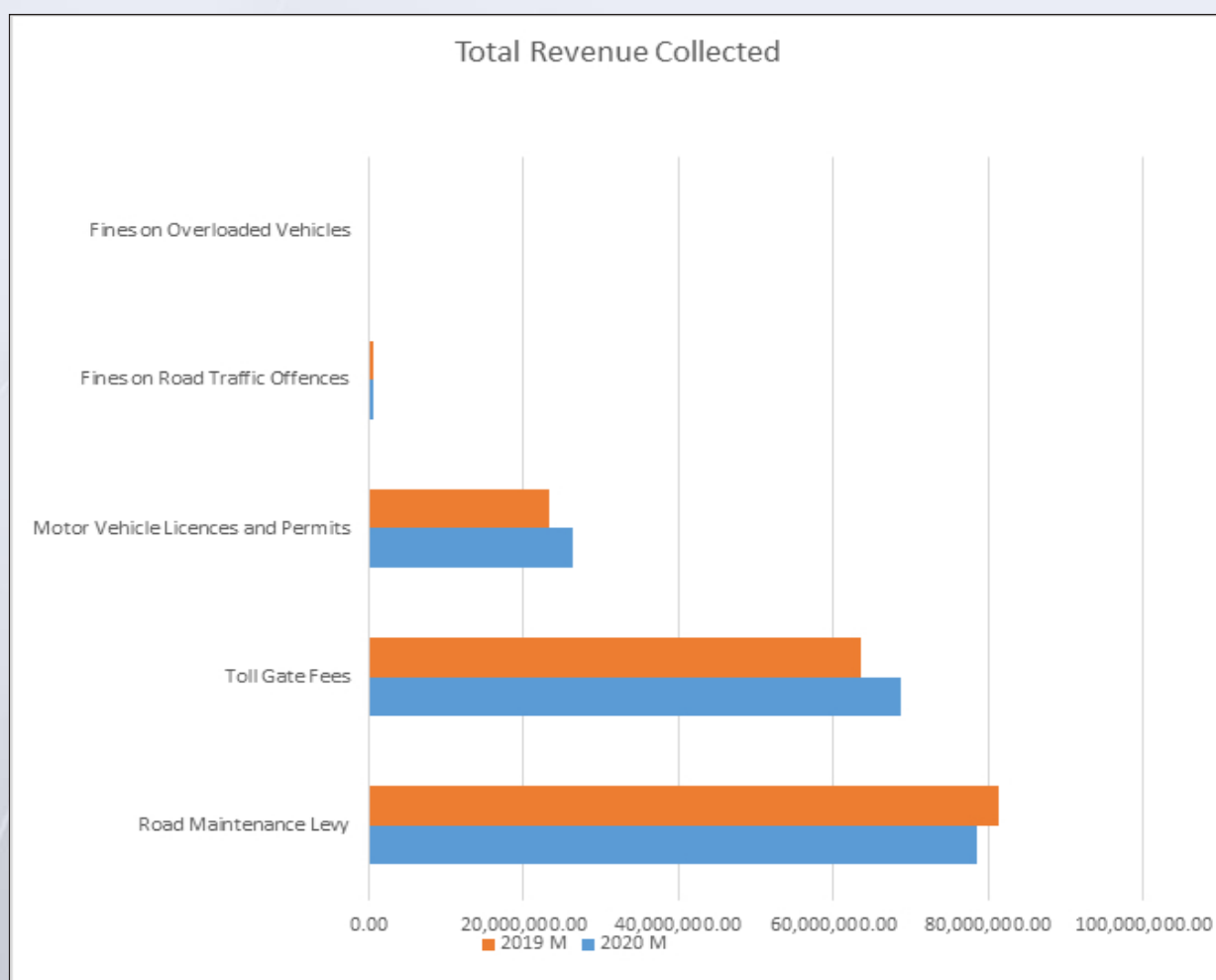
up to 31 March 2019. Detail on the collection per Revenue Stream is given in table 7 and figure 11 below:

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Table 7: Total Revenue Collected

Total Revenue Collected					
		2019-2020	2018-2019	Variance	% Variance
1	Road Maintenance Levy	78,541,209	81,537,561	-2,996,352	-3.67%
2	Toll Gate Fees	68,748,459	63,609,477	5,138,982	8.08%
3	Motor Vehicle Licenses and Permits	26,340,709	23,286,083	3,054,626	13.12%
4	Fines on Road Traffic Offences	550,214	626,696	-76,482	-12.20%
5	Fines on Overloaded Vehicles	0	0	0	0.00%
		174,180,591	169,059,817	5,120,774	3.03%

Figure 13: Total Revenue Collected



The amount collected was M 4,856,636 (2.7%) below 2019 / 2020 budgeted revenue of M 179, 037,226 as shown in table 8 below.

Table 8: Budget Variance Analysis

2019/2020 Budget Variance Analysis					
	Item	Budget	Actual	Variance	% Variance
		M	M	M	%
1	Road Maintenance Levy	81,248,031	78,541,209	-2,706,822	-3.30%
2	Toll Gate Fees	74,068,298	68,748,459	-5,319,840	-7.20%
3	Motor Vehicle Licenses and Permits	23,065,360	26,340,709	3,275,349	14.20%
4	Fines on Road Traffic Offences	605,537	550,214	-55,323	-9.10%
5	Fines on Overloaded Vehicles	50,000	0	-50,000	-100.00%
		179,037,226	174,180,591	-4,856,636	-2.70%

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 year 2006 and do not take into consideration the fuel grade i.e. whether

leaded or unleaded petrol for instance.

Total revenue collected from RML decreased by M 2,996,352 (0.37%) from M 81,537,561 in 2018/2019 to M 78,541,209 in 2019/2020. The three main Fuel companies (Engen, Exel/Puma Energy, and Total Lesotho) contributed more than 99% of the revenue collected while the remaining 1% was contributed by smaller importers (Tholo Energy and Oil & Petroleum Lesotho and Lesotho Petroleum)

NB: Detailed volumes of fuel imported/sold in kiloliters per company may only be published by the Department of Energy as per regulations.

Table 9: Toll gate fee rates

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

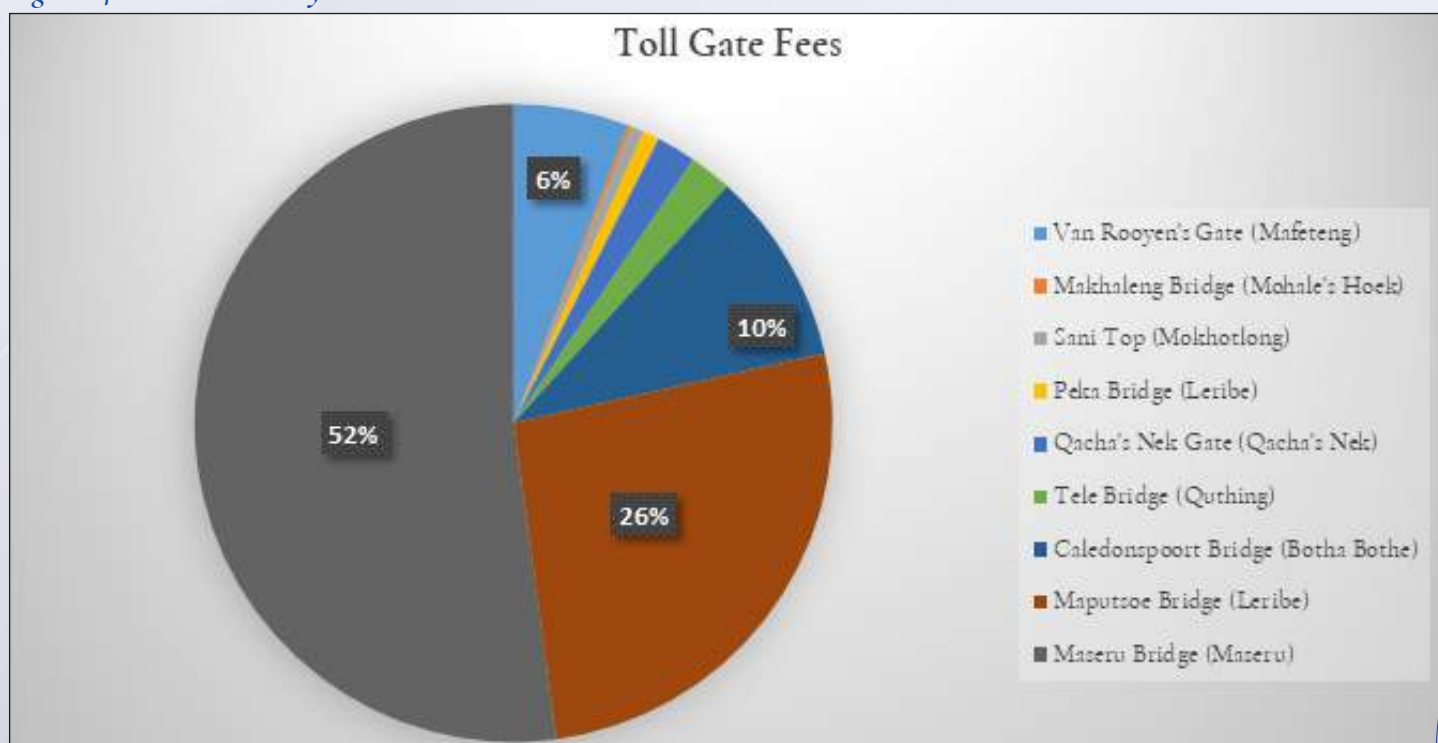
Toll Gate Fees revenue increased by M5,138,981 (8.08%) to M 68,748,458 in 2019/2020 from M 63,609,477 in 2018/2019 with Maseru bridge contributing 52% of the total collection followed by Maputsoe Bridge at 26%,

Caledonspoort (Botha Bothe) at 10% and Van Rooyen's Gate (Mafeteng) at 6% and the rest of the smaller border posts collecting the remaining 6% collectively as per Table 10 and figure 12 below:

Table 10: Toll Gate Fees by Border Gate

Toll Gate Fees by Border Post				
Border Post	2019/2020	2018/2019	Variance	% Variance
	M	M	M	%
Van Rooyen's Gate (Mafeteng)	4,027,170	3,842,770	184,400	4.58%
Makhaleng Bridge (Mohale's Hoek)	134,090	158,280	-24,190	-18.04%
Sani Top (Mokhotlong)	438,150	485,960	-47,810	-10.91%
Peka Bridge (Leribe)	570,020	534,320	35,700	6.26%
Qacha's Nek Gate (Qacha's Nek)	1,388,944	1,293,930	95,014	6.84%
Tele Bridge (Quthing)	1,467,151	1,401,300	65,851	4.49%
Caledonspoort Bridge (Botha Bothe)	6,750,560	5,974,930	775,630	11.49%
Maputsoe Bridge (Leribe)	18,119,798	17,452,611	667,187	3.68%
Maseru Bridge (Maseru)	35,852,576	32,465,380	3,387,196	9.45%
	68,748,459	63,609,481	5,138,978	7.48%

Figure 14: Toll Gate Fees by Border Gate



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 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 Transport as per current legal instruments.

A total of M 26,340,709 was collected in the period under review as per table 11 below.

Table 11: Motor Vehicle Licenses and Permits

Motor Vehicle Licenses and Permits				
	2019/2020	2018/2019	Variance	% Variance
	M	M	M	%
Motor Vehicle Permits, Botha-Bothe	182,853	204,630	-21,778	-11.91%
Motor Vehicle Permits, Berea	487,500	348,686	138,814	28.47%
Motor Vehicle Permits, Leribe	616,135	623,296	-7,161	-1.16%
Motor Vehicle Permits, Mafeteng	320,524	267,116	53,408	16.66%
Motor Vehicle Permits, Mohale's Hoek	231,940	195,505	36,435	15.71%
Motor Vehicle Permits, Mokhotlo	74,557	74,090	467	0.63%
Motor Vehicle Permits, Maseru	3,634,723	3,966,747	-332,024	-9.13%
Motor Vehicle Permits, Qacha's Nek	44,655	30,955	13,700	30.68%
Motor Vehicle Permits, Quthing	63,725	67,124	-3,399	-5.33%
Motor Vehicle Permits, Thaba-Tseka	24,629	26,575	-1,946	-7.90%
	5,681,240	5,804,725	-123,485	-2.17%
Motor Vehicle Licenses				
Motor Vehicle Licenses, Botha-Bothe	957,107	876,185	80,922	8.45%
Motor Vehicle Licenses, Berea	1,919,883	1,452,650	467,233	24.34%
Motor Vehicle Licenses, Leribe	2,749,936	2,393,605	356,331	12.96%
Motor Vehicle Licenses, Mafeteng	1,441,562	1,296,669	144,893	10.05%
Motor Vehicle Licenses, Mohale's Hoek	1,122,981	832,939	290,042	25.83%
Motor Vehicle Licenses, Mokhotlong	474,884	465,974	8,910	1.88%
Motor Vehicle Licenses, Maseru	10,641,124	9,078,727	1,562,397	14.68%
Motor Vehicle Licenses, Qacha's Nek	322,936	315,248	7,689	2.38%
Motor Vehicle Licenses, Quthing	647,880	485,424	162,456	25.07%
Motor Vehicle Licenses, Thaba-Tseka	381,176	283,937	97,239	25.51%
	20,659,469	17,481,358	3,178,111	15.38%

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 as well as other offenses collected through Road Side Traffic Checkpoints.

A total of M 550, 214 was collected as per table 12 below:

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Table 12: Road Traffic Offences

Road Traffic Offences				
	2020	2019	Variance	% Variance
	M	M	M	%
Road Traffic Offences - Fines, Botha-Bothe	15,865	15,370	495	3.12%
Road Traffic Offences - Fines, Berea	19,700	47,446	-27,746	-140.84%
Road Traffic Offences - Fines, Leribe	28,340	49,009	-20,668	-72.93%
Road Traffic Offences - Fines, Mafeteng	76,580	87,070	-10,490	-13.70%
Road Traffic Offences - Fines, Mohale's Hoek	29,800	59,079	-29,279	-98.25%
Road Traffic Offences - Fines, Mokhotlong	16,488	4,682	11,806	71.60%
Road Traffic Offences - Fines, Maseru	315,055	295,242	19,813	6.29%
Road Traffic Offences - Fines, Qacha's Nek	14,950	25,730	-10,780	-72.11%
Road Traffic Offences - Fines, Quthing	14,920	30,934	-16,014	-107.33%
Road Traffic Offences - Fines, Thaba-Tseka	18,515	12,135	6,380	34.46%
	550,214	626,696	-76,482.67	-13.90%

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 during the current reporting period.

AUDITED FINANCIAL STATEMENTS

2019 - 2020

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2020

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 2021 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 draft financial statements set out on pages 9 to 30 which have been prepared on the going concern basis, were approved on the 15th October 2020 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 2020

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 5 to 28, which comprise Statement of Financial Position as at 31 March 2020, 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) I did not get assurance on completeness of revenue from oil companies, Ministry of Police and Department of Traffic due to limited access to these organisations' records. 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.
- b) 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.

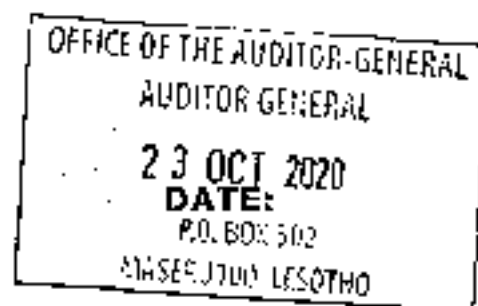
I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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.


MONICA BESETSA
ACTING AUDITOR-GENERAL



Road Fund (Ministry of Finance, Government of Lesotho)

Annual Financial Statements for the year ended 31st March 2020

Directors' Report

The Directors submit the draft annual financial statements of the Fund for the year ended 31st March 2020.

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 surplus of M4,125,747 while in 2019 the deficit was M4,194,949.

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.

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2020

Board of Directors

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

Mr. T. Molasoa	Chairperson – Resigned 02/09/2019
Mr M. Makotoke	Chairperson - Appointed 09/09/2019
Mr. N. Letsie	Deputy Chairperson
Mr. K. Kikine	Member
Ms S. Keto	Member
Mrs. L. Lephutsa	Member – Terminated 31/05/2019
Mr. L. Phohleli	Member – Terminated 31/05/2019
Mr. J. Seithheko	Member – Terminated 15/10/2019
Mr. M.Moqhekoana	Member
Mr. C. Mopeli	Member
Mr T. Macheli	Member - Appointed 01/02/2020
Mr S. Masenyere	Member
Mr. N. Makara	Secretary

Physical address of the Fund

Old DRR Building
 Cm Moshoeshe & Senate Road
 Industrial Area
 Maseru

Auditors

The Office of the Auditor General of Lesotho
 4th Floor
 Finance House
 P.O. BOX 502
 Maseru 100

Road Fund (Ministry of Finance, Government of Lesotho)

Annual Financial Statements for the year ended 31st March 2020

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 2020 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:

Road Fund (Ministry of Finance, Government of Lesotho)

Annual Financial Statements for the year ended 31st March 2020

Statement of Accounting Policies (Continued)

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%
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.

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2020

Statement of Accounting Policies (Continued)

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 (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.

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.

Road Fund (Ministry of Finance, Government of Lesotho)

Annual Financial Statements for the year ended 31st March 2020

Statement of Accounting Policies (Continued)

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.

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2020

Notes to the Annual Financial Statements

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.

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.

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2020

Notes to the Annual Financial Statements (continued)

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 2020**

	<u>Notes</u>	<u>2020</u> <u>M</u>	<u>2019</u> <u>M</u>
NON CURRENT ASSETS		18 235 589	18 215 619
Property Plant & Equipment	(1)	12 920 742	17 974 156
Work in Progress		5 097 435	-
Intangible Assets	(1)	217 412	241 463
CURRENT ASSETS:		193 587 159	204 026 092
Road User Fees Debtors		16 016 084	19 674 023
Less: Provision for Bad Debts		5 804 488	-
	(2)	10 211 596	19 674 023
Contractor's Advance Payments	(3)	5 529 051	10 179 325
Advances to Road Agencies	(4)	2 277 286	3 684 963
Sundry Debtors	(5)	2 387 714	2 460 743
Cash and Cash Equivalents	(6)	173 181 512	168 027 038
TOTAL ASSETS		211 822 750	222 241 713
EQUITY		159 220 995	155 059 317
OPERATING SURPLUS/(DEFICIT)		4 125 747	(14 194 949)
ACCUMULATED FUND B/F	(16)	155 095 249	169 254 266
CURRENT LIABILITIES:		52 601 755	67 182 394
Accounts Payable	(7)	47 186 417	64 867 088
Provisions	(8)	5 415 338	2 315 306
TOTAL EQUITY AND LIABILITIES		211 822 750	222 241 713

ROAD FUND			
MINISTRY OF FINANCE, GOVERNMENT OF LESOTHO			
STATEMENT OF COMPREHENSIVE INCOME			
FOR THE YEAR ENDED 31 MARCH, 2020			
		2020 M	2019 M
REVENUE		183 810 989	179 935 801
Road Maintenance Levy	(9)	78 541 209	81 537 561
Tollgate Fees		68 748 459	63 609 477
Road User Fees		26 340 709	23 286 083
Road Traffic Offences Fines		550 214	626 696
Fines on Overloaded Vehicles		-	-
Sundry Income		42 154	36 160
Other Income		9 588 243	10 839 824
Investment Income	(14)	9 588 243	10 839 824
Gain on sale of fixed asset		-	-
LESS: EXPENDITURE		179 685 242	194 130 750
Operating Expenses		138 654 476	167 187 539
Road Maintenance Expenses	(10)	114 896 394	152 322 594
Revenue Collection Expenses	(12)	5 742 827	8 451 155
Revenue Enhancement	(17)	16 604 634	5 056 420
Toll System Expenses	(13)	1 410 621	1 357 371
Secretariat Expenses		41 030 766	26 943 211
Consultancy Services		381 806	3 070 822
Board Expenses	(15)	1 309 088	2 279 820
Secretariat Staff Salaries & benefits	(11)	17 270 294	11 797 478
Office Rent		1 024 629	871 792
Audit Fees		73 340	69 414
Depreciation		6 888 541	1 775 821
Bad Debts		5 806 158	-
Loss on Disposal of Fixed Assets		13 757	-
Other Expenses	(18)	8 263 152	7 078 064
OPERATING SURPLUS/(DEFICIT)		4 125 747	(14 194 949)

ROAD FUND**MINISTRY OF FINANCE, GOVERNMENT OF LESOTHO****STATEMENT OF CHANGES IN RESERVES****FOR THE YEAR ENDED 31 MARCH, 2020**

	Retained earnings	Revaluati on Surplus	Total Equity
	M	M	M
Balance at 1 April 2018	169 506 384		169 506 384
Correction of errors	(274 471)	-	(274 471)
Correction of system errors	4 477		
Restated balance	169 236 390	-	169 236 390
Changes in equity for the year 2019			-
Surplus/(Deficit) for the year	(14 194 949)		(14 194 949)
Prior year adjustments	9 366		
Balance at 31 March 2019	155 050 808	-	155 050 808
Correction of errors	44 440		
Restated balance	155 095 248		155 095 248
Changes in equity for 2020			
Surplus/(Deficit) for the year	+ 125 747		+ 125 747
Changes in accounting policy	-		
Balance at 31 March 2020	159 220 995	-	159 220 995

ROAD FUND**MINISTRY OF FINANCE, GOVERNMENT OF LESOTHO****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 MARCH, 2020**

	2020 M	M	2019 M	M
Cash generated by operating activities				
Net Surplus/(Deficit) for the year	4 165 747		(14 094 929)	
Adjustment for :				
Depreciation	6 868 541		1 775 821	
(Gain)/Loss on Fixed Assets Disposal	13 757		-	
Provision	15 931		1 730 368	
Investment Income	(9 588 243)		(10 839 824)	
Operating surplus/(deficit) before working capital changes	1 175 732		(21 528 584)	
Working capital changes	1 012 768		(21 712 395)	
(Increase) Decrease in accounts receivable	15 593 407		(12 172 962)	
Increase (Decrease) in accounts payable	(14 560 639)		(9 539 631)	
Net cash inflow (outflow) from operating activities		2 488 500		(43 241 178)
Net cash inflows/outflows from investing activities	2 665 975		7 114 120	
Purchases of property, plant and equipment	(6 920 344)		(3 725 704)	
Proceeds on sale of Property Plant & Equipment	8 676		-	
Investment Income	9 588 243		10 839 824	
Net cash inflows/(outflows) from financing activities		2 665 975		7 114 120
Net increase (decrease) in cash and cash equivalents		5 154 475		(36 127 058)
Cash and cash equivalents at the beginning of the year		168 027 037		204 54 096
Cash and cash equivalents at the end of the year		173 181 512		168 027 038

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2020

Notes to the Annual Financial Statements (continued)

1. Property, Plant and Equipment

	Motor Vehicles	Office Machines	Computer Software	Office Furniture	Land & Buildings	Work In Progress	Toll Systems	Total
	M	M		M	M		M	M
Balance at 01/04/2019	3 826 220	1 795 771	431 639	849 785	118 871		21 280 525	28 302 791
Additions during 19/20	31 740	757 728	131 747	120 445		5 097 435	791 249	6 990 344
Disposals during 19/20	-	(410 683)		(135 489)	(4 851)		(3 143 160)	(3 694 183)
Cost as at 31/03/20	3 857 960	2 142 816	563 386	834 721	114 020	5 097 435	18 928 614	31 535 952
DEPRECIATION								
Depreciation at 01/04/19	2 002 577	1 108 782	190 176	474 463	118 871	-	6 194 520	10 087 189
Charge for the year 19/20	582 594	663 322	155 798	144 379	-		5 342 447	6 888 541
Disposals during 19/20	-	(388 548)		(135 489)	(4 851)		(3 143 160)	(3 672 348)
Depreciation at 31/03/20	2 585 171	1 381 256	345 974	483 353	114 020	-	8 393 607	13 903 381
NET BOOK VALUE AT 31/03/2020	1 272 789	761 560	217 412	351 368	-	5 097 435	10 535 007	18 235 571
NET BOOK VALUE AT 31/03/2019	1 823 642	688 990	241 463	375 301	-	-	15 086 205	18 215 601

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2020

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. As at 31 March 2020 M10,211,596 was owing to the Road Fund comprising of:

	<u>2020</u>	<u>2019</u>
	<u>M</u>	<u>M</u>
GOL - Treasury	-	-
- Sub-Accountancies	98,479	35,468
Oil Companies	11,403,956	14,378,733
Tollgate Fees Credit Sales	-	-
Lesotho Revenue Authority	4,513,650	5,259,822
	<u>16,016,084</u>	<u>19,674,023</u>
Less: Provision for Doubtful Debts	<u>5,804,488</u>	<u>-</u>
TOTAL	<u>10,211,596</u>	<u>19,674,023</u>

3. Contractors' Advance Payments

The Contractors Advance Payments are as follows:

	<u>2020</u>	<u>2019</u>
Contractors Advance Payments	5,529,051	10,179,325

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2020

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 2020 the Roads Directorate bank account had an undisbursed balance of M2,277,286, while as at 31 March 2019 the bank account had M3,684,963.

5. Sundry Debtors

	<u>2020</u>	<u>2019</u>
	<u>M</u>	<u>M</u>
Fuel Deposit	10,000	10,000
Staff Debtors	173,164	176,436
Prepayments	439,300	0
Overpayment to Maisa Holdings	5,000	0
Interest Receivable	1,761,920	2,274,307
TOTAL	2,389,384	2,460,743
Less: Provision for Doubtful Debts	1,670	0
	<u>2,387,714</u>	<u>2,460,743</u>

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2020

Notes to the Annual Financial Statements (continued)

6. Cash and Cash Equivalents

	2020	2019
	M	M
Petty Cash - Head Office	479	5 000
Current Account - Standard Lesotho	(34 306)	2 000
Call Account - Standard Lesotho B:	16 430 364	10 393 055
Money Market Account	53 816 202	17 630 095
Stanlib Income Fund	94 048 545	136 296 429
Current Account - Central Bank of	<u>8 920 228</u>	<u>3 700 459</u>
TOTAL	<u>173 181 512</u>	<u>168 027 038</u>

7. Accounts Payable

	M	M
Rentention	15 784 137	23 075 894
Supplier Control	28 964 393	39 806 177
Tax Payable	478 062	478 992
Sundry Creditors	1 969 026	1 511 974
Cash Shortages/Surplus	<u>(9 201)</u>	<u>(5 949)</u>
	<u>47 186 417</u>	<u>64 867 088</u>

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2020

Notes to the Annual Financial Statements (continued)

8. Provisions

	2020	2019
	M	M
Provision for Gratuity	5,156,452	2,044,151
Provision for Leave Pay	258,886	271,157
	<u>5,415,338</u>	<u>2,315,307</u>

9. Road Maintenance Levy (RML)

The RML remained fixed at Mo.30 and Mo.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

	2020	2019
	M	M
Roads Directorate	89 283 000	76 527 208
Road Safety Department	3 526 970	4 859 474
Ministry of Local Government - Local Go	5 295 055	5 199 385
- MCC	16 791 369	65 736 527
	<u>114 896 394</u>	<u>152 322 594</u>

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2020

Notes to the Annual Financial Statements (continued)

11. Secretariat Staff Salaries & Benefits

	<u>2020</u>	<u>2019</u>
	<u>M</u>	<u>M</u>
Salaries	11,193,988	8,735,952
Performance Bonus	501,875	-
Temporary Staff	184,935	289,961
Gratuities	4,396,399	1,842,773
Leave Pay	5,135	150,384
Fringe Benefit Tax	88,071	87,890
Fringe Benefits	<u>899,891</u>	<u>690,517</u>
TOTAL	<u><u>17,270,294</u></u>	<u><u>11,797,478</u></u>

12. Revenue Collection Expenses

	<u>2020</u>	<u>2019</u>
	<u>M</u>	<u>M</u>
LRA Collection Costs Recovery (7%)	4 812 291	7 632 854
RML Collection Costs	"	"
Sub-Accountancy Collection Costs (3.5%)	<u>930 536</u>	<u>818 301</u>
TOTAL	<u><u>5 742 827</u></u>	<u><u>8 451 155</u></u>

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2020

Notes to the Annual Financial Statements (continued)

13. Toll System Expenses

	2020 M	2019 M
Toll System Expenses	934,186	1,066,632
Toll security Expenses	<u>476,435</u>	<u>200,759</u>
	<u>1,410,621</u>	<u>1,357,371</u>

14. Interest Income

	2020 M	2019 M
STD Bank Call	162,407	105,563
Money Market	2,441,602	1,875,882
Income Fund	<u>6,984,214</u>	<u>8,248,372</u>
TOTAL	<u>9,588,243</u>	<u>10,879,824</u>

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

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2020

Notes to the Annual Financial Statements (continued)

15. **Board Expenses**

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

	<u>2020</u>	<u>2019</u>
	M	M
General meetings	149,500	113,500
Special meetings	274,500	536,150
Sub Committees	115,000	166,517
Travel,Accomodation and Meals	64,036	122,314
Subscriptions	23,687	20,609
Refreshments	67,092	64,484
Branded Jackets	-	23,400
Training and Seminars	277,291	1,064,850
Inspection Tours Local	-	9,000
Communication (Ipad contracts)	<u>337,977</u>	<u>158,996</u>
Total	<u>1,309,088</u>	<u>2,279,820</u>

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2020

Notes to the Annual Financial Statements (continued)

16. Accumulated Surplus

- (a) A Printer worth M12,765 was erroneously expensed under Revenue Enhancement in 2018/2019. Its annual Depreciation is M4,255 and Net Book Value of M8,510.
- (b) The error was corrected retrospectively.
- (c) An amount of M35,930 was accrued in 2017/18. The omission to reverse the accrual was rectified in 2019/2020.

17. Revenue Enhancement

Cost Items	2020 M	2019 M
Hardware for all the districts (computers/Modem)	-	8 452
Data usage	60 223	12 501
Network support & backup services	152 745	
Travel and Training of users	64 857	237 732
Face Value, Special Permits, cartridges, printing and other consumables	2 260 487	1 671 384
Scanners	16 790	
Roll out and follow up trips (Local subsistence)	580 827	801 657
Campaign Material	27 938	
Advertisement	20 978	
Wages	91 400	90 250
E-Spot Fine	11 236 394	1 819 887
Perdiem	96 745	414 557
Court Module	1 995 251	-
Total Costs	16 604 634	5 056 420

Road Fund
(Ministry of Finance, Government of Lesotho)

Annual Financial Statements
for the year ended 31st March 2020

Notes to the Annual Financial Statements (continued)

18. Detailed Statement of Comprehensive Income (Other Expenses)

	Notes	2020 <u>M</u>	2019 <u>M</u>
<u>REVENUE</u>		183 810 989	179 935 802
Road Maintenance Levy	(9)	78 541 209	81 537 561
Tollgate Fees		68 748 459	63 609 477
Road User Fees		26 340 709	23 286 083
Road Traffic Offences Fines		550 214	626 696
Fines on Overloaded Vehicles		-	-
Sundry Income		42 154	36 160
Other Income		9 588 243	10 839 824
Investment Income	(14)	9 588 243	10 839 824
Gain on sale of fixed asset		0	0
<u>LESS: EXPENDITURE</u>		179 685 241	194 130 750
Operating Expenses		138 654 476	167 187 539
Road Maintenance Expenses	(10)	114 896 394	152 322 594
Revenue Collection Expenses	(12)	5 742 827	8 451 155
Revenue Enhancement	(17)	16 604 634	5 056 420
Toll System Expenses	(13)	1 410 621	1 357 371
Secretariat Expenses		32 767 613	19 865 147
Consultancy Services		381 806	3 070 822
Board Expenses	(15)	1 309 088	2 279 820
Secretariat Staff Salaries & benefits	(11)	17 270 294	11 797 478
Office Rent		1 024 629	871 792
Audit Fees		73 340	69 414

Depreciation		6 888 541	1 775 821
Bad Debts		5 806 158	0,00
Loss on Disposal of Assets		13 757	-
Other Administration Expenses		6 380 946	5 902 639
Advertising and Publicity		658 490	656 027
Bank Charges		233 910	171 600
Cleaning		108 051	71 316
Communication (Tel,Fax,E-mail,WAN)		1 087 668	940 845
Computer Expenses		94 849	66 755
Courier & Postage		210	1 591
Donations		120 363	42 669
Electricity & Water		-	-
Entertainment		90 991	161 279
General Expenses		6 213	20 390
Insurances		342 258	319 520
Motor Vehicle Expenses		512 998	399 927
Office Relocation		188 048	288 236
Printing & Stationery		75 189	135 181
Repairs & Maintenance		128 598	103 645
Subscriptions		265 130	229 452
Travel		1 273 736	926 543
Workshops & Conferences		1 194 244	1 367 661
Staff Related Expenses		1 882 206	1 175 426
Recruitment		234 479	199 234
Staff Training/Team Building		1 283 649	673 966
Staff Uniform and Protective Clothing		116 252	125 073
Staff Wellness & Assistance Programme		247 827	177 153
OPERATING SURPLUS/(DEFICIT)		4 125 747	(14 194 949)

ROAD FUND STAFF



Mr. Nkekeletse Makara *Pr. Eng*
Chief Executive Officer

A2



Mr. Phoka Thene
Compliance Manager



Mr. Tseliso Polaki
Senior Secretariat Engineer



Mrs. Mphaphathi Ramanyalane
Financial Controller

A3



A2

Ms. 'Mafako Lepholisa
*Human Resources and Administration
Manager*



Mr. Khotso Mohale
*Information and Communication
Technology Manager*



A3

Ms. Karabelo Hokinyane-Tlhoeli
Internal Auditor



Mrs. Phumla Moleko
Public Relations Manager



Mrs. Thuto Mokonyana
Management Secretary



Mr. Khatho Mohlomi
Financial Accountant



Mr. Leabile Mofolo
Revenue Accountant



Mr. Pakalitha Makometsane
Systems and Database Administrator



Ms. Mahlape Tsekoa
Human Resources and Administration Officer



Mr. Thato Makoele
Accountant



Mrs. 'Malobiane Mokonyana
Assistant Accountant



Mr. Rethabile Motoa
Assistant Accountant



Ms. Mankome Letsie
Verification Officer



Mr. Lenkoane Letete
Verification Officer



Mr. Mpesi Maphakamisa
Verification Officer



Mr. Lefu Mothobi
Verification Officer



Ms. Nthathi Nkoebele
Verification Officer



Mrs. Malebaka Tšotetsi
Verification Officer



Mr. Palo Senamolele
Verification Officer



Mr. Motlalepula Phala
ICT Technician



Mr. Nyatso Motleleng
ICT Technician

A2

A3



Mr. Rehopotsoe Kemane
Civil Engineering Technician



Mrs. 'Mamoekoa Thahane
Front Desk Administrator



Ms. Molikuoqa Letsie
Administration Assistant



Mr. Liketso Mochaba
Driver



Mrs. 'Mamosala Mokitimi
Driver



Mr. Teboho Mosala
Driver



Mrs. 'Mathato Tjamela
Office Assistant



Ms. Matšelisio Chopho
Office Assistant



Mrs. 'Makoena Kuleile
Office Assistant

A2

A3

A2

A3

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