




ANNUAL REPORT *2010/11*



Roads Agency Limpopo

2010/11 ANNUAL REPORT



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MEC's STATEMENT >>



I am indeed proud to have witnessed the transformation of Roads Agency Limpopo (RAL) into a vibrant, focused and strategic engine of growth, development and empowerment. We can now truly say that the ANC-led government, in its oversight role, and RAL are speaking the same language of job creation and sustainable livelihoods.

In the first quarter of the 2010/11 financial year, the Department of Roads and Transport led the way in the creation of new jobs in the province. RAL has played a significant part in this achievement and we remain positive that together we will continue setting the pace towards the restoration of dignity in the lives of our people.

It is my pleasure to affirm this report as a medium which will instil a sense of hope and trust in the hearts and minds of the people of Limpopo. This report serves as a catalyst for road development in our province and also a guiding document which our people can refer to in search of answers which their government should provide. As the clock to the centenary celebration of the people's movement, the African National

Congress gains momentum, it is opportune for us to ensure that the economic potential of our province is jacked up through the provision of quality roads infrastructure. Together, we are making definite strides in addressing our backlog in tarring gravel roads which stands at over 15 000 kms. The time for delivery cannot be relegated any longer for our people want to see visible changes in their lives as they are fully aware of the fact that no economic and social development can take place when the roads are in dilapidated state.

The achievements highlighted in this report are the result of dedication and tireless commitment by the staff and management of RAL under the guidance of the Board. I congratulate them on their sterling work and hope that this will propel them to



Ms Pinky S Kekana, MPL
MEC for Roads and Transport

do even more to ensure that the Department of Roads and Transport takes the lead and is at the heart of rural development, which is one of our government's key priorities.

Together, we can do more.

A handwritten signature in black ink that reads "Kekana".

Pinky Kekana, MPL
MEC: Roads and Transport
Limpopo Provincial Government



CHAIRPERSON'S STATEMENT >>



On behalf of the Board of Directors and its Committees, I am pleased to present this report to all Roads Agency Limpopo (RAL) stakeholders. We have successfully completed yet another challenging financial year -2010/11.

The responsibility to own, manage and control the road infrastructure in the Limpopo Province which is bestowed on Roads Agency Limpopo by its constitutive Act is enormous. As the Board of Directors, we are confronted with challenges to ensure that road assets are well maintained and new ones are built. This responsibility requires huge funding to undertake. In the process of ensuring that RAL's goals are achieved, we also need to preserve the integrity of the organisation by abiding to the laws of South Africa.

Our role as the Board is to ensure that the policy frameworks that guide RAL in decision making are enforced. As the

accounting authority, we cannot afford to lose focus in our endeavours to serve the people of Limpopo.

The Board's commitment to Black Empowerment remains unshaken. We remain focused to ensure that previously disadvantaged persons play a major role in the economy of the Province. Our goal is to continue to ensure that RAL is able to respond to challenges of road infrastructure in the Province with agility. Our plan is to look for other funding alternatives in order to address the challenges we face. We will continue to engage with the Shareholder for more funding in this regard.

Let me appreciate the commitment of management and the



Mr. H.S Shipalana
Chairperson

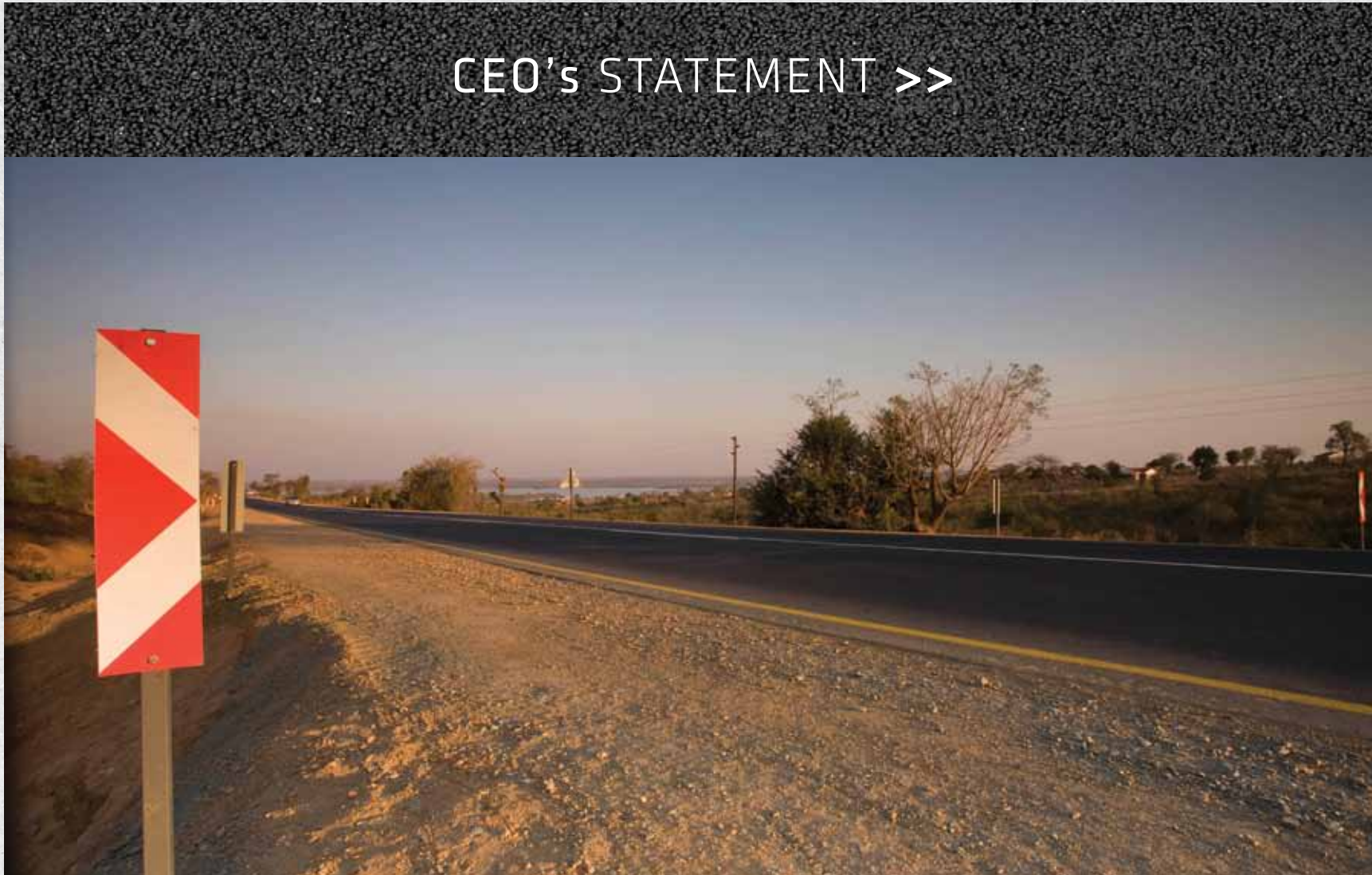
support they continue to give to the Board. It is this healthy relationship among the MEC, Board and management that makes RAL agile and responsive to road infrastructure needs of the people of Limpopo. Thank you once more.

A handwritten signature in black ink, appearing to read 'H.S. Shipalana', written over a horizontal line.

Mr. H.S Shipalana
Chairperson



CEO'S STATEMENT >>



Roads Agency Limpopo (RAL) continues to play a significant role in the development of the economy of the Limpopo Province. RAL's task is to provide road infrastructure and ensure that communities are connected. Our wish is that communities must not travel at least more than ten (10) kilometres before reaching a tarred road. The realisation of this goal is of course dependent on funding.

We want to speedily move towards significantly reducing the huge road infrastructure backlog by securing more funds and ultimately connecting the Limpopo Province.

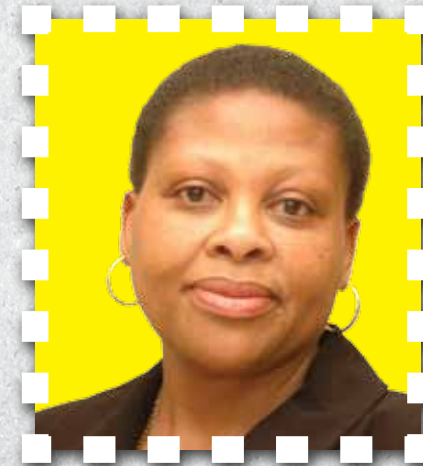
Despite the continuing reduction of the annual allocations, RAL still embarked on the implementation of multi-year projects started in 2009/10 financial year together with new projects for 2010/11 financial year. Our approach is to create opportunities for communities and enable them to become economically independent.

In the year under review the Agency was allocated a total budget of R771 484 000, once more, the Agency managed to spend 98% of the budget. In fact by the 31 March 2011, RAL was left with R12 million in the bank account. RAL has also received unqualified audit for the financial year under review. This is an achievement that should be lauded.

RAL's performance record since inception is proof of the organisations' capability to, not only spend the allocated budget, but spend it properly, in accordance with the prescripts of the law.

I would be making an unforgivable omission if I do not appreciate the role played by the staff of RAL. These are the people who make it possible that this positive track record is preserved by endlessly working hard. It could not have been possible without them.

We encouraged all contractors participating in our projects to avail 30% of the contract amount to SMMEs in order to allow them (SMMEs) to participate in road construction related activities. This approach has made us to support contractors who were deprived of the opportunity to exercise their capabilities in roads construction. The financial year 2010/11 is



Ms. M.A. Mogotlane
CEO

the first year during which RAL applied BBBEE score card in evaluation of tenders and I believe that through this new system, a platform has been created to restore economic balance.

My sincere appreciation to our MEC, Mme. Pinky Kekana and the Board of Directors for their collective leadership and guidance during the year. Let me not forget our industry partners for their efforts in ensuring that our network becomes the most rideable one and demonstrating to our peers that Limpopo has a better network to drive on.

A handwritten signature in black ink, appearing to be 'Mogotlane', written over a horizontal line.

Ms. M.A. Mogotlane
CEO



OPERATIONAL MANDATE >>



Roads Agency Limpopo is a statutory body established under an act of Parliament-the Limpopo Province Roads Agency Proprietary Limited and Provincial Roads Amendment Act 03 of 2001. The Agency, being a public company, has also been registered in terms of the Companies Act No. 61 of 1973. Its registered name is the Roads Agency Limpopo (PTY) LTD. The Agency has been operational since 1999.

Roads Agency Limpopo is a statutory body established under an act of Parliament - the Limpopo Province Roads Agency.

Proprietary Limited and Provincial Roads Amendment Act 03 of 2001. The Agency, being a public company, has also been registered in terms of the Companies Act No. 61 of 1973. Its registered name is the Roads Agency Limpopo (PTY) LTD. The Agency has been operational since 1999.

Roads Agency Limpopo was established to own and manage the provincial roads network of the Limpopo province. Its responsibilities are to plan, design, and upgrade, maintain, own and control the usage of roads and their reserves. The entire network of provincial roads is 22 298.93 km.

The implementation of the aforesaid functions is done through an outsourcing process and managed through an internal team of engineers. The total staff complement is 73. The majority of staff comprises engineers and the remainder are responsible for support functions.

RAL is an implementation agency for the Department of Roads and Transport (DRT). The MEC for DRT is the Shareholder. The Shareholder appoints a Board of Directors who carries the oversight responsibility for the functioning of the Agency. The Agency is managed by a Chief Executive Officer who reports to a Board of Directors. The Board of Directors are in turn reporting to the Shareholder, who is the MEC for Limpopo Department of Roads and Transport.

Strategy

VISION

A Leading path for Limpopo's sustainable growth

MISSION

- To provide sustainable roads infrastructure network
- To link the economic growth areas
- To spearhead the province through innovative leadership
- To be an enabling, supportive and learning organisation
- To be excellent and efficient in the culture of service delivery
- To remain dedicated ethical, responsive and proactive staff

STRATEGIC GOALS

Effective Road Management
Revenue Generation
Good Corporate Governance
Stakeholder Relations
Effective Organisational Systems
Support for the Provincial Employment, Growth and Development Plan

CORPORATE VALUES

The way we conduct ourselves and our business in pursuit of our vision and mission is underpinned and guided by the following corporate values:

Commitment

We are committed to serving the province with pride

Reliability

We offer reliable, safe and economic roads infrastructure

Efficiency

We will go an extra mile in serving our communities

Accountability

We remain accountable to all our stakeholders

Transparency

We are transparent in both our internal and external business processes

Excellence

We exceed expectations

Teamwork

Together for better roads

Diversity

We value and embrace diversity within the work context

Board of Directors for the period ended April 2011 were:

Mr. H.S. Shipalana - Chairperson

Ms. M.M.M. Maponya

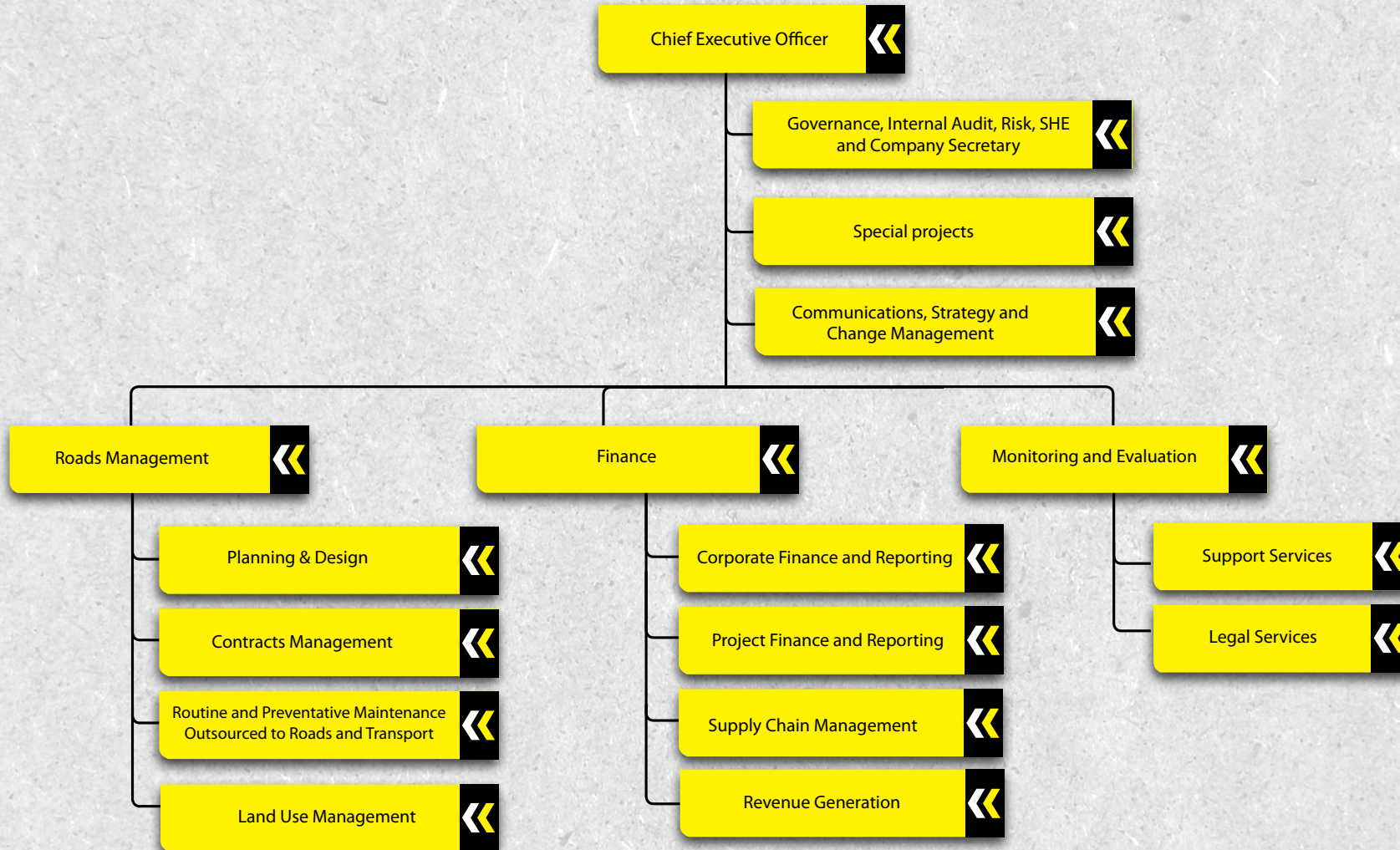
Ms. M.M. Seboko

Ms. K. Maswanganyi

Ms. M.M.M. Thindisa

Ms. M.A. Mogotlane - Chief Executive Officer

ROADS AGENCY LIMPOPO ORGANISATIONAL STRUCTURE.



ROADS AGENCY LIMPOPO BOARD OF DIRECTORS



Mr. H.S. Shipalana
Chairperson



Ms. M.A. Mogotlane
CEO



Ms. M.M. Maponya CA (SA)
Board Member



Ms. M.M. Seboko
Board Member



Ms. K. Maswanganyi
Board Member



Ms. M.M.M. Thindisa
Board Member

The Board of Directors is appointed by the MEC responsible for Roads and Transport who is the sole shareholder of RAL.

The Board is the custodian of corporate governance and is responsible for the strategic direction, control, and stakeholder governance of RAL. The Board ensures that the Agency is a responsible corporate citizen and complies with relevant laws, rules, codes and standards.

BOARD COMMITTEES

The Board has delegated certain functions to the following committees:

Audit & Risk Committee

Primary responsibilities:

- Oversee Integrated Reporting (Annual report)
- Examine and Review Annual Financial Statements
- Oversee Internal controls and Internal Audit
- Oversee the external audit processes
- Oversee and monitor risk management processes

The members of the Audit and Risk Committee are:

- Mr. F Brink
- Ms. M.M.M.Thindisa

Assets & Liabilities Committee

Primary responsibilities:

- Strategic planning of projects for approval by the MEC
- Oversee effective management of assets and liabilities of RAL and associated risks
- Monitor investment and funding strategies

Members of the Assets & Liabilities Committee were:

- Mr. F.Brink (Chairperson)
- Ms. M.M. Maponya CA (SA)
- Ms. K. Maswanganyi

Human Resources and Remunerations Committee

Primary responsibilities:

- Ensure efficient management of human resources
- Ensure implementation and monitoring of a viable sustainable plan for the organisation
- Ensure fair and responsible remuneration of directors, senior

management and staff and oversee the development of a remuneration policy

- The appointment and evaluation of the CEO's performance,
- Appointment of senior management

Members of the Human Resources and Remuneration Committee are:

- Ms. M.M. Seboko (Chairperson)
- Mr. H.S. Shipalana
- Ms. K. Maswanganyi

Contracts Committee

Primary responsibilities:

- Ensure the integrity of the Agency's tender processes and compliance with applicable procurement legislation
- Approve and oversee the Agency's procurement policies

Members of the Contracts Committee were:

- Mr. H.S. Shipalana (Chairperson)
- Ms. M.M. Seboko
- Ms. M.M.M.Thindisa
- Ms. K. Maswanganyi

The full board for the 2010/2011 financial year

Mr. H.S. Shipalana (Chairperson)

Ms. M.A. Mogotlane	Chief Executive Officer
Ms. M.M. Maponya	Board Member
Ms. M.M.M.Thindisa	Board Member
Ms. M.M. Seboko	Board Member
Ms. K. Maswanganyi	Board Member



MANAGEMENT REPORT >>



MANAGEMENT REPORT



The Management and staff of Roads Agency Limpopo have exhibited exceptional dedication and effort to ensure that the Agency concludes yet another financial year with an excellent delivery record. Several impartial institutions and authorities who have evaluated RAL's performance have attested to this.

Expenditure

The Agency have continued to spend the allocated funds in accordance with stipulated treasury provisions and RAL's additional stringent guidelines and policies.

The Auditor-General has also performed annual operational audits and issued yet another clean audit report.

Commercial development of land assets

In line with requirements of the Public Finance Management Act, RAL has implemented measures to ensure optimal usage of public assets within its control. RAL continues to increase the value of its land assets through, amongst other things, the upgrading of gravel roads.

These land assets are utilised mainly for advertising, access and egress to trading facilities as well as wayleaves. This is a revenue-generating activity which complements, though minimally, the allocated budget.

Policies

RAL is operating on a solid policy platform that covers all policy demanding areas of the Agency. The Board pays particular attention to the effectiveness and relevance of policies, considering all policies before implementation.

Legal matters

The Board and management of RAL are responsible for ensuring that policy provisions are done in such a manner that they are clearly understandable and do not contradict any legislative provisions.

The legal matters of the Roads Agency Limpopo are handled by legal services unit which manages litigation on behalf of RAL, and provide centralised legal support to all business units within RAL by ensuring that the Agency operates within its regulatory framework.

Environmental management

In the implementation of projects, RAL endeavours at all times to comply with all relevant statutory requirements such as environmental impact assessments and management of borrow pits. Information dissemination on projects is conducted throughout the project cycle in order to create awareness in the communities and project participants.

In the execution of projects, RAL normally encounters serious challenges with the management of borrow pits. RAL manage these incidences by strictly adhering to the provisions of the Law.

SUPPLY CHAIN MANAGEMENT

● Purchasing of goods and services

The Agency continues to procure goods and services at optimal cost, while giving due regard to the provisions set out in the Public Finance Management Act of 1999, Treasury Regulations and Framework for Supply Chain Management and related pieces of legislation.

● Value for money

The Agency seeks to obtain value for taxpayers' money at every stage of the purchasing supply chain, while ensuring efficient and cost-effective purchasing processes that maximise the fairness and consistency for all service providers who compete for the Agency's business.

MANAGEMENT REPORT

● **Open and fair competition**

The Agency aims to maintain an open and competitive purchasing process with sufficiently detailed purchasing documents and an effective purchasing management system.

● **Accountability and risk management**

The Agency aims to ensure clear lines of communication in the purchasing process and responsibility, ensuring compliance with the policy, the adoption of best practice and the achievement of procurement outcomes, while maintaining a procurement audit trail through effective records management.

The supply chain management process has four basic and important elements, namely demand management, acquisition management, logistics management and disposal management.

Although the processes are mentioned separately, they overlap and should be looked at as cross-functional elements. In order to account and monitor the process properly, risk management is taken into consideration in the process.

● **Demand management**

Demand management is the first phase of the Supply Chain Management (SCM) process and forms part of the Agency's strategic plan. Before procurement takes place, accounting officers ensure that procurement of goods and services are in line with the budget for the financial year.

The following factors are taken into consideration:

- Current and future needs should be understood
- Requirements are in line with the budget
- Specifications should be determined
- The needs must be in line with the Agency's strategic plan

The following actions are undertaken:

- Determine the quantities required to satisfy the need
- Determine the conditions of available assets
- Determine and describe new asset requirements
- Determine frequency of the need
- Provision for maintenance of current as well as new assets
- Link expenditure to the budget
- Compilation of a risk management plan for complex and high value projects

● **Acquisition management**

RAL is responsible for its own procurement processes within the National Treasury Framework. It is the Chief financial officer's responsibility to delegate to the head of the supply chain management unit to appoint and lead cross-functional teams. These teams should be broad-based so as to include representatives from the various relevant disciplines. The adjudication committee follows the process from the identification of requirements to the procurement of goods and services. The members' collective knowledge should be focused on the improvement of the business strategy.

● **Logistics management**

Logistics management is the process of dealing with movable goods, starting at the site of an order to the point at which the asset becomes redundant.

At this stage it is the duty of the CFO to apply his or her insight into contract management, contract administration and to order in terms of the contract, assess the supplies for quality goods and to manage the catalogue to make sure that assets are uniform. The receiving department is responsible for:

- Receiving of goods and quality control
- Storage of goods and notification of the Finance Division to provide them with bar codes before dispatching the goods to other divisions

The office of the CFO is also responsible for:

- Asset management
- Risk management
- Disposal management

It is at this point that the CFO determines which items are no longer usable and may be disposed of. All assets are depreciated and disposed of in accordance with SARS rates. It is crucial for the CFO's office to keep a record or a database of all redundant items. Before an asset can be disposed of, it must be inspected for potential re-use.

In the disposal process, preference is given to employees of the Agency and thereafter the public can be invited for bidding, unless it is deemed appropriate to donate the goods to the needy.

In terms of desktops and laptops, preference is given to staff and thereafter the Department of Education is considered for free transfer of such assets to needy educational institutions.

All interested parties submit bidding documents for the items on the disposal list. The documents are placed in the quotation tender box and are publicly opened.

Should the sale of the movable assets not be at market-related value, by price quotation, competitive bid or auction, the reasons for the disposal in such manner must be motivated, certified and recorded for auditing purposes by the accounting officer or his/her delegate.



EMPOWERMENT REPORT >>





EMPOWERMENT REPORT

I. CONTRACTORS (CONVENTIONAL PROJECTS)													
PERIOD	PROJECT		NO FRANCHISE BEFORE 1983 & 1993 CONSTITUTIONS			WOMEN			DISABLED			TOTAL	
	No	AMOUNT	NUMBER	AMOUNT	%	No	AMOUNT	%	No	AMOUNT	%	HDI	
2002/2003 :	55	255 661 246.39	53	178 638 302.15	69.87%	24	41 834 014.14	16.36%	0	0.00	0.00%	86.24%	
2003/2004 :	62	437 450 790.16	59	257 040 104.27	58.76%	41	126 558 529.10	28.93%	1	669 593.54	0.15%	87.84%	
2004/2005 :	36	508 590 251.00	34	300 023 796.44	58.99%	34	177 838 479.43	34.97%	4	4 672 827.82	0.92%	94.88%	
2005/2006 :	41	1 142 798 528.85	39	690 565 987.65	60.43%	16	82 655 334.79	7.23%	10	14 330 910.25	1.25%	68.91%	
2006/2007 :	37	716 087 419.40	30	443 067 485.80	61.87%	15	32 865 136.44	4.59%	0	0.00	0.00%	66.46%	
2007/2008 :	21	463 206 014.99	21	253 365 896.83	54.70%	10	29 541 849.74	6.38%	0	0.00	0.00%	61.08%	
2008/2009 :	59	1 314 143 587.94	53	762 405 321.37	58.02%	41	268 692 505.08	20.45%	0	0.00	0.00%	78.46%	
2009/2010 :	3	47 808 733.06	2	15 188 372.37	31.77%	2	3 482 620.14	7.28%	0	0.00	0.00%	39.05%	
TOTALS (2002 - 2010) :	314	4 885 746 571.79	291	2 900 295 266.89	59.36%	183	763 468 468.87	15.63%	15	19 673 331.61	0.40%	75.39%	

EMPOWERMENT REPORT

2. CONSULTANTS (CONVENTIONAL PROJECTS)												
PERIOD	PROJECT		NO FRANCHISE BEFORE 1983 & 1993 CONSTITUTIONS			WOMEN			DISABLED			TOTAL
	NUMBER	AMOUNT	No	AMOUNT	%	No	AMOUNT	%	No	AMOUNT	%	HDI
2002/2003 :	56	38 181 811.11	46	16 203 152.38	42.44%	7	666 380.94	1.75%	0	0.00	0.00%	44.18%
2003/2004 :	56	62 210 163.09	47	31 171 988.38	50.11%	10	1 282 815.61	2.06%	0	0.00	0.00%	52.17%
2004/2005 :	38	73 617 380.08	33	34 248 728.14	46.52%	5	470 443.67	0.64%	0	0.00	0.00%	47.16%
2005/2006 :	192	237 753 231.62	123	126 396 090.13	53.16%	44	7 352 175.15	3.09%	1	57 147.20	0.02%	56.28%
2006/2007 :	131	129 455 509.66	131	93 798 891.71	72.46%	114	9 459 656.96	7.31%	10	385 526.33	0.30%	80.06%
2007/2008 :	95	83 388 093.41	95	57 830 654.34	69.35%	62	2 636 706.08	3.16%	6	111 296.57	0.13%	72.65%
2008/2009 :	128	179 780 380.30	156	125 953 963.10	70.06%	61	5 278 934.60	2.94%	6	316 002.90	0.18%	73.17%
2009/2010 :	55	76 451 728.90	53	52 810 610.81	69.08%	11	2 246 550.96	2.94%	1	57 824.99	0.08%	72.09%
TOTALS (2002 - 2010) :	751	880 838 298.16	684	538 414 078.98	61.13%	314	29 393 663.98	3.34%	24	927 797.99	0.11%	64.57%

EMPOWERMENT REPORT

3. GUNDO LASHU CONTRACTORS												
PERIOD	PROJECT		NO FRANCHISE BEFORE 1983 & 1993 CONSTITUTIONS			WOMEN			DISABLED			TOTAL
	No	AMOUNT	NUMBER	AMOUNT	%	No	AMOUNT	%	No	AMOUNT	%	HDI
2002/2003 :	12	14 226 408.00	12	14 226 408.00	100.00%	8	9 071 507.50	63.77%	1	1 338 176.00	9.41%	100.00%
2003/2004 :	25	54 611 319.44	24	50 168 256.98	91.86%	16	32 255 814.23	59.06%	1	5 237 101.81	9.59%	100.00%
2004/2005 :	15	33 319 590.75	15	33 319 590.75	100.00%	10	20 332 701.37	61.02%	0	0.00	0.00%	100.00%
2005/2006 :	12	39 917 463.74	12	39 917 463.74	100.00%	6	15 566 919.58	39.00%	0	0.00	0.00%	100.00%
2006/2007 :	0	0.00	0	0.00	0.00%	0	0.00	0.00%	0	0.00	0.00%	0.00%
2007/2008 :	15	60 851 557.72	15	60 851 557.72	100.00%	12	47 235 701.61	77.62%	0	0.00	0.00%	100.00%
2008/2009 :	9	31 155 689.33	9	31 155 689.33	100.00%	7	21 552 549.65	69.18%	0	0.00	0.00%	100.00%
TOTALS (2002 - 2010) :	88	234 082 028.98	87	229 638 966.52	98.10%	59	146 015 193.94	62.38%	2	6 575 277.81	2.81%	100.00%

EMPOWERMENT REPORT

4. GUNDO LASHU CONSULTANTS													
PERIOD	PROJECT		NO FRANCHISE BEFORE 1983 & 1993 CONSTITUTIONS			WOMEN			DISABLED			TOTAL	
	No	AMOUNT	NUMBER	AMOUNT	%	No	AMOUNT	%	Noz	AMOUNT	%	HDI	
2002/2003 :	12	1 976 038.00	12	1 133 461.82	57.36%	2	126 033.08	6.38%	0	0.00	0.00%	63.74%	
2003/2004 :	28	11 216 599.51	22	5 891 640.50	52.53%	6	1 002 575.31	8.94%	0	0.00	0.00%	61.46%	
2004/2005 :	13	9 598 090.80	13	5 955 493.09	62.05%	2	578 347.58	6.03%	0	0.00	0.00%	68.07%	
TOTALS (2002 - 2010) :	53	22 790 728.31	47	12 980 595.41	56.96%	10	1 706 955.97	7.49%	0	0.00	0.00%	64.45%	



EMPOWERMENT REPORT FOR 2010/11

From 2010/11 financial year, Roads Agency Limpopo (RAL), in accordance with the laws of South Africa, changed its tender evaluation system to include the DTI code of practice. The BBBEE scorecard was applied to all evaluated tenders.

RAL in its endeavour to empower SMME contractors made provision in the Supply Chain Management Policy to enforce 30% SMME participation in all the bids to be awarded. This was done with the view to allow the previously disadvantaged companies and contractors to be empowered financially and more importantly, with experience.

In the same financial year, RAL awarded 18 multi-year projects to the value of 1.64 billion to be spent over MTEF period. Out of the total amount of 1.64 billion, R491 million (30%) is set aside for the empowerment of SMMEs. Over and above the 30% allowed for the SMME, RAL has unbundled certain items that can be executed by the contractors with CIDB grading 1 to 5 CE.







EMPLOYMENT EQUITY >>



EMPLOYMENT EQUITY

Roads Agency Limpopo is committed to transform into a representative institution and recognises that meeting the requirements of the Employment Equity Act, is a business imperative.

The following factors contributed to the accomplishment of the Employment Equity goals and objectives during the 2008/2009'

- 4 African males appointed to increase the representation of people from designated groups in junior management.
- 2 African males appointed to increase the representation of people from designated groups in middle management.
- 5 African females appointed to increase representation of people from designated groups in junior management.
- 1 African female appointed to increase representation of people from designated groups in middle management.
- 1 African female appointed at senior management level to increase the representation of people from designated groups in senior management.
- 1 African female, and 2 African males appointed in semiskilled occupational level.
- 1 White male appointed at senior management level.

The indicated recruitment statistics shows that an improvement occurred in the representation of junior management ,middle

management and semi skilled occupational levels.A bit of change has been recorded at senior management level.

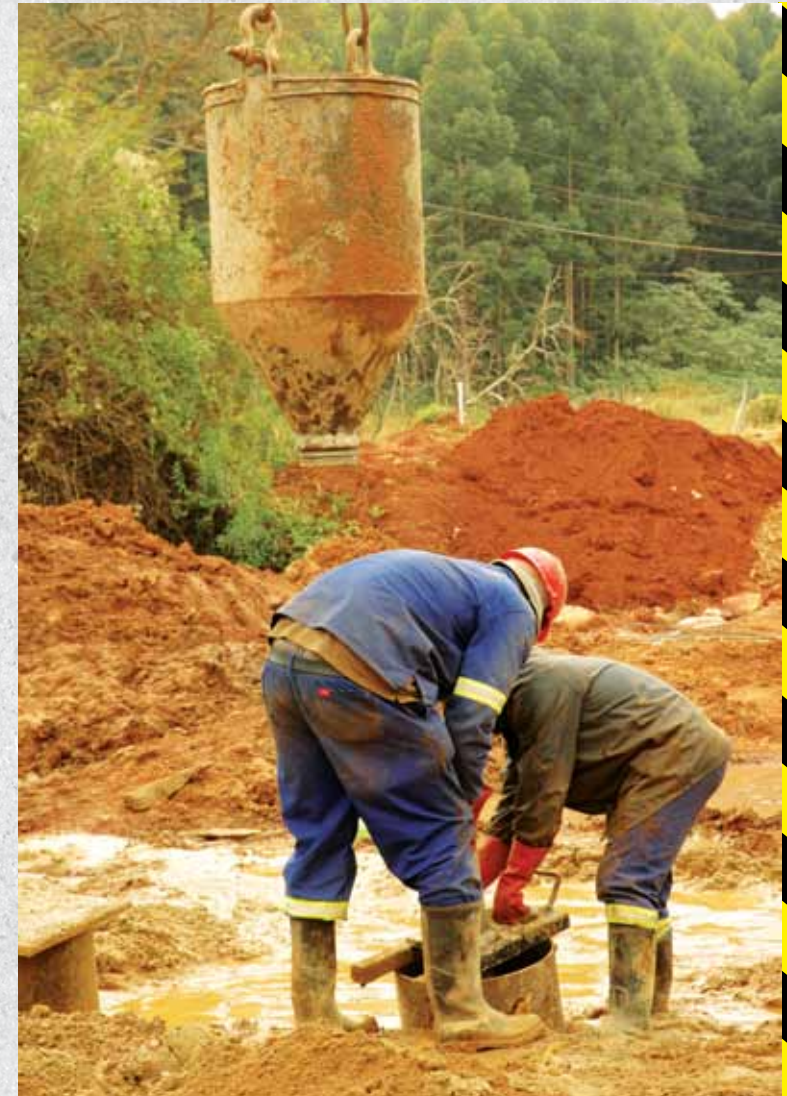
A five year Employment Equity plan is in place to redress the imbalance representation at senior management over the medium to long term.

Employment Equity Statistics

From 2008/2009 in terms of equity statistics, there has been an increase and representation in appointment of people from designated groups (8 African females and 8 African males) in different occupational levels. Some success in improving the representivity of designated groups has been achieved; however, progress has been slow in terms of improving representation in senior and top management level.

To achieve the improved representation, RAL has adopted a policy of employment equity appointments to address the imbalance and under-representation of people from designated groups.

The employee profile on page 27 reflects demographics in category and occupational levels within Roads Agency Limpopo.



EMPLOYMENT EQUITY

Roads Agency Limpopo Employees Profile for the period 1 September 2010 - 31 September - 2011: Employee breakdown by category

Occupational Categories	Male			Female				White Male	Foreign Nationals		Total
	A	C	I	A	C	I	W	W	Male	Female	
Legislators, senior officials and managers	6	0	0	3	0	0	0	4	0	0	13
Professionals	13	0	0	8	0	0	1	1	0	0	23
Technicians and associate professionals	7	0	0	9	0	0	0	0	0	0	16
Clerks	7	0	0	16	0	0	1	0	0	0	24
Service and sales workers	0	0	0	0	0	0	0	0	0	0	0
Skilled agricultural and fishery workers	0	0	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	0	0	0	0	0	0	0
TOTAL PERMANENT	33	0	0	36	0	0	2	5	0	0	76
Non – permanent employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	34	0	0	36	0	0	2	5	0	0	76
Persons with disabilities	0	0	0	0	0	0	0	0	0	0	0

EMPLOYMENT EQUITY

Employee Profile by occupational level

Occupational Levels										TOTAL	
	Male			Female				White Male	Foreign Nationals		
	A	C	I	A	C	I	W	W	Male		Female
Top management	4	0	0	2	0	0	0	0	0	0	6
Senior management	2	0	0	1	0	0	0	4	0	0	7
Professionally qualified and experienced specialists and mid-management	13	0	0	8	0	0	1	1	0	0	23
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	7	0	0	9	0	0	0	0	0	0	16
Semi-skilled and discretionary decision making	7	0	0	16	0	0	1	0	0	0	24
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	0
TOTAL PERMANENT	33	0	0	36	0	0	2	5	0	0	76
Non – permanent employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	33	0	0	36	0	0	2	5	0	0	76
Persons with disabilities	0	0	0	0	0	0	0	0	0	0	0



EMPLOYMENT PRACTICES ANALYSIS

In September 2008, Roads Agency Limpopo undertook an analysis of its employment practices. From this analysis, a range of barriers were identified. From October 2008, RAL has implemented a range of measures to counteract the barriers. The table below reflects the status quo indicating the barriers and measures that have been implemented to overcome the employment equity barriers identified in the organisation.

Categories of Barriers	Measures implemented
Recruitment and selection	RAL has adopted recruitment and selection policy that conforms to the provisions of employment equity policy. The equity policy addresses employment equity appointments. The policy is currently operational
Performance Management System	A job profiling project to write staff job descriptions in the Agency was completed in 2008. Job descriptions were utilised to compile performance charters / agreements. A formal performance management system and policy is currently operational
Job classification and grading	The implementation of a job evaluation system commenced in October 2008. All staff jobs have been evaluated and graded using Paterson Job Evaluation System. A job evaluation policy and a Grading Committee is currently operational to ensure that grading is equitable and in line with market trends
Employee Benefits	Employees receive a range of benefits including funeral cover, medical aid and pension fund membership subsidised by the employer. Housing allowance, travelling / car allowances. Annual, sick, maternity and family responsibility leave. A policy that governs employee benefits is operational
Literacy and numeracy	RAL offered sponsored adult basic education since 2008. 4 low level employees have passed Abet level 1-2 in numeracy and literacy and received certificates since enrollment in 2008. An Abet service provider has been appointed to facilitate the program.
Remuneration	The project to implement a remuneration structure commenced in September 2008 and finalised in November 2008. RAL moved from Department of Public Service and Administration remuneration structure and implemented remuneration structure that suits RAL environment to ensure that remuneration is equitable with market trends.
Promotions and staff advancement	A policy on promotions was approved in 2008 and is currently operational. 3 staff from designated groups (3 african males) were promoted to management positions

PROJECT OUTPUTS 2010/2011 >>



PROJECTS OUTPUT 2010/2011

RAL No.	DISTRICT	ACTION	CONTRACTOR	PLANNED FOR 2010 / 2011		OUTPUT (km or No. of)		COMMENTS
				km	bridges	km	bridges	
T526	Capricorn	Upgrading of road (Gravel to tar)	NUCON	12		12		Completed
T529	Capricorn	Upgrading of road (Gravel to tar)	NUCON	7		7		Completed
T458	Capricorn	Upgrading of road (Gravel to tar)	KPMM	6		6		Completed
T341B	Capricorn	Upgrading of road (Gravel to tar)	KPMM	5				Multi-year project - Implementation delayed
T527	Capricorn	Upgrading of road (Gravel to tar)	Lonerock/Reatseba JV	5				Multi-year project - Implementation delayed
T346B	Mopani	Upgrading of road (Gravel to tar)	Civilcon Pele Kaufela JV	14		13		Multi-year project - Road to be completed in 2011/12
T589	Mopani	Construction of a new bridge	Ya Rena Civils		1		1	Completed
T596	Mopani	Construction of a new bridge	Rubicon Civils		1		1	Completed
T530	Mopani	Upgrading of road (Gravel to tar)	MacP	2				Multi-year project - Implementation delayed
T347B	Sekhukhune	Upgrading of road (Gravel to tar)	KPMM	1		1		Completed
T535	Sekhukhune	Upgrading of road (Gravel to tar)	Realeka Investments	6	1			Contractor insolvent - New contractor appointed to complete in 2011/12
T540	Sekhukhune	Upgrading of road (Gravel to tar)	Realeka Investments	5		5		Contractor insolvent - Guarantor to complete the final finishing of the road
T533	Sekhukhune	Upgrading of road (Gravel to tar)	Senyati	2				Multi-year project - Implementation delayed
T624	Sekhukhune	Construction of Mankele bridge	BK Civils / Umso Construction					Multi-year project - Bridge to be completed in 2011/12

PROJECTS OUTPUT 2010-2011

T625	Sekhukhune	Construction of a new bridge	Civilcon Pele Kaufela JV					Multi-year project - Bridge to be completed in 2011/12
T353B	Vhembe	Upgrading of road (Gravel to tar)	Edwin Construction	17		17		Completed
T440	Vhembe	Upgrading of road (Gravel to tar)	KPMM	13		13		Completed
T621	Vhembe	Construction of a new bridge	Civilcon Pele Kaufela JV		1		1	Completed
T524	Vhembe	Upgrading of road (Gravel to tar)	Space Construction					Multi-year project - earthworks in process
T543	Vhembe	Upgrading of road (Gravel to tar)	Stefanutti Stocks/ Matshepe JV					Multi-year project - earthworks in process
T626	Vhembe	Maintenance: Bridge Reconstruction	Tzandeboo					Multi-year project - Bridge to be completed in 2011/12
T546	Waterberg	Upgrading of road (Gravel to tar)	Realeka Investments	14	1		1	Contractor insolvent - New contractor appointed to complete in 2011/12
T571C	Waterberg	Upgrading of road (Gravel to tar)	Edwin Construction	10				Multi-year project - earthworks in process
T633	Waterberg	Upgrading of road (Gravel to tar)	Stefanutti Stocks/ Matshepe JV	7				Multi-year project - Implementation delayed
TOTAL :				127	5	74	4	

DISTRICT	km	No. of bridges
Capricorn	25	
Mopani	13	2
Sekhukhune	6	
Vhembe	30	1
Waterberg		1
TOTAL:	74	4



PERFORMANCE EVALUATION >>



ROADS MANAGEMENT

PROGRAMME	KEY OBJECTIVES	OUTPUTS	PERFORMANCE INDICATORS	TARGET	TARGET DATE	PERFORMANCE AGAINST TARGET
Planning & Design	To sign service level agreements with Civil Engineering Consultants after award of tenders	Signed agreements	Agreements signed	22 signed agreements	March '11	Target changed to 23 when T641 which was added as a special project) 17 were signed. 1 Cancelled (T571E) 1 Changed to Turnkey. 4 To be signed in April '11.
	To prepare a list of projects with estimated budgets for 2011/2012 financial year	Annual project list	Annual project list approved by Board	Approved project list	October '10	Project list completed and approved by the Board.
	To appoint Civil Engineering Consultants for the 2011/2012 financial year's projects	Report on Appointed consultants	Appointment letters issued and Acceptance letters received	15 Appointment letters issued and 15 Acceptance letters received	November '10	The target of 15 was reduced to 8 projects due to budget constraints. One special project (T641) was added in December for the 2010/2011 financial year. Total done was 9.
	To evaluate and approve the designs of Consultants for all projects for 2011/2012 financial year	Approved tender documents and Drawings	15 Sets of: 1. Scope of work reports 2. Preliminary designs 3. Detail designs 4. Tender documents and Drawings	15 Sets of: Scope of work reports Preliminary designs Detail designs Tender documents and Drawings	February '11	The target of 15 was reduced to 8 projects due to budget constraints. One special project (T641) was later added. Total done was 9.
	To invite tenders for 2010/2011 projects	Minutes of Site Clarification Meetings	Number of tenders: Advertised, Site Clarification meetings held and lists of Tender Amounts at closure	22 tenders: Advertised Site Clarification meetings held Lists of Tender Amounts at closure	March '11	Total of 22 tenders done. 1 Changed to turnkey and 1 special project (T641) was later added.
	To update the database for Engineering Consultants.	Database of consultants	1. Applications received. 2. Report on applications and Audit of Applicants' Offices. 3. Integrated Database for Engineering Consultants submitted for approval.	Approved consultants database	September '10	Done (Nov 2010)

ROADS MANAGEMENT

PROGRAMME	KEY OBJECTIVES	OUTPUTS	PERFORMANCE INDICATORS	TARGET	TARGET DATE	PERFORMANCE AGAINST TARGET
Road Management System	To conduct traffic counts on 33% of the Limpopo roads network	Traffic counts report	Report on 33% (i.e. 7330km) of the Limpopo roads network	1 report on 33% of the Limpopo road network	March '11	Target reduced due to budget re-allocation to do additional bridge inspections. With limited budget only Sekhukhune District and the electronic counting stations could be done. The results of the counted stations were used to determine expansion factors to do a statistical updating of the traffic counts on the road network.
	To conduct visual road pavement evaluations on the paved Provincial road network	Pavement evaluation report	Report on 7080 km of roads	1 report on 7080 km of the road network	March '11	Done
	To conduct bridge inspections on 406 bridges on the Provincial road network	Bridge inspection report	Report on 406 bridges	1 report on 406 bridges	March '11	Done
	To update the Provincial Road Maps	Updated Road Map	Updated Map	100%	March '11	Delayed due to unforeseen change in user software.

ROADS MANAGEMENT

PROGRAMME	KEY OBJECTIVES	OUTPUTS	PERFORMANCE INDICATORS	TARGET	TARGET DATE	PERFORMANCE AGAINST TARGET
Operations	To manage the process of site handover of 2010/2011 projects to contractors.	Signed Contract documents	Signed contract documents and minutes of site handover meetings	22 Signed contract documents and minutes of site handover meetings	March '11	In total 22 were signed. (Target increased to 23 by addition of special project, (T641).
	To manage active projects in 2010/2011 by ensuring compliance with the contract documents with relation to budget, time frames, workmanship, quality, social, health, safety and environmental requirements according to the Protocol of Supervision and SHE Compliance Pack	Monthly and Quarterly Progress Reports	<ol style="list-style-type: none"> 1. Minutes of site meetings, 2. Quality Assurance Report 3. Payment certificates, 4. Health and Safety file 5. Environmental reports 6. Social closure reports 7. 21 Sets of Completion reports and as-built drawings 8. Number kilometres surfaced 	<ol style="list-style-type: none"> 1. Adopted minutes 2. Reviewed quality assurance report 3. Bank transfers 4. Health & Safety reports 5. Approved environmental reports 6. Social reports 7. Completion certificates 8. 81 surfaced Kilometers 	March '11	<ol style="list-style-type: none"> 1. Done for all projects 2. Done for all projects 3. Done for all projects 4. Done for all projects 5. Done for all projects 6. Done for all projects 7. 13 out of 21 Done (3 Contracts were cancelled and 5 contracts got extension of time and were not finished by end March 2011. 8. Only 74 kilometers were surfaced. Three projects were terminated due to non-performance
Maintenance	To oversee the Provincial maintenance program for 2010/2011	Annual Maintenance	Quarterly Reports of Preventative and Routine road maintenance meetings	4 reports	March '11	Reports submitted

FINANCE

PROGRAMME	KEY OBJECTIVES	OUTPUTS	PERFORMANCE INDICATORS	TARGET	TARGET DATE	PERFORMANCE AGAINST TARGET
Project finance management	To efficiently manage project finances in accordance with the approved annual budget for 2011/12	Annual budget approved by Shareholder / Provincial Treasury for 2011/12	Annual business plan reflecting project budget for 2011/12	1 annual budget for 2011/12	February 2011	Annual budget for 2011/12 was approved
		Project budget for 2011/12 confirmed	Submission to DoRT and approved by the CFO the: 1) Compliance certificate on 38(1)(d) & (j) of the Public Finance Management Act nr 1 of 1999 2) Cash flow projections	Compliance certificate and cash flow projections report	February 2011	Compliance certificate and cash flow projects submitted in April 2011 The budget for 2011/12 was only received from DoRT during April 2011
		Annual commitment register for 2010/11	Letters of appointment to contractors and annual commitment register	Annual commitment register for 2010/11	March 2011	Annual commitment register for 2010/11 completed in March 2011
		Monthly Infrastructure Reporting Model reports	Report on the actual infrastructure expenditure to the DoRT by the 15th of each month	12 Infrastructure reports	March 2011	12 Infrastructure reports submitted for 2010/11
Corporate finance management	To effectively manage corporate finances through the 2010/11 financial year	Approved annual operational budget for 2010/11	Budget report conform to the annual procurement plan and personnel expenses approved by the Board of Directors	Budget report	April 2010	The revised annual budget was presented to and approved by the BoD.
		Closing of financial records for 2009/10	Reconciled annual trial balance for 2009/10 signed off by the CFO	Reconciled annual trial balance for 2009/10	May 2010	Reconciled annual trial balance for 2009/10 signed off by the CFO in May 2010
		Approved annual financial statements by the Board of Directors for 2009/10	Annual financial statements for 2009/10 compiled	Annual financial statement for 2009/10	May 2010	Annual financial statements for 2009/10 was submitted
		Audited annual financial statements and annual report by the Auditor General 2009/10	Management letter with management comments and report issued by the Auditor General for 2009/10	Management letter complete with management comments	July 2010	Management comments on management letter were submitted to the Auditor General. Auditors report for 2009/10 was issued in July 2010
			Performance evaluation report for 2009/10	Annual performance information report	August 2010	Annual performance information TTT was submitted by August 2010
		Approved interim financial statements as at 30 September 2010	Interim financial statements as at 30 September 2010	Interim financial statements as at 30 September 2010	October 2010	The financial status as at 30 September 2010 was reported to and adopted by the BoD.

FINANCE

PROGRAMME	KEY OBJECTIVES	OUTPUTS	PERFORMANCE INDICATORS	TARGET	TARGET DATE	PERFORMANCE AGAINST TARGET
Supply Chain Management	To effectively manage supply chain	Procurement report 2010/11 indicating: 1) Goods/services procured/delivered 2) Contracts awarded	Monthly reports on: Specification committee; Evaluations committee; Adjudication committee	Minutes of meetings for Specification committee; Evaluations committee; Adjudication committee	March 2011	Meetings of all committees are held and documented as and when goods/services are needed
		Approved procurement plan for 2011/12	Annual procurement plan for 2011/12	Annual Procurement Plan for 2011/12 compiled	February 2011	Annual Procurement Plan for 2011/12 was compiled
Asset and cash management	To safeguard the Agency's monetary and non-monetary assets	Asset register	Asset register with locations and values	Asset register	March 2011	Asset register with locations are available in the master document and offices.
			Asset verification report	2 Asset verification report	Bi-Annually	Two complete reviews have been performed on all assets
		Bank reconciliations	Monthly bank reconciliation report	12 monthly bank reconciliations	March 2011	12 months bank reconciliations performed.
Treasury and cash flow	To effectively manage treasury and cash flow for 2010/11	Cash flow plan	Monthly cash flow forecasts	Monthly cash flow forecasts report	March 2011	12 cash flow forecasts performed
Remuneration management	To effectively manage the remuneration cycle for 2010/11 per month	Remuneration report	Monthly salary inputs	12 Salary runs	March 2011	12 salary runs were performed.
			Monthly salary reports	12 salary reports	March 2011	12 salary reports were reviewed and signed off.
Revenue generation	To effectively maximise revenue sources for RAL	Revenue raising strategy	Appointment of consultants	1 appointment	Sept 2010	Mokhurani consultancy was appointed.
			Market research report	Feasibility report	March 2011	A draft report has been presented to the BoD

HUMAN RESOURCE

PROGRAMME	KEY OBJECTIVES	OUTPUTS	PERFORMANCE INDICATORS	TARGET	TARGET DATE	PERFORMANCE AGAINST TARGET
HUMAN RESOURCE	To create a functional organisational structure aligned with RAL strategic objectives	Approved functional organisational structure	Report for all identified posts Job description developed for all posts Job Evaluation report Business units in place	Approved Organisational structure	March 2011	Organisational structure approved by the Board
	To ensure recruitment, selection and appointment of staff	Signed contracts of employment for all appointments	Recruitment reports for all posts Minutes of interviews Appointment letters	6 positions filled Adopted minutes and appointment letters	March 2011	5 positions filled and 1 suspended
	To ensure improved Human Resource Policies and Procedures	Updated Human Resource Management Policies	Reviewed HR manual	Approved HR Manual	March 2011	Policy approved by the Board
	To develop and implement employee wellness programme on ongoing basis	Approved employee wellness programme EWP reports	Wellness programme report All staff participating in wellness awareness Staff and statistics survey reports	Wellness programme report	March 2011	Wellness programme rendered obsolete due to budget constraints
	To develop and manage training and development programs of staff annually	Approved human resource development plan	Training and development plans available to implement training Training and development report for training undertaken	Training report	March 2011	Training and development plan implemented
	To manage external bursaries annually	Signed bursary contracts	Bursaries awarded to number of qualifying students Bursary committee minutes Bursary reports Bursary appointment letters	20 external bursaries	March 2011	12 bursaries awarded due to limited number of qualifying students
	To develop, implement and manage office health and safety in line with relevant legislation on ongoing basis	Health and safety reports	Appointment of health and safety committees, safety reps and first aiders Minutes of safety committees Relevant health and safety programs implemented	7 safety reps and safety programmes implemented	March 2011	5 safety reps appointed and programmes deferred to 2011/12

HUMAN RESOURCE

PROGRAMME	KEY OBJECTIVES	OUTPUTS	PERFORMANCE INDICATORS	TARGET	TARGET DATE	PERFORMANCE AGAINST TARGET
INTERNAL SUPPORT	To effectively manage office maintenance	Signed service level agreement and contracts for office maintenance	Office building managed effectively Office maintenance reports	Maintenance reports	March 2011	Office building effectively managed
	To manage fleet management	Fleet management reports	Vehicles maintained and repaired Fleet maintenance reports	Maintenance reports	March 2011	Fleet maintained according to the service intervals
	Provision of stationery and office supplies	Reports on office stationery and office supplies	Inventory report for goods requested	Approved requisitions	March 2011	Stationery issued throughout the financial year
	Office allocation	Reports on office allocation	Office allocation report	Office space allocated	March 2011	Office space allocated
	To ensure effective security services	Signed security services contracts/service level agreement	Monthly security reports	Monitoring reports	March 2011	Effective security services



LAND USE MANAGEMENT

PROGRAMME	KEY OBJECTIVES	OUTPUTS	PERFORMANCE INDICATORS	TARGET	TARGET DATE	PERFORMANCE AGAINST TARGET
LAND USE MANAGEMENT	To manage applications for road services	Approval reports and registers.	Checklist for compliance in accordance with Roads and Ribbon Development Act, RAL Act and standards for submitted applications. Site inspection reports.	Records of all approved applications	March '11	768 applications were submitted 431 Site inspection reports are available 545 applications have been approved.
	To effectively manage road reserves and building restriction area	Road services monitoring report Preserved road reserves.	Monthly reports of all activities allowed within the road reserves	monthly reports of all activities allowed within the road reserves	March '11	Only 9 reports for all approved activities within the Road Reserves have been written
	To effectively Manage regional roads boards and their functions.	Reports on regional roads board meetings	Minutes and reports on the Board Regional Meetings	sets of minutes for held meetings	March '11	9 sets of minutes for held Regional Board meetings are available



LEGAL SERVICES

PROGRAMME	KEY OBJECTIVES	OUTPUTS	PERFORMANCE INDICATORS	TARGET	TARGET DATE	PERFORMANCE AGAINST TARGET
Compliance (Regulatory)	To provide business units with legal advice on an on-going basis and ensure compliance at operational level	Legal advice and opinions provided and in place Legislation Compliance Checklist and Status quo report	Number of requests for legal advice and legal opinions An approved Compliance Checklist Written legal opinions	Written requests for legal advice from business units · 1 Status quo report	March 2011	Legal advice and opinions requests from Business Units were attended to. This exercise is conducted on an on-going basis. Developed legislation compliance checklist on 14 operational legislations and approved by EXCO
	To assist business units with development and review of legally compliant policies on an on-going basis	Legally compliant policies Legislation Compliance Checklist	Number of reviewed policies	Reviewed policies	March 2011	No requests received to assist with development of policies Developed Compliance checklist to assess level of compliance in policies
	To conduct a legal due diligence to ensure compliance with statutory stipulations and minimise legal risk exposure	1 Due diligence report	Approved due diligence report	1 Due diligence report	March 2011	1 Due diligent report approved by management and awaiting Board approval.
Contracts	To develop new and review risk-based existing contracts on an on-going basis	Signed and reviewed contracts Monthly legal reports	Number of draft contracts Number of reviewed existing contracts Number of contracts vetted	Drafted contracts as requested by Units Reviewed and vetted contracts	March 2011	Developed and review Contracts as requested by business units i.e.: Addendum to contract data for appointed contractors (Engineering) Supply Chain Management contracts for cleaning, Security and business case service provider Reviewed and provided opinion to Board Committee on Software Development Contract Drafted shareholders' compact final draft Appointed Attorney to conduct reviews on contractors, consultants and service providers contracts

LEGAL SERVICES

PROGRAMME	KEY OBJECTIVES	OUTPUTS	PERFORMANCE INDICATORS	TARGET	TARGET DATE	PERFORMANCE AGAINST TARGET
Litigation	To manage litigation and conduct a legal due diligence to reduce litigation exposure on an on-going basis	<ul style="list-style-type: none"> Litigation and legal reports Written updates from attorneys 	<p>Recommendation reports to appoint legal representatives for legal opinions and litigation</p> <p>Number of legal claims for damages received and attended to and submitted to department</p>	100% of litigation reports	March 2011	<p>22 Court Cases attended to, 8 disposed of some by settlement some due to dormancy but may re-occur</p> <p>Attorney appointed to review all court cases for finalisation</p> <p>15 recorded claims for vehicle damages investigated received and forwarded to the department of Roads and Transport for further processing</p>
Promotion of Access to Information	To ensure implementation & monitoring of an effective and transparent Promotion and access to Information process i.t.o PAIA on a on-going basis	Manual i.t.o PAIA	Number of requests received and attended to	100% of requests processed	March 2011	11 requests received and information granted as requested for all requests
Trademark/ Logo	To implement the appointment of a trademark specialist for registration of the RAL logo with DTI	Attorney progress report on the application process	<p>Appointment of a trademark specialist</p> <p>Attorneys' and legal report</p>	The trademark registered	March 2011	<ul style="list-style-type: none"> Trademark attorney appointed from database and RAL Logo properly filled with CIPRO Attorney and legal report on file
Incorporation/ Proclamation of roads	To manage the project and facilitate the appointment of a consultant to assist RAL in identification and incorporation of properties affected by provincial roads into RAL	<p>Consultant report</p> <p>Legal reports</p>	Monthly meetings and consultant report	Minutes of meetings	March 2011	<ul style="list-style-type: none"> 5 properties proclaimed as provision of RAL Act under Marken project Implementation plan submitted to board committee. Process to be conducted on-going basis through prioritisation of strategic roads for budgetary control. The appointment of consultant to be rendered obsolete.

SAFETY, HEALTH AND ENVIRONMENT (S.H.E)

PROGRAMME	KEY OBJECTIVES	OUTPUT	INDICATORS	TARGET	TARGET DATE	PERFORMANCE AGAINST TARGET
HEALTH AND SAFETY	To implement, monitor and maintain effective policies and relevant legislation applicable to RAL road infrastructure active in the 2010/2011 period	Approved Safety Health & Environment (SHE) Policy	SHE Policy	Approved SHE Policy	July 2010	Policy in place and approved
		Contractors' Compliance Pack	Developed procedures and standards ratified.	Approved compliance pack	March 2011	Compliance pack in place
		Report of non compliance	Records on non compliance of construction sites.	Reports on noncompliance of construction sites	March 2011	Done, Monitoring reports in place
		Report on Appointed Safety Consultants	Appointment letters issued and Acceptance letters received	21 Appointment letters issued and 21 Acceptance letters received	March 2011	Done, 7 Pending
		Safety Consultants. Reports	Number of Site inspections reports by Safety Consultant submitted/ received	Health & Safety Monitoring reports	March 2011	Done, monitoring reports in place
		Accident statistical report	Number of accidents/incidents investigation reports	Incident / accident report	March 2011	Done, accident statistics report in place
	To develop baseline risk assessment for roads & bridges in the 2010/2011 period	Baseline risk assessment profiling of road sites & bridges in terms of OHS risk	Risk profile compiled with Risk Assessment report	Approved Risk Profile	June 2010	Done Reports available
	To establish database for Safety and Health Consultants in the 2010/2011 period	Database for Safety and Health Consultant	1. Applications received. 2. Report on applications and Audit of Applicants' Offices. 3. Integrated Database for Health and Safety Consultants submitted for approval.	Approved Database	March 2011	Done, in progress
	To integrate all OHS systems and improve knowledge management in the 2010/2011 period	SHE Management System Established	Internal workshop conducted	1 workshop	March 2011	Induction for contractors and engineers done

SAFETY, HEALTH AND ENVIRONMENT (S.H.E)

PROGRAMME	KEY OBJECTIVES	OUTPUT	INDICATORS	TARGET	TARGET DATE	PERFORMANCE AGAINST TARGET
ENVIRONMENTAL MANAGEMENT	To implement & Monitor Environmental Compliance in the 2010/2011 period	Environmental Compliance reports	Number of R.O.D 's received (21) Number of EMP approved Environmental awareness reports received Environmental monitoring reports in place	21 RODS	March 2011	Done Reports available
	Develop Environmental Implementation Plan in the 2010/2011 period	Environmental Implementation plan	Integrated Environmental Management plan, Contractor compliance pack,	Approved environmental plan	March 2011	Appointment of service provider deferred due to budget constraints
	Implementing sustainable environmental management programme in the 2010/2011 period	Reports on number of trees planted, Water utilisation statistics report	Number of trees planted, Water utilisation statistics report	Reports on projects were trees were planted	March 2011	On going
	Establish database for Environmental Consultants in the 2010/2011 period	Database report	1. Applications received. 2. Report on applications and Audit of Applicants' Offices. 3. Integrated Database for Environmental Consultants submitted for approval.	Approved database	March 2011	Done Database in place and approved
	Coordinate and manage appointment of environmental consultants in the 2010/2011 period	Report on Appointed environmental consultants	Appointment letters issued and Acceptance letters received Environmental management reports, Payment certificates	21 Appointment letters issued and 21 Acceptance letters received Environmental management reports, Payment certificates	March 2011	Done All correspondences in place
	Environmental Liaison & support in the 2010/2011 period	Stakeholder liaison report	Stakeholder liaison report	Consultation report	March 2011	Done, Consultation report in place.

SOCIAL AND INSTITUTIONAL DEVELOPMENT (SID)

PROGRAMME	KEY OBJECTIVES	OUTPUT	INDICATORS	TARGET	TARGET DATE	PERFORMANCE AGAINST TARGE
Institutional & Social Development	Establish database for Social Consultants in the 2010/2011 period	Database report	1.Applications received. 2. Report on applications and Audit of Applicants' Offices. 3. Integrated Database for Social Consultants submitted for approval.	Approved database	March 2011	100% Done Database for Social consultants approved
	To annually appoint Social consultants in the 2010/2011 period	Report on Appointed Social Consultants	Appointment letters issued and Acceptance letters received	11 Appointment letters issued and 11 Acceptance letters received	March 2011	100% Done Report on appointed social consultants available
	To manage Social Consultants in the 2010/2011 period	Monthly progress report	Monthly Monitoring reports, payment certificates, labour statistics reports	Bank transfers 11 reports	March 2011	On going
	To consult stakeholders (tribal authorities, municipalities, communities, government departments) on all planned projects annually in the 2010/2011 period	Stakeholder consultation report	Reports of all meetings and workshops conducted to disseminate information	12 meetings were held with various stakeholders	March 2011	Is in progress A programme has been developed to engage outstanding stakeholders consultative meetings
	Ensure all workers employed for RAL projects are trained in the 2010/2011 period	Training report	Database report of local workers trained	Annual Training report	March 2011	On going Training proposals submissions & approvals outstanding
	To identify the properties affected by road construction in the 2010/2011 period	Property valuation report	Number of all identified affected properties	1 report of affected property	March 2011	In progress Waiting for a list (confirmation)of all the affected properties from Consultants
	To monitor compliance with relevant labour guidelines and EPVVP guidelines in the 2010/2011 period	Compliance report	Labour statistics report, contracts of employment for all workers, records of payment for labour and training of all workers employed in RAL projects	Compliance report for all planned projects	March 2011	On going

INFORMATION TECHNOLOGY

PROGRAMME	KEY OBJECTIVES	OUTPUTS	PERFORMANCE INDICATORS	TARGET	TARGET DATE	PERFORMANCE AGAINST TARGET	
IT SECURITY STORAGE & DISASTER RECOVERY	To develop a Disaster recovery plan.	<ul style="list-style-type: none"> Uninterrupted Power Supply (UPS) for Server room installed Disaster Recovery plan. 	Configured UPS unit with certificate. DR Report	100%	March 2011	100% Complete	UPS installed
Backups	To backup all RAL systems monthly	Backup report for following systems:VIP, ESS, RMS, ACCPAC,ASSETWARE, PROCUREMENT SYSTEM, BDAPPLICATIONS SYSTEM, HELPDESK SYSTEM, RAL DOMAIN, EXCHANGE SERVER, USER DATA & FILES	Monthly Backup Reports	100%	Ongoing	Monitoring of 11 servers done.	Checking of Log files daily
IT SUPPORT & NETWORKS							
Administrative Computing & Helpdesk	To maintain all RAL Systems monthly	Administrative report for the following systems:VIP, ESS, RMS, ACCPAC, ASSETWARE, PROCUREMENT SYSTEM, BDAPPLICATIONS SYSTEM, HELPDESK SYSTEM, RAL DOMAIN, ISA SERVER, SQL SERVER, EXCHANGE SERVER, ANTI-VIRUS SERVER	Administrative Computing Report monthly	100%	March 2011	Ongoing Monitoring of 11 servers	Checking all server tasks daily

INFORMATION TECHNOLOGY

PROGRAMME	KEY OBJECTIVES	OUTPUT	INDICATORS	ACTUAL TARGET	TARGET DATE	Performance against Target	
Telecommunications	To maintain Telecommunication system monthly	Telephone Management System	Telecommunication Report	100%	March 2011	100% complete	Phonex system installed
IT Improvements	To effectively upgrade RAL IT infrastructure	Team Collaborating application system	Sharepoint and Office 2010 applications installed	100%	March 2011	90% complete	Migration of client data outstanding.
INFORMATION MANAGEMENT							
IT Information Management	To effectively manage information management on a monthly	Registry Manual	Document Management Report	100%	March 2011	Ongoing Monitoring of Registry systems process	Daily tasks within Registry



COMMUNICATIONS

PROGRAMME	KEY OBJECTIVES	OUTPUTS	PERFORMANCE INDICATORS	TARGET	TARGET DATE	PERFORMANCE AGAINST TARGET
Communication Strategy	To develop and effectively implement the approved communications strategy	Approved Communication Strategy by EXCO	Quarterly internal and external communications reports in accordance with the communications strategy	Approved strategy document	March 2011	Communication strategy has been approved and it is in the process of implementation.
	To develop the corporate identity manual	approved corporate identity manual	Approved Corporate Identity manual	Approved corporate identity manual	March 2011	The process was deferred to the 2011/12 financial year due to financial constraints
Corporate publications	To produce a monthly internal newsletter	Internal newsletters	Number of editions of a monthly internal newsletter produced and distributed internally through the intranet	10 editions of a monthly internal newsletter	March 2011	10 editions of the internal newsletter have been published.
	To produce a 2009/10 annual report	Approved 2009,10 Annual report	Number of the 2009/10 annual report and distributed to relevant stakeholders.	Approved 2009,10 annual report 1000 copies printed	Sept 2011	2009,10 annual was produced and approved
Public Relations	To promote and manage effective communication and profile the image of RAL	Reports of public relations activities undertaken per implemented projects	Quarterly reports of implemented stakeholder relations activities	Records / reports of stakeholder engagement / social facilitation for all implemented projects	March 2011	Stakeholder engagement for all planned and implemented projects have successfully been done.
	To revamp RAL information portal (website)	Revamped and interactive information portal (website)	Information portal implementation plan with approved variables	Revamped and approved website	March 2011	The website has been revamped and approved by the Executive Committee of Management
Media	To develop and maintain good relations with print and electronic media	Media Relations plan	<ul style="list-style-type: none"> · Reports of initiated media engagements with editors and journalists. · Reports on addressed media enquiries · Records of print and electronic media coverage 	Reports of initiated engagements	March 2011	<p>There was no initiated media house visit for the 2010/11 financial year.</p> <p>Records of both the addressed media enquiries and print coverage are available</p>
Events	To manage all corporate events for RAL	Event management plan	Reports of all managed events	corporate events	March 2011	Three major corporate events have been successfully managed

REPORT OF THE AUDIT AND RISK COMMITTEE FOR THE YEAR ENDED 31 MARCH 2011

We are pleased to present our report for the financial year ended 31 March 2011

Audit and Risk Committee Members and Attendance

The Audit and Risk Committee consists of the members listed hereunder and meets at least four times per annum as per its approved terms of reference.

During the year under review 4 meetings were held.

Names of Members

Ms MM Maponya CA(SA) Chairperson

Ms MMM Thindisa

Mr F Brink

Mr F Brink Stepped down as a member with effect 01 September 2010

Audit and Risk Committee Responsibility

The Audit and Risk Committee has complied with its responsibilities arising from section 51(1)(a) of the Public Finance Management Act ("the Act") and Treasury Regulations 27.1.8 and 27.1.10.

The Audit and Risk Committee also reports the following:

- that it has adopted the Audit and Risk committee charter which has been confirmed by the Board, as its terms of reference in discharging all its responsibilities as regulated therein
- has regulated its affairs in compliance with its charter and
- has discharged all its responsibilities as contained therein

The Audit and Risk committee charter has been reviewed to ensure its relevance as required by Treasury Regulation 3.1.8.

The effectiveness of internal control

The Audit and Risk Committee is satisfied that internal controls and systems have in general, functioned effectively during the period under review. RAL has an effective and functional Risk Management plan in place and all identified risks have been properly mitigated throughout the period.

KPMG will be serving the final year of the two years they were appointed as internal auditors. The Committee can confirm that in the year under review more value to the internal control systems have been realized. There will be continuous monitoring of the effectiveness of RAL's policies to ensure their relevance to the environment.

The quality of management, monthly and quarterly reports submitted in terms of the Act

The Audit and Risk Committee is satisfied with the content and quality of monthly and quarterly reports from management during the year under review.

Evaluation of Financial Statements

The Audit and Risk Committee has:

- Reviewed the audited financial statements to be included in the annual report;
- Reviewed the Auditor-General's management report and management response thereto; and
- Reviewed significant adjustments resulting from the audit.

The Audit and Risk Committee concurs with and accepts the conclusions of the Auditor-General on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

The auditors have remained independent throughout the financial year.

Ms. M.M Maponya CA (SA)



ANNUAL FINANCIAL STATEMENTS >>





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STATEMENT OF DIRECTORS' RESPONSIBILITY

The directors present their report, which forms part of the financial statements of the company for the year ended 31 March 2011.

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of Roads Agency Limpopo (Proprietary) Limited. The financial statements presented on pages 56 to 90 have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The directors consider that in preparing the financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all statements of GRAP that they consider to be applicable have been followed. The directors are satisfied that the information contained in the financial statements fairly presents the results of operations for the year and the financial position of the company at year end. The directors also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements.

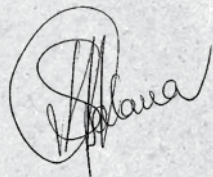
The directors have responsibility for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the company to enable the directors to ensure that the financial statements comply with the relevant legislation.

Roads Agency Limpopo (Proprietary) Limited operated in a well-established control environment, which is well documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business are being controlled.

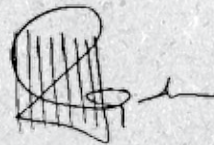
The going-concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the company will not be a going concern in the foreseeable future, based on forecasts and available cash resources. These financial statements support the viability of the company.

The Auditor General has audited the financial statements, and their report is presented on page 53.

The audited financial statements were approved by the board of directors on 18-08-11 and are signed on their behalf:



Chairperson



Chief Executive Officer

REPORT OF THE AUDITOR-GENERAL TO THE LIMPOPO PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS OF ROADS AGENCY LIMPOPO (PROPRIETARY) LIMITED FOR THE YEAR ENDED 31 MARCH 2011

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Roads Agency Limpopo (Pty) Ltd, which comprise the statement of financial position as at 31 March 2011, and the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and the accounting authority's report as set out on pages 56 to 90.

Accounting authority's responsibility for the financial statements


2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practices (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Companies Act of South Africa, 1973 (Act No. 61 of 1973), and for such internal control as management determines necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) and section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.

4. I conducted my audit in accordance with International Standards on Auditing and General Notice 1111 of 2010 issued in Government Gazette 33872 of 15 December 2010. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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



6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Roads Agency Limpopo (Pty) Ltd as at 31 March 2011, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practices (SA Standards of GRAP) and the requirements of the PFMA and the Companies Act of South Africa, 1973 (Act No. 61 of 1973).

Emphasis of matter

8. I draw attention to the matters below. My opinion is not modified in respect of these matters:

Significant uncertainties

9. The entity is a defendant in respect of seven lawsuits pending for an amount of R34 563 053. Of these some are dormant and others are being appealed pending finalisation in the 2011-12 financial year. The outcome of these lawsuits cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

Restatement of corresponding figures

10. As disclosed in note 16 to the financial statements, the corresponding figures for 31 March 2010 have been restated as a result of additional information discovered during 2010-11 in the financial statements of the Roads Agency Limpopo (Pty) Ltd at, and for the year ended, 31 March 2010

Additional matter

11. I draw attention to the matter below. My opinion is not modified in respect of this matter:

Unaudited supplementary schedules

12. The supplementary information set out on pages 2 to 49 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

13. In accordance with the PAA and in terms of General notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, I include below my findings on the annual performance report as set out on pages 32 to 48 and material non-compliance with laws and regulations applicable to the entity.

Predetermined objectives

14. There are no material findings on the annual performance report.

Compliance with laws and regulations

15. There are no findings concerning material non-compliance with laws and regulations applicable to the entity.

Polokwane

30 July 2011

Auditor - General



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence





DIRECTORS' REPORT

Nature of business

The Company is established in terms of the Northern Province Roads Agency and Proprietary Act (Act no 7 of 1998 as amended) and the Companies Act no 61 of 1973.

The principal activity of the company during the year was the administration of roads infrastructure within the Limpopo Province. The Company is responsible for the upgrading and maintenance of the Provincial road network with an estimate replacement value of R40 billion, based on a valuation done during 2008. No matter which is material to the financial affairs of the Company has occurred between 31 March 2011 and the date of approval of the financial statements.

Operating and financial review

The deficit of the agency for the year was R 2 569 386 408 (Deficit 2010 - R 2 028 095 358).

Contributions from owners

The authorised contributions from owners of the company is R100.

100 Ordinary shares of R1 each have been issued.

Distributions to owners

No distributions to owners have been declared and none is recommended.

Directors' remuneration

Details of directors' remuneration are set out in note 15.1 of the financial statements.

Directors' interest in contracts

No material contracts in which the directors have an interest, were entered into in the current year other than the transactions detailed in note 15 to the financial statements.

DIRECTORS' REPORT *(continued)*

Directors and secretary

The following were directors of the company during the financial year and the date of this report:

S. M. Rasethaba	Chairperson	Resigned - 30 October 2010
H. S. Shipalana	Chairperson	Appointed - 01 November 2010
M. M. Maponya	Non-executive	
F. Brink	Non-executive	Resigned - 19 August 2010
M. M. M. Thindisa	Non-executive	
M. M. Seboko	Non-executive	
H. S. Shipalana	Non-executive	
K. Maswanganyi	Non-executive	
M.A. Mogotlane	Chief Executive Officer	Appointed - 01 September 2010

B. L. Mathebula was appointed the Acting Company Secretary.

Auditors

The Auditor General will continue in office in accordance with Section 188 of the Constitution of the Republic of South Africa, 1996.

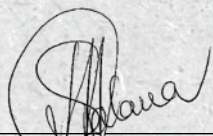




CHAIRPERSON'S REPORT

CONTENTS

The chairperson presents his annual report which forms part of the financial statements of the company for the year ended 31 March 2011.



Chairperson

STATEMENT OF FINANCIAL POSITION as at 31 March 2011

	Notes	2011 R	2010 R
ASSETS			
Current assets			
Cash and cash equivalents	4	44 135 373	13 439 742
Receivables	5	3 615 328	4 248 987
		47 750 701	17 688 729
Non-current assets			
Property, plant and equipment	6	34 802 607 488	37 410 155 970
Intangible assets	7	1 455 202	1 419 931
		34 804 062 691	37 411 575 901
Total assets		34 851 813 392	37 429 264 630
LIABILITIES			
Current liabilities			
Payables	8	28 328 911	36 905 599
Employee benefits	9	3 057 180	2 545 322
Total liabilities		31 386 091	39 450 921
Net assets		34 820 427 301	37 389 813 709
Capital contributed by other government entities	10	100	100
Accumulated surplus		34 820 427 201	37 389 813 609
Total net assets		34 820 427 301	37 389 813 709

STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 March 2011

	Notes	2011 R	2010 R
Revenue			
Revenue from non-exchange transactions	10.1	783 535 001	897 927 000
Transfers from other government entities	10.2	-	24 978 322
Other operating income		6 730 514	5 762 814
Total revenue		790 265 515	928 668 136
Expenses			
Personnel	12	42 184 117	43 073 081
Administrative		32 300 399	17 935 081
Depreciation		3 253 777 951	2 810 852 957
Derecognition of assets	6.4	-	6 397 346
Directors' fees	15.3	3 023 505	5 397 792
Finance cost		509 042	1 937
Projects		27 867 323	73 106 237
Total expenses		3 359 662 337	2 956 764 430
Surplus on the sale of assets		10 414	936
		10 414	936
Deficit for the period		(2 569 386 408)	(2 028 095 358)

STATEMENT OF CHANGES IN NET ASSETS for the year ended 31 March 2011

	Notes	2011 R	2010 R
Contributions from owners			
At year-end	11	100	100
Accumulated surplus			
Balance at the beginning of the period		37 389 813 609	40 376 603 548
Prior year adjustment	16	-	(958 694 581)
Restated balance		37 389 813 609	39 417 908 967
Deficit for the period		(2 569 386 408)	(2 028 095 358)
Balance at the end of the year		34 820 427 201	37 389 813 609

CASH FLOW STATEMENT for the year ended 31 March 2011

	Notes	2011 R	2010 R
Cash flows from operating activities			
Receipts			
Grants		783 535 001	903 551 612
Interest received		4 460 040	2 668 219
Other receipts		2 904 133	1 825 011
Payments			
Suppliers		(113 949 216)	(154 734 850)
Net cash flow from operating activities	14.3	676 949 958	753 309 992
Cash flows from investing activities			
Purchase of property, plant and equipment		(646 277 917)	(739 882 980)
Proceeds on disposal of property, plant and equipment		23 590	1 280
Net cash outflow from investing activities		(646 254 327)	(739 881 700)
Net (decrease)/increase in cash and cash equivalents		30 695 631	13 428 291
Cash and cash equivalents at beginning of period		13 439 742	11 450
Cash and cash equivalents at end of period	14.1	44 135 373	13 439 742

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011

I. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

I.1. Basis of preparation

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The cash flow statement can only be prepared in accordance with the direct method.

Accounting policy developments include new standards issued, amendments to standards, and interpretation issued on new standards. These developments resulted in the first time adoption of new standards, the restatement of prior year amounts where applicable. Management assessed the impact of all new standards issued, amendments to standards, and interpretations issued on current standards.

I.2 Adoption of new and revised standards

In the current year, RAL has adopted the following new and revised standards and interpretations issued by the Accounting Standards Board that are relevant to RAL's operations.

RAL adopted the following standards during the year:

- GRAP 1 - Presentation of Financial Statements
- GRAP 2 - Cash Flow Statements
- GRAP 3 - Accounting Policies, Changes in Accounting Estimates and Errors
- GRAP 4 - The Effects of changes in Foreign Exchange Rates
- GRAP 5 - Borrowing Costs
- GRAP 6 - Consolidated and Separate Financial Statements
- GRAP 7 - Investments in Associate
- GRAP 8 - Interest in Joint Ventures
- GRAP 9 - Revenue from Exchange Transactions
- GRAP 10 - Financial Reporting in Hyperinflationary Economies
- GRAP 11 - Construction Contracts
- GRAP 12 - Inventories
- GRAP 13 - Leases
- GRAP 14 - Events after the reporting date





NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011 (continued)

1.2 *Adoption of new and revised standards (continued)*

RAL adopted the following standards during the year:

GRAP 16 - Investment Property

GRAP 17 - Property Plant and Equipment

GRAP 19 - Provisions, Contingent Liabilities and Contingent Assets

GRAP 100 - Non-current Assets held for Sale and Discontinued Operations

GRAP 101 - Agriculture

GRAP 102 - Intangible Assets

Standards, amendments, and interpretations not yet effective

GRAP 18 - Segment Reporting

GRAP 21 - Impairment of non-cash-generating assets

GRAP 23 - Revenue from Non-exchange Transactions (Taxes and Transfers)

GRAP 24 - Presentation of Budget Information in Financial Statements

GRAP 25 - Employee Benefits

GRAP 26 - Impairment of cash-generating assets

GRAP 103 - Heritage Assets

GRAP 104 - Financial Instruments

The application of the new standards will not have a significant impact on the financial statements in the period of initial application.

1.3 **Significant judgements**

The preparation of financial statements in conformity with GRAP requires management to make judgements, estimates and assumptions that may affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of GRAP that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011 (continued)

1.4 Property, plant and equipment

Items of property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the costs of materials, direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and the initial estimate of the cost of dismantling and removing the items and restoring the site on which they are located.

Items of capital work-in-progress are measured at cost less impairment losses. The cost of capital work-in-progress assets include costs of material, direct labour and any other costs directly attributable to bringing the asset to a condition where it is ready for its intended use. Capital work-in-progress is ready for its intended use once a hand-over certificate is issued, and at this point capital work-in-progress is recognised as an item of property, plant and equipment.

Land is not depreciated. Depreciation is recognised in the statement of financial performance on a straight-line basis at rates that will reduce the book values over the current estimated useful lives of the assets.

The estimated useful lives for the current and comparative periods are as follows:

- Buildings	20 years
- Road beds	40 years
- Pavement layers	20 years
- Bridges	50 years
- Equipment	3 - 8 years

The depreciation methods, current estimated useful lives and residual values, if not insignificant, are reassessed annually.

Property, plant and equipment are reviewed periodically to assess whether or not the net recoverable amount has declined below the carrying amount. In the event of such impairment, the carrying amount is reduced with the impairment loss and the impairment loss is charged as an expense against income. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These gains and losses are included in the statement of financial performance.

Repairs and maintenance is charged to the statement of financial performance during the financial period in which they are incurred.

1.5 Contribution from owners

Ordinary shares are classified as net assets.

1.6 Employee benefits

RAL operates a defined contribution plan, the assets of which are held in a separate trustee-administered fund. The pension fund is funded by payments from RAL, taking into account the recommendations of independent qualified actuaries. RAL's contributions to the defined contribution plan are charged to the statement of financial performance in the year to which they relate.



NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011 (continued)

1.6 Employee benefits (continued)

RAL also has employees who are members of the Government Employee Pension Fund (GEPF). Contributions to the GEPF are charged to the statement of financial performance in the year to which they relate as part of cost of employment. RAL has no legal or constructive obligation to pay further contributions if the GEPF does not hold sufficient assets to pay all employees their benefit relating to employee service in the current and prior periods.

For defined contribution plans, the company pays contributions to publicly and private administrated pension insurance plans on a contractual basis. Once the contributions have been paid, the company has no further payment obligations. The regular contributions constitute net periodic costs for the year in which they are due, as such are included in staff costs.

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service.

The accruals for employee entitlements to wages, salaries, annual and sick leave represent the amount that the company has a present obligation to pay as a result of employees' services provided up to the reporting date. The accruals have been calculated at undiscounted amounts based on current wage and salary rates.

1.7 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for rebates and similar allowances.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

1.8 Revenue from non-exchange transactions

Revenue from non-exchange transactions are accounted for using the 'assets and liabilities approach.' Assets arising from non-exchange revenue transactions are recognised when the entity has an enforceable right to claim resources from another entity and the fair value of the asset can be determined reliably on initial recognition.

Liabilities are present obligations that result in the outflow of resources from the entity. Resources transferred could be subject to certain conditions. Conditions specify that an entity must use the resources transferred to it in a particular way, or the resources must be returned to the entity that gave it the resources, which therefore give rise to a present obligation.

In assessing whether or not conditions exist, entities should consider the terms of each non-exchange transaction. Entities should also evaluate the substance rather than the legal form of the arrangement.

To the extent that no obligation exists, or as and when the conditions of the obligation are satisfied, an entity recognises revenue. Where no obligation exists, revenue is recognised at the fair value of the assets recognised. Where conditions exist, revenue is recognised as the amount of the reduction in the liability.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011 (continued)

1.9 Irregular or fruitless and wasteful expenditure

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of the Public Finance Management Act. Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised. All irregular, fruitless and wasteful expenditure is charged against income in the period it was incurred.

1.10 Financial instruments

Initial recognition

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability, or equity instrument in accordance with the substance of the contractual arrangement. Financial assets and financial liabilities are recognised in the statement of financial position when the company becomes party to the contractual provisions of the instrument.

The entity does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exist; and the entity intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Initial Measurement

Financial instruments carried on the statement of financial position include cash and cash equivalents, trade and other receivables and trade and other payables. These instruments are initially measured at fair value plus in the case of financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Where the effect of any extended payment terms is not material no adjustments are made.

Fair value methods and assumptions

The fair values of financial instruments are determined as follows:

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

a) The effective interest rate method

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

b) Amortised cost

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility.



NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011 (continued)

c) Loans and receivables

Loans and receivables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Where the effect on fair value at initial recognition of any extended payment terms is not material no adjustments are made.

Loans and receivables are subsequently measured at amortised cost using the effective interest rate method less any impairment loss. Interest income is recognised in the statement of financial performance by applying the effective interest rate.

Trade and other receivables and cash and cash equivalents that have fixed or determinable payments that are not quoted in active market are classified as loans and receivables.

d) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, and investments in money market instruments.

e) Financial liabilities held at amortised cost

Trade and other payables and finance lease liabilities are included in financial liabilities held at amortised cost.

Items classified within trade and other payables are not usually re-measured, as obligations are usually known with a high degree of certainty due to their short term maturity, therefore the carrying amount would approximate the fair value. Where the effect on fair value at initial recognition of any extended payment terms is not material no adjustments are made.

1.11. Contingencies

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the financial statements.

1.12 Going concern assumption

These financial statements have been prepared on the assumption that the Agency will continue to operate as a going concern for the foreseeable future.

1.13 Intangible assets

Intangible assets comprise of website development costs. These intangible assets are measured initially at cost and are carried at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011 (continued)

1.13 Intangible assets (continued)

Amortisation

Intangible assets are amortised on a straight-line basis over their estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets are amortised from the date they are available for use. The amortisation period and the amortisation method for an intangible asset are reviewed at each financial year-end.

The current estimated useful life is three years.

2. Judgements and estimates

RAL makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year are discussed below.

Useful lives and residual values

The estimated useful lives and residual values of items of property, plant and equipment are reviewed annually taking cognisance of the forecasted commercial and economic realities and through benchmarking of accounting treatments in the specific industries where these assets are used. Refer to note 1.4. for the estimated useful lives for property, plant and equipment.

Contingent liabilities

Management applies its judgement to the facts, patterns and advice it receives from its attorneys, advocates and other advisors in assessing if an obligation is probable, more likely than not, or remote. This judgement application is used to determine if the obligation is recognised as a liability or disclosed as a contingent liability.

3. Financial risk management

Treasury regulations require the entity to facilitate a risk assessment to determine the material risks to which the entity may be exposed to and to evaluate the strategy for managing these risks. A risk assessment exercise is therefore conducted for the whole organisation on an annual basis, with the assistance of the entity's internal auditors. These risk factors form the basis of the internal audit annual coverage plan.

The use of financial instruments exposes an organisation to a number of risks. Some of the main financial risks are considered below:

3.1 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the entity. To mitigate credit risks, the entity has adopted a policy of only dealing with creditworthy parties. Credit risk with respect to trade and other receivables is limited due to our policy of not granting credit to third parties and also due to the fact the Roads Agency Limpopo is not a trading entity or profit orientated. Management manages the credit risk relating to staff loans by deducting payments due by employees monthly from their salaries. Our main source of income is through grants received from the Department of Roads and Transport.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011 (continued)

3. Financial risk management (continued)

3.1 Credit risk

a) Maximum Exposure to Credit risk

Financial assets, that potentially subject the entity to credit risk, consist principally of cash and cash equivalents and short term deposits. The entity's cash and cash equivalents and short term deposits are placed with high credit quality financial institutions.

The entity's exposure to credit risk with regards to loans and receivables is limited due the nature of the entity's operations, as explained above. Credit risk is fairly low in respect of staff loans as they are related to the entity.

There has been no significant change during the financial year, or since the end of the financial year, to the entity's exposure to credit risk, the approach of measurement or the objectives, policies and processes for managing this risk.

Maximum exposure to credit and market risk at the reporting date from financial assets was as follows:

	2011	2010
	R	R
Loans and other receivables	3 615 328	4 248 987
Cash and cash equivalents	44 138 373	13 439 742

The carrying amount of the above balances approximates their value due to their short-term maturity.

3.2 Market risk

This is the risk that the fair value or future cash flows from a financial instrument will fluctuate as a result of the changes in market prices. Values in financial instruments may change, thus resulting in both potential gains and losses. The entity's activities do not expose it to significant market risks. There are therefore no procedures in place to mitigate these risks.

Market risk exposures are measured using sensitivity analysis. A sensitivity analysis shows how surplus would have been affected by changes in the relevant risk variable that were reasonably possible at the reporting date.

3.3 Interest rate risks

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

a) Interest rate sensitivity analysis

The company's major source of revenue is government grants and to lesser extent, interest income depending on cash equivalents held. A major expense is salaries which are fixed for a financial year.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011

3. Financial risk management (continued)

3.3 Interest rate risks

a) Interest rate sensitivity analysis

The basis points increases or decreases, as detailed in the table below, were determined by management and represent management's assessment of the reasonably possible change in interest rates. The sensitivity analysis below has been determined based on financial instruments exposure to interest rates at reporting date.

As the entity does not have any instruments that effect net assets directly, the disclosure only indicates the effect of the change in interest rates on surplus.

A change in market interest rate at the reporting date would have increased / (decreased) the surplus for the year by amounts below:

		2011	2010
		R	R
Cash and equivalents (Upward change)	1%	4 413 537	1 343 974
Cash and equivalents (Downward change)	1%	(4 413 537)	(1 343 974)

3.4 Liquidity risk management

This is the risk that an entity will find it difficult to raise funds to meet commitments associated with financial liabilities. The entity's activities do not expose it to significant liquidity risks. There are therefore no procedures in place to mitigate risks associated with liquidity.

Liquidity risk is the risk that the organisation would not have sufficient funds available or may encounter difficulties in raising funds to meets its future commitments. This risk is regarded as low considering the Board's current funding structure and management of available cash resources.

The table below shows the classification on the company's principal instruments together with their carrying values.

The table below shows the classification on the company's principal instruments together with their carrying values.

Financial instrument	Classification	Carrying amount 2011	Carrying amount 2010
Cash & cash equivalents	Loans and receivables	R 44 135 373	R 13 439 742
Receivables	Loans and receivables	R 3 615 328	R 4 248 987
Trade and other payables	Financial liabilities held at amortised cost	R 28 328 911	R 36 905 599

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011 (continued)

	2011	2010
	R	R
4. Cash and cash equivalents		
Bank	44 125 373	13 429 742
Petty Cash	10 000	10 000
	44 135 373	13 439 742
5. Receivables		
Receivables	2 155 031	3 353 867
Other receivables	1 460 297	895 120
	3 615 328	4 248 987
6. Property plant and equipment		
6.1. Land and buildings		
<i>Opening net carrying amount beginning of year</i>	72 305 072	76 091 927
Additions	87 125	-
Disposals	-	-
Depreciation	(3 797 997)	(3 786 854)
Closing net carrying amount end of year	68 594 200	72 305 073
Balance at end of the year		
Cost	79 496 427	79 409 301
Accumulated depreciation	(10 902 226)	(7 104 229)
Closing net carrying amount end of year	68 594 200	72 305 073

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011 (continued)

6. Property plant and equipment (continued)	2011	2010
	R	R
6.2. Equipment, vehicles and furniture		
<i>Opening net carrying amount beginning of year</i>	5 224 719	6 179 392
Additions	2 099 628	382 630
Disposals	(13 176)	(344)
Depreciation	(1 419 666)	(1 336 959)
Closing net carrying amount end of year	5 891 504	5 224 719
 Balance at end of the year		
Cost	15 316 918	13 926 950
Accumulated depreciation	(9 425 414)	(8 702 231)
Closing net carrying amount end of year	5 891 504	5 224 719
 6.3 PPE under construction		
<i>Opening net carrying amount beginning of year</i>	986 690 439	1 011 413 450
Prior year adjustment	-	45 559 214
Opening net carrying amount restated	986 690 439	1 056 972 664
Additions	644 055 892	738 080 420
Transfers to roads and bridges	(832 484 939)	(808 362 643)
Closing net carrying amount end of year	798 261 392	986 690 440

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011 (continued)

	2011	2010
	R	R
6. Property plant and equipment (continued)		
6.4 Roads and bridges		
Opening net carrying amount beginning of year	36 345 935 740	39 353 953 380
Prior year adjustment	-	(1 004 253 794)
Opening net carrying amount restated	36 345 935 740	38 349 699 586
Transfer from construction assets	832 484 939	808 362 643
Depreciation	(3 248 560 288)	(2 805 729 143)
Derecognition of assets	-	(6 397 346)
Closing net carrying amount end of year	33 929 860 392	36 345 935 740
Balance at end of the year		
Cost	42 753 493 643	41 931 292 310
Accumulated depreciation	(8 823 633 251)	(5 585 356 570)
Closing net carrying amount end of year	33 929 860 392	36 345 935 740
6.5 Total property, plant and equipment		
Opening net carrying amount beginning of year	37 410 155 970	39 488 943 567
Additions	646 242 646	738 463 050
Disposals	(13 176)	(344)
Depreciation	(3 253 777 951)	(2 810 852 957)
Derecognition	-	(6 397 346)
Closing net carrying amount end of year	34 802 607 488	37 410 155 970

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011 (continued)

6.5 Total property, plant and equipment (continued)	2011	2010
	R	R
Balance at end of the year		
Cost	43 646 568 378	43 011 319 000
Accumulated depreciation	(8 843 960 890)	(5 601 163 030)
Closing net carrying amount end of year	34 802 607 488	37 410 155 970

The company has taken advantage of Directive 7 on "The application of deemed cost on the adoption of Standards of GRAP". Accordingly roads and bridges have been valued on the basis of depreciated replacement cost method.

PPE under construction

PPE under construction refer to capital expenditure on roads such as strengthening, improvements and new roads.

Buildings

The building are situated on land with erf number 13548 measuring 2124 square meters located in Pietersburg Township with the registration division L.S.; Limpopo Province.

Fully depreciated assets

The gross carrying amount of fully depreciated property, plant and equipment that was still in use as at year-end amounted to R5 190 542. (2010: R5 451 430)

7. Intangible assets

7.1.

Assets in development

Opening net carrying amount beginning of year

Additions

Closing net carrying amount end of year

1 419 931	-
35 272	1 419 931
1 455 202	1 419 931

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011 (continued)

	2011	2010
	R	R
8. Payables		
Creditors	8 972 577	5 671 457
District municipalities	929 839	929 839
Retention fees	18 426 495	30 304 303
	28 328 911	36 905 599
9. Employee benefits		
Leave and bonus accruals	3 057 180	2 545 322
10. Government grants		
10.1 Department of Roads and Transport		
Transfers received	783 535 001	897 927 000
Amount realised	(783 535 001)	(897 927 000)
Balance at end of the year	-	-
10.2 Capricorn district municipality		
Opening balance	-	4 598 188
Transfers received	-	5 624 612
Amount realised	-	(10 222 800)
Balance at end of the year	-	-
10.3 Waterberg district municipality		
Opening balance	-	156 853 600
Amount realised	-	(14 755 521)
Transfer to creditors	-	(929 839)
Balance at end of the year	-	-

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011 (continued)

	2011	2010
	R	R
11. Contributions from owners		
<i>Authorised share capital</i>		
100 ordinary shares of R1 each	100	100
<i>Issued share capital</i>		
100 ordinary shares of R1 each	100	100
Shares are held by the MEC of Roads and Transport in Limpopo, and new share issues must be authorised by the MEC of Roads and Transport.		
12. Personnel cost		
Salaries and wages	24 836 945	25 937 675
Medical aid	1 689 950	1 682 697
Pension	4 624 266	4 609 009
PAYE	10 814 477	10 621 347
UIF	218 480	222 353
	42 184 118	43 073 081
13. Tax		
No taxation has been provided for as the Company is exempted from income tax, in terms of Section 10(1)(cA)(ii) of the Income Tax Act, 1962.		
14. Notes to the cash flow statement		
14.1 Cash and cash equivalents		
Cash and cash equivalents consists of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:		
Bank	44 125 373	13 429 742
Cash on hand	10 000	10 000
	44 135 373	13 439 742

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011 (continued)

	2011	2010
	R	R
14. Notes to the cash flow statement (continued)		
14.2 Property plant and equipment		
During the period, Roads Agency Limpopo acquired property, plant and equipment with an aggregate cost of R 646 242 646 by means of capital grants by the Department of Roads and Transport. (2010: R 738 463 050)		
14.3 Reconciliation of net cash flows from operating activities to deficit generated from operations:		
Deficit for the year	(2 569 386 408)	(2 028 095 358)
Depreciation	3 253 777 951	2 810 852 957
Derecognition of assets	-	6 397 346
Government grants	-	(19 353 710)
Cash guarantees	-	(267 564)
Gains on disposal of property, plant and equipment	(10 414)	(936)
Decrease in payables	(8 576 688)	(15 071 596)
Decrease in provisions relating to employee cost	511 858	(149 127)
Decrease in receivables	633 659	(1 002 020)
Net cash flows from operating activities	676 949 958	753 309 992

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011 (continued)

15. Related parties

15.1 Controlling entity

The Department of Roads and Transport is the controlling entity to the company. Total grants received shown on the Statement of Financial Performance are transferred to the company by the Department of Roads and Transport.

15.2 Common control entities

During the 2009/10 financial year, the company were requested to implement projects for both Waterberg District Municipality and Capricorn District Municipality.

15.3 Directors

All directors and officers of RAL have confirmed that they had no interest in any contract of significance with RAL which could have resulted in a conflict of interests during the year.

	2011	2010
	R	R
M A Mogotlane (Chief Executive Officer)		
Basic salary	1 223 358	-
Acting allowance	122 942	-
Medical aid	12 168	-
Annual bonus	89 600	-
Performance bonus	130 043	-
Travel and housing	185 564	-
	1 763 675	-

An amount of R1 509 530 is included under personnel cost for the 2009/10 financial year.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011 (continued)

	2011 R	2010 R
15.3 Directors (continued)		
BR Shibambu (Chief Executive Officer)		
Basic salary	-	804 425
Lump sum	-	1 949 685
Head of department remuneration	-	-
Medical aid	-	8 112
Annual bonus	-	-
Performance bonus	-	172 377
Travel and cell phone	-	126 973
	-	<u>3 061 572</u>
Non-executive: allowance		
E M Makwela	-	85 843
L J Madisha	-	82 604
P J du Bruyn	-	82 604
T A Mokone	-	82 603
TJ Tshikundamalema	-	82 603
	-	<u>416 257</u>
Non-executive: other		
E M Makwela	-	199 500
L J Madisha	-	218 223
P J du Bruyn	-	24 190
T A Mokone	-	164 500
TJ Tshikundamalema	-	201 742
M M MThindisa	3 930	-
S M Rasethaba	60 588	187 902
H S Shipalana	264 583	221 500
M M Maponya	275 438	184 809
K Maswanganyi	283 297	141 000
	<u>887 835</u>	<u>1 543 366</u>

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011 (continued)

15.3 Directors (continued)

Regional board: allowance

	2011	2010
	R	R
A K Molapo	18 000	18 000
C Leshiba	24 000	24 000
F F Rumani	18 000	15 000
G A Winlock	16 500	18 000
H M Maloka	18 000	18 000
J W N Jacobs	18 000	18 000
M E Demana	16 500	18 000
M H Molepo	18 000	18 000
M Moselane	24 000	24 000
M R M Mothapo	18 000	-
N M E Kgatla	24 000	16 500
O J Scherman	18 000	24 000
P A Shai	24 000	18 000
P E Mahapa	18 000	23 000
T L Sihlangu	18 000	18 000
P N Lebepe	-	15 000
D Phologa	-	1 500
	291 000	287 000

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011 (continued)

	2011	2010
	R	R
15.3 Directors (continued)		
Regional board: other		
A K Molapo	1 316	4 185
C Leshiba	7 404	14 369
F F Rumani	1 134	-
G A Winlock	8 045	8 982
H M Maloka	4 799	1 758
J F Hlungwani	120	-
J W N Jacobs	10 282	-
L K Nsiki	3 409	-
M E Demana	587	3 300
M H Molepo	2 474	-
M Moselane	12 499	14 537
M R M Mothapo	4 522	1 874
N M E Kgatla	-	2 839
N S Modiba	1 769	-
O J Scherman	8 293	6 693
P A Shai	4 198	1 862
P E Mahapa	5 696	9 635
T L Sihlangu	4 449	15 861
P N Lebepe	-	3 134
SV Mathye	-	567
	80 996	89 596
Total director's fees	3 023 506	5 397 792

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011 (continued)

15.4 Executive members

Related party relationships exist between RAL, its directors, key management personnel and parties within the national sphere of government.

S M Mnisi (General Manager Engineering)

	2011	2010
	R	R
Basic salary	825 034	798 420
Medical aid	12 168	12 168
Pension	107 887	103 794
Annual bonus	67 200	66 535
Performance bonus	-	133 070
Travel and housing	358 831	349 782
	1 371 120	1 463 769

T F Madale (General Manager Corporate Services)

Basic salary	760 554	736 020
Medical aid	12 168	12 168
Annual bonus	61 948	61 335
Performance bonus	-	122 670
Travel and housing	429 408	417 177
	1 264 078	1 349 370

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011 (continued)

	2011	2010
	R	R
15.4 Executive members		
L Sefolo (Chief Information Officer)		
Basic salary	498 458	482 444
Medical aid	12 168	12 168
Pension	75 663	72 381
Annual bonus	40 600	26 799
Travel and housing	202 088	196 929
	828 977	790 721
M S Phupheli (Senior Manager Engineering)		
Basic salary	760 554	736 020
Medical aid	12 168	12 168
Pension	99 572	95 683
Annual bonus	61 948	61 335
Performance bonus	-	122 670
Travel and housing	329 836	321 494
	1 264 078	1 349 370
S J Mayimele (Senior Manager Engineering)		
Basic salary	760 554	736 020
Medical aid	12 168	12 168
Pension	99 572	95 683
Annual bonus	61 948	61 335
Performance bonus	-	122 670
Travel and housing	329 836	321 494
	1 264 078	1 349 370

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011 (continued)

15.4 Executive members (continued)

J H Groenewald (Senior Manager Engineering)

	2011	2010
	R	R
Basic salary	540 618	523 178
Medical aid	12 168	12 168
Pension	71 211	68 015
Annual bonus	44 034	43 598
Performance bonus	69 321	87 196
Travel and housing	230 936	225 006
	968 288	959 163

K R Rikhotso (Senior Manager Engineering)

Basic salary	540 618	523 178
Medical aid	12 168	12 168
Pension	81 936	78 478
Annual bonus	44 034	43 598
Performance bonus	69 321	87 196
Travel and housing	220 210	214 543
	968 287	959 161

J C Swarts (Senior Manager Engineering)

Basic salary	341 889	502 778
Medical aid	8 112	12 168
Annual bonus	42 317	41 898
Performance bonus	-	83 796
Travel and housing	189 878	281 119
Leave (termination)	50 117	-
	632 313	921 759

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011 (continued)

	2011	2010
	R	R
15.4 Executive members (continued)		
M Venter (Acting Chief Financial Officer)		
Acting allowance	332 567	27 241
	332 567	27 241
C C Nothnagel (Senior Manager Engineering)		
Basic salary	591 862	511 107
Annual bonus	45 835	43 598
Performance bonus	80 332	87 196
Travel and housing	343 803	298 146
	1 061 832	940 047
B L Mathebula (Senior Manager Legal Services)		
Basic salary	519 793	502 778
Acting allowance	60 775	-
Medical aid	12 168	12 168
Pension	78 800	75 417
Annual bonus	42 317	41 898
Performance bonus	88 824	83 796
Travel and housing	211 149	205 703
	1 013 826	921 760

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011 (continued)

16. Prior year adjustment

During 2009/10 Roads Agency Limpopo (Pty) Ltd ("RAL") adopted GRAP 17 (Property, Plant and Equipment) and changed its accounting policy with respect to the treatment of property, plant and equipment that are directly attributable to the building of the road network in the Limpopo. RAL also applied Directive 7 (The application of deemed cost on the adoption of Standards of GRAP) and consequently deemed cost was used to determined the capital values of all assets.

During the 2010/11 financial year, RAL performed an inspection on roads and bridges during which it was identified that several assets had been incorrectly capitalised in the 2009/10 financial year. This has been accounted for retrospectively and the comparative figures for 2010 have been restated.

The effect of the adjustment on the financial statements is as follows:

	2011	2010
	R	R
Assets		
Roads and bridges (prior 2009/10)	-	(1 004 253 794)
PPE under construction (prior 2009/10)	-	45 559 214
Depreciation (2009/10)	-	54 706 652
Reserves		
Reserves (prior 2009/10)	-	(958 694 581)
Expenses		
Depreciation (2009/10)	-	(54 706 652)

17. Going concern

The net deficit as at year-end is as a result of the implementation of GRAP 17 - Property, plant and equipment. RAL has capitalised Limpopo's entire road network as an asset and the depreciation on it is resulting in a net deficit. RAL have reserves of R 34 781 879 782 left at year-end to cover the loss in 2011.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011 (continued)

18. Capital commitments

Capital commitments contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	2011	2010
	R	R
Contracts	<u>1 428 086 691</u>	<u>351 067 009</u>

Capital commitments will be financed from grants to be received from the Government in 2011/12, 2012/13 and 2013/14 financial years.

19. Contingent assets

19.1 Legal cases

The company has a case pending for an amount of R 13.313.810 including interest and costs.

19.2 Guarantees

The company is in possession of a number of guarantees obtained from contractors. The guarantees originate from contracts with contractors. The total carrying amount of guarantees held amounts to:

	2011	2010
	R	R
- Performance guarantees	193 412 857	91 631 553
- Retention guarantees	76 593 105	109 135 431
	<u>270 005 962</u>	<u>200 766 984</u>

Performance guarantees can be used to cover costs incurred due to contractors not completing their contracts. Retention guarantees can also be used to cover deficiencies in workmanship of contractors for a period of up to 12 months after completion of contracts.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011 (continued)

20. Contingent liabilities

At 31 March 2011, the company had contingent liabilities in respect of legal cases pending for an amount of R 34,563,053. Of this some are dormant and others are being appealed, pending finalisation in the 2011/12 financial year.

21. Irregular expenditure

Opening balance
Add: irregular expenditure - current year
Irregular expenditure awaiting condonation

	2011	2010
	R	R
	1 401 931	-
	-	1 401 931
	1 401 931	1 401 931

Details of irregular expenditure - prior year


A contract of R 3 500 000 was awarded to Nyari Engineering for development of Project Information Management System (PIMS). Management received a unsolicited bid from the vendor and the contract was approved by the Executive Committee on 13 October 2008. However, no cost was incurred on the project for the financial year 2008/09.

22. Change in accounting estimate

During 2010/11 roads and bridges were inspected to determined the Visual Conditions Index ("VCI"). The VCI is used to estimate the useful life of all roads and bridges and this in it self will affect the depreciation that was written of during the current year.

The effect of the changes in estimate on the financial statements is as follows:

	2011	2010
	R	R
Expenses		
Depreciation	603 603 149	-



NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011 (continued)

23. Reconciliation between 2011 budget and statement of financial performance:

Net deficit as per statement for 2011	(2 569 386 408)
<i>Adjusted for:</i>	
Surplus on sale of assets	(10 414)
Depreciation on PPE	3 253 777 951
Derecognition of assets	-
Assets capitalised	(646 277 917)
Revenue not budgeted for - interest and billboard revenue	(6 730 514)
Under spending in employee cost	(448 087)
Overspending in administrative expenses	9 217 645
Under spending in directors fees	(56 495)
Under spending in movable assets	(77 975)
Under spending in project expense	(27 956 785)
Net surplus / (deficit) as per budget for 2011	12 051 000

NOTES

A series of horizontal dotted lines for writing notes.





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