



RAL

ROADS AGENCY
LIMPOPO

TOGETHER FOR BETTER ROADS



ANNUAL REPORT 2024-25



1 582

Women provided
with work
opportunities

481

Full-time
Equivalent jobs
created

71

People living
with disabilities
employed

In the 2024/25 Financial Year, RAL's road construction and maintenance efforts have created job opportunities for the youth, and Small, Medium and Micro Enterprises (SMMEs).



499
SMMEs
empowered

973
local workers
trained

1 889
young people aged
18-35 were employed
in various road
construction
projects

3 289
work opportunities
created to ensure
that communities
benefit from
our projects

In the 2024/25 Financial Year, RAL's road construction and maintenance projects have created job opportunities for youth, women, and people living with disabilities. In addition, several Small, Medium and Micro Enterprises (SMMEs) have also benefited.



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PART A

GENERAL INFORMATION

RAL is responsible for managing over 20 000 km of Limpopo's provincial roads, of which approximately 7 000 km are tarred and 14 000 km are gravel or dirt.



1. PUBLIC ENTITY'S GENERAL INFORMATION

Directors

Independent Non-Executive Directors

Mr. Rembuluwani Moses Tseli

Mr. Casper Buyaphi Mnisi

Ms. Simphiwe Mamvura

Ms. Tshifhiwa Mercy Ramabulana

Ex officio Non-Executive Directors

Ms. Mantji Adelaide Nhlane-Mthimkhulu

Ms. Ngwanangwatje Anna Moloisi

Ms. Sibongile Ennie Tema

Mr. Makhitha Jacob Chesane

(Acting Chief Executive Officer)

Ms. Kagiso Komana (Acting Company Secretary)

Registered Name

Roads Agency Limpopo (SOC) Ltd

Registration Number

2001/025832/30

Physical Address

26 Rabe Street, Polokwane, 0700

Postal Address

Private Bag X 9554, Polokwane, 0700

Telephone Number

+(27)15 284 4600

Website Address

www.ral.co.za

External Auditors

Auditor-General South Africa

Bankers

ABSA Bank Limited

Company Secretary

Ms Kagiso Komana

2. LIST OF ABBREVIATIONS/ACRONYMS

AGSA	Auditor-General South Africa	LDPWRI	Limpopo Department of Public Works, Roads and Infrastructure	RAL	Roads Agency Limpopo (SOC) Ltd
B-BBEE	Broad-Based Black Economic Empowerment	MEC	Member of Executive Council	SCM	Supply Chain Management
CEO	Chief Executive Officer	MTEF	Medium-Term Expenditure Framework	SMME	Small Medium and Micro Enterprises
CFO	Chief Financial Officer	PFMA	Public Finance Management Act 1 of 1999	TR	Treasury General
GRAP	Generally Recognised Accounting Practice				

3. STRATEGIC OVERVIEW

The annual report forms part of Roads Agency Limpopo's (RAL) public accountability and responsibility to the shareholder, the Limpopo Provincial Department of Public Works, Roads and Infrastructure (LDPWRI) as well as its key stakeholders.

The report, which covers the period of 01 April 2024 to 31 March 2025, outlines RAL's mandate, its strategic focus areas, and a summary of how the Agency implemented its

mandate during the financial year under review. In selecting the quantitative and qualitative information for the report, RAL strove to be concise but reasonably comprehensive whilst adhering to the principle of materiality – content that demonstrates the Agency's value creation processes in the short, medium, and long term.



3.1 VISION

Contributing to the socio-economic development by connecting the people of the Limpopo Province.



3.2 MISSION

Our mission is to provide a quality and sustainable provincial road infrastructure network for the economic development of Limpopo.



3.3 VALUES

The way we operate in pursuit of our vision and mission is underpinned and guided by the following core values:



COMMITMENT

We are committed to delivering quality road infrastructure in the province. This is reflected in our consistent presence on the ground, prioritising projects that unlock economic and social access for communities.



RELIABILITY

We offer reliable, safe, and economic road infrastructure. Our projects are designed for long-term use, ensuring that road users can trust the quality of our infrastructure development.



EFFICIENCY

We go the extra mile in serving our communities. We try to work within tight budgets and timelines without compromising on safety or quality, delivering roads in strategic economic areas.



ACCOUNTABILITY

We remain accountable to all our stakeholders and the environment. We try to ensure our work aligns with legal, ethical, and environmental standards that aim to meet the highest expectations of compliance reporting.



TRANSPARENCY

We are transparent in our internal and external business processes. Stakeholders are kept informed through open channels, ensuring public trust and organisational integrity.



TEAMWORK

We work together for better roads. Our collaborative approach brings together government, private sector, and local communities to co-deliver successful projects.



EXCELLENCE

We strive to exceed expectations. We continuously endeavour to improve our methods, invest in innovation, and benchmark against best practices in infrastructure delivery.



DIVERSITY

We value and embrace diversity within our organisation and the people with whom we work. We actively create opportunities for youth, women, and SMMEs, fostering inclusive growth across the road infrastructure value chain.

4. FOREWORD BY THE MEC



Mr Ernest Sebataolo Rachoene

MEC for Limpopo Department of Public Works, Roads and Infrastructure

I present the 2024/25 Annual Report, and wish to highlight the significant progress made in repositioning the Limpopo Department of Public Works, Roads and Infrastructure (LDPWRI) as a catalyst for inclusive economic growth and social upliftment. The seventh administration began with a clear mandate: to prioritise service delivery, accelerate infrastructure development, and restore public confidence in government institutions.

Under the decisive leadership of our Premier, Dr Phophi Ramathuba, infrastructure development has become central to our government's agenda. Efforts to align the entity to this mandate, includes invigorating governance by ensuring that irregularities that led to an overcommitment of R1,3 billion are addressed. Consequence management subsequently followed, and some interventions are continuing. A process to appoint a new Board after the resignation of most of its members was concluded in the financial year under review. The process of appointing the Audit and Risk Committee (ARC) had progressed well to be fully established by the new financial year. This will ensure improved audit outcomes of the Agency. The entity had started to stabilise on many fronts which is a promising signal for the performance of the entity going forward.

This annual report does more than summarise our deliverables. It tells the story of a government that listens, responds, and takes action. Our mission extends beyond merely building roads; we are laying the foundation for long-term transformation through resilient, inclusive, and purpose-driven infrastructure.

During the year under review, we intensified our efforts to improve connectivity, particularly in areas that have long been overlooked. Our strategic investment decisions were guided by community

needs, economic potential, and developmental priorities, ensuring that even the most remote villages are included in our plans.

A key feature of our approach has been the introduction of #DikgerekgereWednesdays, an innovative initiative focused on gravel road maintenance using internal departmental resources. This programme has not only improved response times to infrastructure challenges but also fostered a culture of accountability, efficiency, and visible government action. Such initiatives have enabled us to respond swiftly to road improvement emergencies and provide essential relief in high-need areas.

We further launched #OperationTsogaMoshomi, which is a transformative campaign aimed at revitalising employee dedication, discipline, and purpose. It emphasises accountability, transparency, and community engagement to accelerate service delivery and improve the lives of Limpopo residents.

Additionally, we launched #StakeholderTuesdays to enhance engagement with key partners, including communities, traditional leaders, the taxi industry, NGOs, and local businesses. These sessions were not merely consultation platforms, they served as collaborative spaces to assess progress, address shortcomings, and develop joint solutions. Crucially, they promoted transparency and enabled communities to monitor the condition of their roads and understand the status of ongoing or planned work. This, in turn, helped reduce the likelihood of protests driven by misinformation or neglect.

These platforms have proven invaluable, providing the seventh administration with direct insight into the lived realities of our communities. Through these engagements, we identified priority

areas for upgrading gravel roads to tar. Notably, through the Dikgerekgere programme, we procured yellow fleet machinery to accelerate road maintenance and enhance service delivery. This initiative has also created employment for over 300 local workers, who now contribute meaningfully to their households and the broader economy.

This is infrastructure delivery that makes a difference—developmental, empowering, and transformative.

We are also proud to acknowledge the renewed interest by the mining sector strategic partners, whose anticipated financial support will significantly bolster RAL's financial capability to build more roads. We extend our heartfelt gratitude to our partners who have contributed in the past, those who expressed their willingness during our engagements and encourage others to join this vital mission. Government cannot undertake this journey alone—together, we can achieve more.

As the political head of this Department, I take immense pride in the dedication shown by the new RAL Board, management, and staff. Their expertise, tireless efforts, and alignment with our strategic objectives will be instrumental as we intensify work towards achievements of the 7th administration.

The 2024/25 financial year marks a turning point, a shift towards decisive action, accountability, and partnership-driven delivery. We remain steadfast in our commitment to building an infrastructure network that meets the needs of Limpopo's people. This is not just about roads; it is about restoring dignity, creating opportunities, and unlocking development.

Let us move forward with unity, purpose, and determination. Together, we are building a better Limpopo.



Mr Ernest Sebataolo Rachoene

MEC for Limpopo Department of Public Works, Roads and Infrastructure



In the third quarter of the 2024/25 Financial Year, heavy rains damaged many roads across the province. MEC for Limpopo Department of Public Works, Roads and Infrastructure, Mr Ernest Rachoene, took a hands-on approach in leading the province's pothole patching initiative to restore the road network.

5. MESSAGE FROM THE CHAIRPERSON OF THE BOARD



Mr Moses Tseli

Board Chairperson

The 2024/25 Financial Year was a transitional yet defining period for Roads Agency Limpopo (RAL), marked by a renewed commitment to restoring financial discipline, accountability, and good governance. It was a time of multiple transformative moments compressed into a short timeframe, and I had the privilege of being part of this multifaceted journey.

Initially, I served as the Accounting Authority, appointed by the Honourable MEC for Public Works, Roads and Infrastructure (DPWRI), Mr. Sebatoalo Ernest Rachoene, during the 7th administration. Later, I joined a dedicated group of professionals appointed to lead the organisation as the Board of Directors, which I now chair. This pivotal time, though challenging, marked a significant milestone in RAL's evolution and will be remembered as a landmark in its institutional history.

Through this period of renewal, RAL realigned its focus on the efficient and effective use of public resources in delivering critical road infrastructure. The newly appointed Board, which assumed office in the fourth quarter of the financial year, embraced the principles of sound corporate governance, transparency, and service delivery excellence. Our primary objective was not only to set strategic direction but to restore public and stakeholder confidence in RAL's ability to fulfil its mandate.

Following a series of leadership challenges including the resignation of the previous Board and the dismissal of the Chief Executive Officer (CEO) within a span of six months, RAL faced considerable instability. In response, an Acting CEO was appointed, vacant executive management posts were filled, internal controls were

reinstated, and staff engagement was prioritised to restore morale and organisational performance.

A central focus of our oversight was strengthening institutional performance and governance systems. We undertook deliberate efforts to address historical audit findings raised by the Auditor-General of South Africa (AGSA), with particular emphasis on Risk Management, Internal Audit, and Supply Chain Management (SCM). These previously constrained functions were prioritised, and the Board supported the implementation of a robust improvement plan to reinforce internal controls, enhance resilience, and drive accountability.

This period also intensified efforts to optimise RAL's funding model. As a capital-intensive agency reliant on fiscal allocations, diversifying revenue sources became more urgent. Recognising our vulnerability to budget constraints, the Board prioritised the formation of strategic partnerships, especially with Limpopo's mining and agriculture sectors. These collaborations, rooted in a shared value approach, allow public and private sectors to pool resources and expertise, forming the bedrock of our long-term strategy for sustainable infrastructure delivery.

In addition, the Board oversaw the development of RAL's 2025–2029 Strategic and Annual Performance Plan, which was hailed by many collaborating stakeholders as the first of its kind. This blueprint reaffirms our commitment to transforming Limpopo's road infrastructure to support inclusive economic growth and development.

Although the final audit outcome for the financial year was less than desirable, the Agency saw notable performance improvements in the fourth quarter which is a promising signal of recovery and renewed confidence in RAL's future. The successful closure of the 2024/25 Financial Year confirmed RAL's commitment to serving Limpopo's residents. With a road network spanning approximately 20,000 km, 66% of which remains unpaved, our interventions directly impact mobility, access to essential services, and economic activity. Roads are not merely infrastructure; they are enablers of socio-economic transformation. Whether connecting rural communities to clinics and schools or facilitating the transport of goods to markets, our work has lasting impact.

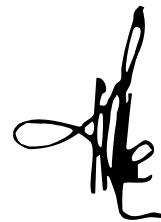
The Board remains committed to using road construction and maintenance to advance the priorities of the National Development Plan (NDP) 2030, particularly in poverty alleviation, job creation, and inclusive economic participation. During the year, RAL's infrastructure programmes created 3,289 work opportunities, primarily benefiting youth aged 18–35 and persons with disabilities. This reflects our intentional approach to ensuring infrastructure projects promote economic inclusion.

Equally vital to our strategy is support for Small, Medium, and Micro Enterprises (SMMEs). In the 2024/25 Financial Year, 499 SMMEs participated in RAL projects, contributing to local economic development, contractor growth, and job creation in township and rural communities. Our partnerships with institutions like the Construction Education and Training Authority (CETA) have also enabled hundreds of youths, women, and persons with disabilities to gain technical training linked to our projects.

While proud of our progress, we acknowledge the growing demand for road infrastructure and the increasing expectations of our communities. The Board remains focused on strengthening stakeholder engagement, enhancing transparency, and expanding the reach and quality of RAL's infrastructure programme.

I extend my sincere appreciation to the Honourable MEC for the Limpopo Department of Public Works, Roads and Infrastructure (LDPWRI), Mr. Ernest Sebatoalo Rachoene, for his leadership, guidance, and unwavering support as Shareholder Representative. I also thank Acting CEO Mr. Makhitha Chesane and his executive team for their dedication and resilience during a period of transition and resource constraints.

As the Board of Directors, we remain steadfast in our mission to reshape Limpopo's road infrastructure. We are not merely constructing roads; we are building the foundation for sustained socio-economic impact. With renewed energy and sharpened focus, we enter the 2025/26 Financial Year with a bold vision to create a better-connected Limpopo.



Mr Moses Tseli
Board Chairperson

6. FOREWORD BY THE ACTING CHIEF EXECUTIVE OFFICER



Mr Makhitha Chesane

Acting Chief Executive Officer of RAL

The 2024/25 Financial Year was a pivotal period for Roads Agency Limpopo (RAL), characterised by a renewed focus on operational efficiency, accountability, and the effective use of public funds. I assumed my role during a time when the Limpopo Provincial Government, led by Honourable Premier Dr. Phophi Ramathuba, intensified its commitment to service delivery through initiatives like #DikgerekgereWednesdays and #StakeholderTuesdays, spearheaded by Honourable MEC for Limpopo Department of Public Works, Roads and Infrastructure (LDPWRI), Ernest Rachoene.

These initiatives revitalised our approach to service delivery, allowing us to better address the province's infrastructure needs while fostering community engagement. They have also strengthened intergovernmental coordination and promoted the inclusion of local perspectives in shaping development outcomes.

Delivering on Our Mandate

RAL is an entity of LDPWRI, responsible for the planning, construction, maintenance, and management of Limpopo's provincial road network. Our mandate encompasses the management of approximately 20,000 kilometres, with 66% of the roads still unpaved, a challenge we are committed to addressing with precision and a results-oriented approach.

The audit opinion from AGSA singled out areas that the organisation will have to give more attention. The report serves as a clear indication of the improvements needed to address the challenges facing the Entity. Our efforts are now geared towards excellence that will earn the entity a desirable audit opinion.

Core Business Focus

The annual reach to upgrade gravel roads to tar and perform maintenance work, with the available budget, has yielded 48,38km of paved roads, 712 202 square metres rehabilitated and 1 174 725 resurfaced. More can be done with adequate fiscal resources. Where RAL could not reach certain areas, the #DikgerekgereWednesdays campaign played a crucial role in maintaining roads in rural areas. This strategy allowed us to maximise our limited resources and direct our efforts where they would have the greatest impact.

These improvements enhance provincial connectivity and stimulate economic activity by providing better access to trade, healthcare, and education. They also reduce travel time and transport costs for communities, contributing to regional integration and rural development.

Additionally, we regravelled 117,900 m² of gravel roads, particularly in rural areas prone to weather-related disruptions. This was a crucial response to the damaging rains of the season, which affected accessibility in several municipalities.

Strategic Partnerships

Delivering infrastructure at scale necessitates collaboration beyond government efforts. The transitional challenges at the Entity in the 2024/25 Financial Year, had an impact on the private partnership collaboration efforts. However, engagements with key players in the economy were held and future prospects are eminent.

To strengthen these partnerships further, RAL participated in the African Mining Indaba in Cape Town in February 2025, alongside our shareholder, MEC Ernest Rachoene. These engagements reaffirmed existing relationships and opened new avenues for investment.

These interactions emphasised that infrastructure development is a shared responsibility, not solely the government's burden. Moving forward, RAL will continue to explore co-funding models to accelerate delivery and unlock economic opportunities throughout the province.

Empowering SMMEs and Creating Jobs

RAL is committed to maximising socio-economic benefits through infrastructure development. In 2024/25, our projects generated:

- 481 full-time equivalent (FTE) jobs
- 3,289 part-time work opportunities, including:
 - 1,889 for youth
 - 1,582 for women
 - 71 for persons with disabilities

Additionally, our road projects subcontracted 499 SMMEs, many of which received on-site mentorship and training through our partnership with the Construction Education and Training Authority (CETA). This initiative supports local enterprise development and fosters economic inclusion. We view SMME development as a long-term investment in building a more inclusive and sustainable construction sector in Limpopo.

Innovation Through Benchmarking

To reduce costs and enhance road-building methods, RAL participated in a benchmarking visit to Eskom's Medupi Power Station in Mpumalanga. Exploring alternative materials is expected to inform future construction models, making road delivery more cost-effective and efficient. Such collaborations pave the way for innovation and help us adapt to evolving demands and fiscal pressures in the infrastructure landscape.

Organisational Performance

RAL set 26 key performance targets for 2024/25, achieving 14 and falling short on 12, resulting in an overall achievement rate of 54%. While improvement is necessary, this provides a clear foundation for enhancing performance and delivery monitoring. A focus on data-driven reporting and internal accountability will be crucial in improving this metric in the next reporting cycle.

Strengthening Governance and Audit Outcomes

In alignment with the Seventh Administration's goal of clean governance, we prioritised strengthening internal controls and aligning our Supply Chain Management (SCM) policies with the Public Finance Management Act (PFMA) and Limpopo Treasury Guidelines. Our focus remains on transparency, compliance, and accountability to both Parliament and the communities we serve.

We are committed to improving audit outcomes year after year and institutionalising a culture of financial discipline and ethical leadership across the organisation.

6. FOREWORD BY THE ACTING CHIEF EXECUTIVE OFFICER (CONTINUED)

Stakeholder and Community Engagement

Under MEC Rachoene's leadership, #StakeholderTuesdays, improved coordination with municipalities, traditional leaders, and councillors. These platforms allowed us to clarify project timelines and proactively address potential disputes.

Notably, RAL experienced no community protests during the reporting period, which speaks to the effectiveness of our stakeholder engagement model. Both in-person and virtual interactions significantly contributed to improved project delivery.


Engagement with the public is not merely a communications exercise; it is essential for delivering infrastructure that meets the actual needs of the people and maintains public trust.

Taking into account the economic and operational challenges, I am certain that a good foundation for corrective measures was laid and will deliver a much-improved report.

I would like to express my gratitude to:

- MEC Sebataolo Ernest Rachoene, our shareholder representative
- Mr. Moses Tseli, Chairperson of the Board
- The entire Board of Directors, management, and staff

Together, we have established a solid foundation for continued delivery. As we move forward, we remain focused on strengthening systems, building partnerships, and exploring innovative solutions to deliver more roads, better and faster, affordably.



Mr Makhita Chesane
Acting Chief Executive Officer



7. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of our knowledge and belief, we confirm the following:

All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by the Auditor-General South Africa (AGSA).

- a) The Annual Report is complete, accurate and free from any omissions.
- b) The Annual Report has been prepared in accordance with the guideline on the Annual Report, as issued by the National Treasury.
- c) The Annual Financial Statements (Part G) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) standards applicable to the Entity.
- d) The Entity is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.

The Entity is responsible for establishing and implementing a system of internal control. This has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information, and the Annual Financial Statements.

The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Public Entity for the financial year ended 31 March 2025.

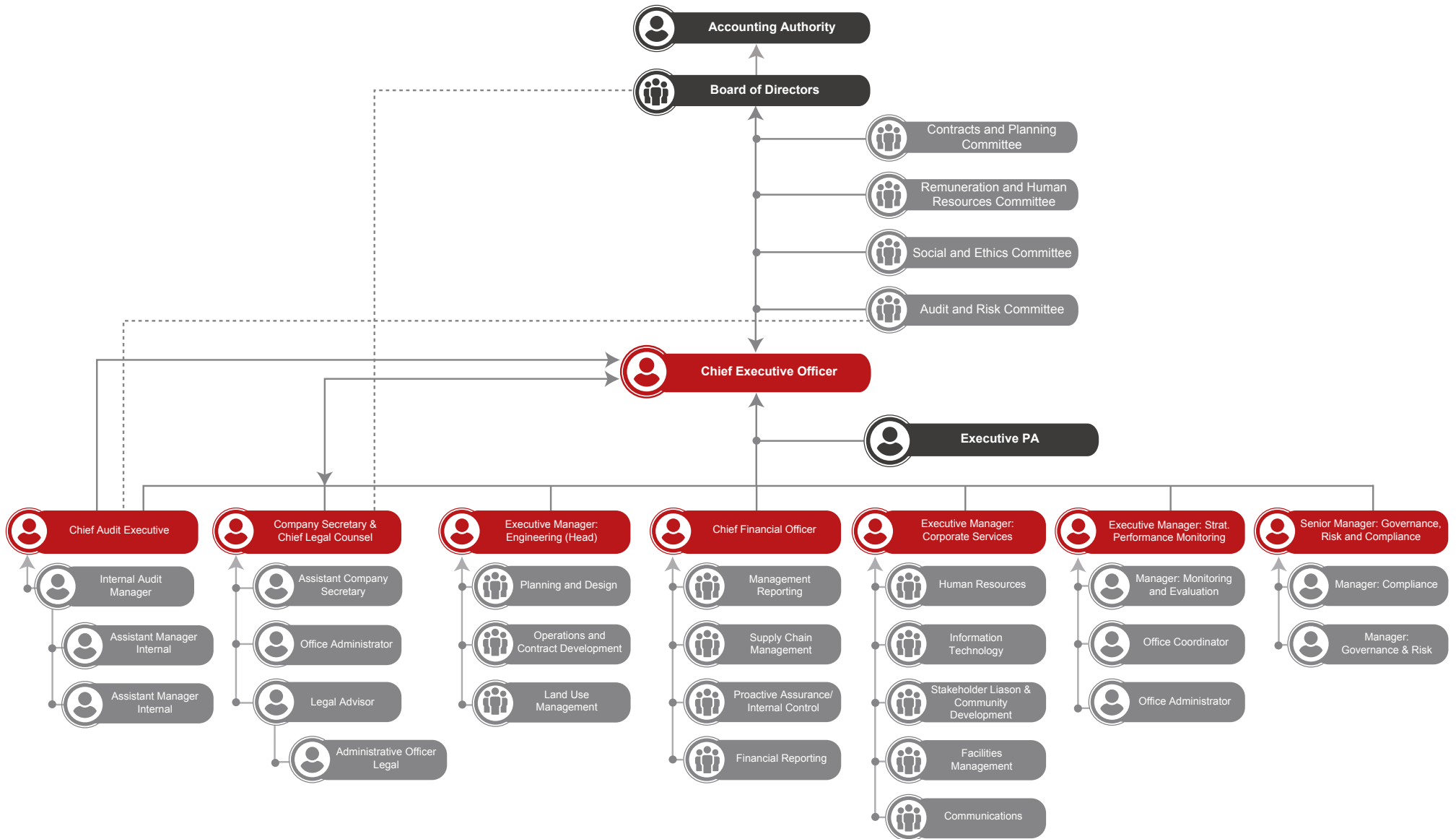


Mr M.J Chesane
Acting Chief Executive Officer



Mr R.M Tseli
Board Chairperson

8. ORGANISATIONAL STRUCTURE



9. BOARD OF DIRECTORS



Hon. Ernest Rachoene

MEC for LDPWRI and RAL's primary shareholder



Mr Moses Tseli

Chairperson of the Board



Ms Mercy Ramabulana

Non-Executive Director



Mr Casper Mnisi

Non-Executive Director



Ms Simphiwe Mamvura

Non-Executive Director



Ms Ennie Tema

Limpopo Provincial Treasury



Mrs Adelaide Nhlane-Mthimkhulu

Department of Transport and Community Safety



Ms Annique Moloisi

LDPWRI



Mr Makhitha Chesane

Acting CEO of RAL



Ms. Kagiso Komana

Acting Company Secretary of RAL



PART B

PERFORMANCE INFORMATION

RAL's road projects in the 2024/25 Financial Year included gravel-to-far upgrades, road rehabilitations, and the construction of bridges across the province.



1. SITUATIONAL ANALYSIS

Service Delivery Environment

The Road Infrastructure Programme is the central pillar of RAL's business model, which gives practical effect to its mandate as set out in Section 25 of the RAL Act 7 of 1998, as amended. RAL has a duty to provide an accessible, reliable, and safe provincial road network.

The 2024/25 Financial Year was the fifth of the five-year Medium-Term Strategic Framework period. During the financial year under review, the province experienced excessive rainfall that led to damage to infrastructure as well as work disruptions on construction sites.

Despite the challenges, the projects that were implemented by RAL in the year under review contributed to the economic development of the province during a period that recorded high levels of unemployment. RAL continued to provide employment stimulus by creating jobs, supporting livelihoods, and empowering Small, Micro, and Medium Enterprises (SMMEs).

RAL is responsible for a road network of 20, 091km, 34% is paved and 66% unpaved. The Department of Public Works, Roads, and Infrastructure (DPWRI) is inundated with demands for roads to be upgraded from gravel to tar. The condition of the existing tarred roads is also deteriorating because of limited financial resources for road maintenance. Concerted efforts to source additional resources from the private sector have resulted in pledges that have yet to translate into partnership investments.

Key policy developments and legislative changes

There have been no significant changes that necessitated an update to legislative and policy mandates of the entity in the financial year under review.





One of the completed gravel-to-tar upgrades in the 2024/25 Financial Year is road D4109, a 10km stretch benefiting the villages of Mamatonya, Malatane, and Byldrift in the Lepelle-Nkumpi Local Municipality, Capricorn District.

2. PERFORMANCE INFORMATION

Legislative and Regulatory Performance Reporting Framework

The purpose of this report is to appraise the Shareholder and oversight institutions about RAL's performance for the year under review and to report on the performance of the entity, as measured against the pre-determined objectives set out in the Strategic Plan (SP) and Annual Performance Plan (APP) for the 2024/25 Financial Year.

Section 195 of the Constitution requires the government and its entities to use their resources efficiently, economically, and effectively; to run a developmentally oriented and accountable public administration; and to provide timely, accessible, and accurate information.

The accounting authority of a public entity is required, in terms of section 55(1) (d) (i) of the Public Finance Management Act 1 of 1999 (PFMA) and article 28.2 of the Treasury Regulations to, inter alia, submit an annual report five (5) months after the end of a financial year to the Executive Authority and to the Auditor-General South Africa.

Progress on Non-Financial Performance Targets

The majority of the 26 targets for the 2024/2025 Financial Year were achieved with some targets exceeded. Fourteen (14) targets were achieved while twelve (12) were not achieved.

The entity's overall performance is 54% for the 2024/2025 Financial Year. Programme 2 contributed significantly towards the achievement of the targets, specifically social indicators where 8 of all 9 targets have been achieved. In addition, 4 of the 9 physical indicators were achieved which resulted in 12 targets achievement under the Roads Infrastructure programme.

Programme 1 had 8 targets for the year, wherein 2 were achieved, while 6 were not achieved. This translates to an achievement rate of only 25% against the targets.

Programme 2 had 18 targets, where 12 were achieved and 6 were not achieved. This translates to a 67% achievement rate of the targets. Remedial actions are taken by management to ensure that funds are always available for planned projects and that service providers are paid within 30 days for services rendered.



RAL manages Limpopo's road network, with roads that connect businesses and remote communities, engineered to traverse even mountainous terrain under the expertise of skilled professionals.

OVERALL PERFORMANCE

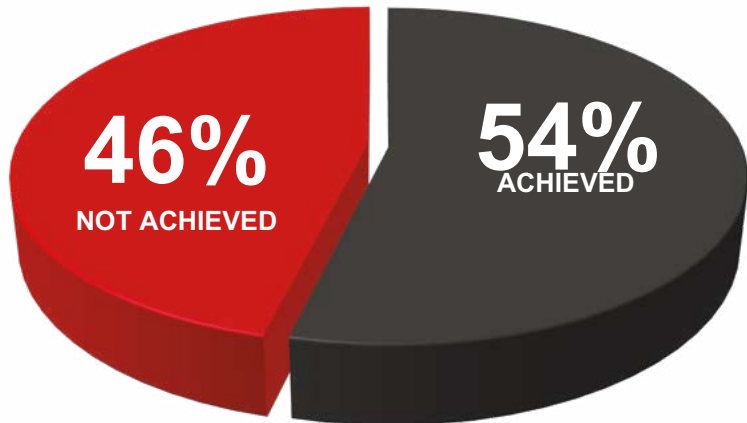


Figure 1: Overall Performance for the year

OVERALL PERFORMANCE PER PROGRAMME

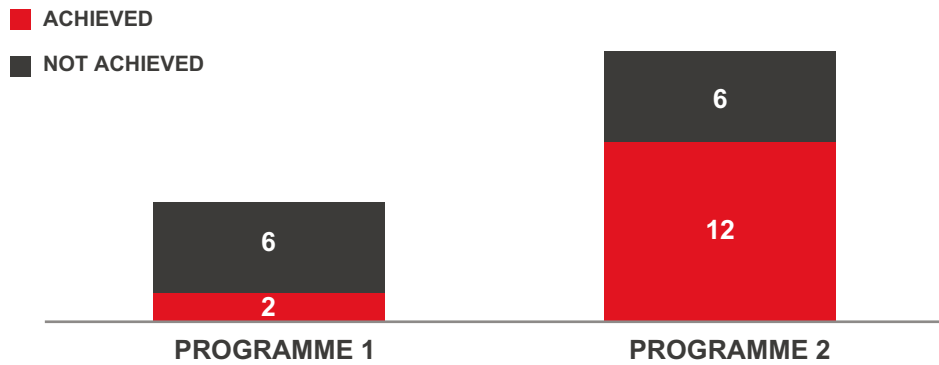
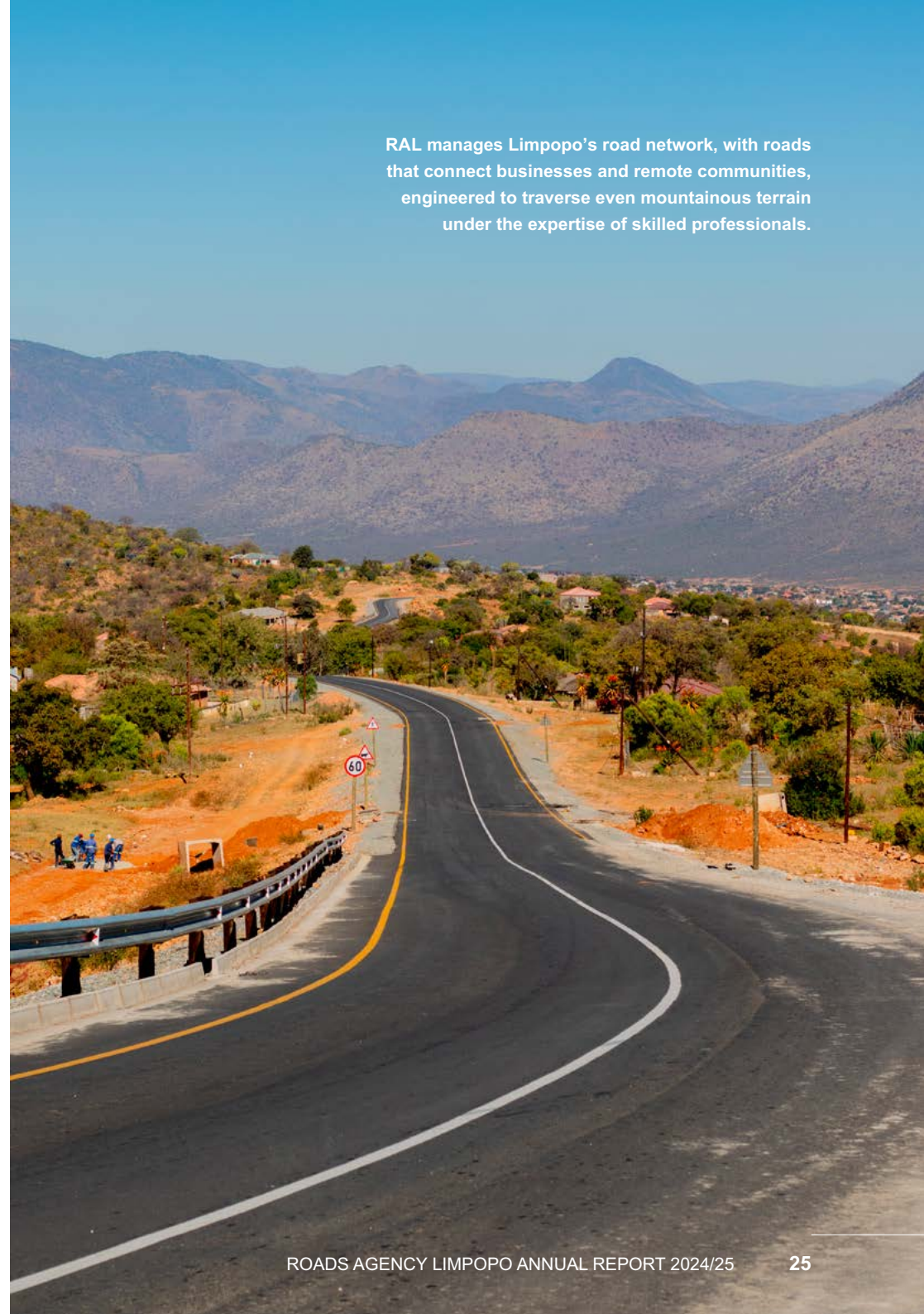


Figure 2: Overall Performance per Programme



PROGRAMME 1: ADMINISTRATION

The purpose of the programme is to provide the support required in order to effectively manage and deliver efficient service to the people of Limpopo.

OUTCOME 1: AN ADEQUATELY SUPPORTED CORE BUSINESS BY 2025.						
Sub-Programme: Legislative						
No.	Output Indicator	Annual Target	Annual Output	Reasons for Variance	Planned Interventions	Expenditure per Target
Sub-Programme: Governance, Risk and Compliance						
1.1	Number of Strategic Risk assessment workshops conducted	1	1	Achieved: As per planned target	None	None, Operational Task
Sub-Programme: Internal Audit						
1.2	% of Implementation of the approved Internal Audit Annual Plans	100%	90,5%	Not Achieved: Limited capacity within Internal Audit unit – some of the planned projects earmarked for the Service Provider were not executed because of the delayed procurement processes.	The appointment of service provider was in progress at the close of the financial year. This will capacitate internal Audit unit.	None, Operational Task

Sub-Programme: Financial Management

1.3	Clean Audit Report achieved	Clean Audit Report achieved	Qualified Audit	Not Achieved: A clean audit was not achieved due to non-compliance with SCM regulations, which led to irregular expenditure, as well as material misstatements in the annual financial statements and performance information.	Ensure that the appointment of service providers from panels complies with SCM regulations, initiate the asset verification process early to support an accurate infrastructure asset register, and enhance the quarterly quality review of performance information.	None, Operational Task
1.4	% of AGSA reported weaknesses rectified	100 %	56%	Not Achieved: Most of the findings pertain to ongoing projects. The resolution of certain findings is awaiting the approval of relevant policies, a process that was still in progress at the end of the financial year. Overcommitment led to delays in settling invoices within the prescribed 30-day period.	To avoid delays in addressing audit findings, prioritize the completion of ongoing projects, fast-track the approval and implementation of relevant policies, and ensure that commitments are made only when budget is available to prevent overcommitment.	None, Operational Task
1.5	% of budget spent on infrastructure	100% of the infrastructure budget spent	100%	Achieved: As per planned target	None	None, Operational Task
1.6	Percentage of eligible suppliers paid within 30 days	100%	82,47%	Not Achieved: Invoices were paid late in the respective quarters due to cash flow constraints resulting from over-commitment.	Appointments will be made strictly based on the budget allocation to avoid over-commitment.	None, Operational Task

2. PERFORMANCE INFORMATION (CONTINUED)

1.7	Amount secured from private sector partners (R' m)	R150 000 000	R0	Not Achieved: Partnership negotiations with potential contributors took place but many private sector companies could not contribute financially. Further engagements that were held are promising for the next financial year.	This target depends on the goodwill and financial ability of external parties (private companies). It has been revised for the next financial year considering the financial constraints of the private sector funders.	None, Operational Task
Sub-Programme: Human Resources						
1.8	Number of employees trained	130	128	Not Achieved: Challenges with the availability of training dates for trainees were experienced.	Focus will be placed on group training that result in more people being trained in a short space of time.	None, Operational Task

PROGRAMME 2: ROADS INFRASTRUCTURE

The purpose of the programme is to promote accessibility and the safe affordable movement of people, goods and services through the delivery and maintenance of road infrastructure that is sustainable, integrated and environmentally sensitive, and supports economic growth of the province.

OUTCOME 2: IMPROVED ROADS INFRASTRUCTURE BY 2024.						
Sub-Programme: Planning and Design						
No.	Output Indicator	Annual Target	Annual Output	Reasons for Variance	Planned Interventions	Expenditure per Target
2.1	Approved Table B5 project list for MTEF published	1 Approved Table B5 published	1 Approved Table B5 published	Achieved: As per planned target.	None	None, Operational Task
2.2	Road Asset Management Plan (RAMP) report approved	1 Report approved	1 Report approved	Achieved: As per annual target.	None	None, Operational Task
2.3	Number of kilometres of surfaced roads visually assessed as per applicable TMH manual	3 086	850,64	Not Achieved: The assessment was partially done because a service provider could not be appointed in the financial year. The RAMS tender specifications and budget approval were delayed, which affected the procurement process.	The procurement process of the RAMS will be fast-tracked to ensure a service provider is appointed.	None, Operational Task
2.4	Number of kilometres of gravel roads visually assessed as per applicable TMH manual	6 958	0	Not Achieved: No assessments were done because the RAMS tender could not be finalised due to delays in aligning the specifications and budget.	The procurement process will be fast-tracked to ensure a service provider is appointed.	None, Operational Task

2. PERFORMANCE INFORMATION (CONTINUED)

Sub-Programme: Construction and Operations						
2.5	Number of square metres of surfaced roads rehabilitated	1 150 000	712 202	Not Achieved: Projects which were earmarked to contribute to 2024/2025 Financial Year did not perform well due to excessive rainfall experienced between November 2024 and March 2025. This inclement weather made it difficult for contractors to rework road layers before surfacing because rehabilitation projects require reworking of road layers.	In future, more rehabilitation activities to be programmed to be implemented during dry season.	None, Operational Task
2.6	Number of square metres of surfaced roads resurfaced	1 020 000	1 174 725	Over-Achieved: Resurfacing or reseal work requires less activities before surfacing, on a reseal project contractors are fast tracking projects before rainy season starts. This achievement can be attributed to good planning and effective execution of projects.	None	None, Operational Task
2.7	Number of kilometres of gravel roads upgraded to surfaced roads	45	48,38	Over-Achieved: Projects which did not perform well in the 2023/2024 Financial Year progressed very well in the 2024/2025 Financial Year and contributed positively resulting in over achievement.	None	None, Operational Task

2.8	Number of bridges completed	5	3	Not Achieved: Projects T1175 and T1268 were earmarked to contribute to Q4 of the 2024/2025 Financial Year, due to poor performance from the service providers, targets could not be reached	Warning Letters were issued to service providers for poor performance.	None, Operational Task
2.9	Number of square meters of gravel roads regravelled	296 000	117 900	Not Achieved: Projects were rejected by the communities saying that they did not want regravelling but upgrading from gravel to tar. Only Xikundu and Ha-Rambuda projects have been approved by the community.	To educate communities about the importance of regravelling projects (Engineered gravel roads) because not all the roads can be upgraded to tar due to budget constraints.	None, Operational Task

2. PERFORMANCE INFORMATION (CONTINUED)

OUTCOME 3: ECONOMICALLY EMPOWERED HOST COMMUNITIES BY 2024.

Sub-Programme: Job Creation, Empowerment, and Training

No.	Output Indicator	Annual Target	Annual Output	Reasons for Variance	Planned Interventions	Expenditure per Target
3.1	Number of Full-Time Equivalent (FTE) jobs created	409	481	<p>Over-Achieved: The annual target for creating FTE jobs was 409, and the actual achievement was 481 FTE jobs created. The reason for overachieving is that the strategy of providing constant induction and workshop to contractors to submit valid and accurate information timeously has yielded good results. The annual target has been over-achieved, primarily because the contractors were encouraged and compelled to recruit workers according to the EPWP guidelines, which is aimed at creating descent jobs for the labourers. All expired contracts were renewed on time to allow the beneficiaries to be employed for a longer period which resulted in the Full Time Equivalent for a longer period.</p>	None	None, Operational Task

3.2	Amount spent on employing labourers (R'm)	39,2	49,8	<p>Over-Achieved: The annual target for the amount spent on employing labourers was R39,2m and the actual achievement was R49,8m on the employment of labourers. The reason for overachieving is that the strategy of providing constant induction and workshop to contractors to submit valid and accurate information timeously has yielded good results. The annual target has been over-achieved, primarily because the contractors were encouraged and compelled to recruit workers according to the EPWP guidelines, which is aimed at creating descent jobs for the labourers. All expired contracts were renewed on time to allow the beneficiaries to be employed for a longer period which resulted in the Full Time Equivalent for a longer period and ultimately as a result more money was spent on the employment of labourers.</p>	None	None, Operational Task
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2. PERFORMANCE INFORMATION (CONTINUED)

3.3	Amount paid to SMME Contractors and Sub-Contractors (R'm)	109,3	122,93	<p>Over-Achieved: The annual target for the amount spent on SMME Contractors and Subcontractors was 109,3m and the actual amount spent was 122,93m on SMME empowerment. The reason for overachieving is that the strategy of providing constant workshops to contractors to submit valid and accurate information timeously has yielded excellent results. The annual target has been achieved, primarily because the contractors were encouraged to engage the services of the SMME's on all the activities that can be done by them. Contractors were workshoped on the importance of engaging SMME early in the projects to do all ancillary work and allow different SMME's to share workload on different activities and this resulted in more SMME's being employed and more money was spent. When more money is spent on SMME it assisted many small businesses to register and upgrade their CIDB gradings as part of the contractor development mandate.</p>		None, Operational Task
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3.4	Number of work opportunities created	3 840	3289	<p>Not Achieved: The annual target for work opportunities was 3840, a total of 3289 work opportunities were created. The reason for not achieving this target is the failure to enforce labour plans and targets to achieve the 5% and 10% targets on both maintenance and upgrading projects respectively. Poor planning by the contractors affected the output of the targets, the contractors were not able to have an expected intake number of workers as they didn't have a proper plan or didn't adhere to the labour plan on the work that the labourers will do when hired, and consequently most projects failed to meet their labour targets. Delayed payments to contractors also affected the submission of the reports by contractors on time as there was no portfolio of evidence (PoE), when the PoE was finally received the reports couldn't meet the submission deadline of the quarterly reports. Some projects were on hold due to non-payments and reports were not submitted as expected.</p>	<p>In collaboration with the SID unit who facilitate the recruitment of the labour force on projects we will ensure that the contractor submits a proper labour plan and make follow-ups on the adherence of the plan throughout the projects. There must be a penalty clause for the non-achievement of the labour targets in the tender documents. We will monitor the progress on every site meeting to ensure that the labour targets are met for each project in both maintenance and upgrading projects.</p>	None, Operational Task
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2. PERFORMANCE INFORMATION (CONTINUED)

3.5	Number of youths employed (18 - 35)	1400	1889	<p>Over-Achieved: On the annual target of employing 1400 youths, however, 1889 youths were employed. The reason for overachieving is that the intervention made to workshop the contractors on following the requirements of EPWP demographics yielded good results. The EPWP guideline informs that 55% of the entire workforce should be youth. In addition, most projects were able to meet the targets of hiring labourers by following the 55% of youth empowerment during recruitment as a minimum. In addition, the other reason for over-achieving substantially is due to the focus on RAL to hire youth and create more work opportunities for young people.</p>	None	None, Operational Task
3.6	Number of women employed	1200	1 582	<p>Over-Achieved: On the annual target of employing 1200 women, however, 1582 women were employed. The reason for overachieving is that the intervention made to workshop the contractors on following the requirements of EPWP demographics yielded good results. The EPWP guideline informs that 60% of the entire workforce should be women. In addition, most projects were able to meet the targets of hiring labourers by following the 60% of women empowerment during recruitment as a minimum. In addition, the other reason for over-achieving substantially is due to the focus on RAL to hire women and create more work opportunities for women.</p>	None	None, Operational Task

3.7	Number of persons with disabilities employed	55	71	<p>Over-Achieved: The annual target of employing 55 people living with disabilities was overachieved by the actual number of 77 people living with disabilities who were employed. The reason for overachieving is that the intervention made to workshop the contractors on following the requirements of EPWP demographics yielded good results. The EPWP guideline informs that 2% of the entire workforce should be people living with disabilities. In addition, most projects were able to meet the targets of hiring labourers by following the 2% of people living with disabilities during recruitment as a minimum. Furthermore, another reason for the substantial overachievement is the focus on RAL to hire persons living with disabilities and create more work opportunities for them.</p>	None	None, Operational Task
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2. PERFORMANCE INFORMATION (CONTINUED)

3.8	Number of SMMEs contracted	346	499	<p>Over-Achieved: The annual target for the amount spent on SMME contractors and subcontractors was 109,3m and the actual amount spent was 122,93m on SMME empowerment. The reason for overachieving is that the strategy of providing constant workshops to contractors to submit valid and accurate information timeously has yielded excellent results. The annual target has been achieved, primarily because the contractors were encouraged to engage the services of the SMME's on all the activities that can be done by them. Contractors were workshoped on the importance of engaging SMME early in the projects to do all ancillary work and allow different SMME's to share workload on different activities and this resulted in more SMME's being employed and more money was spent. When more money is spent on SMMEs it assisted many small businesses to register and upgrade their CIDB gradings as part of the contractor development mandate.</p>	None	None, Operational Task
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OUTCOME 4: SKILLED AND ENTERPRISING LOCAL LABOUR BY 2024.

Sub-Programme: Job Creation, Empowerment, and Training

4.1	Number of local workers trained	560	973	Over-Achieved: The annual planned target was 560 with an overachievement of 413. RAL ensured that all workers under the employment of the contractors must receive accredited training.	None	None, Operational Task
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ANNUAL PERFORMANCE REPORT INFORMATION: 01 April 2024 to 31 March 2025

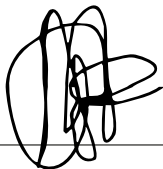
OFFICIAL SIGN OFF

It is hereby certified that this Consolidated Performance Information:

Was developed by the management of Roads Agency Limpopo under the guidance of the Chief Executive Officer;

Was prepared in line with approved Quarterly Performance Reports for the Financial Year 2024/25; and

Was verified by the Chief Executive Officer and found reliable, accurate, complete, and valid.



Mr M.J. Chesane
Acting Chief Executive Officer

Date: 31 July 2025



Mr R.M. Tseli
Board Chairperson

Date: 31 July 2025

An aerial photograph of a river landscape. In the foreground, there is a dam with a concrete structure and a wooden walkway. The river flows through a lush green area with various trees and shrubs. In the background, there are rolling hills under a blue sky with scattered clouds. The overall scene is a natural, scenic view of a water body in a rural or semi-rural setting.

PART C

GOVERNANCE, RISK AND COMPLIANCE MANAGEMENT

In the 2024/25 Financial Year, Roads Agency Limpopo embarked on 121 preventative maintenance projects, at various phases, to preserve existing road infrastructure and enhance connectivity across the province.



1. GOVERNANCE

The Board of Directors, with the assistance of the Company Secretary, is responsible for setting the right ethical tone conducive to Corporate Governance.

Portfolio committee

Roads Agency Limpopo is, from time to time, expected to account to the Portfolio Committee on Public Works, Roads and Infrastructure regarding the delivery of its mandate as stipulated in RAL's founding Act.

Shareholders engagement

The Member of Executive Council responsible for the Limpopo Provincial Department of Public Works, Roads and Infrastructure is the sole shareholder of the entity, on behalf of the Limpopo Provincial Government. On an annual basis, a Shareholders' Compact is concluded between the Shareholder and the entity in terms of which key deliverables are outlined, in conformity with RAL's Constitutive Act, Annual Performance Plan and Strategic Plan.

The Shareholder holds the Board of Directors accountable for the implementation of the predetermined strategic objectives set out in the Annual Performance Plan. In this regard, RAL submits Performance Reports both on a quarterly and annual basis. The quarterly performance reporting, as well as annual reporting requirements were complied with during the period under review.

The Accounting Authority / Board

The Role of the Board

Board Members shall act jointly as a collective when discharging their duties and no Board Member shall have any authority to severally perform any act on behalf of RAL unless specifically authorised or requested by the Board or authorised nominees of the Board. Board Members shall be jointly accountable for the decisions of the Board. Board Members have a fiduciary duty to act in the best interest of RAL, to act with utmost care and due diligence in discharging their duties and to avoid conflict of interest and declare any such conflict when it arises, and to account for any advantages gained in discharging their duties on behalf of RAL. Board Members shall act with integrity and shall not misuse their positions to derive personal benefits in the scope of their directorship.

The Board will base its decisions on policy, strategy, facts, analysis and not on prejudice.

2. COMPOSITION OF THE BOARD OF DIRECTORS

Names	Designation (in terms of the Public Entity Board structure)	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams	No. of Meetings Attended
Mr. M.S. Ralebipi	Chairperson of the Board	02/02/2021	30/07/2024	<ol style="list-style-type: none"> 1. Bachelor of Commerce Accounting 2. Higher Diploma in Computer Auditing 3. Certificate in Risk and Information Systems Control 4. Certificate in Strategic Leadership 	<ul style="list-style-type: none"> • Finance and Auditing 	Roads Agency Limpopo	1. Nominations Committee	<p>3 Board Meetings</p> <p>1 Nomination Committee Meeting</p>
Ms. W.N.G. Moleko	Independent Director	02/02/2021	30/07/2024	<ol style="list-style-type: none"> 1. Bachelor of Arts in Education 2. Bachelor of Arts in Education (Hons) 3. Masters of Arts 4. Masters of Education in Open and Distance Learning, 5. Postgraduate Diploma in Telecommunications and Information Policy 6. Monitoring and Evaluation Course 7. Technology in Distance Education and E-learning Course 	<ul style="list-style-type: none"> • Human Resources • Education 	Roads Agency Limpopo	<ol style="list-style-type: none"> 1. Human Resources and Remunerations Committee 2. Nominations Committee 3. Contracts and Planning Committee 	<p>2 Board Meetings</p> <p>1 Nominations Committee Meeting</p> <p>2 Human Resources and Remuneration Committee Meeting</p> <p>2 Planning and Contracts Committee Meeting</p>

2. COMPOSITION OF THE BOARD (CONTINUED)

Names	Designation (in terms of the Public Entity Board structure)	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams	No. of Meetings Attended
Ms T. M. Ramabulana	Independent Director	02/02/2021	29/07/2024	<ol style="list-style-type: none"> 1. Bachelor of Arts. (Social Science); 2. Certificate in Marketing; 3. Diploma in Personnel and Training Management 4. Diploma in Labour Law; 5. Certificate – Management Development Programme 	<ul style="list-style-type: none"> • Social Science. • Human Resources 	Roads Agency Limpopo.	<ol style="list-style-type: none"> 1. Nominations Committee 2. Human Resources and Remuneration Committee 3. Planning and Contracts Committee 	<p>2 Board Meetings</p> <p>1 Nominations Committee Meeting</p> <p>2 Human Resources and Remuneration Committee Meeting</p> <p>2 Planning and Contracts Committee Meeting</p>
Mr. M.J. Phukuntsi	Board Member i.t.o section 12 (3) Representing Provincial Treasury	02/02/2021	01/07/2024	<ol style="list-style-type: none"> 1. B. Commerce 2. Masters in Public Administration 3. Higher Certificate in Theology 	<ul style="list-style-type: none"> • Accounting 	Roads Agency Limpopo	<ol style="list-style-type: none"> 1. Social and Ethics Committee 2. Human Resources and Remuneration Committee 	1 Social and Ethics Committee meeting

Names	Designation (in terms of the Public Entity Board structure)	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams	No. of Meetings Attended
Ms. N.A Molosi	Board Member i.t.o section 12(3) Representing Limpopo Department of Public Works, Roads and Infrastructure	02/02/2021	25/07/2024	<ol style="list-style-type: none"> 1. Bachelor in Public Administration (Hons) 2. Bachelor in Public Administration 3. Diploma in Education 4. Advanced Certificate in Education 	<ul style="list-style-type: none"> • Education • Public Administration 	Roads Agency Limpopo	1. Social and Ethics Committee	<p>1 Board Meetings</p> <p>2 Social and Ethics Committee meetings</p>
Mr R.P Ragimana	Independent Director	26/03/2024	30/07/2024	<ol style="list-style-type: none"> 1. Higher Diploma in Integrated Marketing Communication 2. Certificate in Brand Management 3. New Manager Programme 	<ul style="list-style-type: none"> • Marketing Communication 	Roads Agency Limpopo	<ol style="list-style-type: none"> 1. Social and Ethics Committee 2. Planning and Contracts Committee 	<p>3 Board Meetings</p> <p>2 Social and Ethics Committee Meeting</p> <p>1 Planning and Contracts Committee Meeting</p>

2. COMPOSITION OF THE BOARD (CONTINUED)

Names	Designation (in terms of the Public Entity Board structure)	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams	No. of Meetings Attended
Ms. S.R. Mushwana	Independent Director	02/02/2021	30/07/2024	1. Bachelor of Laws	• Law	Roads Agency Limpopo	1. Social and Ethics Committee 2. Human Resources and Remuneration Committee	3 Board Meetings 1 Social and Ethics Committee Meeting 2 Human Resources and Remuneration Committee Meeting
Mr. G.M. Maluleke	Chief Executive Officer	01/01/2020	21/11/2024 (Dismissed)	1. BCompt 2. BCompt (Hons) 3. Certificate in Mining Taxation 4. Certificate in Theory Accountancy 5. Diploma in Insolvency Law and Practice	• Chartered Accountant specialising in Financial Management	Roads Agency Limpopo	N/A	3 Board Meetings 2 Planning and Contracts Committee meetings 3 Audit and Risk Committee Meetings 4 Social and Ethics Committee Meetings 2 REMCO meetings

Names	Designation (in terms of the Public Entity Board structure)	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams	No. of Meetings Attended
Mr. K.M. Ramukumba	Independent Director Chairperson of the Audit & Risk Committee	26/03/2024	30/07/2024	1. BCom (Financial Accounting Hons) 2. Master of Business Administration 3. Project Management 4. Adv. Certificate in Banking Services	• Chartered Accountant specialising in Financial Management	Roads Agency Limpopo	1. Audit and Risk Committee	3 Board Meetings 4 Audit and Risk Committee Meetings
Adv. R.T Ramashia	Audit & Risk Committee Member	26/03/2024	22/02/2025	1. Masters of Law - Corporate Law 2. Bachelor of Laws	• Advocate of the High Court Specialising in Corporate Law	Roads Agency Limpopo	1. Audit and Risk Committee	5 Audit and Risk Committee Meetings

2. COMPOSITION OF THE BOARD (CONTINUED)

Names	Designation (in terms of the Public Entity Board structure)	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams	No. of Meetings Attended
Ms. N.B Mutheiwana	Audit and Risk Committee Member	02/02/2021	N/A	1. Master of Business Administration 2. BCom	• Accounting	Roads Agency Limpopo	1. Audit and Risk Committee	2 Board Meetings 5 Audit and Risk Committee Meetings

Names	Designation (in terms of the Public Entity Board structure)	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams	No. of Meetings Attended
Ms. N.P.T Makukule	Audit and Risk Committee Member	26/03/2024	26/02/2025	<ol style="list-style-type: none"> 1. Postgraduate Diploma In Applied Accounting Science 2. Advance Diploma in Accounting Science 3. Masters In Business Administration 4. BCom Accounting 	<ul style="list-style-type: none"> • Accounting 	Roads Agency Limpopo (SOC) Ltd	1. Audit and Risk Committee	5 Audit and Risk Committee Meeting
Mr. R.M. Tseli	Accounting Authority	16/08/2024	N/A	<ol style="list-style-type: none"> 1. Masters in Public Management 2. Postgraduate Diploma in Governance and Public Leadership 3. Senior Primary Teacher Diploma 4. Diploma in Municipal Governance 5. Advance Certificate in Governance and Public Leader 	<ul style="list-style-type: none"> • Governance and Public Leadership 	Roads Agency Limpopo	N/A	3 Board Meetings

Composition of the Board 2024/2025 Financial Year

3. REMUNERATION OF THE BOARD

Names	Designation (in terms of the Public Entity Board structure)	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams	No. of Meetings Attended
Mr. M.J. Chesane	Acting CEO	30/08/2024	N/A	1. Baccalaureus Procurationis 2. Bachelor of Laws	• Law	Roads Agency Limpopo	N/A	3 Board Meeting Audit and Risk Committee Meetings

NOTE: The members who resigned on 31 July 2024 were captured in the AFS as 31 July 2024.

Names	Remuneration	Other Allowances	Other Re-imbursements	Total
Mr. M.S. Ralebipi	R72 872.73			R72 872.73
Ms. W.N.G. Moleko	R46 830.18			R46 830.18
Ms. T.M. Ramabulana	R51 467.46			R51 467.46
Ms. S.R. Mushwana	R47 554.75			R47 554.75
Mr. R.P. Ragimana	R43 701.95			R43 701.95
Mr. K.M Ramakumba	R55 649.17			R55 649.17
Adv. R.T Ramashia	R58 053.97			R58 053.97
Mr. P. Makukule	R49 750.64			R49 750.64
Ms. N.B Mutheiwana	R65 907.40			R65 907.40
Mr. R.M. Tseli	R697 432,33			R697 432,33

4. COMMITTEES OF THE BOARD

Committee	No of meetings held	No. of members	Name of members
Audit and Risk Committee	6	4	Mr. K.M. Ramakumba*, Ms. P. Makukule*, Adv. R.T. Ramashia*, Ms. N.B Mutheiwana.
Human Resources and Remuneration Committee	2	3	Ms. T.M Ramabulana*, Ms. W.N.G. Moleko*, Mr. M.J Phukunsi*, Ms. S.R. Mushwana*.
Planning and Contracts Committee	2	3	Ms. W.N.G. Moleko*, Ms. T.M Ramabulana*, Mr. R.P. Ragimana*.
Nominations Committee	1	3	Mr. M.S. Ralebipi*, Ms. W.N.G. Moleko*, Ms. T. M. Ramabulana. * Ramabulana
Social and Ethics	3	3	Mr. R.P. Ragimana*, M.J Phukunsi, Ms. S.R Mushwana*, Ms. N.A. Moloisi*.

* Mr. M.J Phukunsi ceased to be a Director, a member of the Social and Ethics Committee and the Human Resources and Remuneration Committee on 01st July 2024;

* Ms. N.A Moloisi ceased to be a Director and member of the Social and Ethics Committee on 25th July 2024;

* Mr. M.S. Ralebipi ceased to be a Director and a member of the Nomination Committee on 30th July 2024;

* Mr. R.P. Ragimana ceased to be a member of the Chairperson of the Social and Ethics Committee on 30th July 2024;

* Ms. T.M. Ramabulana ceased to be a Director, a member of the Human Resource and Renumeration Committee and a member of the Planning and Contracts Committee on 29th July 2024;

* Dr. W.N.G Moleko ceased to be a Director, a member of the Planning and Contract Committee and a member of the Human Resources and Remuneration Committee on 30th July 2024;

* Ms. S R Mushwana ceased to be a Director, a member of the Social and Ethics Committee and a member of the Human Resources and Remuneration Committee on 30th July 2024

* Mr. K.M. Ramakumba ceased to be a Director and member of the Audit and Risk Committee on 30th July 2024.

* Adv. R.T. Ramashia ceased to be a member of the Audit and Risk Committee on 22nd February 2025.

* Ms. P. Makukule ceased to be a member of the Audit and Risk Committee on 24th February 2025.

4. COMMITTEES OF THE BOARD (CONTINUED)

Certificate of the Acting Company Secretary and Chief Legal Counsel

In terms of section 88(2)(c) of the Companies Act No. 71 of 2008, as amended

I, K.M.S. Komana (ACG) (AAArb), in my capacity as Acting Company Secretary and Chief Legal Counsel of Roads Agency Limpopo SOC Ltd (RAL), a public company with registration number 2001/025832/30, hereby certify and state that for the financial year ended 31 March 2025, the company was unable to lodge with the Companies and Intellectual Property Commission (CIPC) all such returns as required of a public company in terms of the Companies Act due to a state of non-compliance. This non-compliance is a direct result of the following:

1. The former Board of Directors ceased to hold office on 30 July 2024.
2. The company's records on the CIPC could not be amended within the statutory ten (10) business days following the cessation of the old Board, as the new Accounting Authority was only appointed on 16 August 2024.
3. Subsequent to the appointment of the Accounting Authority, the company's records could not be fully updated to reflect a properly constituted Board of Directors, as the company did not, and still does not, meet the minimum requirement of at least three (3) directors as mandated by section 66(2)(b) of the Companies Act.

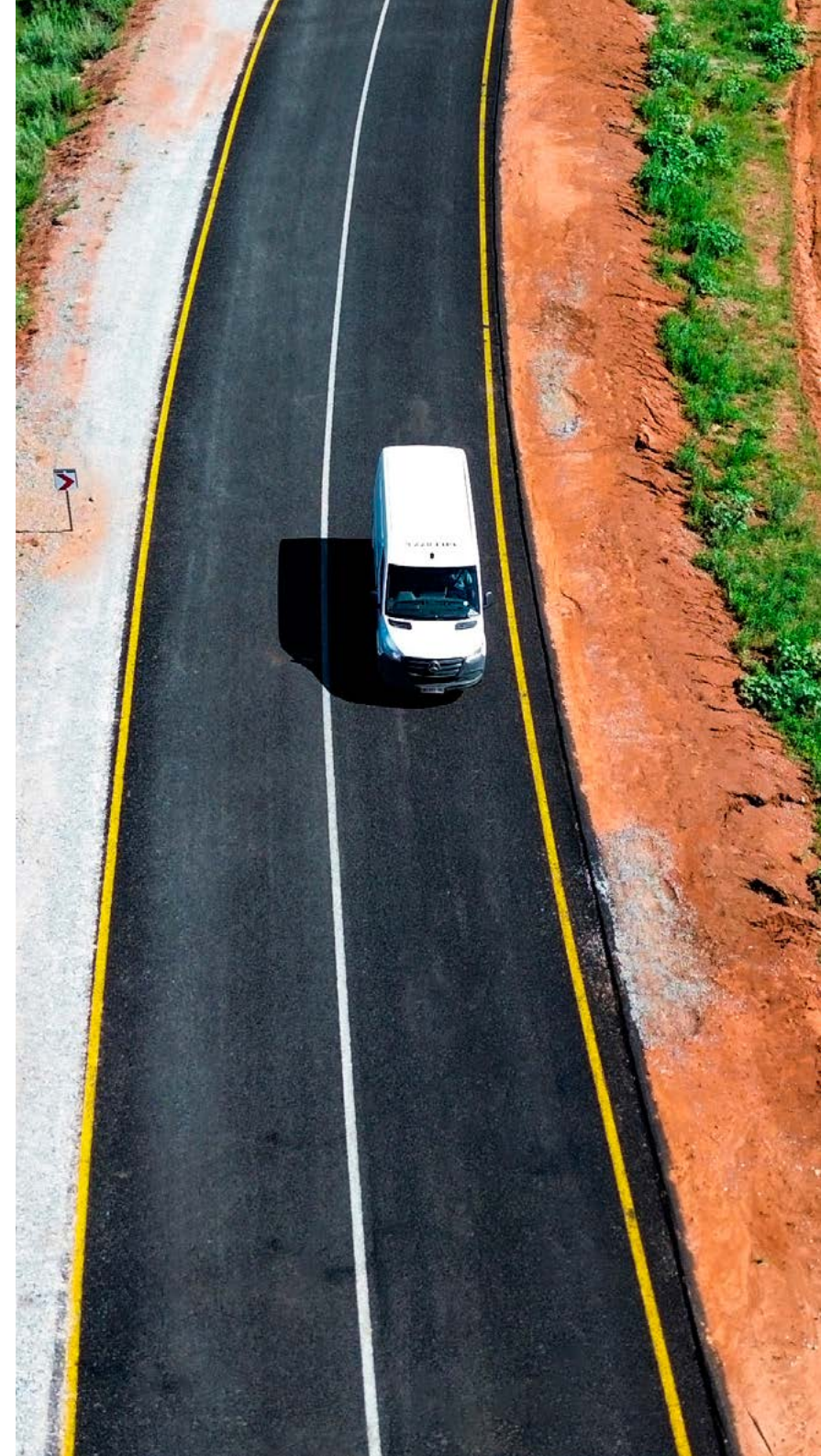
This certificate is provided to explain the circumstances of the company's inability to fully comply with its statutory filing obligations for the aforementioned period and is intended to accompany the relevant submissions to the CIPC.



Ms. K.M.S. Komana (ACG) (AAArb)

Acting Company Secretary and Chief Legal Counsel

31 July 2025





The new RAL Board, announced by MEC for Limpopo Department of Public Works, Roads and Infrastructure, Ernest Rachoene (6th from left), will serve a three-year term (2025–2028) and is expected to uphold the highest standards of good governance.

5. RISK AND COMPLIANCE MANAGEMENT

SECTION A: Enterprise-wide Risk Management

5.1 Business Risk Management

The entity had established an enterprise-wide risk management system that is congruent with the principles and guidelines of the ISO 31 000: 2018 to drive the process of embedding risk management activities, and culture across the Entity. The Board of Directors, through its Audit and Risk Committee, has provided oversight into the performance of the enterprise-wide risk management system in underpinning the set strategic objectives and targets for the 2024/2025 financial year.

The risk management system continues to be guided and underpinned by principles of the approved Risk Management Policy Framework, which was subjected to annual review and approval by the Board of Directors. At the executive management (EXCO) level, the organisation has established the Governance, Risk and Compliance Committee which meets on a quarterly basis, for purposes of serving as an advisory structure to EXCO. Notably, the Governance, Risk and Compliance (GRC) Committee has refined its Terms of Reference to meet the ever-changing needs and expectations emanating from both macro and micro environments. In the same vein, the entity had hosted an induction workshop for the Governance, Risk and Compliance Committee's. Notably, the workshop was graced by other leading industry guest speakers from the Presidency, Airports Company of South Africa, Tshwane University of Technology and Thulamela Local Municipality who shared both their personal and professional experiences.

5.2 Risk Appetite and Tolerance Performance Matrix

As at 31 March 2025, 2 out of 9 strategic risks [Risks: 7 & 8 = 22%] were rated at an acceptable level; whereas 5 out of 9 [Risks: 1, 2, 4, 5 & 6 = 56%] were assessed at tolerable level, in accordance with, the set key risks tolerance limits; and lastly; 2 out of 9 [Risks: 7 & 8 = 22%] were rated as at an unacceptable level.

RISK APPETITE & TOLERANCE PERFORMANCE ANALYSIS MATRIX SUMMARY OF THE PAST QUARTERS (Q4, Q3, Q2) RISK APPETITE & RISK TOLERANCE ANALYSIS REPORT

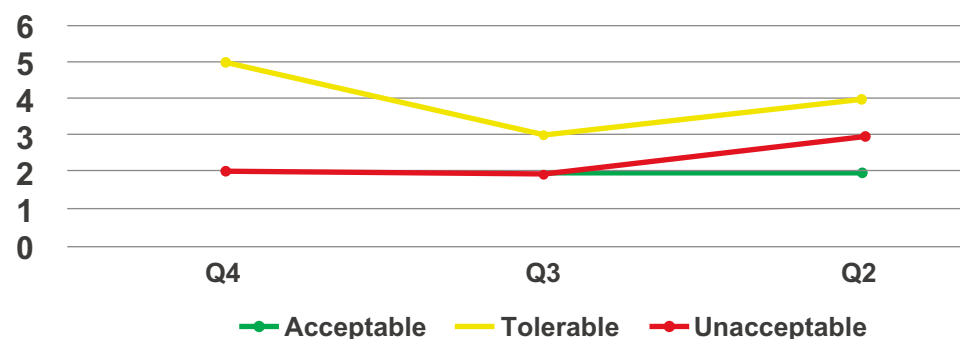


Figure 1: Risk Appetite and Tolerance Performance Matrix [Q2, Q3 & Q4] for the 2024/2025 Financial Year

Moreover, the entity has developed and rolled out its Board approved Risk Appetite and Tolerance Framework (RATF) to guide the execution of the risk management strategy and activities throughout the organisation. This framework also ensures consistent application of the risk management process across all levels of the organisation. The effective application of the RATF principles is aimed at redirecting the entity in quest to become a risk-intelligent organisation.

5. RISK AND COMPLIANCE MANAGEMENT (CONTINUED)

5.3 The top nine (09) strategic risks profile and progress made

This section seeks to highlight the status of strategic risks and opportunities for the entity, thus impacting its core mandate, as clearly defined in its Annual Performance Plan.

Table 1: Residual Risk Exposure Rating Matrix

Risk rating	Residual risk magnitude	
15 - 25	High	Unacceptable level of residual risk – Implies that the controls are either fundamentally inadequate (poor design) or ineffective (poor implementation). Controls require substantial redesign, or a greater emphasis on proper implementation.
8 - 14	Medium	Unacceptable level of residual risk – Implies that the controls are either inadequate (poor design) or ineffective (poor implementation). Controls require some redesign, or more emphasis on proper implementation.
1 - 7	Low	Mostly acceptable level of residual risk – Requires minimal control improvements.

5. RISK AND COMPLIANCE MANAGEMENT (CONTINUED)

Table 2: Top Nine (09) Strategic Risks facing the Entity during the 2024/2025 financial year

No	Strategic objective	Category	Risk description	Residual Risk Rating	Progress on the implementation of the risk treatment measures
1.	Outcome 1: Adequately supported core business	Brand and reputation	Loss of credibility and public trust	Priority 1 [16]	<p>Ensuring adherence to the approved Stakeholder and communication strategy:</p> <ul style="list-style-type: none"> RAL, in collaboration with the Limpopo Department of Public Works, Roads, and Infrastructure (LDPWRI), has continued to prioritise proactive stakeholder engagements. Through the Stakeholder Wednesday's initiative, RAL has been able to engage directly with communities and provide updates on the progress made in addressing their concerns. A notable success was recorded during engagements with the communities of Vleinfontein and Maila, where a memorandum of concerns was addressed within 24 hours. This swift response was made possible through the collaborative efforts of RAL and LDPWRI, which resulted in immediate intervention measures such as blading and debushing activities to enhance road accessibility in the area. RAL featured prominently at the 2025 African Mining Indaba, where, alongside the MEC, it held strategic partnership engagements with five major mining companies (funders): Exxaro, DBSA, Bora Mining, Anglo American, and Phalabora Mining Company (PMC). These high-level discussions were instrumental in fostering partnerships aimed at addressing the significant road infrastructure backlog within the province. The engagement with Exxaro has already borne fruit, with the company in the final stages of finalising a Memorandum of Understanding (MoU) for the construction of the Kuiperbult Road (D2649). This strategic route is essential for easing traffic congestion, supporting surrounding communities, and facilitating efficient business operations in the region. <p>The entity has introduced communicating progress made in all project phases (e.g. pre, during and post project) media briefings (i.e. Mainstream, radio, print and electronic):</p> <ul style="list-style-type: none"> The intervention in the Vleinfontein and Maila communities gained significant traction on social media, with widespread awareness and positive feedback reflecting the progress made on the ground. This success story resonated well with the public, showcasing RAL's commitment to responsive service delivery. Project updates were prominently featured and shared across all three of RAL's social media platforms, Facebook, X (formerly Twitter), and Instagram, while a concise summary was also provided to local media outlets to ensure broader community reach. In addition, RAL's participation at the 2025 African Mining Indaba garnered favourable media coverage, with more than two articles published by reputable media houses. These features further amplified RAL's visibility and the strategic value of its engagements with key stakeholders in the mining sector.

2.	Outcome 1: Adequately supported core business	Information, communications, and technology	Inadequate Information, Communications and Technology Governance.	Priority 1 [16]	<p>Implementation of the approved 5-year ICT strategy thus inclusive of Source funds to implement the ICT initiatives:</p> <ul style="list-style-type: none"> ICT was allocated R1m for professional services for FY24/25. This was deemed inadequate, and mid-term budget review was postponed. Notably, the allocated amount has been depleted due to an emergency upgrade of ACCPAC/SAGE undertaken in quarter 1 of the 2024/2025 financial year. <p>Educate internal stakeholders (i.e. EXCO, ICT Steering Committee, staff) on the ICT Governance were educated on the ICT Governance principles:</p> <ul style="list-style-type: none"> The ICT Steering Committee had a broad consultation in March 2025 under the theme of ‘Open Innovation’. The committee received a demonstration of several business applications to assist the committee and end-users to understand the core functionality of the enterprise resource management applications. The focus was on enterprise resource planning, enterprise reporting (mis), document management, and management of wayleaves.
3.	Outcome 1: Adequately supported core business	Regulatory compliance	Non-compliance with applicable legislation impacting on RAL’s business environment	Priority 1 [16]	<ul style="list-style-type: none"> The entity’s Regulatory Universe has been developed and approved by the erstwhile Board of Directors during quarter 3 of the 2023/2024 FY. Furthermore, the developed Compliance Risk Management Plans (CRMP) got approved during quarter 1 of the 2024/25 FY. In the same vein, top twenty (20) highly ranked legislations were documented in the Control Risk Management Plans were developed and being monitored throughout the 2024/2025 financial year. Furthermore, the compliance management educational workshops targeting staff were held during the course of the 2024/2025 financial year aiming at inculcating the compliance culture across the organisation.
4.	Outcome 1: Adequately supported core business	Human resources	Lack of a flexible organisational structure which underpins the current RAL’s operating model.	Priority 2 [13]	<ul style="list-style-type: none"> The process of appointing a service provider to perform the organisational design exercise has been put on hold. This led to the non-achievement of the risk treatment plan. Eleven (11) chapters of the HR Policy was reviewed and approved by the Board in July 2024. The remaining policies that were not reviewed constitute 80%.

5. RISK AND COMPLIANCE MANAGEMENT (CONTINUED)

5.	Outcome 2: Improved roads infrastructure network	Infrastructure	Deterioration of the provincial road infrastructure network	Priority 2 [13]	<ul style="list-style-type: none"> The entity has not been successful in securing funding from the Infrastructure South Africa to source additional funding for RAL's projects following their engagements. The initiative of educating communities on the impact of illegal structures on the provincial was not achieved during the 2024/2025 financial year. The entity's Planning and Design Unit ensures that roads designs are executed in line with the RAL's standards, thereby ensuring all design reports that consultants produce for RAL use the Technical Methods for Highways and Technical Recommendations for HighWays.
6.	Outcome 1: Adequately supported core business	Legal	Litigations instituted against RAL	Priority 2 [13]	<p>The following existing control measures have been put in place during the 2024/2025 FY to minimise the risk of any potential litigation risks against RAL:</p> <ul style="list-style-type: none"> The routine maintenance being performed by the Limpopo Department of Public Works, Roads, and Infrastructure. The established Panel of Attorneys. The entity had procured a 3rd party liability insurance to reduce the litigation risk exposure facing RAL.
7.	Outcome 1: Adequately supported core business	Funding	Unavailability of sufficient funds to implement projects (e.g., PRMG, Equitable Share, Private Sector) for the priority infrastructure projects.	Priority 2 [13]	<p>Revenue and budget: The entity's budget for 2024/25 was adjusted from R2.557 billion to R2.895 billion during the budget adjustment by the Department of Public Works Roads and Infrastructure (DPWRI) from the Fiscus, with own revenue adjusted to R6.012 million. The adjusted budget allocation comprises R1.489 billion Equitable share and R1.405 billion conditional grant (PRMG). In Q4, the entity received a total income of R752.573million, of which R264.804 million is conditional grant, R486.658 million is equitable share, and R1.111 million is own revenue generated</p> <p>Infrastructure projects: The road infrastructure budget for the 2024/25 financial year was adjusted from R2.331 billion to R2.673 billion. This adjusted allocation includes R1.786 billion for road maintenance and R887 million for upgrade projects. By the end of Quarter 4, R2.711 billion (101%) of the infrastructure budget had been spent, with R1.293 billion (48%) on road maintenance and R1.418 billion (52%) to upgrade projects. The total commitment for all projects amounted to R2.450 billion by the end of Q4.</p>

8.	Outcome 1: Adequately supported core business	Business	Inability to effectively respond to the business interruptions and disasters facing RAL's operations	Priority 2 [13]	<ul style="list-style-type: none"> The entity has established a business continuity management (BCM) system to cultivate and activate its organisational resilience in response to the effects of crisis and other forms of business interruptions. The business continuity and crisis management system has been translated into the following outputs: <ul style="list-style-type: none"> Business continuity management policy. Crisis management policy. Crisis and business continuity management teams. Business impact assessment. Furthermore, the business continuity simulations were not implemented during the 2024/2025 financial year, whilst the process of reviewing of the business impact assessments (BIA's) in considerations of the changes was concluded; awaiting for tabling at relevant governing structures.
9.	Outcome 1: Adequately supported core business	Corporate governance	Regress of the AGSA audit opinion	Priority 3 [6]	The AGSA has raised 67 audit findings during the 2022/2023 and 2023/2024 financial years and 32 (48%) were resolved by end of Q4. Irregular expenditure increased by R1.141bn from R8.126bn at the beginning of the financial year to R9.812bn at the end of Q4.

Project Risks and Issues Management

The process of maturing the Entity's project risks and issues management system continues to be on an upward trajectory considering the number of projects that were subjected to the principles of the Risk Management Policy Framework during the 2024/2025 financial year. The Governance, Risk and Compliance (GRC) team, together with other role players (. i.e. project managers, contractors, engineers, etc) have endeavoured tirelessly to cultivate and enhance collaborations with multifaceted project teams across the organisation both internally and externally. These efforts were undertaken in pursuit of excellence in the Entity's project risks and issues management value chain, thereby promoting more proactive planning, design, execution and completion of projects.

Moreover, an integration of the project risks and issues registers into the "DNA" of the planning and design value chain, specifically during the preliminary and detailed design

phases of these projects, remains a significant milestone towards embedding a more matured risk management culture in the organisation. Solid project design and planning phases must always precede the project execution phase to enhance the success rate. Therefore, these interventions have been key in an ongoing pursuit of value creation, seeking to enhance regulatory compliance with applicable legislation and procedures to improve the quality of decision-making processes, and assist in managing the programme and project-wide risks, issues and opportunities.

Most importantly, the lessons learned reports are compiled by respective project managers in conjunction with the project team members, for the purposes of highlighting areas requiring improvement as well as identifying what went right on projects, whenever the projects reach the practical completion phases. Notwithstanding the aforesaid milestones, the entity's project risks and issues management system is still characterised by numerous challenges, such as inclement weather conditions, a need to continuously comply with

5. RISK AND COMPLIANCE MANAGEMENT (CONTINUED)

relevant safety, health and environmental management legislations and regulations, delayed Small, Medium, and Micro Enterprises (SMMEs) issues, delays in the appointment of the sub-consultants (social, safety, health, and environment), lack of financial viability of the contractors and inadequate programme management, amongst others.

Ethics Management

The principle 1 of the King IV Report on Corporate Governance for South Africa 2016, states that “the governing body should lead ethically and effectively” thus exhibiting the characteristics of integrity, competence, responsibility, accountability, fairness and transparency. As a result, the entity’s Board of Directors established the Social and Ethics Committee (SEC) to provide oversight in cultivating and embedding an ethical culture at all tiers of the organisation thus underpinned by the Fraud and Corruption as well as the Whistle Blowing policies, and procedures. The fraud and corruption risk register was compiled, monitored and reported at relevant governing structures for the purposes of tracking on the level of progress being made.

RAL had successfully hosted the ethics conversations chapter 05 themed “cultivating an ethical mindset” at its Head Office aiming to raise the level of awareness in the organisation. Furthermore, approximately sixty-six (66) delegates were in attendance consisting of 53 employees, and 13 guests. The external lined up was made up of various industry-wide experts and speakers in the public sector from the University of Venda, the National Department of Public Enterprise, National Department of Public Administration and ex-offenders from the Department of Correctional Services who shared life changing stories and their journey to recovery. Moreover, the ethics awareness poster was launched and conveyed to employees to encourage a safe reporting of any form of unethical conduct in the workplace and at construction sites. Furthermore, employees were encouraged to make use of the Public Sector Ethics Hotline (0800 701 701) in reporting any suspected allegations of unethical practices. As at 31 March 2025, no single incident was reported via the hotline based on the correspondence by the Public Service Commission.

Lastly, the entity had appointed an independent and external service provider to support in the establishment of a fully-fledged ethics management system for the organisation, thus inclusive of developing the ethics risk policy framework, ethics maturity assessment, ethics strategy, ethics implementation plan and the ethics risks, and opportunities register. The project has since been concluded, busy with implementation of the recommended findings and proposed areas thus requiring some improvements.

Compliance Management

The entity had developed, monitored and reported on the Compliance, and Risk Management Plans (CRMPs) during the 2024/2025 financial year. The primary objective of a compliance risk management plan was to help ensure that an organisation fulfils legal, regulatory, and internal standards, reducing possible losses and reputational damage. It entails detecting, assessing, and reducing compliance risks in order to avoid penalties, lawsuits, and other undesirable repercussions.

The entity’s Board of Directors had approved the top 20 legislations following their identification, analysis and evaluation, in accordance with the prescripts of the compliance management process matrix as outlined in the compliance management policy and the compliance Management framework. In the same vein, their respective progress monitoring and reporting was tracked at relevant governing structures (For examples; GRC Committee, EXCO, Audit and Risk Committee). All the recorded legislations were evaluated as high (Priority 1) in terms of the top 20 regulatory universe heatmap. Six (6) out of twenty (20) legislations were evaluated at priority 25, whilst fourteen (14) were evaluated at priority 20. Please refer to **Figure 2** for details.

2024/25 TOP 20 REGULATORY UNIVERSE HEAT MAP

INHERENT RISK EXPOSURE:

- Risk 01#:** National Environmental Management Act 107 of 1998 [25]
- Risk 02#:** General Recognized Accounting Practices (GRAP) and the International Financial Reporting Standards (IFRS) [25]
- Risk 03#:** National Treasury Supply Chain Management Regulations, and Instruction Notes [25]
- Risk 04#:** Preferential Procurement Policy Framework Act 5 of 2000 [25]
- Risk 05#:** Public Finance Management Act 1 of 1999 [25]
- Risk 06#:** Occupational, Health and Safety Act 85 of 1993 [25]
- Risk 07#:** National Forests Act 84 of 1998 [25]
- Risk 08#:** Division of the Revenue Act 5 of 2023 [20]
- Risk 09#:** Income Tax 58 of 1962 [20]
- Risk 10#:** Treasury Regulations 2001 [20]
- Risk 11#:** Advertising of Roads, and Ribbon Development Act 21 of 1940 [20]
- Risk 12#:** National Road Safety Act 9 of 1972 [20]
- Risk 13#:** National Road Safe-ty Act 9 of 1972 [20]
- Risk 14#:** Construction Regulations, 2014 [20]
- Risk 15#:** Driven Machinery Regulations, 2010 [20]
- Risk 16#:** Explosives Act 15 of 2003 [20]
- Risk 17#:** Facilities Regulations, 1990 [20]
- Risk 18#:** Hazardous Chemical Agents Regulations, 2001 [20]
- Risk 19#:** Hazardous Chemical Agents Regulations, 2001 [20]
- Risk 20#:** National Archives And Records Services Regulations [20]

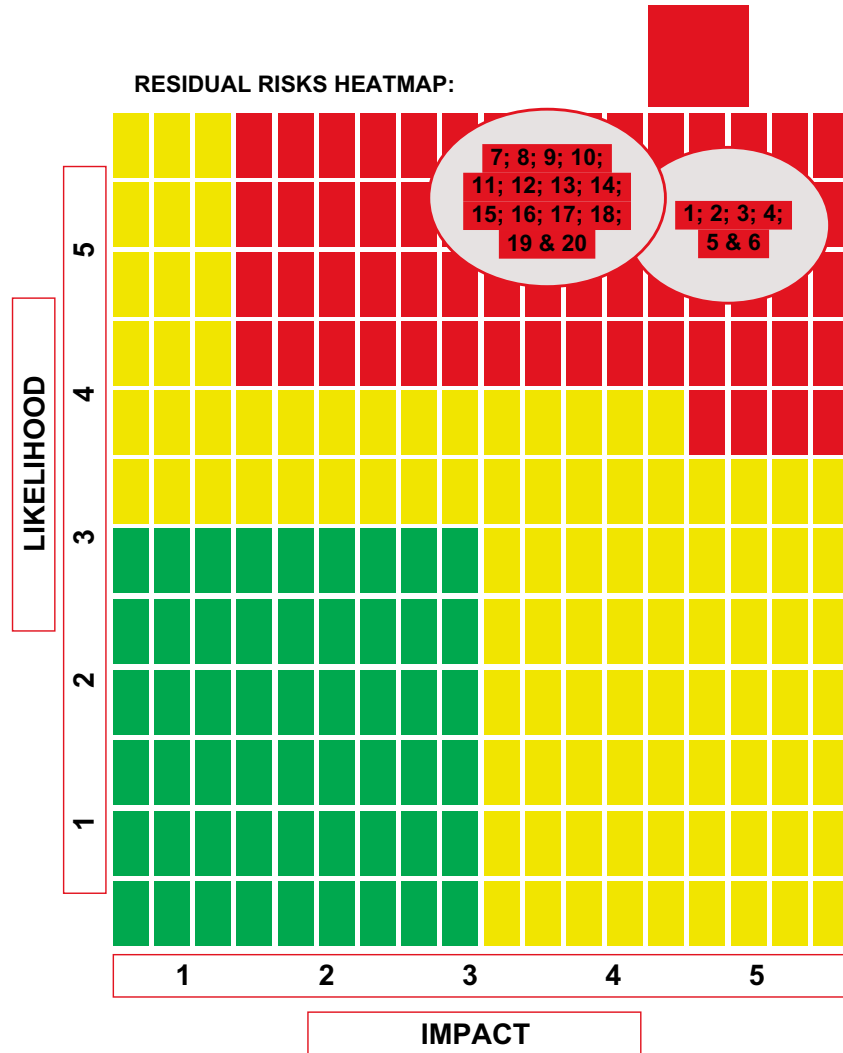


Figure 1: Top 20 Regulatory Universe Heatmap for the 2024/2025 financial year

5. RISK AND COMPLIANCE MANAGEMENT (CONTINUED)

Occupational Health and Safety

The Occupational Health and Safety (OHS) Committee has played a fundamental role in promoting and maintaining a safe working environment for staff members, contractors, and visitors. Significant progress has been made in implementing occupational health and safety management systems during the 2024/25 Financial Year.

Health and Safety Committee

The OHS Committee consists of 17 committee members, all appointed in writing by the CEO. These members include health and safety representatives, First Aid Practitioners, Fire Marshalls, incident investigators, management representatives, Union representatives, and coopted members, with a term of office lasting three years. During the reporting period, the committee held three (3) meetings to address issues related to inspections, training, emergency evacuation, incidents, and complaints. The committee also conducted quarterly inspections to ensure compliance with legislation.

Quarterly building inspections were carried out by committee members, and recommended remedial actions were implemented by facilities management to address non-compliance issues.

Importantly, structural defects were observed in the RAL building in Polokwane. The process for conducting a structural integrity assessment and testing has begun and will be completed once a structural engineer is appointed. The report, expected in 2025/2026 Financial Year will outline the necessary interventions to stabilise the building and prevent further structural concerns.

Training

OHS officials and committee members were empowered to execute their duties by attending the OHS Legal compliance trainings and conferences. RAL staff, contractors, and OHS agents received information regarding OHS Act requirements during the 2024/2025 Financial Year.

New employees, contractors, and OHS professionals participated in induction training, where the requirements of OHS legislation were outlined in detail to ensure compliance awareness.

Training and induction sessions ensure that those at the forefront of health and safety possess the relevant information to fulfill their responsibilities.

OHS Legal Appointments

In accordance with the General Administrative Regulations 9(2), six (6) Incident Investigators were appointed and trained amongst the OHS committee members.

Site Inspections and Construction Work Permits

The OHS Business Unit continuously monitors health and safety compliance at construction sites. There has been a significant reduction in non-conformance and findings related to non-compliance with the provisions of the OHS Act (Act 85 of 1993) at RAL road construction sites.

A total of six (6) Construction Work Permits (CWPs) were issued to RAL by the Department of Employment and Labour. A construction work permit from the Department of Labour is

crucial for ensuring safety and legal compliance on large-scale construction projects. It helps mitigate risks by requiring clients to provide documentation demonstrating adherence to safety regulations and building standards.

Incidents

The construction sector is known for high rates of occupational injuries and fatalities. Strict monitoring of construction sites has contributed to a low number of critical incidents, which may be further reduced in future years.

Twenty-one (21) incidents were reported during the 2024/25 Financial Year. The increase in reported cases is attributed to ongoing reminders to contractors to report incidents. Of the 21 reported incidents, there were two (2) fatalities, eleven (11) Injuries and eight (8) cases of property damage. Most incidents were due to negligence by drivers or machinery users, with only a few resulting from mechanical failure.

Safety Files Processed

A total of 27 Health and Safety files were processed and issued with partial approval, as safety files need to be continuously updated and regularly monitored.



In the 2024/25 Financial Year, the #DikgerekgereWednesday initiative, led by MEC Ernest Rachoene, tackled urgent gravel road infrastructure challenges, while the department and its entity, Roads Agency Limpopo (RAL), continued working to secure funding for long-term upgrades.

6. INTERNAL AUDIT FUNCTION

The Internal Audit Objectives:

The objective of Internal Audit is to review the adequacy and effectiveness of the management system of internal controls, risk management and governance processes to ensure that:

- Laws, regulations and contracts are complied with;
- Operations and programs are effective and efficient;
- Financial and operational information is reliable; and
- Assets are properly safeguarded

Internal Audit Performance

The Internal Audit function performed the internal audit activities for the financial year ended 31 March 2025, in accordance with the approved internal audit plan by the Audit and Risk Committee. The Internal Audit Plan was meticulously developed after due consideration of RAL's top 9 strategic risks identified by management.

Results of the planned projects

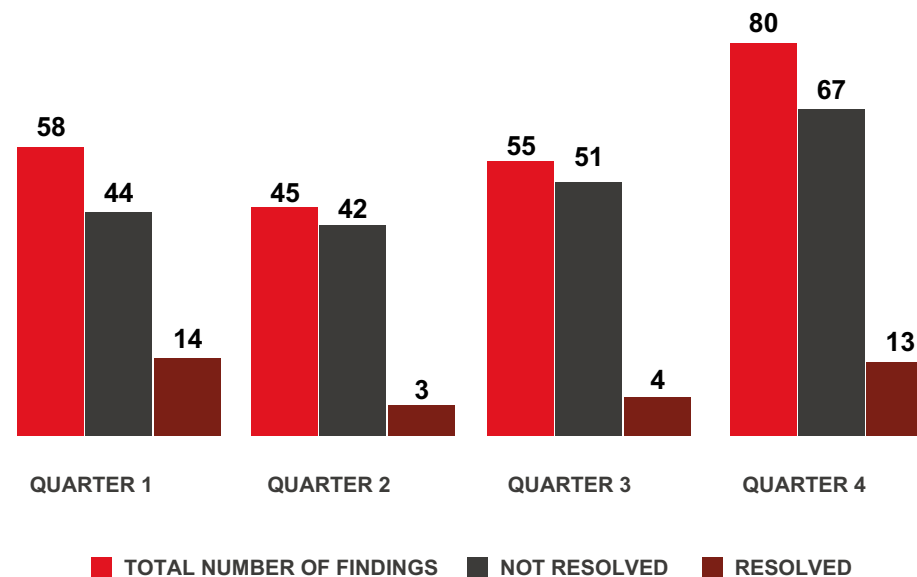
Type of Audit	Planned Projects	Completed	Not Completed
Assurance	14	11	3
Consulting	2	2	0

*Planned projects were not completed due to limited capacity in Internal Audit unit

Follow Up Audit

Eighty (80) findings were reported during the 2024/2025 Financial Year, with thirteen (13) resolved and sixty-seven (67) unresolved. The unresolved findings were mainly due to non-compliance with regulatory legislation and existing internal policies, which continue to pose significant challenges to the Agency. Follow-up audits were conducted regularly, and management has made minimal progress in resolving audit findings. The graph below depicts the follow-up status per quarter in the 2024/2025 Financial Year.

FOLLOW UP STATUS



7. AUDIT AND RISK COMMITTEE

The Audit and Risk Committee exercised an oversight and monitoring function, as required in terms of its approved Charter. The Committee held its quarterly sittings for the purpose of considering all statutory submissions to the shareholder and to the Limpopo Provincial Treasury, and for exercising an oversight and monitoring role. The Committee considered the quarterly performance report, financial statements and management accounts, on a quarterly basis.

Compliance with Laws and Regulations

Crucial pieces of legislation that govern and regulate the Agency's management and operations are, inter alia:

- Constitution of the Republic of South Africa Act 98 of 1996
- Public Finance Management Act 1 of 1999
- Companies Act 71 of 2008
- Limpopo Province Roads Agency Proprietary Limited and Provincial Roads Act 7 of 1998, as amended
- Construction Industry Development Board Act 38 of 2000
- Preferential Procurement Policy Framework Act 5 of 2000
- Labour Relations Act 66 of 1995
- Occupational Health and Safety Act 85 of 1993
- Basic Conditions of Employment Act 75 of 1997

The regulatory framework comprises, inter alia:

- King IV Report on Corporate Governance for South Africa, 2016
- Treasury Regulations, 2001
- Protocol on Corporate Governance in the Public Sector
- General Conditions of Contract for Construction Works

In terms of the approved Conflict of Interests Policy all employees of Roads Agency Limpopo are required to complete the declaration of interest forms, in which forms financial interests have to be disclosed. All declarations made by employees have to be submitted to the Chief Executive Officer for approval.

Minimising Conflict of Interest

RAL operates on a solid policy platform that covers all areas of the agency. The Board pays particular attention to the effectiveness and relevance of policies, considering all policies before implementation, including ensuring that management complies with relevant laws and regulations.

Code of Conduct

RAL operates on a solid policy platform that covers all areas of the agency. The Board pays particular attention to the effectiveness and relevance of policies, considering all policies before implementation, including ensuring that management complies with relevant laws and regulations.

Company Secretary and Chief Legal Counsel

Ms. T.C. Kekana FCG(CS) was the appointed Company Secretary and Chief Legal Counsel of Roads Agency Limpopo until 31 December 2024, Ms. K.M.S Komana (ACG)(AAArb) is appointed as the Acting Company Secretary and Chief Legal Counsel from 14 February 2025.

7. AUDIT AND RISK COMMITTEE (CONTINUED)

Social responsibility

The Agency offers bursaries to disadvantaged students pursuing Civil Engineering and Construction related qualifications and Learnership Programme. Upon completion of their studies, bursary holders are offered an opportunity for experiential training. Where possible the Agency has been able to absorb some graduates, who were part of the learnership programme and who have successfully completed their studies.

Audit & Risk Committee Report

The Board is pleased to present its report that is ordinarily presented by the Audit and Risk Committee (ARC) of the Agency.

Governance Structure During the Year

During the 2024/2025 financial year, the committee's composition underwent a significant change. As a result, the committee was not fully constituted for a substantial portion of the year.

- The Chairperson, Mr. K.M. Ramakumba, ceased to be a member on 30 July 2024.
- Adv. R.T. Ramashia ceased to be a member on 22 February 2025.
- Ms. P. Makukule ceased to be a member on 24 February 2025.

Due to these changes, the committee was not able to function and discharge its fiduciary duties as required by the charter.

Audit Committee Members

The Audit Committee consisted of the independent members listed hereunder. The Committee convened six (6) meetings during the 2024/2025 financial year. The Audit Charter requires that the committee meets at least 2 times per annum.

Name of member	Number of meetings attended
Mr. K.M. Ramakumba Independent Chairperson: Audit & Risk Committee	5
Ms. P. Makukule Independent Audit & Risk Committee Member	5
Adv. R.T. Ramashia Independent Audit & Risk Committee Member	5
Ms. Mutheiwana Independent Audit & Risk Committee Member	5

*Mr. K.M. Ramakumba ceased to be a Chairperson of the Audit and Risk Committee on 30th July 2024.

*Adv. R.T. Ramashia ceased to be a member of the Audit and Risk Committee on 22nd February 2025.

*Ms. P. Makukule ceased to be a member of the Audit and Risk Committee on 24th February 2025.

Audit & Risk Committee responsibility

In the absence of a fully constituted Audit and Risk Committee, the Board of Directors and the Accounting Authority assumed the responsibilities normally delegated to the committee. This was to ensure that the entity-maintained oversight over its financial controls, assurance functions, and the integrity of the financial statements.

The Board of Directors and the Accounting Authority discharged these duties by:

- Overseeing the internal control structure, including financial controls and accounting systems.
- Managing the total internal audit function to ensure that risks were identified and addressed.
- Evaluating management's respect for the internal control structures.
- Monitoring the governance of financial, operational, and strategic risks.



7. AUDIT AND RISK COMMITTEE (CONTINUED)

Evaluation of Annual Financial Statements

As the acting body in the absence of the Audit and Risk Committee, the Board of Directors:

- Reviewed and discussed the annual financial statements with the Auditor-General and the Internal Auditors.
- Reviewed the Auditor-General's management letter and management's response.
- Reviewed changes in accounting policies and practices.
- Ensured compliance with relevant legal and regulatory provisions.
- Reviewed significant adjustments resulting from the audit.

Auditor General of South Africa

We have met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

Conclusion

The Board of Directors accepts responsibility for the integrity of the audit and risk oversight functions performed for the financial year ended 31 March 2025.

Signed on behalf of the Board of Directors:



Mr. R.M. Tseli

Chairperson: Board of Directors
Roads Agency Limpopo (SOC) Ltd





The 25.2 km gravel-to-tar road project, completed in the 2024/25 financial year from Masisi to Makuya, connects communities under four traditional authorities: Makuya, Mphaphuli, Mutele, and Tshikundamalema.

PART D

HUMAN RESOURCES MANAGEMENT

Throughout the 2024/25 Financial Year, employees remained the backbone of RAL's operations. Through wellness programmes, the Agency ensured staff stayed healthy—both mentally and physically—and able to perform their duties effectively.





1. HUMAN RESOURCE MANAGEMENT

Overview

This report reaffirms Roads Agency Limpopo's (RAL) commitment to continuously building its Human Resource (HR) capacity and outlines various measures taken by management to strengthen the overall Human Resource Management (HRM) climate of the Agency. Throughout the financial year, employees remained the backbone of RAL's operations. RAL's ability to effectively discharge its mandate depended on the combined skills, experiences, competencies, and total commitment of its workforce.

HR Objectives

The Agency's HRM activities were based on two main objectives:

- Employee wellness
- To ensure employee development

Strategic Focus

In pursuit of these objectives, management continued to foster a culture of continuous improvement, in which employees were actively engaged, trained, and systematically motivated. The primary focus remained on building a capable and result-driven workforce that possesses a better understanding of the latest trends in the ever-changing global road infrastructure development and management landscape. In this regard, management encouraged a culture of high performance, teamwork, and collaboration amongst its employees. Throughout the financial year, management ensured that all critical skills needed to drive RAL's strategy were attracted, strengthened and retained.

Staff Size

At the beginning of the 2024/25 Financial Year, RAL had a total staff compliment of 94 employees. Of these, six (6) occupied top management positions, while 12 held senior management roles. The remaining staff included 31 qualified professionals, 22 skilled personnel, whilst 16 and 7 fell into semi-skilled and unskilled categories respectively. At the end of the financial year, the Agency had a total of 94 employees.

Reward Structure

At RAL, employees are rewarded according to their performance and level of contribution to RAL's strategic objectives. RAL's total reward strategy promotes a flexible, balanced, integrated, and cost-effective reward structure, covering fixed pay and recognition benefits, career development and opportunities. During the year under review, RAL's compensation for employees amounted to R 90 350 million.

Fostering Employee Engagement

RAL's HRM philosophy is rooted in the values of labour peace, employee engagement, and total workplace democratisation. The rules of engagement are driven by a strong desire to engage employees in an atmosphere of sincerity, openness, transparency, and honesty. The belief is that engaged, empowered, and involved employees are the hallmark of RAL's long-term success and performance. To this end, management has continued to pursue open, honest, and transparent communication with its employees. While RAL's overall organisational climate has generally improved, it is also important to highlight that the relationship between management and labour unions is strengthening.

To further enhance the relationship between management and employees, and to promote a more democratic workplace, RAL management has facilitated the establishment of RAL Bargaining Forum. This forum is critical in promoting an atmosphere of workplace stability and labour peace.

Workplace Diversity

RAL has consistently demonstrated its unwavering commitment to the ideals of workplace diversity and equity. Management views workplace diversity as an asset that instils a strong sense of social justice, equality, and fairness amongst its employees. Guided by a progressive employment equity policy, RAL's efforts during the financial year focused on building a sustainable workforce that reflects the demographics of South Africa's economically active population. RAL's relentless commitment to uphold the principles of equality, social justice, racial diversity, and gender parity in the workplace remains a key differentiator and source of pride. In this vein, RAL ensured strict adherence to its approved Employee Equity Plan at all times.

Talent Development

The considered view of management is that a well-funded and effectively communicated employee development plan provides a meaningful pathway for RAL employees to advance their careers. The focus of the programme was to equip employees with the necessary skills and capabilities while providing all levels of management with appropriate tools to assess and manage performance. Part of the efforts to achieve employee development goals, RAL continued to encourage employees to take advantage of its development programme. RAL's training investments and programmes ensures that employees develop the requisite skills needed to perform their duties, advance their careers, and stay abreast of continually changing business operations.

Talent Retention

In today's turbulent labour market, characterised by low barriers to labour mobility, organisations remain vulnerable to the risks of high staff turnover. Within this context, RAL has undertaken efforts to strengthen its talent retention environment. One of the initiatives adopted by management during the financial year was to consistently provide a stimulating and rewarding work climate that meets employee expectations regarding career development and growth, fair employment practices, wellness and lifestyle support, and appropriate recognition and reward processes.

Employee Wellness Programme

The promotion of a healthy lifestyle amongst RAL's employees was one of the top items on RAL management's 2024/25 business agenda. The Agency successfully held a wellness day session and revived Sports Wednesday, which continued as a programme for health and wellness during the 2024/2025 Financial Year.

1. HUMAN RESOURCE OVERSIGHT STATISTIC

Personnel Cost by Programme/ Activity/ Objective

Programme/ Activity/ Objective	Personnel Expenditure (R'000)	Personnel exp. as a % of Total exp. (R'000)	No. of Employees	Average Personnel Cost per Employee (R'000)
Engineering	46 156	39	40	1 154
Corporate Services	32 854	28	33	996
Finance	19 030	16	17	1 119
CEO's Office	21 292	18	19	1 121
Total	119 332	100	109	1 095

Personnel cost by salary Band

Level	Personnel Expenditure (R'000)	% of Personnel exp. to Total Personnel Cost (R'000)	No. of Employees	Average Personnel Cost per Employee (R'000)
Top Management	17 767	15	7	2 538
Senior Management	20 906	18	12	1 742
Professional Qualified	50 268	42	35	1 436
Skilled	20 759	17	23	903
Semi-skilled	7 984	7	25	319
Unskilled	1 648	1	7	235
Total	119 332	100	109	7 174

Performance Bonus

Programme/ Activity/ Objective	Performance Rewards	Personnel Expenditure (R'000)	% of Performance Rewards to Total Personnel cost (R'000)
Top Management	1 013	17 767	6
Senior Management	1 457	20 906	7
Professional Qualified	3 752	50 268	7
Skilled	1 704	20 759	8
Semi-skilled	566	7 984	7
Unskilled	139	1 648	8
Total	8 631	119 332	7

Training Costs

Programme/ Activity / Objective	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of Employees Trained	Average Training Cost per Employee
Training and Courses	119 332	1 857	2%	125	15

Programme/ Activity/ Objective	2024/25 No. of Employees	2024/25 Approved Posts	2024/25 No. of Employees	2024/25 Vacancies	% of Vacancies
Employment and Vacancies	115	138	109	40	29

1. HUMAN RESOURCE MANAGEMENT (CONTINUED)

Programme/ Activity/ Objective	2023/24 No. of Employees	2024/25 Approved Posts	2024/25 No. of Employees	2024/25 Vacancies	% of Vacancies
Top Management	7	7	4	4	57
Senior Management	12	15	11	2	13
Professional Qualified	34	44	35	14	32
Skilled	24	37	22	15	41
Semi-skilled	31	27	15	5	19
Unskilled	7	7	7	0	0
Total	115	138	94	40	29

Salary Band	Employment at Beginning of Period	Appointments	Terminations	2024/25 Vacancies	Employment at End of the Period
Top Management	6	1	3	4	4
Senior Management	12	0	1	2	11
Professional Qualified	31	4	0	14	35
Skilled	22	1	1	15	22
Semi-skilled	16	1	2	5	15
Unskilled	7	0	0	0	7
Total	94	7	7	40	94

The terminations did not all result in employees leaving RAL. Two (2) of the terminations at Semi-skilled level, became promotions to the Professionally Qualified salary band.

Reason	Number	% of Total no. of Staff Leaving
Death	0	0
Resignation	2	40%
Dismissal	1	20%
Retirement	2	40%
Ill health	0	0
Expiry of Contract	0	0%
Other	0	0
Total	5	100%

Employment Changes

Nature of Disciplinary Action	Number
Verbal Warning	0
Written Warning	5
Final Written Warning	0
Dismissal	1

2. EMPLOYMENT EQUITY

Equity Targets and Employment Equity Status

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	5	0	0	0	1	0	0	0
Senior Management	7	0	0	0	0	0	0	0
Professional Qualified	16	2	0	0	0	0	1	1
Skilled	9	1	0	0	0	1	0	0
Semi-skilled	9	0	0	1	0	0	0	0
Unskilled	2	0	0	0	0	0	0	0
Total	48	3	0	1	1	1	1	1

Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	0	0	0	0	0	0	0
Senior Management	5	0	0	0	0	0	0	0
Professional Qualified	21	2	0	0	0	0	0	1
Skilled	15	0	1	0	0	0	0	1
Semi-skilled	16	0	2	0	0	0	0	0
Unskilled	5	0	0	0	0	0	0	0
Total	63	2	3	0	0	0	0	2

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	1	0
Professional Qualified	0	0	0	0
Skilled	0	1	0	1
Semi-skilled	0	1	0	1
Unskilled	0	0	0	0
Total	0	2	1	2

* The Agency has met its employment equity targets in terms of representation of women in senior management. The other key critical positions are at evaluation stage by the Human Resources Unit. The target for people with disability will be addressed in the 2024/25 Financial Year as per numerical targets year.



PART E

STAKEHOLDER ENGAGEMENT AND COMMUNICATIONS

RAL's communications portfolio includes website management, social media, media relations, publications, and internal communication.





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1. STAKEHOLDER ENGAGEMENT

Stakeholder management remains a crucial component of RAL's value creation process for the Agency's core business. RAL views stakeholder involvement as essential, and effective communication amongst stakeholders crucial for the institution's success, community relationships, and overall interests. The goal of the institution's stakeholder engagement strategy include maintaining positive working relationships, managing social risk, and developing solutions for the social issues faced by stakeholders.

The Agency is committed to engaging with stakeholders intentionally and communicate proactively with the public. Stakeholder engagement remains a fundamental principle of the organisation's business plan.

For the 2024/2025 fiscal year, Roads Agency Limpopo (RAL) has strengthened its stakeholder management initiatives through various stakeholder engagements aimed at uniting key stakeholders around a shared vision for the development of provincial road infrastructure. RAL, through its shareholder representative, the MEC for Public Works, Roads and Infrastructure, has bolstered its stakeholder engagement efforts with the Stakeholder Tuesdays programme. Launched and led by the MEC, this programme serves as a centralised intervention by his office, with significant contribution by the Agency. RAL continues to play an important role in actively supporting the programme by providing information and addressing all road-related queries, while balancing the diverse interests of our communities.

All stakeholders, including local communities, municipalities, strategic partners, and traditional authorities, play a crucial role in the Agency's success. RAL believes that genuine engagement involves listening to stakeholders, building relationships, and addressing their concerns in a mutually beneficial manner. During the year under review, the stakeholder unit engaged in these activities, facilitating inclusive planning, improving business performance, and ensuring the successful implementation of road infrastructure projects.

The Agency follows established systems to prioritise stakeholder engagements, in compliance with Chapter 5, as interpreted in King IV Report Principle 16. RAL promotes an inclusive stakeholder approach without segregation.

Community Engagement

RAL's engagement agenda focuses on addressing the needs and concerns of communities. To ensure effective information flow and engagement, the Agency has partnered closely with communities in Limpopo, managing relationships between them and the Agency.

Communities in Limpopo are essential to RAL's growth and objectives. Without their participation, RAL could not fulfil its goals of completing projects and understanding the institution's delays and challenges. No road construction or maintenance activity can succeed without being driven by community priorities and interests. Communities remain central to RAL's planning, construction, and maintenance activities.

Guided by this philosophy, RAL undertook several initiatives to pro-actively engage communities and address their legitimate concerns. Throughout the Financial Year 2024/2025, numerous community engagement sessions were held, with visits to affected communities and also opportunities for community members to voluntarily visit the Agency's offices to request for meetings. The Stakeholder Unit addressed all community inquiries regarding projects or concerns. Additionally, virtual and telephonic engagements complemented physical meetings, enabling outreach to more communities at a faster pace.

The year under review also presented significant challenges, with projects that were delayed in starting. Through stakeholder engagement, RAL was able to guide affected communities towards understanding internal issues and financial constraints.

There has been a significant and good improvement in the level of trust between communities and RAL. It is imperative to continue advancing RAL's community engagement efforts through outreach programmes, which serves as a common means of communication.

Municipality Engagement

RAL collaborated with several Limpopo municipalities and departments through intergovernmental relations (IGR) initiatives to enhance service delivery, giving equitable priority to all five municipal districts.

Municipalities through their various stakeholder departments led by Councillors, received information about the road statuses in their areas. This included presentations during their Integrated Development Programmes (IDPs) and status reports on roads within their jurisdictions, which they shared with their communities. These engagements had contributed to improved relationships with the municipalities.

Strategic Partnerships

The strong partnership between RAL and various strategic partners has positively impacted Limpopo's provincial road infrastructure. Given the ongoing budgetary constraints faced by the Agency, forming strategic partnerships has been one of the approaches RAL has employed to strengthen its funding environment. RAL continues to earn the trust and confidence of its strategic partners, as evidenced by the funding commitments made by key partners over the years.

In the 2024/2025 Financial Year, the Agency did not secure any private partnership contributions for road infrastructure projects, but several engagements have begun to yield positive results that will be evident in the following year. The provincial government transitions after the national elections in May 2024 are suspected to have contributed to the economic challenges faced by the mining sector during the year, adversely affecting partnership prospects. However, signs of recovery are anticipated for the next financial year.

SMME Empowerment Programme

The success of RAL's core business is significantly reliant on Small, Medium and, Micro Enterprises (SMMEs). Within RAL's operations, SMMEs are considered critical drivers for economic transformation and job creation. Through the financial year under review, RAL continued to engage SMMEs to help achieve the National Development Plan (NDP) vision of creating a better South Africa for all by 2030, recognising that the NDP relies on SMMEs to generate more jobs and employment opportunities.

Local Labourer Programme

RAL's work has positively contributed to the empowerment of a substantial number of local labourers in Limpopo Province. Thirty percent (30%) of the total value of all upgrading projects has been allocated for the empowerment of SMMEs, and ten percent (10%) for local labourers. This government initiative has significantly advanced RAL's empowerment goals. A dedicated focus has also been placed on employing youth, women, and people living with disabilities, in line with the development targets of the country's Extended Public Works Programme (EPWP).

2. COMMUNICATIONS

Effective communication remains one of government's most critical responsibilities, serving as a vital bridge between public institutions and the communities they serve. Over the 2024/25 financial year, this role became increasingly important as the 7th Administration prioritised action-driven governance and the implementation of key developmental programmes. In line with this, Roads Agency Limpopo (RAL) strengthened its communications strategy to ensure alignment with government's broader goals of economic renewal, growth and social cohesion.

A key emphasis of the 7th Administration has been on delivery and accountability, ensuring that commitments made to communities are implemented and that Limpopo citizens remain informed throughout the process. This renewed focus has reinforced the importance of consistent, transparent and unified messaging across both RAL and the Limpopo Department of Public Works, Roads and Infrastructure (LDPWRI). RAL responded by refining its communications approach to reflect these values, making strides in how it informs, engages, and builds trust with its stakeholders.

In the year under review, RAL maintained a structured communications approach, leveraging a well-defined stakeholder matrix to guide targeted messaging. The Agency continues to recognise that different audience groups are driven by varied communications and marketing motivators; therefore, messages were tailored to resonate with each segment.

A major focus on for the 2024/25 Financial Year was on consolidating collaborative efforts between RAL and LDPWRI. These efforts saw significant improvement in messaging clarity and alignment, with an emphasis on avoiding conflicting narratives and ensuring that all public-facing communication reflected a unified government position. This cohesion not only enhanced the credibility of communication but also ensured that messages had greater resonance across Limpopo's diverse public.

Building on the successes from the previous year, RAL continued to emphasise storytelling that demonstrates the tangible impact of its work on communities. Communicating the social and economic value of its road infrastructure initiatives remained central to its messaging strategy. The Agency also placed greater emphasis on strategic partnerships, strengthening

relationships with media, mining companies, government entities, and civil society to amplify its communication efforts and reach.

Overall, the 2024/25 period was marked by a more vigorous and streamlined communication posture, aligned with the 7th Administration's commitment to visible action, delivery, and accountability. This renewed approach enabled RAL to more effectively inform, engage, and build meaningful connections with the people of Limpopo.

Publications

Mmileng, the quarterly magazine of the Agency, continues to be a flagship communication platform. It serves to inform, educate, and engage stakeholders about the work of RAL while reinforcing its image as a responsive, service-oriented organisation. The publication encourages readers to interact with other RAL platforms for broader access to content.

In the 2024/25 reporting year, *Mmileng* provided in-depth coverage of key programmes and strategic government interventions that directly impact the lives of Limpopo residents. A major feature included the Limpopo Premier, Hon. Dr. Phophi Ramathuba, outlining her delivery of the State of the Province Address (SOPA), where she presented priority programmes driving growth and service delivery across the province. This reinforced RAL's alignment with the broader provincial developmental agenda under her leadership.

A significant focus was placed on the impactful work of the MEC for Public Works, Roads and Infrastructure, Hon. Ernest Rachoene, whose leadership since the start of the 7th Administration has been characterised by swift implementation and community-focused initiatives. Among the notable programmes launched by the MEC and covered in *Mmileng* were:

- #DikgerekgereWednesdays – Showcasing progress and maintenance of key gravel roads.
- #StakeholderTuesdays – Strengthening collaboration and dialogue with critical partners.

- #MagoshiFridays – Engagements with traditional leaders to foster inclusivity in service delivery.
- #TsogaMoshomi – A motivational initiative encouraging workers to take ownership of their responsibilities, report early, and perform their duties with diligence and pride.
- An employment initiative led by the MEC, which has successfully created over 342 permanent jobs, prioritising long-term employment opportunities. This has made a tangible difference in improving job security and livelihoods across various communities.

These initiatives have significantly elevated the profile of both RAL and the Department, demonstrating visible action and measurable impact across Limpopo communities.

Mmileng's outreach was further amplified by its growing presence across both physical and digital platforms. Beyond distribution to government departments and municipalities, the publication was circulated through social media channels such as Facebook, X (formerly Twitter), and Instagram. Additionally, *Mmileng* was published on international digital platforms including PressReader, ISSUU, Magzter, Yumpu, and Anyflip, substantially expanding its visibility and stakeholder engagement both provincially and globally.

RAL continues to affirm its role as a vital service delivery agent in the province, dedicated to informing the public and fostering deeper stakeholder trust and participation.

Social media

Road Agency Limpopo (RAL) continues to maintain an active and engaging presence across social media platforms, which has proven to be a vital space for communication, feedback, and public engagement. During the 2024/25 Financial Year, social media remained one of the most effective tools for amplifying the Agency's visibility and accessibility.

RAL's social media strategy focused on real-time engagement and transparent updates on road construction projects, progress milestones, and community outreach initiatives. The platforms enabled two-way communication, with public concerns and inquiries actively monitored, addressed, and compiled into frequently asked questions (FAQs) to improve understanding and responsiveness.

A major enhancement during the reporting period was the strategic use of instant videos and reels, which were well-received by audiences. These dynamic, bite-sized content formats were carefully aligned with ongoing provincial campaigns, allowing RAL to connect its work with broader issues affecting communities. The incorporation of before-and-after visual profiling further strengthened the impact of these campaigns, visually demonstrating progress, delivery, and change on the ground.

RAL worked closely with LDPWRI to ensure that all digital platforms mirrored one another in content and messaging. This level of coordination helped close communication gaps and presented a unified, consistent message across government platforms. Social media became a coordinated extension of the Agency's broader communication efforts, enhancing both reach and credibility.

The Agency's active platforms during the year included Twitter (now X), Facebook, Instagram, and YouTube, each serving specific engagement needs and audience preferences. The combined use of these channels helped RAL to expand its digital footprint, foster public confidence, and strengthen its image as a transparent and accountable organisation.

Through these concerted efforts, RAL not only improved its online presence but also solidified social media as a strategic tool in public relations, stakeholder engagement, and citizen education.

2. COMMUNICATIONS (CONTINUED)

Public image

Over the years, the refined brand identity and logo of RAL have gained increasing recognition and resonance. This renewed brand projection has significantly enhanced the Agency's image and visibility, resulting in growing appreciation from both internal and external stakeholders. Positive public feedback, particularly through traditional and social media platforms, has consistently reflected the public's acknowledgment of the Agency's contribution to service delivery and road infrastructure development in the province.

RAL's commitment to its core brand values of competence, sincerity, and accountability continues to guide how it communicates and engages with stakeholders. These values are consistently embedded in messaging, stakeholder interactions, and public-facing content, contributing to the growing trust in the Agency.

However, during the transition, the Agency experienced a temporary dent in its public image. A dominant narrative emerged around overcommitment, which brought about internal scrutiny. This period posed reputational challenges for the Agency and required decisive leadership to restore confidence and stability.

Since then, significant strides have been made to address these issues. Under the leadership of MEC Ernest Rachoene, who serves as RAL's shareholder representative, the Agency has made commendable progress in rebuilding its image. Clear communication, improved governance, and a results-driven focus have not only restored public and stakeholder trust but also positioned RAL as a credible and accountable partner in infrastructure development.

Today, RAL is once again respected by stakeholders across sectors. There is renewed interest in engaging and doing business with the Agency, largely due to the confidence inspired by MEC Rachoene's firm leadership and the Agency's transparent and professional conduct.

This period of transformation stands as a powerful example of institutional resilience. RAL has emerged stronger, with a public image that now reflects not just its capacity to build roads, but also its ability to restore trust, operate ethically, and drive meaningful impact across Limpopo.

Media relations

During the 2024/25 Financial Year, RAL experienced a notable increase in media interest, particularly during the early phase of the administrative transition. The Communications Unit received a high volume of media enquiries, mostly related to road infrastructure concerns raised by communities and public stakeholders. Every enquiry received was carefully and timeously attended to, reaffirming RAL's commitment to transparency and open communication.

Rather than viewing this increased attention as a challenge, the Agency used the opportunity to strengthen relationships with the media, particularly with reporters covering infrastructure, governance, and public service delivery. This approach built on RAL's long-standing commitment to maintaining proactive and mutually respectful partnerships with carefully selected media outlets.

Key to this effort were one-on-one engagements and targeted media visits, including outreach to both mainstream and community media platforms. These visits were instrumental in building trust, improving the flow of accurate information, and keeping RAL top of mind within the news space. As a result, the Agency's work gained more positive exposure across various platforms, with increased accuracy in media reporting and alignment in messaging.

RAL also participated in radio interviews, many of which were conducted by the Acting Chief Executive Officer (CEO), Mr Makhitha Chesane. These interviews provided an opportunity to speak directly to the public, explain ongoing projects, and share insights into the Agency's

strategic direction. Feedback from these engagements was very positive and contributed to strengthening public perception of the Agency's accountability and progress.

A key media highlight during the year was a media briefing hosted to announce the new RAL Board of Directors. The event served not only to introduce the leadership but also to reinforce the Agency's renewed vision and commitment to excellence under the 7th Administration.

Looking ahead, RAL plans to deepen its media engagement strategy with more regular briefings, strategic interviews, and targeted outreach to both provincial and national media houses. These efforts will further position the Agency as a reliable source of information and a leader in infrastructure service delivery.

Internal communications

At the heart of RAL lies its dedicated staff, who are regarded as the lifeblood of the organisation. Over the past two years, sustained efforts to improve internal communication have yielded positive results. There is now a deeper and more widespread understanding among employees of the RAL brand and how their individual and collective contributions align with the organisation's overarching vision and mandate.

These outcomes are supported by a structured internal communication strategy designed to keep employees consistently informed, engaged, and aligned. A key tool in this regard is Ro Thetshelasa, RAL's monthly internal newsletter, which provides updates on internal activities, staff milestones, key projects, and major announcements. Distributed electronically to all staff, the newsletter helps build a shared narrative of progress and organisational unity.


To ensure consistency and authenticity in internal messaging, RAL has centralised all major communication to staff through official organisational channels. This approach has significantly reduced the risk of misinformation and fostered a culture of respect for formal communication pathways.

A major milestone during the year was the successful launch of #RALFridays, an internal morale-boosting initiative launched by the Chairperson of the RAL Board of Directors, Mr Moses Tseli. This initiative was designed to uplift staff spirit following the organisational transition and to instil a renewed sense of unity, pride, and brand ambassadorship. Through #RALFridays, staff are encouraged to embody and reflect the RAL brand not only within the organisation but also externally in their day-to-day interactions.

More than a symbolic gesture, #RALFridays is designed to foster teamwork and a collaborative work culture, promoting a shared outlook towards achieving RAL's strategic goals under one cohesive banner. It reflects the values of pride, solidarity, and professionalism that underpin the Agency's renewed internal culture.

Through these initiatives, RAL is successfully building an informed, motivated, and united team of employee ambassadors, committed to driving the Agency's mission forward with confidence and cohesion.





PART F

FINANCIAL INFORMATION

Limpopo roads managed by the Roads Agency Limpopo (RAL) play a pivotal role in connecting businesses, communities, and social services across the province. By improving access to markets, workplaces, schools, and health facilities, these roads not only stimulate economic growth but also enhance the quality of life for residents in rural and urban areas alike.



1. FINANCIAL PERFORMANCE

Public sector entities in South Africa face various challenges in delivering road infrastructure due to socio-economic, political, and sector-specific pressures. These factors impact project implementation, financial performance, and long-term sustainability. Inequality, unemployment, and community expectations drive the need for infrastructure investment, with roads playing a crucial role in economic participation and social inclusion. Organized business forums, known as construction mafias, disrupt projects by demanding financial benefits. This leads to delays, increased costs, and governance risks. Election periods add additional strain, as demand for infrastructure delivery typically intensifies, placing pressure on already limited budgets and institutional capacity.

Limited resources and competing priorities challenge road agencies to be efficient and innovative in infrastructure development. Balancing governance, societal needs, and fiscal discipline is crucial to delivering road projects that meet community expectations and promote socio-economic opportunities while managing public funds responsibly.

As a result, the Agency received a qualified audit opinion in the current year, with material findings relating to irregular expenditure and road infrastructure assets. While this outcome reflects a regression in audit performance, the Agency simultaneously achieved notable progress in several critical areas. It successfully spent 100% of its allocated budget, addressing a long-standing challenge in prior years.

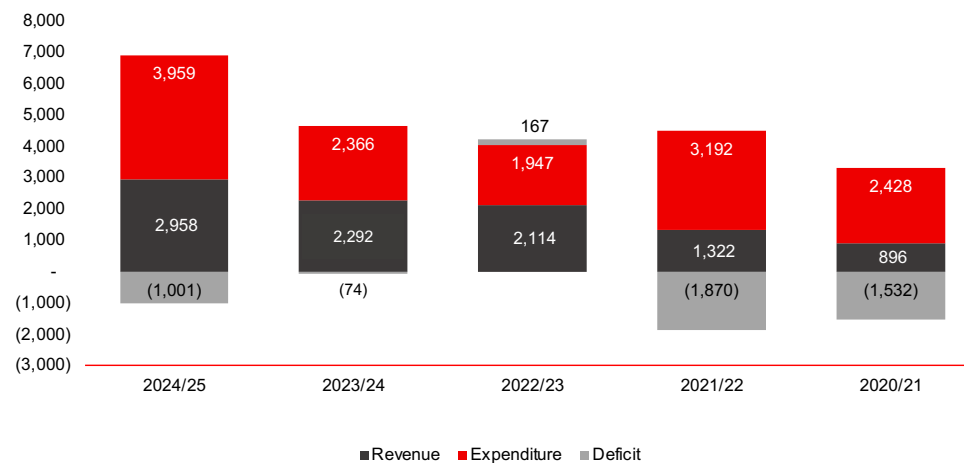
The Agency also made substantial strides in reducing overcommitments, with commitments declining from R3.967 billion at the end of 2023/24 to R2.235 billion at the end of 2024/25. Although the decision to place new road infrastructure projects on hold was difficult, this strategic choice yielded positive results by easing liquidity pressures and further reducing overcommitments. In addition, cost-containment measures remain firmly in place, particularly with respect to professional and consulting services, where expenditure decreased by 40%.

Profitability

The Agency's government grants increased by R526 million (24%), rising from R2.192 billion in 2023/24 to R2.718 billion in 2024/25. The original budget allocation of R2.557 billion was later augmented by R338 million during the budget adjustment; however, only R2.718 billion was recognised, as the remaining balance was unspent at year-end. This increase was primarily driven by higher demand for road maintenance due to the aging road network, as well as additional funding to help the Agency manage high project commitments.

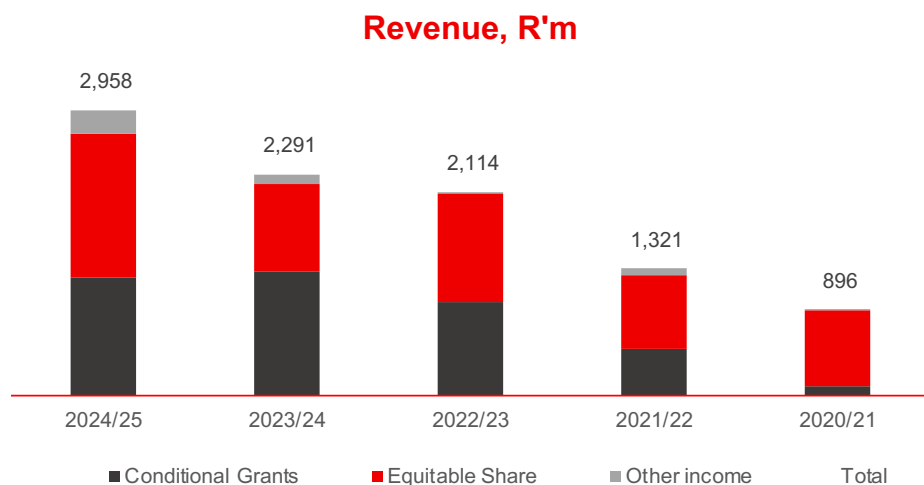
During the 2024/25 financial year, the Agency recorded a net deficit of R1.001 billion, compared to a deficit of R74 million in 2023/24. This increase was mainly attributable to non-cash expenses, particularly the higher derecognition of roads and bridges totalling R1.822 billion (up from R15 million in 2023/24), partially offset by the increase in government grant allocations.

Revenue, Expenditure and Deficit, R'm



Revenue

Total revenue for the financial year amounted to R2.958 billion, up from R2.291 billion in 2023/24. This growth was mainly driven by a R365 million increase in the original 2024/25 budget compared to the previous year, a R162 million rise in private sector contributions, and an additional R338 million in government grants allocated during the budget adjustment. The increase was partially offset by unspent conditional grants.



Historically, the majority of the Agency's grants were derived from the equitable share, accounting for approximately 55% of total grants. Over the previous three years, conditional grants represented around 60% of total grants, reflecting a notable shift. The increase in conditional grants was largely driven by the Agency's growing need for road repair and maintenance due to the deteriorating road network, supported by a commitment to raise the maintenance budget allocation. Additionally, the Agency was requested to assist municipalities by maintaining deteriorated municipal roads, which was accompanied by an increase in road maintenance grants from Treasury.

In the current financial year, conditional grants declined to 45% of total grants, returning closer to historical norms. The equitable share provides greater flexibility, allowing funds to be allocated across various functions aligned with the Agency's objectives, such as road upgrades and general expenses. In contrast, conditional grants are specifically earmarked for road repair, maintenance, and rehabilitation.

Government grants continue to comprise over 90% of the Agency's total revenue, with the remainder primarily from private sector contributions and interest income. Private sector contributions are recognized as revenue in accordance with GRAP. The Agency's own revenue decreased to R6 million, down from R27 million in 2023/24, primarily due to fluctuations in private sector contributions.

Expenditure

Employee-related costs

Personnel expenses increased by 8%, reaching R119 million (2023/24: R111 million), mainly due to salary adjustments. Although progress has been made in filling positions over previous years, the Agency still has several vacancies expected to be filled in the coming years. While this will raise employee-related costs, it is expected to reduce reliance on consultants, thereby lowering professional fees.

Depreciation, amortisation and impairments

The substantial depreciation of infrastructure assets reflects their significant value, which stood at R22.341 billion at year-end (2023/24: R23.784 billion). Total depreciation, amortisation, and impairment for the year amounted to R1.611 billion, down from R1.692 billion in 2023/24. Compared to the previous year, depreciation and impairments decreased by R80 million and R29 million, respectively. The relatively low impairment in the current year is mainly because only a portion of the road network was assessed, due to delays in appointing a road assessment service provider. Despite significant spending on maintenance

1. FINANCIAL PERFORMANCE (CONTINUED)

and rehabilitation, expenditure has been insufficient to address most of the road network's needs and to mitigate deterioration caused by floods and other factors beyond normal use, resulting in higher impairment costs. The decrease in depreciation was driven by a reduced asset base, reflecting high accumulated depreciation and impairments from prior years.

Repair and maintenance

The decrease is primarily attributable to a higher number of roads experiencing significant deterioration. Consequently, work on these roads shifted from routine maintenance to rehabilitation, which is classified as an addition to road infrastructure assets rather than repair and maintenance. As a result, expenditure on road repair and maintenance declined from R412 million to R310 million in 2024/25.

Derecognition of roads and bridges

During the current financial year, certain roads identified as critical were transferred from the Agency to SANRAL. This resulted in a significant increase in losses from derecognised roads, particularly since all the transferred roads were paved.

General Expense

Total expenses decreased by 14%, from R81 million in 2023/24 to R69 million in 2024/25. The decline was largely due to cost containment measures that significantly reduced marketing and public relations expenses, as well as consulting and professional fees. This reduction was partially offset by higher external audit fees and increased accommodation costs.

Financial position

RAL's total assets declined marginally to R22,638 billion (2023/24: R 23,884 billion), while total liabilities decreased by R240 million, bringing them to R397 million (2023/24: R637 million).

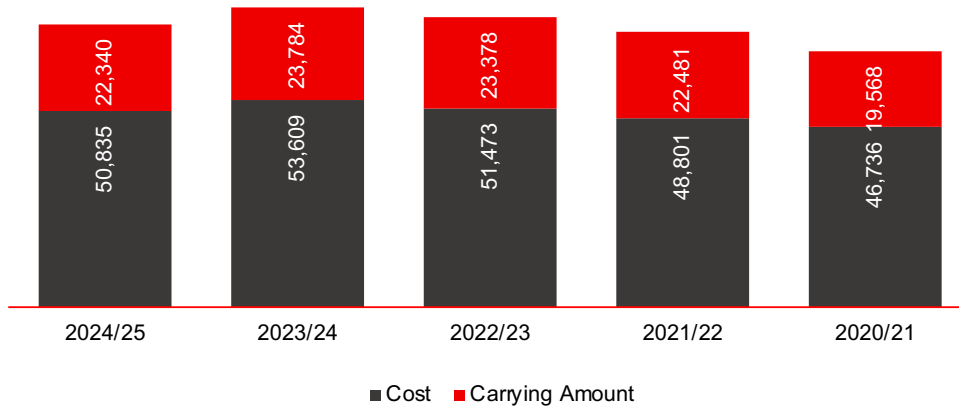
Assets

During the year under review, an amount of R2,017 billion was invested in property, plant, and equipment. However, the overall asset base declined as the impact of depreciation, impairment, and disposals offset the capitalized additions. A significant factor contributing to this decline was the derecognition and transfer of assets with a carrying amount of R1,822 billion from the Agency's road network to SANRAL.

Overall, total assets decreased by 5% compared to the previous financial year. In contrast, current assets increased by R197 million, rising from R97 million in 2023/24 to R294 million in 2024/25. This growth was mainly attributable to higher receivables from exchange transactions, largely arising from the conditional grant receivable from the Department of Defence for the Welisizwe bridge construction programme.

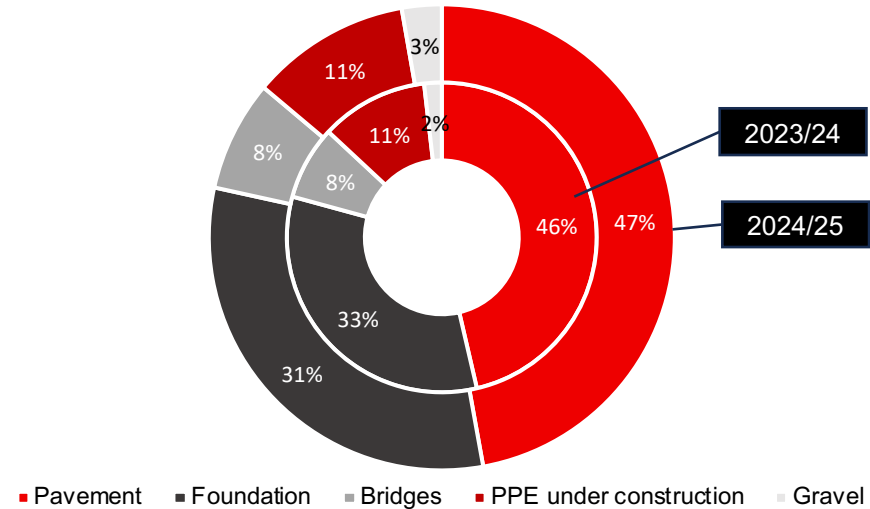
Over the five-year period from 2020/21 to 2024/25, the net carrying value of RAL's property, plant, and equipment increased by R2,772 billion (14%), rising from R19,568 billion in 2020/21 to R22,340 billion in 2024/25. This reflects a cumulative annual growth rate of 3%.

Property, Plant and Equipment, R'm



The value of road infrastructure assets declined from R23,784 billion in 2023/24 to R22,341 billion in 2024/25, representing a decrease of R1,444 billion. Despite this reduction in value, the overall composition of the assets remained relatively stable. The proportion of paved roads, which include pavements and foundations, increased slightly from 78% in 2023/24 to 79% in 2024/25, indicating that the majority of investment in road infrastructure continues to be directed towards paved roads. Property, plant, and equipment under construction remained steady at 11%, while the proportion of gravel roads decreased from 3% to 2%. The reduction in gravel roads is primarily due to these assets reaching full depreciation, as gravel roads generally have a shorter useful life compared to paved roads and bridges.

Carrying amounts of infrastructure assets, Rm



Liabilities

The Agency's total liabilities decreased by R239 million, from R637 million in 2023/24 to R397 million in 2024/25. This reduction was primarily driven by a R299 million decrease in payables from exchange transactions, attributable to the settlement of invoices that could not be honoured at the end of the previous financial year due to overcommitments, as well as the payment of retentions. The decline in retentions reflects the substantial number of infrastructure projects completed during the year. This overall decrease in liabilities was partially offset by an increase of R86 million in payables from non-exchange transactions, relating to the unspent conditional grant due to the National Department of Public Works.

1. FINANCIAL PERFORMANCE (CONTINUED)

Solvency

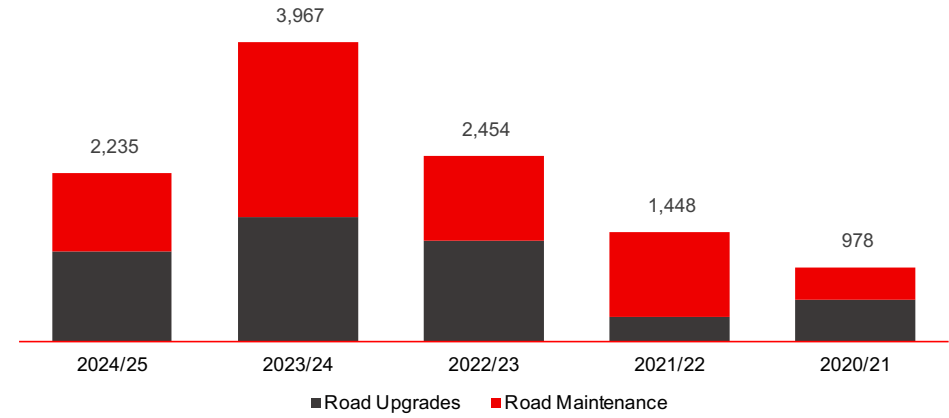
The Agency's solvency ratio, measured as total debt relative to net assets, declined from 2.7% in 2023/24 to 1.7% in 2024/25, primarily due to a reduction in total liabilities. Additionally, as a Schedule 3C public entity, RAL is not permitted to incur borrowings. Given the Agency's significant infrastructure assets, this restriction contributes to an unusually low solvency ratio.

Commitments

The Agency's total commitments for road infrastructure decreased by R1.732 billion (44%), from R3.967 billion in the 2023/24 financial year to R2.235 billion in 2024/25. This reduction is due to the decision to suspend new road infrastructure projects to lower outstanding commitments to a sustainable level.

Commitments for road maintenance and rehabilitation projects decreased by R1.270 billion (55%), from R2.318 billion in 2023/24 to R1.048 billion in 2024/25. The Agency previously supported municipalities by maintaining deteriorated municipal road networks, leading to higher commitments in the past. Discontinuing this program allows the Agency to focus on maintaining and rehabilitating its own road network.

Infrastructure Commitments, R'm



Cash Flow

Summary of the cash flows for the five years ended 31 March 2025

R'm	2024/25	2023/24	2022/23	2021/22	2020/21
Net cash flows from operating activities	2,301	1,688	1,232	1,105	695
Net cash flows from investing activities	(2,281)	(1,888)	(1,714)	(489)	(748)
Net cash flows from financing activities	-	-	-	-	-
Net increase/(decrease) in cash and cash equivalents	20	(200)	(482)	616	(53)
Cash and cash equivalents at the beginning of the year	28	228	710	94	148
Cash and cash equivalents at the end of the year	48	28	228	710	94

Cash Flow from Operating Activities

Cash flow from operating activities increased significantly, rising from R1.688 billion in 2023/24 to R2.301 billion in 2024/25. This growth was mainly driven by a R612 million increase in the current year's budget allocation and a R102 million reduction in repair and maintenance expenditure. The increase was partially offset by a decrease in receivables from exchange transactions.

Investing Activities Cash Flow

Cash flow from investing activities increased by R393 million (21%), rising from R1,888 billion in 2023/24 to R2,281 billion in 2024/25. This increase is mainly attributed to a rise in road rehabilitation projects.

Cash and cash equivalents

The Agency's bank balance increased by R20 million, from R28 million in 2023/24 to R48 million in 2024/25, primarily driven by higher cash flow from operating activities.

Supply Chain Management

The Agency faces challenges in reducing irregular expenditure due to non-compliance in contractor procurement from the established panel and weaknesses in contract management. Additional irregular expenditure arises from spending on contracts not included in Table B5, indicating gaps in internal controls and vulnerabilities in the supply chain management process.

1. FINANCIAL PERFORMANCE (CONTINUED)

Despite efforts to strengthen the supply chain management environment through policy updates, compliance checklists, and training, irregular expenditure persists. To address this, the Agency is revising terms of reference for new panels and enforcing strict compliance during appointments.

Fruitless and wasteful expenditure is a growing concern, with R5.025 million incurred in the current financial year. This expenditure is primarily attributed to unnecessary consulting fees and wasteful procurement of goods and services due to incomplete processes.

Audit outcome

In the 2024/25 financial year, RAL received a qualified audit opinion from the Auditor-General of South Africa (AGSA), marking a significant regression after eight consecutive years of unqualified opinions. The qualification arose from misstatements in the disclosure of irregular expenditure in the annual financial statements and potential, unquantifiable misstatements of road infrastructure assets due to the Agency's failure to conduct road condition assessments and review the useful lives of road assets. Additionally, non-compliance with laws and regulations, primarily related to irregular expenditure, was noted. Misstatements were also identified in the Agency's performance information.

Future prospect

The Agency received a qualified opinion from the Auditor-General of South Africa (AGSA) in the current financial year, a regression from the unqualified opinion in the previous years. The qualification was primarily due to irregular expenditure and issues related to road infrastructure assets. The ongoing challenge of overcommitments from previous years remains a significant risk that needs to be addressed.

In response to the audit findings, the Finance Unit has outlined key priority areas for improvement in the upcoming years:

1. Conducting a thorough review of the annual financial statements and supporting documentation before submission for audit.
2. Developing and strengthening processes, frameworks, and controls to prevent overcommitment and mitigate associated risks.
3. Improving oversight over the appointment of consultants and procurement of goods and services to avoid fruitless and wasteful expenditure, ensuring proper finalization of all procurements.
4. Engaging a service provider for road condition assessments.
5. Ensuring that all appointments, especially those from the panel of contractors and consultants, comply with procurement regulations to uphold fairness, transparency, competitiveness, and cost-effectiveness and prevent irregular expenditure.

Balance of fruitless and wasteful expenditure as at 31 March 2025

	2024/25	2023/24
Fruitless and wasteful expenditure	R'm	R'm
Opening Balance	26,925	26,924
Less: Fruitless and wasteful expenditure recovered	-	-
Add: Fruitless and wasteful expenditure relating to current year	5,025	1
Closing Balance	30,950	26,925

Balance of irregular expenditure as at 31 March 2025

	2024/25	2023/24
Irregular expenditure	R'm	R'm
Opening Balance	8,670	6,850
Prior period error	-	-
As restated	8,670	6,850
Add: Irregular expenditure - current year	1,744	2,150
Add: Irregular expenditure - prior year	-	-
Less: Irregular expenditure - condoned/ written off by the relevant authority	(4,010)	(330)
Less: Irregular expenditure - prior year adjustment	-	-
Irregular expenditure awaiting condonement	6,404	8,670

2. DIRECTORS' RESPONSIBILITIES AND APPROVAL

The Board of Directors is required by the Public Finance Management Act 1 of 1999, as amended (PFMA), to maintain adequate accounting records and is responsible for the preparation and fair presentation of the audited annual financial statements and related financial information.

The annual financial statements for the year ended 31 March 2025 have been prepared using appropriate accounting policies and supported by reasonable and prudent judgments and estimates, in conformity with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP).

The Board of Directors acknowledges that it is ultimately responsible for the system of internal controls established by the entity and places considerable importance on maintaining a strong control environment.

Acknowledgment of Governance Structure

It is noted that during the financial year ended 31 March 2025, the governance structure of Roads Agency Limpopo (SOC) Ltd underwent a significant change:

The former Board of Directors ceased to hold office on 30 July 2024.

An Accounting Authority was appointed on 16 August 2024 to oversee the entity's affairs and was responsible for maintaining the system of internal controls for the remainder of the financial year.

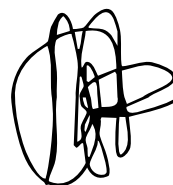
A new Board of Directors was formally appointed on 1 April 2025 and has, since that date, assumed full responsibility for the entity's governance and oversight.

Statement by the New Board

The new Board of Directors has no reason to believe that the financial statements, as reviewed and approved by them, do not fairly represent the financial position of Roads Agency Limpopo (SOC) Ltd as at 31 March 2025, and the results of its operations and cash flows for the period ended. The Board accepts responsibility for the maintenance of accounting records and the system of internal financial controls.

The Auditor-General South Africa, the independent auditors of Roads Agency Limpopo (SOC) Ltd, were given unrestricted access to all financial records and related data. Nothing has come to the attention of the Board to suggest that Roads Agency Limpopo (SOC) Ltd will not remain a going concern for at least the following twelve months.

The Annual Financial Statements of Roads Agency Limpopo (SOC) Ltd, which appear on pages 114 to 175, were approved by the Board of Directors on 31 July 2025 and are signed on their behalf by:



Mr. M.J. Chesane
Acting Chief Executive Officer
31 July 2025



Mr. R.M. Tseli
Chairperson: Board of Directors
31 July 2025

3. REPORT OF THE AUDITOR-GENERAL TO THE LIMPOPO PROVINCIAL LEGISLATURE ON THE ROADS AGENCY LIMPOPO SOC LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Qualified opinion

1. I have audited the financial statements of the Roads Agency Limpopo SOC LTD set out on pages 114 to 175, which comprise the statement of financial position as at 31 March 2025, statement of financial performance, statement of changes net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies .
2. In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Roads Agency Limpopo SOC LTD as at 31 March 2025 and its financial performance and cash flows for the year then ended in accordance with the standards of Generally Recognised Accounting Practice (GRAP standards) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and Companies Act 71 of 2008 (the Companies Act).

Basis for qualified opinion

Property, plant and equipment

3. The conditions and useful lives of roads and bridges were not adequately reviewed at the end of the reporting date in accordance with GRAP 17, Property, plant and equipment. As a result, a significant portion of the roads and bridges were not subjected to conditional assessment. Consequently, I was unable to determine the

impact on the net carrying amount of roads and bridges stated at R 19 782 496 000 in note 3 to the financial statements as it was impracticable to do so.

Irregular expenditure

4. The entity did not maintain adequate internal control systems for recording and accounting for irregular expenditure. I identified differences amounting to R469 144 000 between irregular expenditure as per the irregular expenditure register and the supporting records. Consequently, Irregular expenditure stated at R1 743 813 000 in note 36 to the financial statements is overstated by the same amount.

Context for opinion

5. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
6. I am independent of the agency in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matter

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

Restatement of corresponding figures

9. As disclosed in note 32 to the financial statements, the corresponding figures for 31 March 2024 were restated as a result of an error in the financial statements of the entity at, and for the year ended, 31 March 2025.

Underspending of the budget

10. As disclosed in note 12, the entity underspent the budget by R239 961 000 on Welisizwe Rural Bridges Programme grant

Significant uncertainties

11. With reference to note 29 to the financial statements, the entity is the defendant in a number of lawsuits. The entity is opposing the claims. The ultimate outcome of the matter could not be determined and no provision for any liability that may result was made in the financial statements.

Responsibilities of the board of directors, which constitute the accounting authority for the financial statements

12. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of Generally Recognised Accounting Practice (GRAP Standards) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and Companies Act 71 of 2008 (the Companies Act) and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
13. In preparing the financial statements, the accounting authority is responsible for assessing the agency's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the agency or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

14. My objectives are to obtain reasonable assurance about whether financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

15. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 107-110, forms part of my auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

16. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof; I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected programme presented in the annual performance report. The Accounting Authority is responsible for the preparation of the annual performance report.

Programme	Page numbers	Purpose
Programme2: Roads Infrastructure	29 - 39	The purpose of the programme is to promote accessibility and the safe affordable movement of people, goods and services through the delivery and maintenance of Roads Infrastructure that is sustainable, integrated and environmentally sensitive, and supports economic growth of the province.

17. I selected the following programme presented in the annual performance report for the year ended 31 March 2025 for auditing. I selected a programme that measures the entity's performance on its primary mandated functions and that is of significant national, community or public interest.

18. I evaluated the reported performance information for the selected programme against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the entity's planning and delivery on its mandate and objectives.

19. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the entity's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable.
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

3. REPORT OF THE AUDITOR-GENERAL TO THE LIMPOPO PROVINCIAL LEGISLATURE ON THE ROADS AGENCY LIMPOPO SOC LTD (CONTINUED)

20. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion
21. The material findings on the reported performance information for the selected programme are as follows:

Programme 2 - Roads Infrastructure

Indicator 2.9- Number of square meters of gravel roads re-gravelled

22. The indicator in the Annual Performance Report differed from what was committed to in the approved planning documents, resulting in a lack of consistency. The reported indicator was “number of square meters of gravel roads re-gravelled” with a target of 296 000, while the planned indicator was “number of kilometres of gravel roads re-gravelled” with target of 296 000. This change was made without obtaining the required approval, which undermines transparency and accountability. Furthermore, the indicator was not clearly defined during the planning process because the indicator was planned using square meters but reported using kilometres, making it unhelpful for measuring and reporting progress against the planned objectives

Indicator 3.1- Number of Full-Time Equivalent (FTE) jobs created

23. An achievement of 481 was reported in the Annual Performance Report against the reported target of 409. However, I could not determine the actual achievement due to material misstatements identified, where inaccurate number of days were captured and reported on which resulted in an incorrect number Full-Time Equivalent (FTE) jobs created being reported. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

Indicator 3.5- Number of Youths employed (18-35)

24. An achievement of 1 889 was reported in the Annual Performance Report against the reported target of 1 400. However, I could not determine the actual achievement due to material misstatements identified, including non-youth being reported as youth and eligible youth being omitted. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

Indicator 4.1- Number of local workers trained

25. An achievement of 973 was reported in the Annual Performance Report against the reported target of 560. However, I could not determine the actual achievement due to material misstatements identified, as the number of labourers trained were incomplete. Consequently, the achievement might be more than reported and was not reliable for determining if the target had been achieved.

Other matters

26. I draw attention to the matters below.

Achievement of planned targets

27. The annual performance report includes information on reported achievements against planned targets and provides explanations for over and under achievements. This information should be considered in the context of the material findings on the reported performance information.

28. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets/ measures taken to improve performance are included in the annual performance report on pages 26 to 39

Programme 2 - Roads Infrastructure

Targets achieved: 66,67%		
Budget spent: 100%		
Key indicators not achieved	Planned target	Reported achievement
Number of kilometres of surfaced roads visually assessed as per applicable TMH manual	3 086	850.64
Number of kilometres of gravel roads visually assessed as per applicable TMH manual	6 958	0
Number of square metres of surfaced roads rehabilitated	1 150 000	712 202
Number of bridges completed	5	3
Number of gravel square metres of gravel roads re-gravelled	296 000	117 900
Number of work opportunities created	3 840	3 289

Material misstatements

29. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Roads Infrastructure. Management did not correct all the misstatements, and I reported material findings in this regard.

REPORT ON COMPLIANCE WITH LEGISLATION

30. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the agency's compliance with legislation.
31. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
32. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the agency, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
33. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Procurement and contract management

34. Some of the goods and services were procured without obtaining at least three written price quotations in accordance with Treasury Regulation 16A6.1 and paragraph 3.2.1 of SCM instruction note 2 of 2021/22.
35. Some of the goods and services of a transaction value above R1 000 000 were procured without inviting competitive bids and deviations were approved by the accounting authority but it was practical to invite competitive bids, as required by Treasury Regulation 16A6.1, paragraph 3.3.1 of National Treasury Instruction(NTI) 02 of 2021/22, paragraph 4.1 of NTI 03 of 2021 /22 and TR 16A6.4. This non-compliance was identified in the procurement processes for legal services
36. Some of the tenders which achieved the minimum qualifying score for functionality criteria were not evaluated further in accordance with 2017 Preferential Procurement Regulation 5(7). Similar non-compliance was also reported in the prior year. This non-compliance was identified in the procurement processes for the infrastructure projects

Annual financial statements and annual report

37. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and/or supported by full and proper records, as required by section 55(1) (b) of the PFMA. Material misstatements of Property, plant and equipment, Revenue from non-exchange transactions, receivables from exchange transactions, contingent liabilities and commitments identified by the auditors in the submitted financial statements were corrected and the supporting records were provided, but the uncorrected material misstatements and/or supporting records that could not be provided resulted in the financial statements receiving a qualified opinion.

Consequence management

38. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure as required by section 51 (1)(e)(iii) of the PFMA. This was because investigations into fruitless and wasteful expenditure were not performed.

Expenditure management

39. Effective and appropriate steps were not taken to prevent irregular expenditure, as required by section 51 (1)(b)(ii) of the PFMA. As reported in the basis for the qualified opinion, the value disclosed in note 36 of the financial statements does not reflect the full extent of the irregular expenditure incurred. The majority of the irregular expenditure disclosed in the financial statements was caused by irregular appointment of service providers as there were no clear criteria for appointment of service providers from the panel.
40. Expenditure was incurred without an approved budget, in contravention of section 53(4) of the PFMA.
41. Resources of Roads Agency Limpopo SOC LTD were not utilised economically, as required by section 57(b) of the PFMA. Majority of loss of resources were caused by damages on running projects and loss of roads infrastructure.

Strategic planning

42. Procedures for the facilitation of effective performance monitoring, evaluation and corrective action through quarterly reports were not established, as required by treasury regulation 30.2.1.

OTHER INFORMATION IN THE ANNUAL REPORT

43. The accounting authority is responsible for the other information included in the annual report which includes the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act of South Africa. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.
44. My opinion on the financial statements and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
45. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
46. I did not receive the other information prior to the date of this auditor's report. After I receive and read this information, if I conclude that there is a material misstatement, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

47. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

48. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
49. The accounting authority did not implement adequate internal controls to ensure the preparation of accurate annual financial statements as numerous material misstatements were identified that resulted in the modification of the auditor's opinion
50. The accounting authority did not adequately review the annual financial statements before submitting it for auditing as material misstatements were identified by the auditors in the submitted financial statements.
51. The accounting authority did not ensure that reported performance information is supported by accurate and complete documents
52. The entity developed a plan to address internal and external audit findings, but the appropriate level of management did not timeously monitor adherence to the plan to address internal control deficiencies identified in the prior year, resulting in numerous repeat findings.
53. The accounting authority did not implement proper controls over daily and monthly processing and reconciliation of transactions especially around Property, plant and equipment, Work in progress, commitments, and irregular expenditure
54. The entity did not adequately review and monitor compliance with applicable laws and regulations relating to procurement resulting in incurrence of irregular expenditure.
55. There is inadequate management of projects and non-implementation of prior year recommendations on delayed projects, resulting in damages on the incomplete sections of the roads which in turn results in financial losses

OTHER REPORTS

56. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
57. The Special Investigation Unit (SIU) is currently investigating matters pertaining to supply chain management processes as well as project related expenditure that arose from 01 January 2009 to 20 April 2018. The outcome of the investigation was not available at the time of the report.
58. Provincial Treasury, through BDO SA investigated matters relating to supply chain management at the entity. The investigation report was issued by BOO SA to Provincial Treasury on 23 May 2023. Provincial Treasury submitted the final report to the Executive Authority being the MEC of Public Works, Roads and Infrastructure on 23 October 2023 with the request to submit the implementation plan by 31 October 2023. The recommendations contained in the report were implemented by the Acting Accounting Authority on 29 November 2024.
59. An independent consultant was appointed to investigate irregular expenditure incurred by the entity; the investigation covered the period 2014 to 2020. The investigation was concluded on 09 December 2024 and resulted in the condonement of irregular expenditure by Provincial Treasury on 31 March 2025.
60. An independent forensic investigator was appointed to investigate allegations of fraud and corruption which include, but not limited to fruitless and wasteful expenditure, possible or confirmed irregular expenditure, over-expenditure and financial misconduct. The outcome of the investigation is expected by 30 September 2025.

Auditor-General

Polokwane
31 July 2025



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

4. ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the agency's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the agency to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause an agency to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. I am responsible for the direction, supervision and review of audit work performed for purposes of the group audit. I remain solely responsible for my audit opinion.

4. ANNEXURE TO THE AUDITOR'S REPORT (CONTINUED)

Communication with those charged with governance

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

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation - selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999 (PFMA)	PFMA 51 (1)(e)(iii) PFMA 53(4) PFMA 55(1)(a) PFMA 55(1)(b) PFMA 55(1)(c)(i) PFMA 57(b) PFMA 54(2)(c) PFMA 54(2)(d) PFMA 66(4)
Preferential Procurement Regulations of 2022 (PPR)	PPPFA (definition of acceptable tender) PPPFA section 2(1) (a) PPFA 2(1)(f) 2017 Preferential Procurement reg 6(8), 7(8), 10(1)&(2) & 11(1) 2022 Preferential Procurement reg 4(4) Preferential Procurement reg {2017} 5(1) & 5(3) Preferential Procurement reg 2017 5(6) Preferential Procurement reg 2017 5(7) Preferential Procurement reg {2017} 4(1) & 4(2) Preferential Procurement reg {2017} 9(1)
Limpopo Roads Agency Limited and Provincial Roads Act 7 OF 1998	All

5. ANNEXURE TO THE AUDITOR'S REPORT (CONTINUED)

Treasury Regulation	TR 31.1.2(c) TR31.2.1 TR30.1.1 TR 16A.7.1 TR 16A.7.3 TR 16A.7.6 TR 16A.7.7 TR 16A9.1(b)(ii) TR 33.1.1 TR 31.2.5 TR 31.2.7(a) TR16A8.4
Construction Industry Development Board Act	CIDB Act 18(1)
Construction Industry Development Board Regulations	CIDB reg. 17; CIDB reg. 25(7A)
SCM instruction note	SCM instruction note 2 of 2021 /22 par. 3.2.1 SCM instruction note 2 of 2021/22 par. 3.2.4 SCM Instruction Note 02 of 2021-22 par 3.2.1 (bids . advertised on or after 1 April 2022) SCM instruction note 2 of 2021/22 par. 3.2.4 (b)- Only applicable to awards before 16 January 2023.
NT Instruction note	NT Instruction 07 of 2017/18 par 4.3 NT Instruction 4A of 2016/17 par 6
PFMA Instruction Note	FFMA SCM instruction note 03 of 2021 /22 par 4.1. PFMA instruction note no.3 of 2021/22 definition PFMA instruction note no.3 of 2021/22 par. 4.2 (b) PFMA SCM Instruction No. 3 of 2021/22 par. 7.2 (tenders advertised on or after 1 April 2022) PFMA SCM instruction note 03 of 2021 /22 par 4.1. PFMA instruction note no.3 of 2021/22 definition PFMA instruction note no.3 of 2021/22 par. 4.2 (b) PFMA instruction note no.3 of 2021/22 par. 4.3 PFMA instruction note no.3 of 2021/22 par. 4.4 (c)
Companies Act	Co Act 46(1)(c)

5. DIRECTORS' REPORT

The Board of Directors of the Roads Agency Limpopo (Soc) Ltd has pleasure in presenting the Annual Report on the activities of the entity for the Financial Year ended 31 March 2025.

REVIEW OF ACTIVITIES

1. Main Activities and Operations

The Roads Agency Limpopo (SOC) Ltd was established, in terms of the Limpopo Province Roads Agency Proprietary Limited and Provincial Roads Act 7 of 1998, as amended, for the purpose of constructing, maintaining and rehabilitating the provincial road infrastructure assets, on behalf of the Limpopo Provincial Government. The entity is a State-Owned Company registered as such in terms of the Companies Act 71 of 2008 and is listed as a Provincial Public Entity in schedule 3C of the Public Finance Management Act 1 of 1999, as amended.

The Member of Executive Council responsible for Public Works, Roads and Infrastructure, Hon. E.S Rachoene, is the Executive Authority of the Agency. The Roads Agency Limpopo (SOC) Ltd receives its revenue from the Department of Public Works, Roads and Infrastructure.

During the financial year being reported on, RAL managed to raise an amount of R187,56 million in additional funding from strategic partnerships forged with private and public sector partners for the purpose of implementing road infrastructure projects.

2. Going Concern

The audited annual financial statements have been prepared on the basis that the Agency will continue to operate the business as a going concern. The Accounting Authority is of the opinion that the Roads Agency Limpopo (SOC) Ltd has adequate resources to continue with operations in the next financial year and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Subsequent Events

The Accounting Authority is not aware of any matter or circumstance arising since the end of the financial year to the date of this report that requires further disclosure in the annual financial statements.

4. Directors' Interest In Contracts

There were no material contracts in which the directors have an interest which were concluded and entered into during the financial period under review.

5. Governance Compliance

5.1. General

The Accounting Authority retained full control of the strategic planning and direction of the Agency and acknowledged its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management, performance monitoring and evaluation, transparency and effective communication, both internally and externally. When the Board of Directors resigned, it was a unitary structure comprising of eight (8) Board Members, five (5) of whom are independent non-executive Board Members, and three (3) are ex officio board members, being the former Chief Executive Officer, the Board Member nominated to represent the Limpopo Provincial Treasury and the Board Member nominated to represent the Limpopo Department of Public Works, Roads and Infrastructure in terms of section 12(3)(a) and 12(3)(aB), respectively, of the Limpopo

3. DIRECTORS' REPORT (CONTINUED)

Province Roads Agency Proprietary Limited and Provincial Roads Act 7 of 1998, as amended.

An Accounting Authority is appointed in terms of section 49(3) of the Public Finance Management Act as the Limpopo Province Roads Agency Proprietary Limited and Provincial Roads Act 7 of 1998 does not provide for an interim board or an interim governance arrangement.

The Accounting Authority is committed to applying all codified and customary corporate governance imperatives, as well as mandatory and regulatory provisions of statutes and regulations, in order to ensure its responsible corporate citizenship.

In addition to the establishing statute of RAL, the shareholder concluded, as it does on an annual basis, a Performance Agreement with the Accounting Authority of the Agency, outlining all the deliverables expected to be achieved by the Agency for the year under review. Furthermore, RAL executed all its pre-determined strategic objectives, as enshrined in the Five-Year Strategic Plan and Annual Performance Plan.

5.2. Chairperson and the Acting Chief Executive Officer

The Board of Directors held the first quarterly meeting. The Accounting Authority held the remaining quarterly meetings as required, for the purpose of considering and approving statutory quarterly submissions and executed its fiduciary duties in line with the PFMA, Companies Act and the establishing Act of RAL. The Accounting Authority created a conducive environment for maintaining and exercising continuous oversight of organisational effectiveness and efficiency, as well as its own performance and effectiveness. The Accounting Authority exercises its functions with due regard for collective governance principles and relevant delegations of authority.

The Acting Chief Executive Officer managed the business operations of the Agency on a day-to-day basis and ensured that the strategy and Annual Performance Plan approved by the Board were executed optimally.

5.3. Audit and Risk Committee

During the financial period under review, the Audit and Risk Committee was constituted by four (4) independent non - executive members. The Chairperson of the Committee resigned on 30 July 2024. The other two (2) members resigned on 22 and 24 February 2025 respectively. As the remaining member cannot form a quorum, which means the Committee can no longer hold legal meetings or make valid decisions. The committee's functions effectively ceased. The Committee held six (6) meetings during the financial period under review for the purpose of conducting its ordinary business and for any other functions expected to be performed within the scope of the Committee.

6. Internal Control Systems and Procedures

To meet its responsibility with respect to providing reliable financial information, the Roads Agency Limpopo (SOC) Ltd maintains effective and efficient financial and operational internal control systems. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with the prescribed laws and regulations and in conformity with the mandate of the shareholder. The controls also ensure that the assets are adequately safeguarded against material loss, damage or unauthorised acquisition, use, or disposal and those transactions are properly authorised and recorded. The Audit and Risk Committee and the Accounting Authority held their scheduled meetings for the year. All documents that were tabled for approval have been so approved by the Accounting Authority and implemented by the management team. No material deficiencies in the internal controls over financial reporting were identified by the Internal Audit unit.

7. Risk Management

The Audit and Risk Committee, on behalf of the Accounting Authority ensured that integrated risk management was upheld and that the risk appetite of the Agency is managed by addressing all imminent root causes and putting in place effective treatment plans for the mitigation and/or elimination of risks.

8. Commitments, Contingencies, and Legal Proceedings

All commitments of the Roads Agency Limpopo (SOC) Ltd are reflected in the statement of financial position. The Agency had several pending legal proceedings during the year under review that remain sub judice.

9. Fruitless and Wasteful and Irregular Expenditure

Details of all transactions that were tantamount to fruitless and wasteful expenditure, as well as those that compounded irregular expenditure are set out in the notes to the Financial Statements.

10. Directors

The following individuals served as Directors of the Agency during the financial year ended 31 March 2025, and/or were in office as at the date of this report:

Former Board of Directors (Resigned/Dismissed during the year):

- **Mr. M.S. Ralebipi** – Chairperson of the Board of Directors (Resigned on 30 July 2024)
- **Ms. W.N.G. Moleko** – Independent Non-Executive Director (Resigned on 30 July 2024)
- **Ms. T.M. Ramabulana** – Independent Non-Executive Director (Resigned on 29 July 2024)
- **Ms. S.R. Mushwana** – Independent Non-Executive Director (Resigned on 30 July 2024)
- **Mr. K.M. Ramukumba** – Independent Non-Executive Director (Resigned on 30 July 2024)

- **Mr. R.P. Ragimana** – Independent Non-Executive Director (Resigned on 30 July 2024)
- **Mr. M.J Phukuntsi** – Ex Officio Director representing the Limpopo Provincial Treasury (Resigned on 01 July 2024)
- **Ms. N.A Moloisi** – Ex Officio Director representing the shareholder Department of RAL, Limpopo Department of Public Works, Roads and Infrastructure (Resigned on 25 July 2024)
- **Mr. G.M. Maluleke** - Ex Officio Director in his capacity as Chief Executive Officer of RAL (Contract ended 31 December 2024)

Current Governing Body and Key Management (as at the date of this report):

- **Mr R.M. Tseli** – Accounting Authority (Non-Executive Director since 16 August 2024)
- **Mr. M.J Chesane** - Acting Chief Executive Officer of RAL (since 31 August 2024)

11. Company Secretary and Chief Legal Counsel

Ms. T.C. Kekana FCG(CS) was the Company Secretary and Chief Legal Counsel of RAL and resigned on 31 December 2024. Ms. K.M.S. Komana (ACG)(AAArb) was appointed as the Acting Company Secretary and Chief Legal Counsel of RAL from 14 February 2025.

12. Human Resources

The Roads Agency Limpopo (SOC) Ltd maintains a positive ethical work climate that is conducive to attracting, retaining and motivating a diverse group of quality employees at all levels of operations to encourage team spirit and personal commitment.

PART G

FINANCIAL STATEMENTS





The upgrading of road D4109, a 10 km stretch from gravel to tar that serves the residents of Mamatonya, Malatane, and Byldrift in the Lepelle-Nkumpi Local Municipality, Capricorn District, was completed in the 2024/25 Financial Year.

GENERAL INFORMATION

Country of incorporation and domicile

South Africa

Nature of business and principal activities

Roads infrastructure construction

Business address

26 Rabe street Polokwane 0699

Postal address

Private Bag x 9554 Polokwane 0700

Controlling entity

Limpopo Department of Public Works, Roads and Infrastructure

Bankers

ABSA

Auditors

AGSA Registered Auditors

Secretary

Ms Kagiso Komana

Company registration number

2001/025832/30

Preparer

The annual financial statements were internally compiled by:
H.F Magopa Chief Financial Officer





In the 2024/25 Financial Year, RAL, through its road projects, generated 482 full-time equivalent jobs and 3,289 part-time work opportunities, including 1,889 for youth, 1,582 for women, and 71 for persons with disabilities.

INDEX

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

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The annual financial statements set out on pages 114 - 176 which have been prepared on the going concern basis, were approved on 31 March 2025 and were signed on its behalf by:

Mr. R.M. Tseli
Chairperson: Board of directors

M.J. Chesane
Acting Chief Executive Officer

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2025

Figures in Rand thousand	Note(s)	2025	2024 Restated*
Current Assets			
Inventories	7	319	350
Receivables from exchange transactions	8	245 757	69 155
Cash and cash equivalents	9	48 021	27 737
		294 097	97 242
Non-Current Assets			
Property, plant and equipment	3	22 340 810	23 783 742
Intangible assets	4	284	446
Other financial assets	6	2 340	2 340
		22 343 434	23 786 528
Total Assets		22 637 531	23 883 770
Liabilities			
Current Liabilities			
Retentions	5	27 020	46 653
Payables from exchange transactions	11	57 355	356 071
Payables from non-exchange transactions	12	240 918	154 148
		325 293	556 872
Non-Current Liabilities			
Retentions	5	71 875	79 751
Total Liabilities		397 168	636 623
Net Assets		22 240 363	23 247 147
Share capital / contributed capital	10	1	1
Accumulated surplus		22 240 362	23 247 146
Total Net Assets		22 240 363	23 247 147

STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand thousand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Other income	16	1 496	20 609
Interest income	17	4 255	6 426
Total revenue from exchange transactions		5 751	27 035
Revenue from non-exchange transactions			
Transfer revenue			
Government grants and subsidies	18	2 718 216	2 192 281
Contributions by other entities	19	234 241	72 173
Total revenue from non-exchange transactions		2 952 457	2 264 454
Total revenue	13	2 958 208	2 291 489
Expenditure			
Employee related costs	20	(119 332)	(110 554)
Depreciation and amortisation	21	(1 611 389)	(1 691 601)
Impairment loss	22	(27 212)	(56 573)
Interest and penalties	23	(966)	(10)
Repairs and maintenance	15	(309 675)	(411 665)
Provision for bad debts		132	83
Derecognition of roads and bridges	25	(1 821 647)	(14 968)
Loss on disposal of assets	14	(54)	(34)
General expenses	24	(69 118)	(80 525)
Total expenditure		(3 959 261)	(2 365 847)
Deficit for the year		(1 001 053)	(74 358)

STATEMENT OF CHANGES IN NET ASSETS

Figures in Rand thousand	Share capital / contributed capital	Accumulated surplus	Total net assets
Opening balance as previously reported	1	23 258 743	23 258 744
Adjustments			
Correction of errors	-	70 600	70 600
Balance at 01 April 2023 as restated	1	23 329 343	23 329 344
Changes in net assets			
Transfer of own revenue	-	(7 840)	(7 840)
Net losses recognised directly in net assets	-	(7 840)	(7 840)
Deficit for the year	-	(74 357)	(74 357)
Total recognised income and expenses for the year	-	(82 197)	(82 197)
Total changes	-	(82 197)	(82 197)
Restated* Balance at 01 April 2024	1	23 247 146	23 247 147
Changes in net assets			
Transfer of own revenue	-	(5 731)	(5 731)
Net losses recognised directly in net assets	-	(5 731)	(5 731)
Surplus for the year	-	(1 001 053)	(1 001 053)
Total recognised income and expenses for the year	-	(1 006 784)	(1 006 784)
Total changes	-	(1 006 784)	(1 006 784)
Balance at 31 March 2025	1	22 240 362	22 240 363

Transfer - own revenue, relates to revenue generated during year (transferred and transferable) to LDPWRI.

CASH FLOW STATEMENT

Figures in Rand thousand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Grants		2 895 431	2 345 940
Interest income		4 212	6 996
Other receipts		1 781	2 406
		2 901 424	2 355 342
Payments			
Employee costs		(120 678)	(110 373)
Goods and services		(78 466)	(147 339)
Interest and penalties		(966)	(10)
Repairs and maintenance		(308 775)	(409 771)
Other payments		(91 402)	-
		(600 287)	(667 493)
Net cash flows from operating activities	27	2 301 137	1 687 849
Cash flows from investing activities			
Purchase of property, plant and equipment		(2 280 853)	(1 888 200)
Cash flows from financing activities			
Finance lease payments		-	(24)
Net cash flows from operating activities		20 284	(200 375)
Cash and cash equivalents at the beginning of the year		27 737	228 112
Cash and cash equivalents at the end of the year	9	48 021	27 737

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Accrual Basis						
Figures in Rand thousand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other income - (rollup)	1 310	(333)	977	1 496	519	#1
Interest received - investment	6 652	(1 616)	5 036	4 255	(781)	#2
Total revenue from exchange transactions	7 962	(1 949)	6 013	5 751	(262)	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	2 557 360	338 071	2 895 431	2 718 216	(177 215)	
Contributions by other entities	-	-	-	234 241	234 241	#3
Total revenue from non-exchange transactions	2 557 360	338 071	2 895 431	2 952 457	57 026	
Total revenue	2 565 322	336 122	2 901 444	2 958 208	56 764	
Expenditure						
Personnel	(135 750)	(22)	(135 772)	(119 332)	16 440	#4
Depreciation	-	-	-	(1 611 389)	(1 611 389)	#3
Impairment loss/ Reversal of impairments	-	-	-	(27 212)	(27 212)	#3
Finance costs and penalties	(10)	10	-	(966)	(966)	
Repairs and Maintenance	(1 769 379)	1 463 099	(306 280)	(309 675)	(3 395)	#5
Bad debts	-	-	-	132	132	#3

Budget on Accrual Basis

Figures in Rand thousand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Derecognition of roads and bridges	-	-	-	(1 821 647)	(1 821 647)	#3
General Expenses	(76 831)	960	(75 871)	(69 118)	6 753	
Road Asset Management System	(21 000)	-	(21 000)	-	21 000	#7
Total expenditure	(2 002 970)	1 464 047	(538 923)	(3 959 207)	(3 420 284)	
Operating deficit	562 352	1 800 169	2 362 521	(1 000 999)	(3 363 520)	
Loss on disposal of assets and liabilities	-	-	-	(54)	(54)	#3
Surplus/(Deficit) for the year	562 352	1 800 169	2 362 521	(1 001 053)	(3 363 574)	
Property, plant and equipment	(554 390)	(1 802 118)	(2 356 508)	(2 017 209)	339 299	#6
	7 962	(1 949)	6 013	(3 018 262)	(3 024 275)	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS (CONTINUED)

Budget on Accrual Basis						
Figures in Rand thousand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference

Comments and variance analysis

#1. Other Income: The increase in other income is primarily due to a higher-than-anticipated volume of applications for access roads, surpassing budgeted expectations.

#2. Interest Received: Minimal interest was earned due to delays in grant transfers by the Limpopo Department of Public Works, Roads, and Infrastructure (LDPWRI), which resulted in the entity maintaining a low bank balance.

#3. Contributions by other entities, bad debts, depreciation, loss on disposal of assets and reversal of impairment: The entity does not budget for contributions by other entities and non-cash items. Contribution by other entities represent the amounts incurred by mines, municipalities and SANRAL in upgrading road infrastructure that falls under the jurisdiction of RAL.

#4. Employee costs: Underspending in employee costs resulted from delays in filling vacant positions.

#5. Repairs and maintenance: This is the minor over-expenditure which is in line with the approved budget.

#6. Property, Plant and Equipment: The under-expenditure on Property, Plant and Equipment is attributable to the reprioritisation of the capital budget to address prior year accruals. As a result, the implementation of certain capital projects was deferred to ensure that the available budget could accommodate these outstanding commitments.

#7. RAMS: The budget was not utilised due to the expiry of the RAMS service provider contract and the delay in finalising the specification and advertising of the new tender.

The initial budget of R2.557 billion was increased to R2.895 billion during the first and second MTEF budget adjustment to accommodate prior year accruals.

ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.3 Significant judgements and sources of estimation uncertainty

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

Trade receivables

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The calculation in respect of the impairment of consumer debtors is based on an assessment of the extent to which debtors have defaulted on payments already due and an assessment of their ability to make payments. This was performed per service categories across all debtor classes. Accordingly, no further credit provisions are required in excess of the present allowance for doubtful debts.

Impairment of non-cash-generating assets

The entity assesses at each reporting date whether there is any indication that an asset may be impaired. The main impairment indicator for the road infrastructure assets is the results of the visual condition assessment. If any such indication exists, the entity then estimates the recoverable service amount of the non-cash-generating asset. The recoverable service amount of non-cash-generating assets has been determined as the higher of value-in-use and fair value less cost to sell. These calculations require the use of estimates and assumptions.

The excess of the carrying amounts over the recoverable service amount is recognised as impairment loss in the statement of financial performance.

RAL is providing services to the public of Limpopo and receives transfer payments from the Limpopo Provincial

Government to fund its operations. RAL therefore classifies all of its non-current tangible assets as non-cash generating assets.

Provisions and contingencies

Provisions are raised based on the information available to management, and past knowledge. A provision is recognised when the entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and the amount of the obligation can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired.

The calculation in respect of the impairment of consumer debtors is based on an assessment of the extent to which debtors have defaulted on payments already due and an assessment of their ability to make payments. This was performed per service categories across all debtor classes. Accordingly, no further credit provisions are required in excess of the present allowance for doubtful debts.

Useful lives of property, plant and equipment

The entity's management determines the estimated useful lives and related depreciation charges for property, plant and equipment. This estimate is based on industry norms. The industry norm is adjusted for entity-specific considerations.

Management will increase the depreciation charge where useful lives are less than previously estimated useful lives. The entity assesses residual values of road infrastructure assets at zero as there is no market for the road infrastructure.

Residual values for non infrastructure assets are also assessed at zero as the entity intends to utilise assets until the end of their useful lives.

Budget information

The entity deems a 10% deviation on operational revenue and expenditure and a 5% or more for capital expenditure between budget and actual amounts to be material. These percentages are based on management's estimate and are considered to be appropriate. All material differences are explained in the notes to the annual financial statements

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits or service potential associated with the item will flow to the entity; and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition. Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

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

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

Item	Depreciation method	Average useful life
Land	Straight line	Infinite
Buildings	Straight line	50 years
Furniture and fixtures	Straight line	12 years
Motor vehicles	Straight line	10 years
Office equipment	Straight line	8 years
IT equipment	Straight line	5 to 6 years
Roads Beds	Straight line	40 years
Pavement Layers	Straight line	20 years
Bridges	Straight line	50 years
Unpaved/ gravel Layers	Straight line	8 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

ACCOUNTING POLICIES (CONTINUED)

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements.

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 3).

1.5 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or
- exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

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

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

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

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

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

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

Item	Useful life
Computer software	3 years
Website design	3 years

1.6 Financial instruments

Classification

Financial instruments are recognised on the statement of financial position when the entity becomes party to the contractual provisions of the instrument. Financial instruments include cash and bank balances, receivables and trade payables. These financial instruments are generally carried at their estimated fair value, which is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction.

Financial Assets

The entity's main financial instruments are cash at bank and cash on hand, trade receivables and other receivables.

Financial Liabilities

The entity's main financial liabilities are trade and other payables and retentions.

Initial Recognition and Measurement

Financial instruments are initially recognised using the trade date accounting method. The entity classifies the financial instruments on their component parts on initial recognition in accordance with the substance of the contractual arrangement.

Financial instruments are initially measured at fair value costs when the entity is a party to contractual arrangement.

Subsequent to initial recognition these instruments are measured as set out below.

Retentions

Retentions are stated at amortised cost.

Trade and other Payables

Trade and other payable are stated at amortised cost. The carrying amount of these payables approximates fair value due to the short period to maturity of these instruments.

Cash and Cash Equivalents

Cash and cash equivalents are measured amortised cost. The carrying amount approximates fair value due to the short period to maturity. Cash and cash equivalents comprise cash at bank.

Trade and Other Receivables

Trade and other receivables are stated at the nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. The carrying amount of these receivables approximate fair value due to the short period to maturity of these instruments. Trade and other receivables from exchange transactions are disclosed separately from trade and other receivables from non-exchange transactions. Trade and other receivables in exchange for which the entity gives approximately equal value to another entity are recognised as trade and other receivables from exchange transactions.

Trade and receivables received without directly giving approximately equal value in exchange are recognised as trade and other receivables from non-exchange transactions.

Impairment of financial assets

At the end of the reporting period the entity assesses all financial assets, other than those at fair value, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

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

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

Reversals of impairment losses are recognised in the surplus.

Derecognition of financial instruments

A financial asset is derecognised when:

- the right to receive cash flows from the asset has expired;
- the entity retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without delay to a third party under a "pass through" arrangement; or
- the entity has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control thereof.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same customer on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability, and the difference in the respective carrying amounts is derecognised in the Statement of Financial Performance.

Financial Risk Management

In running its operations the organisation is exposed to interest rate, liquidity, credit and market risks. RAL has developed a comprehensive risk management process which monitors and controls the impact of such risks on the organisation's daily operations. The risk management process relating to each of these risks is discussed under the headings below.

Credit Risk and Market Risk

Credit risk consists mainly of accounts receivable and cash and cash equivalents. This is the risk of the entity being exposed to counter party failures. Although this risk is unlikely to occur in the short term, it is mitigated as follows:

- Cash and short-term deposits are placed with well established financial institutions of high quality and credit standing and also approved by National Treasury;
- Transactions are entered into with reputable financial institutions which are approved by National Treasury;
- Funds are invested in short-term facilities; and
- The organisation does not raise debtors in its ordinary course of business.

Credit risk with respect to accounts receivable is limited due to the nature of the entity's business and its reliance on government grant as the main source of funding.

Market risk is the risk that the value of an investment will decrease due to changes in market factors. The above stated mitigating factors apply to market risk as well.

Interest Rate Risk Management

This is the risk that adverse changes in interest rates will have a negative impact on the net income of the entity. The inherent interest rate risk is concentrated in short term investments and deposits which are highly liquid. This risk is managed by:

- transacting with well-established financial institutions of high quality credit standing and the accounts bearing;
- interest at prevailing market rates; and
- the entity does not hold significant finance leases with fluctuating interest rates.

Liquidity Risk

This is the risk that the entity may encounter difficulties in raising funds to meet its statutory commitments. This is managed by cash flow planning and management.

Fair Value

The entity's financial instruments consist mainly of cash and cash equivalents, receivables and trade payables. No financial asset was carried at an amount in excess of its fair value and fair values could be reliably measured for all financial assets.

The carrying amounts of financial assets and liabilities approximate their fair values due to their short-term maturity period.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset. Government grant receivable is classified as a statutory receivable.

Recognition

The entity recognises statutory receivables using the policy on Revenue from exchange transactions;

Initial measurement

The entity initially measures statutory receivables at their transaction amount.

Subsequent measurement

The entity measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Derecognition

The entity derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the entity, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - derecognise the receivable; and
 - recognise separately any rights and obligations created or retained in the transfer.

1.7 Leases

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

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.8 Inventories

RAL's inventories comprise of consumables.

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Inventories are valued using the weighted average method.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for distribution at no charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

1.9 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets. RAL is providing services to the public of Limpopo and receives transfer payments from the Limpopo Provincial Government to fund its operations. RAL therefore classifies all of its non-current tangible assets as non-cash generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Value in use of a non-cash generating asset is the present value of the asset's remaining service potential. The entity uses the depreciated replacement cost approach to determine value in use.

1.10 Share capital / contributed capital

Shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets.

1.11 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

A constructive obligation is an obligation that derives from an entity's actions whereby an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for
- the absences is due to be settled within twelve months after the end of the reporting period in which the
- employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and

ACCOUNTING POLICIES (CONTINUED)

- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid.
- If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

1.12 Provisions and contingencies

Provisions are recognised when:

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

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Contingent assets and contingent liabilities are not recognised because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets and contingent liabilities are disclosed based on the cost estimates from legal representatives of the entity.

1.13 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.14 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

RAL's revenue is from rental of advertising billboards and application fees for road access.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

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

1.15 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity, the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The entity assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a re-imburement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

Contributions by other entities

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

1.16 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds. Borrowing costs are recognised as expense in the statement of financial performance in the period incurred

1.17 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the entity is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Recognition

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.18 Comparative figures

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.19 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.20 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury instruction note no. 4 of 2022/2023 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 3 January 2023):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law.

Immediate steps must thereafter be taken to recover the amount from the person concerned.

If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.21 Budget information

The entity is subject to budgetary limits in the form of appropriations or budget authorizations, which is given effect through appropriation.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by economic classification.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

1.22 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.23 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. New standards and interpretations

- GRAP 104 on Financial Instruments 01 April 2025 Unlikely there will be a material impact
- GRAP 1 on Presentation of Financial Statements To be determined



3. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	3 700	-	3 700	3 700	-	3 700
Buildings	81 065	(38 211)	42 854	81 065	(36 677)	44 388
Furniture and fixtures	6 343	(4 381)	1 962	6 217	(4 067)	2 150
Motor vehicles	1 378	(857)	521	1 378	(744)	634
Office equipment	3 710	(2 151)	1 559	3 364	(1 950)	1 414
IT equipment	13 273	(8 481)	4 792	11 263	(7 061)	4 202
Roads and Bridges	48 222 434	(28 439 938)	19 782 496	50 868 295	(29 774 911)	21 093 384
Roads and Bridges under construction	2 502 926	-	2 502 926	2 633 870	-	2 633 870
Total	50 834 829	(28 494 019)	22 340 810	53 609 152	(29 825 410)	23 783 742

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3. Property, plant and equipment (continued)

Figures in Rand thousand							
Reconciliation of property, plant and equipment - 2025							
	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	3 700	-	-	-	-	-	3 700
Buildings	44 388	-	-	-	(1 534)	-	42 854
Furniture and fixtures	2 150	139	(3)	-	(324)	-	1 962
Motor vehicles	634	-	-	-	(113)	-	521
Office equipment	1 414	520	(23)	-	(352)	-	1 559
IT equipment	4 202	2 044	(28)	-	(1 426)	-	4 792
Roads and Bridges	21 093 384	-	(1 821 647)	2 136 014	(1 607 478)	(17 777)	19 782 496
Roads and Bridges under construction	2 633 870	2 014 506	-	(2 136 014)	-	(9 436)	2 502 926
	23 783 742	2 017 209	(1 821 701)	-	(1 611 227)	(27 213)	22 340 810

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3. Property, plant and equipment (continued)

Figures in Rand thousand							
Reconciliation of property, plant and equipment - 2024							
	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	3 700	-	-	-	-	-	3 700
Buildings	45 923		-	-	(1 535)	-	44 388
Furniture and fixtures	2 147	244	-	-	(241)	-	2 150
Motor vehicles	747	-	-	-	(113)	-	634
Office equipment	1 626	336	(217)	-	(331)	-	1 414
IT equipment	3 691	1 696	(13)	-	(1 172)	-	4 202
Roads and Bridges	21 120 696	-	(8 916)	1 717 216	(1 687 771)	(47 841)	21 093 384
Roads and Bridges under construction	2 275 431	2 084 386	-	(1 717 216)		(8 731)	2 633 870
	23 453 961	2 086 662	(9 146)	-	(1 691 155)	(56 572)	23 783 742

Roads and bridges comprise of pavement, foundation, bridges and gravel roads.

Included in the Property, plant and equipment additions is an amount of R234.241 million (2024: R72.156 million) that was funded by through private sector contributions.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3. Property, plant and equipment (continued)

Figures in Rand thousand	2025	2024
Roads and bridges (Unpaved, paved roads and bridges transferred to SANRAL through the government gazette)	1 821 647	14 968

Details of properties

The derecognition of unpaved, paved roads and bridges which were transferred to SANRAL due to change of ownership and control as per the government gazette with a carrying amount of R1.822 billion (2024: R 8.916 million), cost of R4.781 billion (2024: R20.794 million) and accumulated depreciation of R2.959 billion (2024: R11.878 million).

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Repairs and maintenance	308 775	409 771
Re-gravelling of roads	-	(95 384)
Municipal interventions	(308 775)	(243 067)
	-	71 320

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3. Property, plant and equipment (continued)

Property, plant and equipment pledged as security

No property, plant and equipment has been pledged as security for any liability in the current and previous financial years.

Restrictions on disposal of assets

Roads and Bridges may only be disposed in line with RAL Act.

Roads and bridges under construction

Included in the Roads and Bridges under construction is a total of 4 (2024: 4) projects with a carrying amount of R643 million (2024: R689 million) that are taking a significantly longer period of time to complete than expected. The delays were caused by over-commitment by the entity which resulted in late payments of the service providers, prolonging the duration of projects. No projects were halted during the year.



In the third quarter of the 2024/25 Financial Year, the Limpopo Department of Public Works, Roads and Infrastructure acquired 251 new heavy earthmoving machines to boost efforts in maintaining the province's gravel roads.

4. Intangible assets

Figures in Rand thousand

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	2 045	(2 007)	38	2 045	(1 968)	77
Website design	1 661	(1 415)	246	1 661	(1 292)	369
Total	3 706	(3 422)	284	3 706	(3 260)	446

Reconciliation of intangible assets - 2025

	Opening balance	Amortisation	Total
Computer software	77	(39)	38
Website design	369	(123)	246
Total	446	(162)	284

Reconciliation of intangible assets - 2024

	Opening balance	Amortisation	Total
Computer software	154	(77)	77
Website design	738	(369)	369
Total	892	(446)	446

5. Retentions

Figures in Rand thousand	2025	2024
Infrastructure projects		
Retentions	98 895	126 403
Non-current liabilities	71 875	79 751
Current liabilities	27 020	46 653
	98 895	126 404

6. Other financial assets

Residual interest at cost

Returnable Rehabilitation deposit	2 340	2 340
Other financial assets relates to refundable deposits made to the Department of Minerals Resources for rehabilitation of borrow pits used for entity's projects		

Non-current assets

Residual interest at cost	2 340	2 340
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Current assets

Residual interest at cost	-	-
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7. Inventories

Figures in Rand thousand	2025	2024
Consumable stores	319	350

Details of Inventory

Inventory consists of consumables such as office stationery, cleaning materials and grocery items. Inventory recognised as an expense and included in general expenses amounted to R301 405 (2024: R509 000)

8. Receivables from exchange transactions

Trade debtors	1 378	1 386
Prepayments	1 459	811
Students and staff bursaries	3 532	2 743
Advance payments	239 960	64 721
Provision for doubtful debts	(1 173)	(1 305)
Other debtors	349	590
Accrual interest	252	209
	245 757	69 155

Included in receivables from exchange transactions is an advance amount made to procure Welisizswe steel bridges.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

8. Receivables from exchange transactions (continued)

Figures in Rand thousand	2025	2024
Trade and other receivables past due but not impaired		
Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2025, R129 373 (2024: R57 287) were past due but not impaired.		
The ageing of amounts past due but not impaired is as follows:		
>3 months past due	129	57
Trade and other receivables impaired		
The ageing of the receivables impaired is as follows:		
Over 6 months	1 173	1 305
Reconciliation of provision for impairment of trade and other receivables		
Opening balance	1 305	1 389
Reversal of provision for bad debts	(132)	(84)
	1 173	1 305
9. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances (ABSA current account)	48 021	27 737

Figures in Rand thousand	2025	2024
10. Share capital / contributed capital		
Authorised		
100 Ordinary shares of R1 each	1	1
11. Payables from exchange transactions		
Trade payables	50 625	347 671
Payments received in advance - Debtors with credit balances	117	82
13th Cheque	1 278	1 258
Leave accrual	3 767	5 025
Accrued expense	1 568	989
3rd Party	-	1 046
	57 355	356 071
Aging of trade payables		
0 - 30 days	50 384	338 587
31-60 days	100	9 084
Over 90 days	141	-
	50 625	347 671

Figures in Rand thousand	2025	2024
12. Payables from non-exchange transactions		
Government grants received but not spent	239 961	153 599
Other payables own revenue - LDPWRI	957	548
	240 918	154 147

RAL receives provincial maintenance grants and equitable share. Provincial maintenance grant can only be used for the road repair and maintenance. Equitable share can be used for all activities of the entity. Government grants received but not spent by the end of the financial year are surrendered to LDPWRI. In addition, revenue generated and collected by RAL is payable to LDPWRI.

Government grant received but not spent is in relation to an amount transferred to National Department of Public Works and Infrastructure for Welisizwe Steel Bridge.

13. Revenue

Other income	1 496	20 609
Interest received	4 255	6 426
Government grants & subsidies	2 718 216	2 192 281
Contributions by other entities	234 241	72 173
	2 958 208	2 291 489

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

13. Revenue (continued)

Figures in Rand thousand	2025	2024
The amount included in revenue arising from exchanges of goods or services are as follows:		
Other income	1 496	20 609
Interest received	4 255	6 426
	5 751	27 035

The amount included in revenue arising from non-exchange transactions is as follows:

Transfer revenue

Government grants & subsidies	2 718 216	2 192 281
Contributions by other entities	234 241	72 173
	2 952 457	2 264 454

14. Gain/loss on disposal of assets

Gain/(loss) on disposal of assets	(54)	(34)
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The entity disposed assets with a carrying amount of R53 668 (2024: R287 555) and realised a loss of R53 668 (2024: R33 581).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	2025	2024
15. Repairs and maintenance		
Land and Building		
Repairs and maintenance	841	1 878
Motor vehicles		
Repairs and maintenance	59	3
Equipment		
Repairs and maintenance	-	13
Roads and Bridges		
Repairs and maintenance	308 775	409 771
	309 675	411 665
16. Other income		
Application fees	1 022	914
Rental billboards	333	353
Sundry income	49	19 228
Rental of Aerial Space	92	114
	1 496	20 609

Figures in Rand thousand	2025	2024
17. Interest income		
Interest revenue		
Bank	4 239	6 379
Interest charged on trade and other receivables	16	47
	4 255	6 426
18. Government grants and subsidies		
Operating grants		
Administration - Equitable share grant	189 222	200 068
Infrastructure projects - Equitable share grant	1 300 541	706 806
Infrastructure projects - Conditional grants	1 228 454	1 285 407
	2 718 217	2 192 281
Conditional grant		
Opening balance	153 600	-
Infrastructure project - conditional grant surrendered	(90 854)	-
Infrastructure project - conditional grant received	1 405 668	1 439 007
Infrastructure project - conditional grant transferred to revenue	(1 228 454)	(1 285 407)
Infrastructure project - conditional grant unutilised	239 960	153 600

Figures in Rand thousand	2025	2024
19. Contributions by other entities		
Private sector contributions	234 241	72 173

Private sector contributions comprise of 9 mines and SANRAL that collaborate with Road Agency Limpopo for the construction of road infrastructure network.

The 9 mines comprise of the following list:

Rakhoma Mining Resources (Pty) Ltd

Dwarsrivier Chrome Mine (Pty) Ltd

Glencore Operations South Africa (Pty) Ltd

Rustenburg Platinum Mines Ltd

Samancor Chrome (Pty) Ltd

Booyendaal Platinum(Pty) Ltd

Tjate Platinum Corporation (Pty) Ltd

Two Rivers Platinum (Pty) Ltd

Palabora Mining (Pty) Ltd

Figures in Rand thousand	2025	2024
20. Employee related costs		
Basic	72 103	69 041
Bonus	8 631	7 265
Medical aid - company contributions	884	861
UIF	209	229
Leave pay provision charge	365	603
Travel and housing allowances	26 436	23 796
Other allowances	1 792	711
Post retirement benefit plan -defined contribution	8 912	8 048
	119 332	110 554
21. Depreciation and Amortisation		
Property, Plant and Equipment	1 611 227	1 691 155
Intangible Assets	162	446
	1 611 389	1 691 601
22. Impairment loss		
Impairments		
Property, plant and equipment	27 212	56 573

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	2025	2024
23. Interest and penalties		
Finance leases	-	10
Other interest paid	966	-
	966	10
24. General expenses		
Internal Audit fees	563	443
Marketing and public relations	6 416	9 101
Assessment rates & municipal charges	1 768	1 569
Auditors fees and expenses	7 264	5 906
Bank charges	67	65
Cleaning	91	22
Computer expenses	61	29
Consulting and professional fees	8 783	22 103
Consumables	301	509
Insurance	643	608
Conferences and seminars	1 127	1 202
Motor vehicle expenses	17	20
Accommodation	2 238	1 722
Fuel and oil	103	288
Postage and courier	2	6
Printing and stationery	701	547

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

24. General expenses (continued)

Figures in Rand thousand	2025	2024
Security	2 066	1 928
Subscriptions and membership fees	222	227
Telephone and fax	2 485	2 670
Training	784	657
Subsistence and travel	8 457	8 219
Uniforms	39	31
Licenses	1 926	1 647
Catering expenses	136	109
Rentals	1 939	645
Legal expenses	18 011	17 330
Bursaries	817	1 056
Court settlements	417	348
Directors remunerations	1 188	667
Recruitment costs	486	850
	69 118	80 525

Court settlement mainly relates to claims for car damages on our roads due to potholes.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	2025	2024
25. Derecognition of roads and bridges		
Derecognition of roads and bridges	1 821 647	14 968
26. Auditors' fees and expenses		
External audit fees and expenses	7 264	5 906
27. Cash generated from operations		
Deficit	(1 001 053)	(74 357)
Adjustments for:		
Depreciation and amortisation	1 611 389	1 691 601
Gain/loss on sale/write off of assets	54	34
Impairment loss	27 212	56 573
Debt impairment	(132)	(83)
Road and bridges constructed by other entities	(234 241)	(72 173)
Derecognition of roads and bridges	1 821 647	8 916
Changes in working capital:		
Inventories	32	(38)
Receivables from exchange transactions	(7 086)	(59 840)
Payables from exchange transactions	(3 453)	(16 335)
Payables from non-exchange transactions	86 768	153 551
	2 301 137	1 687 849

Figures in Rand thousand	2025	2024
28. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
Roads construction	1 187 232	1 649 126
Roads maintenance and rehabilitation	1 047 534	2 282 397
Roads Asset Management System	-	35 964
	2 234 766	3 967 487
Total capital commitments		
Already contracted for but not provided for	2 234 766	3 967 487
Authorised operational expenditure		
Already contracted for but not provided for		
Other commitments	21 796	7 556
Total operational commitments		
Already contracted for but not provided for	21 796	7 556
Total commitments		
Authorised capital expenditure	2 234 766	3 967 487
Authorised operational expenditure	21 796	7 556
	2 256 562	3 975 043

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

28. Commitments (continued)

Figures in Rand thousand	2025	2024
<p>The commitment expenditure relates to road construction and maintenance as well as administration related assets and expenditure and will be financed through available bank balance and government grant.</p>		
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	132	132
- in second to fifth year inclusive	121	254
	253	386
<p>RAL leases its printing equipment in terms of operating leases. The Agency does not have the option to acquire the assets at the termination of the lease. There are no escalation or renewal terms, clauses or restrictions imposed by the leases.</p> <p>RAL is charged contingent rent based on consumption per month.</p>		
Rental expenses relating to operating leases		
Contingent rents	228	15

Figures in Rand thousand	2025	2024
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29. Contingency

29.1 Contingent liability

The entity is currently engaged in litigation which could result in damages/costs being awarded against it if claimants are successful in their actions. The following are the description of the claims, amounts claimed and estimated settlement amounts:

Motor Vehicle Accidents

Various motor vehicle owners claim to have sustained injuries and their vehicles damaged due to the condition of the road, failure to put road sign in place or collapsed road structures on the roads belonging to the entity . The total value of these claims and the estimated settlement amounts as at 31 March 2025 is R57.237 million (2024: R44.945 million) and R49.723 million (2024: R44.711 million) respectively.

Employment Contracts

Two former employees of the entity have instituted a lawsuit against the entity for defamation of character which threatens his future employability and repudiation of employment contract respectively. The value of the claims and the estimated settlement amount at 31 March 2025 is R46.486 million (2024: R46.486 million) and R14.486 million (2024: R14.486 million) respectively.

Property infringement

The entity received total claims of R26.470 million (2024: R26.470 million) for excavation of land on the private property, for the construction of road, and for construction of road over a property owned by the claimant. The total estimated settlement amount at 31 March 2025 is R25.470 million (2024: R25.470 million).

Construction Contracts

Legal claims for non-payment of invoices for road construction work performed and compensation for the contract alleged unlawfully termination of the contract by the entity. The claims amount to R209.195 million (2024: R198.469 million) while total settlements at 31 March 2025 are estimated at R207.562 million (2024: R196.836 million).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

29. Contingency (continued)

Figures in Rand thousand

2025

2024

Other contingent liabilities

Two firms of attorneys initiated claims against the entity for the work they have alleged to have rendered to the entity. The entity is disputing the payments for the invoices due to the exorbitance of the amount and lack of proof of instruction to render the legal services to the entity. The total value of these claims and the estimated settlement amounts at 31 March 2025 is R0.608 million (2024: R2.092 million) and R0.608 million (2024: R2.092million) respectively.

29.2 Contingent assets

Construction Contracts

The entity has instituted legal proceedings against the contractor and engineers responsible for the project RAL/C547/2014 after it was noted that there were flaws in the design and construction of the road. RAL claims an amount of R64.907 million (2024: R64.907 million) from contractors and engineers in order to correct the defects.

30. Related parties

Relationships

Members

Refer to note on Director's emoluments

Ultimate controlling entity

Limpopo Department of Public Works, Roads and Infrastructure

Controlling entity

Limpopo Department of Public Works, Roads and Infrastructure

Shareholder with significant influence

MEC: Limpopo Department of Public Works, Roads and Infrastructure

Members of key management

Refer to note on Executive Management Remuneration

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

30. Related parties (continued)

Figures in Rand thousand	2025	2024
Related party balances		
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Limpopo Department of Public Works, Roads and Infrastructure	(240 918)	(154 148)
Overpayment of directors fees		
RAL directors	20	31
Related party transactions		
Own revenue paid to (received from) related parties		
Limpopo Department of Public Works, Roads and Infrastructure	5 735	7 840
Government grant recognised		
Limpopo Department of Public Works, Roads and Infrastructure	2 718 216	2 192 281
Government grant surrendered		
Limpopo Department of Public Works, Roads and Infrastructure	(90 855)	-
Non-Executive Directors		
Emoluments (Refer to note 31)	(319)	(390)
Audit and Risk Committee		
Emoluments (Refer to note 31)	(178)	(133)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

30. Related parties (continued)

Figures in Rand thousand						
	Basic salary	Travel and housing	Bonuses and performance related payments	Medical and pension contributions	Acting allowances	Total
Name						
2025						
G Maluleke (Chief Executive Officer) (Dismissed: 21 November 2024)	2 857	-	358	-	-	3 215
K Tulsi (GM: Planning & Design)	1 317	659	-	192	-	2 168
M Ramaboea (Executive: Monitoring and Evaluation) (Resigned: 30 September 2024)	800	381	-	118	-	1 299
H Magopa (CFO)	1 627	801	226	248	-	2 902
M Mokgala (Executive: Engineering)	1 821	702	261	243	-	3 027
M Manyathela (Executive Manager: Corporate Services) (Suspended: 12 December 2024)	1 605	607	230	226	-	2 668
M. J. Chesane (Acting Chief Executive Officer - Acting from 30 August 2024)	639	231	143	80	773	1 866
K Maphutha (Snr Manager: Risk and Compliance)	1 078	403	154	156	-	1 791
T Kekana (Company Secretary) (Resigned: 31 December 2024)	1 200	585	298	181	1 593	3 857
M Mankga (Acting GM: Operations - Acting from 1 October 2023 - 30 September 2024)	554	213	-	82	109	958
M Kgomeswana (Acting GM: Operations - Acting from 1 October 2024)	435	156	117	62	363	1 133
D Legodi (Acting Executive Manager: Monitoring and Evaluation - Acting from 1 October 2024)	619	225	-	86	186	1 116

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

30. Related parties (continued)

Figures in Rand thousand					2025	2024
Name	Basic salary	Travel and housing	Bonuses and performance related payments	Medical and pension contributions	Acting allowances	Total
M Mashashane (Acting Executive Manager: Corporate Services - Acting from 01 January 2025)	211	88	-	35	-	334
K Komana (Acting Company Secretary and Chief Legal Counsel - Acting from 14 February 2025)	96	40	-	16	-	152
P Maribana (Acting Chief Audit Executive - Acting from 28 January 2025)	127	64	-	21	-	212
	14 986	5 155	1 787	1 746	3 024	26 698

Dr BM Manyathela is currently on precautionary suspension, pending the outcome of an ongoing investigation.

Mr MJ Chesane served as the Acting Chief Executive Officer from 30 August 2024, during the precautionary suspension of Mr Maluleke, pending the mutual resolution of the matter.

R Tseli (Interim Accounting Authority from 16 August 2024)	548	149	-	-	-	697
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R Tseli was appointed on 16 August 2024 as an Executive Director (Interim Accounting Authority) of RAL, with responsibility for overseeing the day-to-day operations of the entity. This appointment comes in light of RAL's unstable financial position, which has been caused by the budget being over-committed.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

30. Related parties (continued)

Figures in Rand thousand						
	Basic salary	Travel and housing	Bonuses and performance related payments	Medical and pension contributions	Acting allowances	Total
Name						
2024						
G. Maluleke (Chief Executive Officer)	3 585	-	340	-	-	3 925
K. Tushi (GM: Planning) (Resigned: 30 June 2023)	474	162	-	47	-	683
M. Ramaboea (Executive: Monitoring and Evaluation)	1 498	723	226	226	-	2 673
H. Magopa (CFO)	1 443	693	216	217	-	2 569
M. Mokgala (Executive: Engineering)	1 604	660	-	210	-	2 474
M. Manyathela (Executive: Corporate Services)	1 486	563	154	214	12	2 429
K. Nkoana (Acting GM: Planning & Design) (Acting from 1 August 2023 - March 2024)	439	198	79	66	331	1 113
N. Mudau (Acting Executive: Monitoring - Acting from 1 January 2023 to 30 September 2023)	543	274	-	87	-	904
K. Maphutha (Snr Manager: Risk and Compliance)	1 021	375	145	146	-	1 687
T. Kekana (Company Secretary)	1 407	601	262	203	-	2 473
M. Mankga (Acting GM: Operations - Acting from 1 October 2023)	616	209	135	81	110	1 151
	14 116	4 458	1 557	1 497	453	22 081

Figures in Rand thousand

2025

2024

31. Directors' emoluments**Non-Executive Directors****2025**

	Emoluments	Total
M.S Ralebipi (Chairperson - Resigned 31 July 2024)	73	73
W.N.G Moleko (Chairperson: Planning and Contracts - Resigned 31 July 2024)	47	47
T.M Ramabulana (Chairperson: Remuneration - Resigned 31 July 2024)	51	51
S.R Mushwana (Board Member - Resigned 31 July 2024)	48	48
R. P Ragimana (Independent Non Executive Director - Resigned 31 July 2024)	44	44
K. M Ramakumba (Chairperson: Audit and Risk - Resigned 31 July 2024)	56	56
M. J Phukunsi (Board Member) - Resigned 31 July 2024)	-	-
N. A Moloisi (Board Member - Resigned 31 July 2024)	-	-
	319	319

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31. Directors' emoluments (continued)

Figures in Rand thousand	2025	2024
2024		
	Emoluments	Total
M.S Ralebipi (Chairperson)	212	212
W.N.G Moleko (Chairperson: Planning and Contracts)	77	77
M. Mokoka (Chairperson: Audit and Risk - Resigned 30 September 2023)	44	44
T.M Ramabulana (Chairperson: Remuneration)	82	82
K.B. Morota (Board Member - Terminated 7 June 2023)	6	6
S.R Mushwana (Board Member)	69	69
M. J. Phukuntsi (Board Member)	-	-
N. A. Moloisi (Board Member)	-	-
	390	390
Audit and Risk Committee Members		
2025		
	Emoluments	Total
B. Mutheiwana (Member)	66	66
T Ramashia (Member) (Resigned: 22 February 2025)	58	58
N. Skeepers (Member) (Resigned: 30 April 2024)	4	4
P. Makukule (Member) (Resigned 24 February 2025)	50	50
	178	178

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31. Directors' emoluments (continued)

Figures in Rand thousand	2025	2024
2024		
	Emoluments	Total
B. Mutheiwana (Member)	69	69
N. Skeepers (Member)	64	64
	133	133

32. Prior period errors

Comparative figures have been restated to correct the prior period errors set out below:

The entity adjusted payables from exchange transactions and general expenses to account for prior year SIU invoices that were received in the current financial year.

During the current financial year, RAL has identified a prior period error relating to the calculation of bursary, legal fees and other debtors. The initial receivable amount was understated due to incorrect calculation of certain debtors' balances.

During the current financial year RAL identified completed projects that had not been capitalised in prior periods. These projects have since been verified through project completion certificates and appropriately capitalised.

During the current financial year, RAL has identified municipalities who upgraded several roads owned by RAL in prior financial years. The agency has since received the detailed cost breakdown and the project-completion certificate, enabling the Agency to capitalise the expenditure.

The effects of the correction of the prior year errors are as follows:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

32. Prior period errors (continued)

Figures in Rand thousand			
	Comparative figures previously reported	Effect of the error	After correction
Statement of financial position - extract			
Receivables from exchange transactions	69 023	132	69 155
Property, plant and equipment	23 591 291	192 451	23 783 742
Payables from exchange transaction	(349 695)	(6 376)	(356 071)
Payables from non-exchange transactions	(91 402)	(62 746)	(154 148)
Accumulated surplus	(23 123 685)	(123 461)	(23 247 146)
	95 532	-	95 532
Statement of financial performance - extract			
Government grant and subsidies	2 255 027	(62 746)	2 192 281
Contributions by other entities	34 389	37 784	72 173
Depreciation and amortisation	(1 681 318)	(10 283)	(1 691 601)
Repairs and maintenance	(500 262)	88 597	(411 665)
General expenses	(80 066)	(459)	(80 525)
Derecognition of roads and bridges	(14 935)	(33)	(14 968)
Total	12 835	52 860	65 695

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

32. Prior period errors (continued)

Figures in Rand thousand			
	Comparative figures previously reported	Effect of the error	After correction
Cash flow statement - extract			
Cash flow from operating activities			
Repairs and maintenance	(498 368)	88 597	(409 771)
Cash flow from investing activities			
Purchase of property, plant and equipment	(1 799 603)	(88 597)	(1 888 200)

33. Risk management

Financial risk management

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. The entity's cash and cash equivalents are held with ABSA bank. According to Standard and Poor's the bank had a national short-term and long term credit ratings of zaA-1+ and zaAA respectively, as at 08 March 2025.

Trade receivables comprise contracts for advertising on billboards built alongside the roads. Management evaluates credit risk relating to customers on at the beginning of the contract.

The assessment of the credit quality of the customer, takes the customer's financial position, past experience and other relevant factors into account.

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

Financial instrument	2025	2024
Receivables from exchange transactions	245 757	69 155
Non-current receivables - Rehabilitation deposit	2 340	2 340
Cash and cash equivalents - ABSA Bank	48 021	27 737

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

33. Risk management (continued)

Figures in Rand thousand

2025

2024

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market price

RAL has assessed the market risk as low and determined that no mitigation measures are required.

Interest rate risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

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

Receivables from exchange transactions	245 757	69 155
Cash and cash equivalents - ABSA Bank	48 021	27 737

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and through the compilation and monitoring of cash flow forecasts, as well as ensuring that a satisfactory level of cash and cash equivalents are maintained.

Cash flow forecasts are prepared and commitments monitored.

The table below analyses the entity's financial liabilities and relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

33. Risk management (continued)

Figures in Rand thousand

Financial instrument	Not later than one month	Later than one month	Due in one to two years	Due in two to three years	Due in three to four years	Total
Liquidity risk table						
Payables from exchange transactions	52 070	241	-	-	-	52 311
Payables from non exchange transactions	240 918	-	-	-	-	240 918
Retentions	-	-	27 020	71 875	-	98 895
2024						
Payables from exchange transactions	348 717	25	-	-	-	348 742
Payables from non-exchange transactions	154 148	-	-	-	-	154 148
Retentions	-	-	46 653	79 751	-	126 403

34. Going concern

RAL has reported a deficit of R1.001 billion (2024: R78.358 million deficit). The deficit is predominantly attributable to the derecognition cost of roads and bridges that were transferred to SANRAL during the 2025 financial period.

RAL had a negative working capital of R31,194 million (2024: Negative R459,630 million) and a current ratio of 0.90:1 (2024 0.17:1). This is a result of the entity's efforts to improve the management of its creditors.

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

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the entity continues to receive grants from LDPWRI. The entity has already received preliminary allocation for MTEF and the allocation will enable the entity to continue as a going concern.

Figures in Rand thousand

2025

2024

35. Events after the reporting date

The Executive Authority has appointed a new board of directors for a three-year term effective from 1 April 2025.

The following are the newly appointed members

- Mr R.M Tseli - Chairperson of the Board
- Mr C.B. Mnisi - Independent Non-Executive Director
- Ms S Mamvura - Independent Non-Executive Director
- Ms M Ramabulana - Independent Non-Executive Director
- Ms N. B. Mutheiwana - Audit and Risk Committee member.
- Ms N.A Nhlane-Mthimhulu - Ex Officio Non-Executive Director
- Ms A Moloisi - Ex Officio Non-Executive Director
- Ms E Tema - Ex Officio Non-Executive Director

36. Irregular and Fruitless and wasteful expenditure

Irregular expenditure	1 743 813	2 150 481
Fruitless and wasteful expenditure	5 025	1
	1 748 838	2 150 482
	-	-

No criminal or disciplinary steps were taken as a result of losses, irregular and fruitless and wasteful expenditure in the current financial year.

Potential fruitless expenditure amounting R6 783 527, emanating from payments for supervision costs while construction projects are behind schedule or standing could not be confirmed as at 31 March 2025, the potential fruitless expenditure will be subjected to a review or investigation to determine the cause and the exact amount of the fruitless amount.

Figures in Rand thousand

2025

2024

37. Accounting by principals and agents

The entity is a party to a principal-agent arrangement(s).

Details of the arrangements are as follows:

The Limpopo Department of Public Works, Road and Infrastructure (LDPWRI) and National Department of Public Works in conjunction with Department of Defence (DoD) signed an implementation protocol on 04 May 2022 for the construction of rural bridges structure in rural provinces in South Africa.

LDPWRI implements its road infrastructure through RAL. RAL is therefore a principal and National Department of Public Works in conjunction with the Department of Defence are the implementing agents

Entity as principal

Resources (including assets and liabilities) of the entity under the custodianship of the agent

The resources have not been recognised by the agent in its financial statements.

Opening balance	(62 746)	(92 714)
Amount transferred	(298 615)	-
Amount spent	121 401	29 968
	(239 960)	(62 746)

During the current financial year, there were no changes to the existing principal-agent agreement.

The Department of Defence (DOD) possesses the necessary skills and expertise for the construction and rehabilitation of bridge structures. Road Agency Limpopo (RAL) and the Limpopo Department of Public Works, Road and Infrastructure (LDPWRI) act as principals in this arrangement by exercising oversight and ensuring that the terms of the agreement are fully implemented by the DOD, which acts in the capacity of an agent.

Resource and/or cost implications for the entity if the principal-agent arrangement is terminated In the event that the principal-agent arrangement is terminated, LDPWRI through RAL assume full responsibility for the implementation and management of the project. Furthermore, any unutilised resources or costs shall be transferred back to LDPWRI and/or RAL, in line with the terms of the agreement.

A key risk associated with this arrangement is the potential for project delays due to misalignment in coordination or communication between the agent (DoD) and the principals (RAL/ LDPWRI), which could impact the timely delivery of infrastructure and the efficient utilisation of allocated resources.



MEC for Public Works, Roads and Infrastructure,
Mr Ernest Rachoene
announces the Board of Directors for
Roads Agency Limpopo

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