ROADS AGENCY
LIMPOPO
TOGETHER FOR BETTER ROADS

# ANNUAL REPORT

## 2025/26



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# PART A

# GENERAL INFORMATION




With the 4th and final phase completed in 2025/26 FY, Road D11 makes travelling easy for residents of Lemodokop, Sephukubje, Itielene, Ga-Raphahlelo, Ga-Mamaila, Tshabelane and Ga-Phoko to access nearby Wholesale Complex and R81 to Giyani and Polokwane



The completion of Phase 2 of road D3278, between Blouberg Hospital and Buffelshoek Clinic,  has seen communities within the Blouberg Local Municipality having improved access to health care services.

# 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
Ms. Kagiso Komana (Acting Company Secretary and Chief Legal Counsel)

## 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

# LIST OF ABBREVIATIONS/ACRONYMS

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




Road D3669, also known as Mavhunga Access road, plays a crucial role in connecting the villages of Mauluma and Phadzima to essential services such as schools and shopping centres. The improved road will ensure convenient travel to destinations like Makhado and Mphephu Plaza for residents in the area.

# 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 2025 to 31 March 2026, 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.



## VISION

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



## MISSION

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



## VALUES

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

## OUR 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.




RAL entered into a multi-party MoA with five mining companies, namely: Valterra Platinum, Glencore Operations SA (PTY) LTD, Dwarsriver Crome mine, SIBANYE RUSTENBURG PLATINUM MINES and Two Rivers Platinum Mine. This agreement focuses on the construction of Road D212, a vital route in the Sekhukhune District.

# FOREWORD BY **THE MEC**



**Hon. Ernest Sebataolo Rachoene**
Member of Executive Council (MEC)
Public Works, Roads and Infrastructure

It is my privilege to present the Roads Agency Limpopo (RAL) Annual Report for the 2025/26 financial year, a year characterised by strengthened governance, strategic partnerships, accelerated infrastructure delivery, and a renewed commitment to integrated service delivery for the people of Limpopo. Guided by the vision of the Seventh Administration under the leadership of the Honourable Premier, Dr Phophi Ramathuba, we have continued to position infrastructure development as a key enabler of inclusive economic growth, social transformation, and improved quality of life. Throughout the year, we intensified efforts to ensure that RAL and the Limpopo Department of Public Works, Roads and Infrastructure operated as a unified force, speaking with one voice, pursuing one vision, and delivering on one mandate. This deliberate alignment strengthened planning, communication, stakeholder engagement, and project implementation, ensuring that government interventions were coordinated, responsive, and people centred.

The year under review will be remembered as a defining period in the evolution of RAL. Following the appointment of a new Board of Directors, the Agency demonstrated renewed stability and strategic direction. The establishment and strengthening of governance structures, particularly the Audit and Risk Committee, laid a firm foundation for improved accountability, sound financial management, and enhanced oversight. These interventions reaffirmed our commitment to achieving a favourable audit outcome while ensuring that every public Rand entrusted to the Agency delivers maximum value for the citizens of Limpopo. Infrastructure delivery remained at the centre of our programme. During the year, I had the privilege of officially launching 21 road upgrading projects across all five districts of Limpopo, reaffirming government's commitment to transforming the provincial road network and improving access for communities that have endured inadequate road infrastructure for many years. These projects represent a significant investment in the future of our province and will contribute meaningfully towards improved mobility, safer roads, economic growth, and inclusive development.

One of the most significant achievements during the year was the strengthening of strategic partnerships with the mining sector.

Government recognises that sustainable infrastructure development requires collaborative partnerships that leverage both public and private sector resources. Through extensive engagements, RAL concluded a multi-party Memoranda of Agreement with Kwethu (Pty) Ltd, Valterra (Rustenburg Platinum Mines), Northam Platinum, Glencore, Dwarsrivier Chrome Mine, and Two Rivers Platinum. These agreements complemented the existing partnership with De Beers Venetia Mine and others, resulting in more than R320 million in secured investment towards the development and rehabilitation of strategic road infrastructure across the province.

These partnerships represent far more than financial contributions. They reflect a shared commitment towards improving mobility, stimulating local economic development, supporting mining and agricultural activities, creating employment opportunities, and improving the quality of life of communities that depend on reliable transport infrastructure. They demonstrate what can be achieved when government and the private sector unite behind a common developmental agenda. Equally significant was the successful completion of the Steelpoort Bridge project, an important infrastructure milestone that has restored critical connectivity and improved access for surrounding communities. This achievement demonstrates our resolve to deliver infrastructure that not only meets engineering standards but also changes lives by connecting people to opportunities, public services, and economic activity.

Our commitment to service delivery was further demonstrated through the continuation and expansion of initiatives such as #DikgerekgereWednesdays, which continued to improve road maintenance through enhanced internal capacity supported by the procurement of additional yellow fleet machinery by the Department. These investments have enabled RAL to respond more effectively to road maintenance challenges while creating employment opportunities for local communities and strengthening the Agency's long-term operational capability.

Throughout the financial year, stakeholder engagement remained one of the cornerstones of our approach. The continued implementation of stakeholder engagement platforms strengthened collaboration with municipalities, traditional leadership, communities, business, organised labour, the transport industry, and strategic partners. These engagements enhanced transparency, improved communication, built public confidence, and ensured that infrastructure priorities reflected the needs and aspirations of the people we serve.

Our intensified project monitoring programme also ensured that infrastructure projects received the necessary oversight to improve implementation, address challenges proactively, and accelerate delivery. This hands-on approach yielded positive results, including the successful resuscitation of previously stalled projects such as the Morebeng Road project in the Greater Letaba Municipality. The visible progress achieved on this project received positive recognition from the Honourable Premier, Dr Phophi Ramathuba, communities, and the media, demonstrating the value of decisive leadership and consistent oversight.

RAL also welcomed the oversight visit by the National Council of Provinces to Road D1350 between Tarentaal and Deerpak. This engagement reflected the strength of intergovernmental cooperation and showcased how coordinated planning, effective communication, and collaboration across spheres of government contribute towards improved infrastructure delivery and accountability.

The year under review also marked a significant investment in strengthening the institutional capacity of RAL. Recognising that sustainable infrastructure delivery depends on a capable and skilled workforce, the Agency appointed 42 employees, including interns, across various disciplines. These appointments have enhanced operational capacity, brought new skills into the organisation, and ensured improved succession planning while creating meaningful employment opportunities for young professionals. By strengthening its human capital, the Agency has positioned itself to improve service delivery, enhance organisational performance, and respond more effectively to the growing infrastructure demands of the province.

These achievements reaffirm that infrastructure development is about far more than constructing roads and bridges. It is about restoring dignity, connecting communities, stimulating investment, creating sustainable employment, supporting economic inclusion, and building confidence in government institutions. I wish to express my sincere appreciation to the Board of Directors, the Chief Executive Officer, executive management, and every employee of Roads Agency Limpopo for their professionalism, resilience, and unwavering commitment throughout the year. I also extend my gratitude to our strategic partners, municipalities, traditional leaders, contractors, consultants, organised labour, and communities whose collaboration continues to strengthen our shared vision for the province.

As we look ahead, we remain steadfast in our commitment to clean governance, sound financial management, strategic partnerships, and infrastructure investment that delivers measurable impact. Together, we will continue building a modern, resilient, and integrated road network that unlocks economic opportunities, strengthens social cohesion, and improves the lives of all the people of Limpopo.

The progress reflected in this Annual Report demonstrates that through unity of purpose, accountable leadership, and meaningful partnerships, we are not only constructing roads, but we are also connecting communities, enabling economic prosperity, and building a better Limpopo for present and future generations.



**Hon. Ernest Sebataolo Rachoene**
Member of Executive Council (MEC)
Public Works, Roads and Infrastructure




Road D1350 serves as an important link for communities under Greater Tzaneen and Greater Letaba Local Municipalities, linking villages from Relela, Motupa and Nwamitwa to R71

# MESSAGE BY THE CHAIRPERSON OF THE BOARD



**Mr Moses Tseli**
Chairperson of the Board of Directors

On behalf of the Board of Directors, I am pleased to present the Annual Report for the year ended 31 March 2026, reflecting on our achievements, challenges and the deliberate actions taken to position the Agency for long-term sustainability. The 2025/26 financial year represents an important turning point in the governance journey of Roads Agency Limpopo (RAL). It was a year in which the Board and Executive Management demonstrated resilience, strengthened institutional oversight and reaffirmed our commitment to accountability, transparency and sound corporate governance.

One of the most significant milestones during the year under review was the Agency's return to an unqualified audit opinion with no material findings. It reflects the collective effort invested in addressing the findings raised by the Auditor-General of South Africa (AGSA). While we recognise that an unqualified opinion is not an end in itself, it is a strong indication that the Agency is moving in the right direction in strengthening financial management, internal controls and compliance with applicable legislation.

This outcome is the result of deliberate interventions implemented throughout the year. The Board intensified its oversight responsibilities, Management strengthened accountability mechanisms, and employees across the organisation remained committed to embedding a culture of good governance and continuous improvement. These efforts have laid a stronger foundation for responsible stewardship of public resources entrusted to the Agency.

A key development during the reporting period was the strengthening of our governance architecture through the finalisation and full operationalisation of the Audit and Risk Committee. The appointment of a fully constituted committee has significantly enhanced the Board's ability to provide independent oversight over financial reporting, risk management, internal controls, compliance and governance processes. The Committee has already begun to play a pivotal role in ensuring that risks are proactively identified and managed while promoting ethical leadership and sound decision-making across the organisation.

The Board also continued to reinforce the effectiveness of its governance structures through regular oversight engagements, monitoring of strategic performance, and strengthening relationships with stakeholders. We remain committed to ensuring that governance is not viewed merely as a compliance exercise, but as an enabler of sustainable service delivery and organisational performance.

Beyond governance, the Agency continued to deliver on its mandate of Limpopo's road infrastructure development. We had the privilege of hosting the Premier of Limpopo, Dr Phophi Ramathuba, alongside the MEC for Public Works, Roads and Infrastructure and shareholder representative of Roads Agency Limpopo, Mr Tonny Ernest Rachoene, as they officially unlocked the long-stalled Road T634 project in Morebeng. We also undertook a site visit to the Twickenham Road T866A project in the Sekhukhune District, where we engaged with stakeholders and reaffirmed our commitment to ensuring the successful completion of the project within the agreed timeframe.

Despite ongoing fiscal constraints, increasing infrastructure demands and the adverse impact of severe weather events experienced during the year, the Agency remained focused on improving road infrastructure that supports economic growth, enhances mobility and connects communities to opportunities.

The Board recognises that quality road infrastructure remains fundamental to the province's social and economic development. Every investment made in our road network contributes towards safer travel, improved access to education and healthcare, increased tourism, agricultural development, mining activities and broader economic participation. We therefore remain committed to ensuring that every rand entrusted to the Agency delivers maximum value for the people of Limpopo.

While we celebrate the progress achieved during the year under review, we remain mindful that there is still work to be done. Our objective is not only to sustain clean governance outcomes but to continuously improve organisational performance, strengthen public confidence and build an institution that consistently delivers excellence.

The Board will continue to provide strategic leadership and robust oversight to ensure that governance reforms are sustained, audit findings are addressed proactively, and operational efficiencies continue to improve. We are equally committed to fostering a culture of integrity, accountability, innovation and service excellence throughout the Agency.

I extend my sincere appreciation to my fellow Board members for their dedication and unwavering commitment to fulfilling their fiduciary responsibilities. I also thank the Chief Executive Officer (CEO), Executive Management and all employees of RAL for their professionalism, resilience and commitment throughout the year.

Finally, I wish to express our gratitude to the Honourable MEC for the Limpopo Department of Public Works, Roads and Infrastructure, Mr Ernest Sebataolo Rachoene, the Portfolio Committee, Standing Committee on Public Accounts (SCOPA), strategic partners and the people of Limpopo for their continued support and confidence in the Agency.

Together, we have demonstrated that through sound governance, decisive leadership and shared commitment, it is possible to restore confidence, strengthen institutional performance and create a solid foundation for sustainable service delivery. The Board remains confident that Roads Agency Limpopo is well positioned to build on this momentum and continue delivering lasting value to the province.



**Mr Moses Tseli**
Chairperson of the Board of Directors

# OVERVIEW BY THE CHIEF EXECUTIVE OFFICER



**Mr Makhitha Chesane**
Chief Executive Officer

The 2025/26 financial year marked a defining period in the evolution of Roads Agency Limpopo (RAL). Building on the foundation laid during the previous financial year, the Agency continued to strengthen its institutional capacity, improve governance, expand strategic partnerships and accelerate infrastructure delivery across the province. These achievements reflect our unwavering commitment to delivering road infrastructure that connects communities, stimulates economic growth and improves the quality of life of the people of Limpopo.

The year under review was characterised by decisive leadership, strengthened collaboration and an unwavering focus on service delivery. Guided by the developmental priorities of the Limpopo Provincial Government under the leadership of the Premier, Dr Phophi Ramathuba, and the strategic direction of the MEC for Public Works, Roads and Infrastructure and shareholder representative, Mr Sebataolo Ernest Rachoene, RAL continued to align its programmes with the provincial vision of building resilient infrastructure that supports inclusive economic development and social transformation.

## Strengthening Governance and Institutional Performance

One of the Agency's most significant milestones during the year was the achievement of an unqualified audit opinion, demonstrating the effectiveness of the corrective measures implemented to strengthen governance, financial management and internal controls. This achievement reflects the collective commitment of the Board, management and employees to accountability, compliance and responsible stewardship of public resources.

While we celebrate this important milestone, we recognise that good governance is a continuous journey. Our focus remains on strengthening organisational systems, embedding a culture of ethical leadership and continuously improving our governance maturity to ensure sustainable institutional excellence.

## Delivering on Our Infrastructure Mandate

As the implementing agency responsible for the management of approximately 20 000 kilometres of the provincial road network, RAL remains committed to improving accessibility, mobility and economic connectivity throughout Limpopo.

Despite continued fiscal constraints and increasing demands on the provincial road network, the Agency maintained momentum in delivering strategic road infrastructure and maintenance programmes aimed at improving road safety and supporting economic activity.

During the year under review, the Agency had 67 active infrastructure projects comprising upgrades, rehabilitations, maintenance projects and bridge construction across the province. Among these, we successfully completed:

- 10 road maintenance projects;
- 3 road upgrade projects;
- 1 special bridge project.

In addition, the Agency delivered:

- 30 km of roads upgraded from gravel to surface;
- 70 632 m2 of surfaced roads rehabilitated;
- 38 150 m2 of surfaced roads resealed.

These interventions continue to improve mobility, enhance road safety and strengthen economic linkages by providing communities with better access to education, healthcare facilities, tourism destinations, agricultural markets and commercial centres.

Among the year's notable achievements was the completion of the Steelpoort Bridge in the Fetakgomo-Tubatse Local Municipality, a landmark project demonstrating how strategic collaboration can unlock infrastructure solutions that deliver lasting socio-economic benefits. We also concluded all pre-implementation activities for the rehabilitation of the strategic D548 George's Valley Road, positioning the Agency to commence construction during the new financial year.

## Strategic Partnerships Driving Infrastructure Development

Recognising that sustainable infrastructure development requires innovative funding models and collaborative partnerships, RAL continued strengthening relationships with strategic stakeholders during the year.

A major milestone was the signing of Memoranda of Agreement with six leading mining companies during the African Mining Indaba 2026 in Cape Town. These partnerships represent a shared commitment to investing in road infrastructure that supports mining operations while simultaneously benefitting surrounding communities through improved accessibility, safer roads and enhanced economic opportunities.

The Agency remains committed to expanding partnerships with both the public and private sectors as part of a long-term strategy to accelerate infrastructure delivery throughout the province.

## Building Organisational Capacity

An organisation is only as strong as its people. During the financial year, RAL continued investing in its human capital through the appointment of 42 employees, including interns, strengthening our technical and professional capacity to deliver on our mandate.

This investment not only enhances organisational capability but also contributes towards government priorities of skills development, youth empowerment and employment creation. We remain committed to developing a capable, ethical and high-performing workforce that is equipped to meet the growing infrastructure needs of Limpopo.

## Organisational Performance

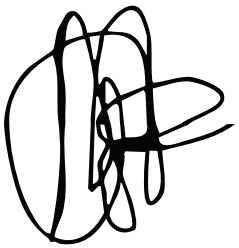
During the 2025/26 financial year, the Agency implemented 25 Annual Performance Plan indicators, achieving 21 representing an overall performance achievement of 84%.

While these results reflect encouraging progress, they equally provide valuable insights into areas requiring further improvement. We remain focused on strengthening project management, enhancing performance monitoring and ensuring that organisational resources translate into measurable service delivery outcomes.

## Looking Ahead

Although significant progress has been made, considerable work remains. The demand for improved road infrastructure continues to exceed available financial resources, requiring the Agency to remain innovative, efficient and collaborative in delivering maximum value from every investment. Looking ahead, we will continue strengthening governance, expanding strategic partnerships, embracing innovation and accelerating infrastructure delivery while ensuring that every project contributes meaningfully to economic development and social transformation across Limpopo. The achievements reflected in this report are the result of the dedication and professionalism of many individuals and institutions.

I wish to express my sincere appreciation to the MEC for Limpopo Department of Public Works, Roads and Infrastructure and shareholder representative, Mr Ernest Sebataolo Rachoene, for his visionary leadership and unwavering support. My sincere gratitude is also extended to the Chairperson of the Board, Mr Moses Tseli, fellow Board members, management, employees, our government partners, municipalities, traditional leaders, contractors, consultants, organised labour, our mining partners and the communities we proudly serve. Together, we continue to build an organisation that is responsive, accountable and committed to delivering road infrastructure that connects communities, unlocks economic opportunities and contributes meaningfully to the growth and prosperity of Limpopo Province.



**Mr Makhitha Chesane**

Chief Executive Officer



Road P277/1 from Makuya to Masisi serves as a critical infrastructure linking communities in the Vhembe District to essential services and Thohoyandou town.

# 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.

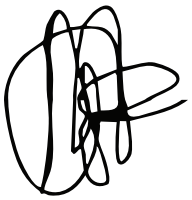
c. The Annual Financial Statements (Part G) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) standards applicable to the Entity.

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 2026.



**Mr Makhitha Chesane**

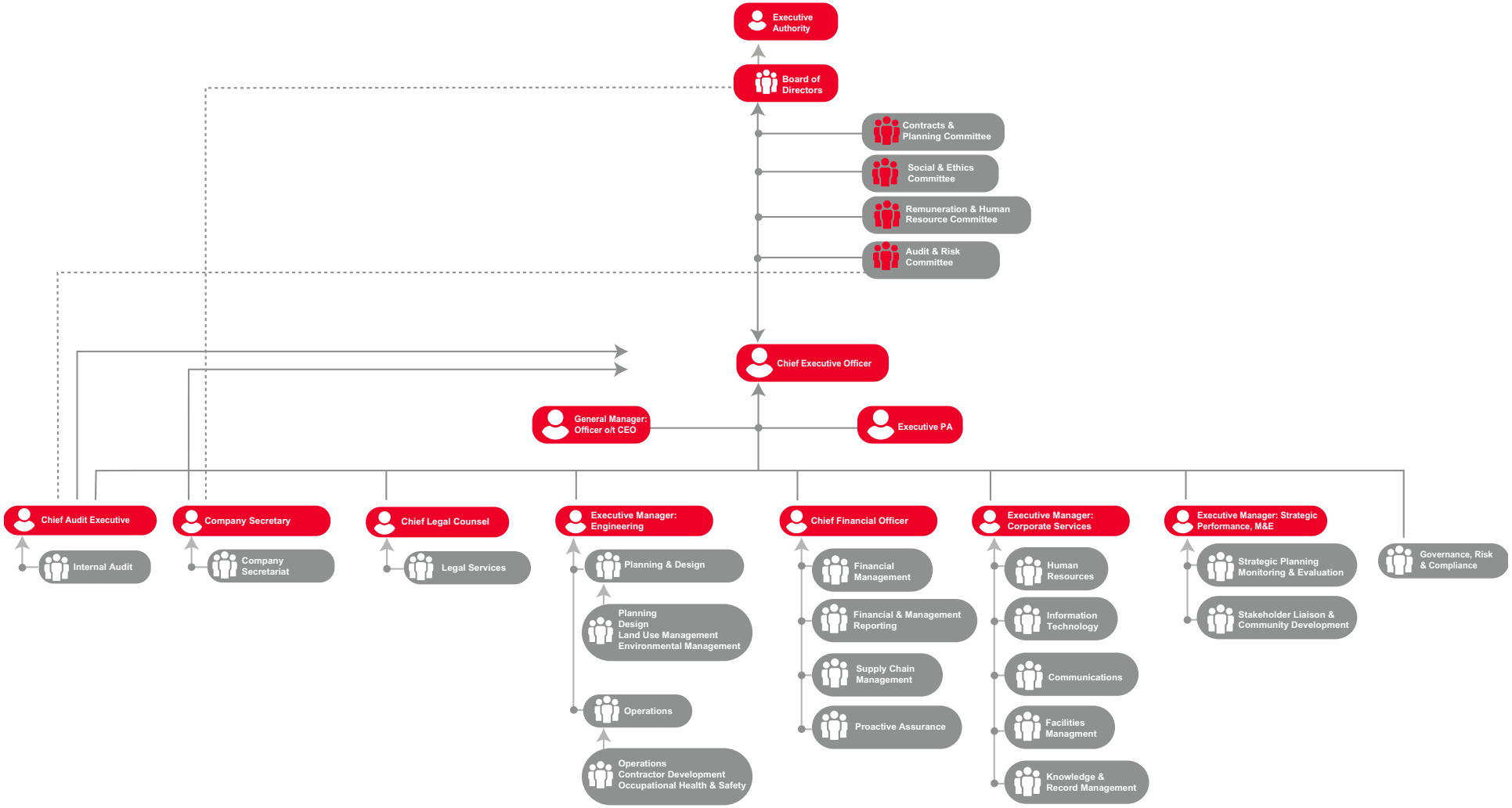
Chief Executive Officer



**Mr Moses Tseli**

Chairperson of the Board of Directors

# ORGANISATIONAL STRUCTURE



# RAL BOARD OF DIRECTORS



**Mr Moses Tseli**
Chairperson



**Ms Mercy Ramabulana**
Non-Executive Director



**Mr Casper Mnisi**
Non-Executive Director



**Ms Simphiwe Mamvura**
Non-Executive Director



**Ms Ennie Tema**
Ex-Officio Non-Executive Director



**Ms Annique Moloisi**
Ex-Officio Non-Executive Director



**Ms Mantji Nhlane Mthimkulu**
Ex-Officio Non-Executive Director



**Mr Makhitha Chesane**
Chief Executive Officer



**Ms Kagiso Komana**
Acting Company Secretary and Chief Legal Counsel




Signing of landmark MOA between RAL and De Beers Venetia Mine which represents a major stride in public-private collaboration aimed at advancing critical road infrastructure across the Limpopo province.

# PART B

# PERFORMANCE INFORMATION




Community members and commuters using road D959 from Makhado to Madombidzha, in the Vhembe District of Limpopo Province, now have improved access and a safer road following completion of phase 3 rehabilitation of the road.

## 1. INTRODUCTION

This Annual Performance Report (APR) was prepared by the Management of Roads Agency Limpopo (RAL) and audited by the Auditor General of South Africa (AGSA) for the 2025/2026 financial year. It was published in the 2025/2026 Annual Report (pages 20-39) of the Agency.

This report gives an account of the business of RAL in implementing its Annual Performance Plan (2025/2026) and the status of the achievement of the strategic objectives as well as the performance indicators.

## 2. SITUATIONAL ANALYSIS

### 2.1 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.

RAL is responsible for a road network of 20 091 km, 34% is paved and 66% unpaved. The Limpopo Department of Public Works, Roads, and Infrastructure (LPDWRI) 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 had pledges that have in this year translated to valuable partnerships carried by the mainly the mining sector in Limpopo.

The third and fourth quarter of the financial year under review, the Limpopo province experienced excessive rainfall that led to damages of infrastructure as well work disruptions on construction sites. The badly affected regions were Vhembe and Mopani Districts. Projects that were implemented by RAL in the year under review included several which were being implemented on behalf of the Limpopo Department of Public Works, Roads and Infrastructure (LDPWRI). The projects, collectively contributed to the provincial commitment on infrastructure development that enables economic mobility.

The road construction and maintenance projects contributed towards gravel-to-tar reductions: proceeding towards paving road a kilometre at a time to add on to the 6,500 km tarred roads; Specific Project Targets: Rolling out major upgrade and maintenance complemented by the Dikgerekgere Wednesdays' initiative aimed at keeping gravel roads drivable; and Social Access: Connecting rural residents safely to schools, healthcare facilities, and workplaces.

Through these projects, RAL continued to provide employment stimulus in creating jobs and supporting livelihoods, and empower Small, Micro and Medium Enterprises (SMMEs). Many communities where roads construction took place experienced the impact of employment creation and empowerment of businesses.

### 2.2. 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.

## 3. PERFORMANCE INFORMATION

### 3.1 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 2025/26 financial year.

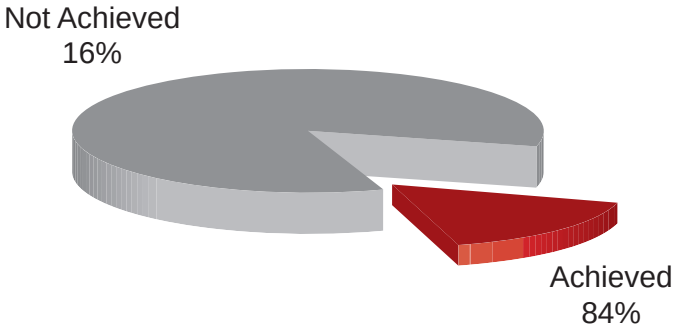
Section 195 of the constitution requires the government and its entities to use their resources efficiently, economically, and effectively, to run a developmental oriented public administration, to run an accountable public administration and provide timely, accessible, and accurate information.

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.

### 3.2 Progress on Non-Financial Performance Targets

The majority of the 25 targets for the 2025/2026 financial year were achieved with some targets exceeded. Twenty-one (21) targets were achieved while four (4) were not achieved.

**Figure 1: Overall Perfomance for the year 2025/26**




The entity's overall performance is 84% for the 2025/2026 financial year. Both Programme 1 and 2 contributed significantly towards the achievement of the targets.

Programme 1 had 10 targets for the year, wherein 8 were achieved, while 2 were not. This translates to an achievement rate of 80% against the targets.

Programme 2 had 15 targets, where 13 were achieved and 2 were not. This translates to an 87% achievement rate of the targets.

**Figure 2: Overall Performance per Programme - Number of Targets**

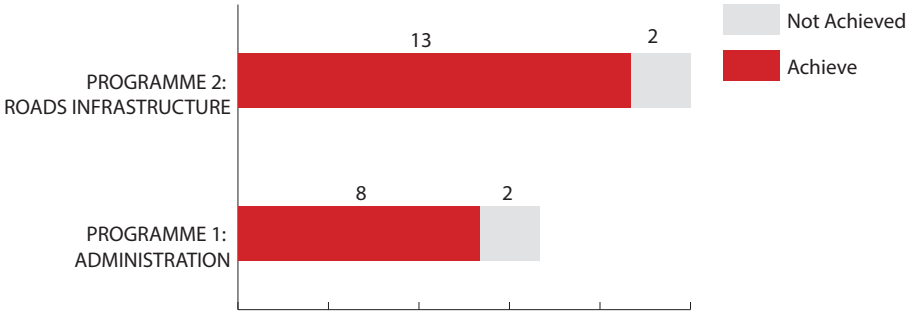



**Figure 3: Performance Analysis of Programme 1-Administration**

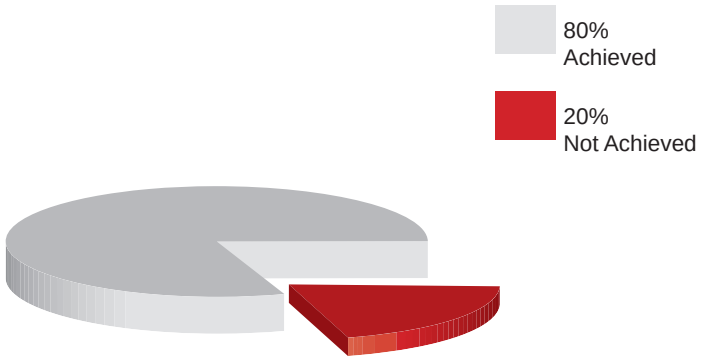
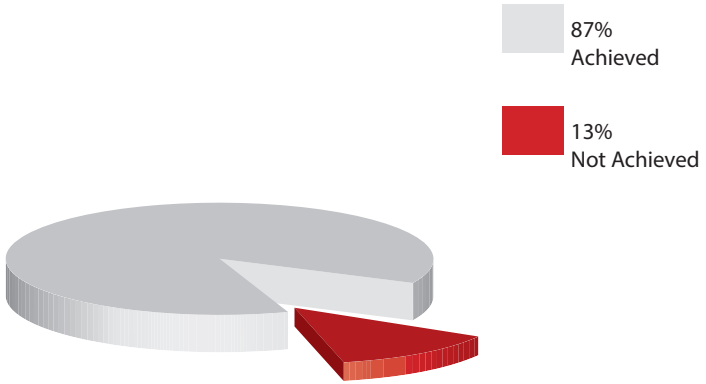



**Figure 4: Performance Analysis of Programme 2-Roads Infrastructure**



## 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 2026. | | | | | | |
|---|---|---|---|---|---|---|
| **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 Register developed | 1 | 1 | **Achieved:** The target was achieved as planned. Risk workshops were held with executive management and management for broad inclusivity and ownership. | The involvement of all internal stakeholders as well as the active participation of Governance, Risk and Compliance Champions will be maintained to sustain the achievement of the target. | None, Operational Task. |
| **Sub-Programme: Internal Audit** | | | | | | |
| 1.2 | % of Implementation of the approved Internal Audit Annual Plan | 85-100% | 87,5% | **Achieved:** The Internal Audit annual target range was set at 85%–100%, and the unit achieved an overall annual performance of 87.5%, which falls within the approved target range. Although performance declined in Q4 (50%), the unit achieved 100% performance in Q1, Q2, and Q3, due to the strict adherence to the Internal Audit Plan. This positively contributed to the overall annual result and offset the decline experienced in Q4. | Internal Audit will continue strengthening planning and implementation of Internal Audit plan. The increased capacity in the unit will be fully utilised to avoid low performance as experienced in Q4. | None, Operational Task. |
| **Sub-Programme: Financial Management** | | | | | | |
| 1.3 | Clean Audit Report achieved | Unqualified Audit Report with no significant findings (Clean Audit Report) | Unqualified Audit | **Achieved:** An unqualified audit opipinion was received. | An audit action plan will be developed and implemented to improve the financial and performance management. | None. Operational Task. |
| 1.4 | % of AGSA reported weaknesses rectified | 100 % | 53% | **Under-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. | To avoid delays in addressing audit findings, prioritise 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% | 95% | **Under-achieved:** The entity spent 95% of the infrastructure budget against the annual target. The 5% variance is mainly due to delays caused by inclement weather on Project T1153A in the Vhembe District and the termination of Project T1175 in the Sekhukhune District due to poor contractor performance. Collectively, these projects were expected to spend over R30 million during the current financial year. | RAL will strengthen contractor performance monitoring, improve project oversight, and implement contingency measures to mitigate delays caused by adverse weather conditions and poor contractor performance. | None, Operational Task. |

| | | | | | | |
|---|---|---|---|---|---|---|
| 1.6 | Percentage of eligible suppliers paid within 30 days | 100% | 100% | **Achieved:** The target was achieved due to the entity's continued efforts to ensure that contractors are paid on time. Timely payment supports uninterrupted project implementation, reduces the risk of contractor delays, and strengthens the entity's ability to deliver planned infrastructure projects within the reporting period. | None | None, Operational Task. |
| 1.7 | Approved Table B5 project list for MTEF published | 1 | 1 | **Achieved:** The Table B5 was developed and published as planned. | None | None, Operational Task. |
| 1.8 | Amount secured from private sector partners (R' m) | R60m | R283.7m | **Over-achieved:** RAL concluded strategic partnership agreements to the value of approximately R283.7 million, exceeding the annual target by approximately R223.7 million. The positive variance is attributable to successful stakeholder engagements with mining and private sector partners, particularly where road infrastructure supports mining logistics, regional economic activity, community access and strategic provincial corridors. Agreements were concluded with De Beers (R189m), (Kwethu Pty (0.2m), Dwarsrivier Chrome Mine, Glencore Alloys, Valterra Mine, Northam Platinum and Two Rivers Mine (R94.5m). | Further engagements will be pursued with mining houses, agriculture, tourism and industrial stakeholders to expand private sector co-funding for roads and bridges in the next financial year. | None, Operational Task. |
| **Sub-Programme: Human Resources** | | | | | | |
| 1.9 | % of employees trained | 75% | 121% | **Achieved:** The training target was overachieved due to high participation in training initiatives across all four quarters. The organisation achieved 121% of the workforce trained against the annual target of 75%. This overachievement was mainly due to group training sessions, conferences and committee training. | None | None, Operational Task. |
| **Sub-Programme: Strategy, Performance and Monitoring** | | | | | | |
| 1.10 | % compliance with the requirements from government oversight bodies | 100% | 100% | **Achieved:** All compliance documentation for the 2025/2026 financial year was duly prepared and submitted to oversight bodies within the required timeframes. | None | 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 2026. | | | | | | |
|---|---|---|---|---|---|---|
| **Sub-Programme: Planning and Design** | | | | | | |
| No. | Output Indicator | Annual Target | Annual Output | Reasons for Variance | Planned Interventions | Expenditure per Target |
| 2.1 a) | Number of kilometres of surfaced roads visually assessed | 5 993 | 5 993 | **Achieved**. RAL visually assessed 5 993 km of surfaced roads in line with the approved annual target. | RAL will continue to update the Roads Asset Management System with verified condition assessment data to inform evidence-based prioritization | None, Operational Task. |
| 2.1 b) | Number of approved reports on the state of the provincial road network (Road Asset Management Plan-RAMP) | 1 | 1 | **Achieved:** The compilation of the report was completed on time as per annual target. | None. | None, Operational Task. |
| **Sub-Programme: Construction and Operations** | | | | | | |
| 2.2 a) | Number of kilometres of gravel roads upgraded to surfaced roads | 30 | 30 | **Achieved:** There were no delays experienced on projects which contributed positively towards achieving the target as well as good planning and effective execution. | None. | None, Operational Task. |
| 2.2 b) | Number of bridges completed | 1 | 1 | **Achieved:** There were no delays experienced on projects which contributed positively towards achieving the target as well as good planning and effective execution. | None. | None, Operational Task. |
| 2.3 | Number of m2 of surfaced roads rehabilitated | 70 632 | 70 632 | **Achieved:** There were no delays experienced on projects which contributed positively towards achieving the target as well as good planning and effective execution. | None. | None. Operational Task. |
| 2.4 | Number of m2 of surfaced roads resealed | 112 150 | 38 150 | **Under-achieved:** Project T1153 which was earmarked to contribute in Q4 did not perform well due to inclement weather conditions experienced in the Vhembe District of the province with the unfavourable conditions extending to March 2026. | In future reseal activities to be programmed to be implemented during dry season. | None. Operational Task. |

| OUTCOME 3: ECONOMICALLY EMPOWERED HOST COMMUNITIES BY 2026. | | | | | | |
|---|---|---|---|---|---|---|
| **Sub-Programme: Job Creation, Empowerment, and Training** | | | | | | |
| No. | Output Indicator | Annual Target | Annual Output | Reasons for Variance | Planned Interventions | Expenditure per Target |
| 3.1 a) | Number of Full-Time Equivalent (FTE) jobs created | 116 | 173.49 | **Over-achieved:** The annual target for creating FTE Jobs was 116, and the actual achievement was 173.49 FTE jobs created. The reasons for over achievement can be attributed to the increased submission of monthly labour reports by contractors, resulting in improved recordings of employment opportunities created. Improved compliance by contractors in reporting workforce statistics and EPWP-related information on time with the supporting documents. Additional labour-intensive activities implemented during project execution, leading to higher employment creation than initially planned. Enhanced monitoring and follow-up with contractors to ensure all employment opportunities are properly captured and reported supported with the valid portfolio of evidence. Inclusion of short-term and temporary employment opportunities that contributed positively towards the FTE calculations. Improved coordination between project teams, contractors, and reporting units which strengthened data collection and verification processes. Commitment by contractors to maximise labour-intensive methods in line with EPWP and contractor development objectives. Lastly the intervention by the CEO sent letters to the contractors linking the payments to the submission of the monthly reports contributed tremendously to receiving monthly reports with the PoE. | None | None, Operational Task. |
| 3.1 b) | Amount spent on employing labourers (R'm) | 18,02 | 19,09 | **Over-achieved:** The annual target for the amount spent on employing labourers was R18,02m and the actual achievement was R19,09 on the employment of labourers. Over-Achieved: The annual target for creating FTE Jobs was 116, and the actual achievement was 173.49 FTE jobs created. The reasons for over achievement can be attributed to the increased submission of monthly labour reports by contractors, resulting in improved recordings of employment opportunities created. Improved compliance by contractors in reporting workforce statistics and EPWP-related information on time with the supporting documents. Commitment by contractors to maximize labour-intensive methods in line with EPWP and contractor development objectives. Lastly the intervention by the CEO sent letters to the contractors linking the payments to the submission of the monthly reports contributed tremendously to receiving monthly reports with the PoE. | None | None, Operational Task. |

| | | | | | | |
|---|---|---|---|---|---|---|
| 3.1 c) | Amount paid to SMME Contractors and Sub-Contractors (R'm) | 101,92 | 114.91 | **Over-achieved:** The annual target for the amount spent on SMME Contractors and Subcontractors was 101,92m and the actual amount spent was 114,91m on SMME empowerment. The reasons for over-achievements are the workshops conducted on our projects and database creation which unearthed local SMME who qualify to participate on our projects. Timely submission of monthly reports by contractors enabled accurate capturing and consolidation of SMME expenditure and participation figures. Increased compliance by contractors with contractual obligations relating to SMME participation complying with 10% on Preventative maintenance and 30% on upgrading projects contributed significantly to the achievement of targets. Improved monitoring and follow-up on contractor reporting ensured that previously unreported SMME activities were captured. The implementation of contractor development and empowerment initiatives encouraged greater involvement of local SMMEs on projects. Close collaboration between project teams, contractors, and SMMEs enhanced reporting efficiency and accountability. Some contractors exceeded their planned SMME commitments, resulting in higher overall performance against the annual target. Lastly the intervention by the CEO sent letters to the contractors linking the payments to the submission of the monthly reports contributed tremendously to receiving monthly reports with the PoE. | None | None, Operational Task. |

| | | | | | | |
|---|---|---|---|---|---|---|
| 3.1 d) | Number of work opportunities created | 1 214 | 1387 | **Over-achieved:** The annual target for work opportunities was 1214, a total of 3289 work opportunities were created. The reasons for over achievement can be attributed to the increased submission of monthly labour reports by contractors, resulting in improved recordings of employment opportunities created. Improved compliance by contractors in reporting workforce statistics and EPWP-related information on time with the supporting documents. Additional labour-intensive activities implemented during project execution, leading to higher employment creation than initially planned. Enhanced monitoring and follow-up with contractors to ensure all employment opportunities are properly captured and reported supported with the valid portfolio of evidence. Inclusion of short-term and temporary employment opportunities that contributed positively towards increased number of Work opportunities. Improved coordination between project teams, contractors, and reporting units which strengthened data collection and verification processes. Commitment by contractors to maximise labour-intensive methods in line with EPWP and contractor development objectives. Lastly the intervention by the CEO sent letters to the contractors linking the payments to the submission of the monthly reports contributed tremendously to receiving monthly reports with the PoE. | None | None, Operational Task. |
| 3.1 e) | Number of youths employed (18 - 35) | 668 | 734 | **Over-achieved:** The annual target of employing youth 668, however on the annual achievement, 734 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 outlines that 55% of the entire workforce should be youth. Another reason for overachieving is enhanced monitoring and follow-up with contractors to ensure all employment opportunities for the youth are properly captured and reported. 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 in light with the government massive campaign to create decent jobs and alleviating poverty. | None | None, Operational Task. |

| | | | | | | |
|---|---|---|---|---|---|---|
| 3.1 f) | Number of women employed | 728 | 690 | **Under-achieved:** The annual target of employing women is 728, however on the annual achievement, 690 women were employed. The reason for under achieving on number of women employed is the limited number of women applying for available work opportunities within the project area. Nature of the work being labour-intensive, resulting in fewer women showing interest in certain construction activities to be undertaken on site. Lack of required skills or experience among women within the project area for certain technical activities. Community recruitment processes not yielding enough qualifying female participants, some villages are resistant to the required demographics of 60% women to be employed as per the EPWP guideline. Another reason is due to preference by some households for male family members to take up employment opportunities. | Contractor development will as a preventative measure conduct community awareness campaigns on the EPWP programme that seeks to empower 60% women as previously marginalised category of people on each project. Educate communities about the importance of women participation in EPWP projects. Prioritise Women During Recruitment while creating a safe and supportive working environment. Allocate women to suitable work activities | None, Operational Task. |
| 3.1 g) | Number of persons with disabilities employed | 24 | 27 | **Over-achieved:** The annual target of employing 24 people living with disabilities was overachieved by the actual number of 27 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 stipulates that 2% of the entire workforce should be people living with disabilities. This was achieved due to deliberate prioritisation of people living with disability during recruitment, effective beneficiary database management as well as supportive working environment, the other reason for over-achieving is due to the focus by RAL to hire persons living with disabilities and create more work opportunities for them. | None | None, Operational Task. |

| | | | | | | |
|---|---|---|---|---|---|---|
| 3.1 h) | Number of SMMEs contracted | 42 | 244 | **Over-achieved:** The annual target for number of SMME Contracted was 42 and the actual number achieved was 244 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 workshopped 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. In addition, it is the support from Contractor development programmes which enabled more SMME's to participate effectively in the projects. RAL's ability to pay the Contractor's to pay SMME's on time was a great motivation for more SMME's to carry out their work as required. | None | None, Operational Task. |
| **OUTCOME 4: SKILLED AND ENTERPRISING LOCAL LABOUR BY 2026.** | | | | | | |
| **Sub-Programme: Job Creation, Empowerment, and Training** | | | | | | |
| 3.2 | Number of local workers trained | 304 | 383 | **Over-achieved:** RAL ensured that all eligible workers under the employment of the contractors must receive accredited training. | None | None, Operational Task. |

## 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 2025/26; and
- Was verified by the Chief Executive Officer and found reliable, accurate, complete, and valid



31 JULY 2026

**MR M.J. CHESANE**
CHIEF EXECUTIVE OFFICER

DATE



31 JULY 2026

**MR R.M. TSELI**
CHAIRPERSON

DATE

# PART C

# GOVERNANCE, RISK AND COMPLIANCE MANAGEMENT




As part of Phase 4, a 3.2km stretch of Road P85/2 from Settlers to Tuinplaas (Bela Bela Local Municipality) has undergone preventative maintenance. This road is vital for local agriculture, enabling farmers to transport their produce efficiently.

# 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.

### 1.1 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.

### 1.2 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.

### 1.3 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 2025/2026 FINANCIAL YEAR

| 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. R.M. Tseli | Chairperson of the Board | 01/04/2025 | N/A | 1. Masters in Public Management<br>2. Postgraduate Diploma in Governance and Public Leadership<br>3. Senior Primary Teacher's Diploma<br>4. Diploma in Municipal Governance<br>5. Advanced Certificate in Governance and Public Leadership | Governance & Public Leadership | Roads Agency Limpopo | 1. Nominations Committee | 10 Board Meetings<br>1 Annual General Meeting<br>1 Strategic Planning Meeting<br>1 Nominations Committee Meeting |
| Mr. C.B. Mnisi | Independent Director<br><br>Audit & Risk Committee Chairperson | 01/04/2025 | N/A | 1. B. Tech-Internal Auditing<br>2. Diploma in Internal Auditing<br>3. Bachelor of Arts<br>4. Diploma in Public Administration | Finance & Auditing | Roads Agency Limpopo | 1. Nominations Committee<br>2. Planning and Contracts Committee<br>3. Audit and Risk Committee | 8 Board Meetings<br>3 Audit and Risk Committee Meetings<br>5 Planning and Contracts Committee Meetings<br>1 Annual General Meeting<br>1 Strategic Planning Meeting<br>1 Nominations Committee Meeting |
| Ms T. M. Ramabulana | Independent Director<br><br>Social and Ethics Committee Chairperson<br><br>Human Resources and Remuneration Committee Chairperson | 01/04/2025 | N/A | 1. MDP (Management Development Programme)<br>2. Diploma in Labour Law<br>3. Masters Diploma in Human Resources Management (incomplete)<br>4. B.A (Social Sciences)<br>5. Proficiency certificate in Marketing Management<br>6. Personnel and Training Management Diploma<br>7. Skills Development Facilitator Programme IPD<br>8. Effective Recruitment and Selection Techniques IPM | Social Science.<br><br>Human Resources | Roads Agency Limpopo | 1. Human Resources and Remuneration Committee<br>2. Planning & Contracts Committee<br>3. Social and Ethics Committee | 10 Board Meetings<br>3 Social and Ethics Committee Meetings<br>3 Human Resources and Remuneration Committee Meetings<br>5 Planning and Contracts Committee Meetings<br>1 Annual General Meeting<br>1 Strategic Planning Meeting |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Ms. S. Mamvura | Independent Director<br><br>Planning and Contracts Committee Chairperson | 01/04/2025 | N/A | 1. Bachelor of Commerce in Business Management<br>2. Bachelor of Commerce in Law<br>3. Business Leadership Development and Entrepreneurship- Certificate<br>4. Master of Business Administration (MBA)<br>5. Master of Philosophy (MPhil) - Strategic Management<br>6. Doctor of Business Administration | Business ManagemenT<br><br>Commerce in Law<br><br>Philosophy -Strategic Management<br><br>Business AdministratioN<br><br>MBA-Innovation<br><br>Business Leadership Development and Entrepreneurship | Roads Agency Limpopo | 1. Nominations Committee.<br><br>2. Planning and Contracts Committee<br><br>3. HR and Remuneration Committee | 10 Board Meetings<br>3 Human Resources and Remuneration Committee Meetings<br>5 Planning and Contracts Committee Meetings<br>1 Annual General Meeting<br>1 Strategic Planning Meeting<br>1 Nominations Committee Meeting |
| Ms. N.A. Moloisi | Independent Director | 01/04/2025 | N/A | 1. Diploma in Education<br>2. Advanced Certificate in Education (Sciences)<br>3. Certificate in HRM (Human Resource Management)<br>4. Bachelor in Public Administration (Hons)<br>5. Bachelor in Public Administration<br>6. Public Finance and Fiscal Management | Education<br><br>Public Administration | Roads Agency Limpopo | 1. Social and Ethics Committee | 5 Board Meetings<br>1 Social and Ethics Committee Meeting<br>1 Annual General Meeting<br>1 Strategic Planning Meeting |
| Ms. S.E. Tema | Independent Director | 01/04/2025 | N/A | 1. Master of Science in Management of Technology and Innovation<br>2. Postgraduate diploma: Risk Management<br>3. BCom honours in Financial Accounting<br>4. BCompt degree<br>5. National Diploma in Accounting | Finance and Auditing | Roads Agency Limpopo | 1. Social and Ethics Committee<br><br>2. Human Resources and Remuneration Committee | 10 Board Meetings<br>3 Social and Ethics Committee Meetings<br>1 Human Resources and Remuneration Committee Meeting<br>1 Annual General Meeting<br>1 Strategic Planning Meeting |
| Ms. M. Nhlane-Mthimkulu | Independent Director | 01/04/2025 | N/A | 1. Bachelor of Arts Higher Educational Diploma<br>2. Bachelor of Education<br>3. (MDP) Management | Education | Roads Agency Limpopo | 1. Social and Ethics Committee<br><br>2. Human Resources and Remuneration Committee | 5 Board Meetings<br>3 Social and Ethics Committee Meetings<br>2 Human Resources and Remuneration Committee Meetings<br>1 Annual General Meeting<br>1 Strategic Planning Meeting |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Mr. M. S. Motebele | Independent Director | 15/08/2025 | N/A | 1. B-Tech Civil Engineering<br>2. National Diploma: Civil Engineering<br>3. MSC in Project Management | Engineering & Project Management | Roads Agency Limpopo | 1. Audit and Risk Committee | 1 Audit and Risk Committee Meeting<br>1 Strategic Planning Meeting |
| Mr. T. Mongatane | Independent Director | 15/08/2025 | N/A | 1. Honours: Accounting and CTA<br>2. Bachelor of Accounting Science<br>3. Chartered Accountant (SA)-SAICA<br>4. Registered Auditor (IRBA)<br>5. Certificate: Civic Leadership and Engagement | Chartered Accountant specialising in Financial Management | Roads Agency Limpopo | 1. Audit and Risk Committee | 3 Audit and Risk Committee Meetings<br>1 Strategic Planning Meeting |
| Adv. M. Makoti | Independent Director | 15/08/2025 | N/A | 1. Doctor of Laws<br>2. Master of Laws: Labour Law<br>3. Master of Laws: Development Law<br>4. Baccalaureus Procurationi (BProc)<br>5. High Certificate in Public Administration<br>6. Certificate in Mediation | Admitted Advocate of the High Court specialising in Development and Labour Law | Roads Agency Limpopo | 1. Audit and Risk Committee | 2 Audit and Risk Committee Meetings<br>1 Strategic Planning Meeting |
| Mr. M.J. Chesane | Acting CEO<br>CEO | 30/04/2024<br>09/11/2025 | N/A<br>N/A | 1. Bachelor of Laws (LLB)<br>2. Baccalaureus Procurationis (BProc) | Admitted Attorney of the High Court | Roads Agency Limpopo | N/A | 9 Board Meetings<br>2 Social and Ethics Committee meetings<br>2 Human Resources and Remuneration Committee Meetings<br>5 Planning and Contracts Committee Meetings<br>1 Annual General Meeting<br>1 Strategic Planning Meeting |

## 3. REMUNERATION OF THE BOARD

| Names | Remuneration | Other Allowances | Other Re-imbursements | Total |
|---|---|---|---|---|
| Mr. R.M. Tseli | **R130 715,04** | | | R130 715,04 |
| Mr. C.B. Mnisi | **R81 135,04** | | | R81 135,04 |
| Ms. T.M. Ramabulana | **R87 742,04** | | | R87 742,04 |
| Ms. S. Mamvura | **R90 408,04** | | | R90 408,04 |
| Adv. M.Z. Makoti | **R38 646,94** | | | R38 646,94 |
| Ms. T. Mongatane | **R38 646,94** | | | R38 646,94 |

## 4. COMMITTEES OF THE BOARD

| Committee | No of meetings held | No. of members | Name of members |
|---|---|---|---|
| Audit and Risk Committee | 3 | 4 | Mr. C.B. Mnisi *, Mr. T.G. Mongatane*, Adv. M.Z. Makoti *, Mr. S.M. Motebele. |
| Human Resources and Remuneration Committee | 3 | 4 | Ms. T.M. Ramabulana*, Ms. M. Nhlane-Mthimkulu *, Ms. S. Mamvura*, Ms. S.E. Tema *. |
| Planning and Contracts Committee | 5 | 3 | Ms. S. Mamvura*, Mr. C.B. Mnisi *, Ms. T.M. Ramabulana*. |
| Nominations Committee | 1 | 3 | Mr. R.M. Tseli *, Mr. C.B. Mnisi *, Ms. S. Mamvura *. |
| Social and Ethics Committee | 3 | 4 | Ms. T.M. Ramabulana*, Ms. S.E. Tema *, Ms. N.A. Moloisi*. |

## 5. CERTIFICATE OF THE COMPANY SECRETARY

In terms of Section 88(2)(c) of the Companies Act no 71 of 2008 (as amended), I, K.M.S. Komana, in my capacity as Acting Company Secretary and Chief Legal Counsel, confirm that for the year ended 31 March 2026, the Company has lodged with the Companies and Intellectual Property Commission, all such returns as are required of a public company in terms of the Companies Act and that all such returns and notices are true, correct and up to date.



**Ms. K.M.S. Komana** ACG(CS)(AAArb)(Legal Practitioner)

Acting Company Secretary and Chief Legal Counsel

31 July 2026

# 6. RISK AND COMPLIANCE MANAGEMENT

## A: ENTERPRISE-WIDE RISK MANAGEMENT

### 6.1. Strategic Risk Management

Strategic risk management deals with the identification, assessment and mitigation of strategic risks and opportunities which directly impact on the strategic outcomes for the agency. RAL leadership embarks on this process on an annual basis, guided by the provisions of the board approved risk management policy framework. The process of monitoring and reporting on these strategic risks were monitored and reported on a quarterly basis for tabling at relevant governing structures. All these initiatives are performed within the prescripts of the agency's enterprise-wide risk management system which is based on ISO 31 000: 2018. The Board of Directors, through its Audit and Risk Committee had provided oversight into the agency's risk management systems during the 2025/26 financial year.

### 6.2. RAL Risk Universe

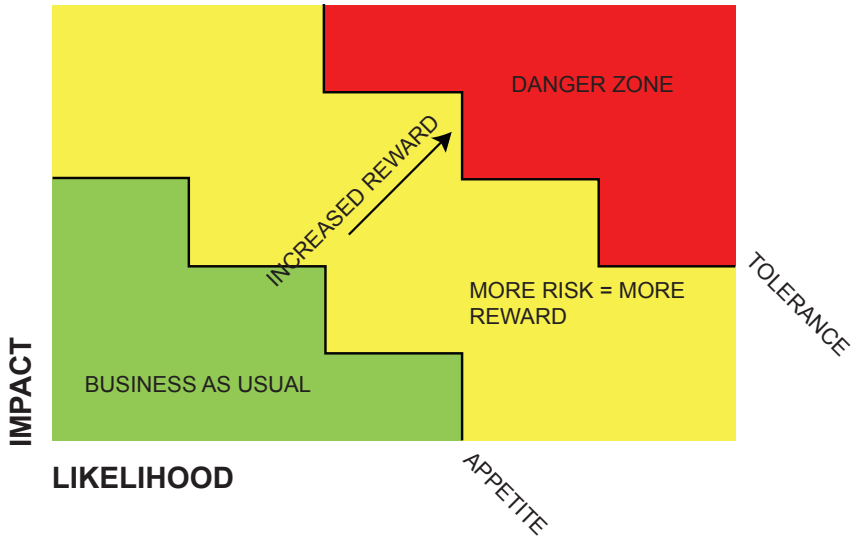
**FIGURE 1:** 2025/26 RAL Risk universe




### 6.3. Risk Appetite and Tolerance Performance Matrix

The agency developed and rolled out its board-approved Risk Appetite and Tolerance Framework (RATF) during Quarter 4 of the past financial year to guide the execution of the risk management strategy and activities throughout the organisation. This framework sought to assist with ensuring consistent application of the risk management process across all levels of the agency. The effective application of the RATF principles is aimed at redirecting the agency to become a risk-intelligent organisation. The heat map presented below depicts impact and likelihood levels, with the Y-axis being the impact scale and the X-axis, the likelihood scale.

**FIGURE 2:** 2025/26 RAL Risk Appetite and Tolerance Heat Map



## 6.4. Top 10 Strategic Risks Profile and Progress Made

This section seeks to highlight the status of strategic risks and opportunities for the agency that impacted on its core mandate as clearly defined in its Annual Performance Plan.

**TABLE 1:** Residual Risk Exposure Rating Matrix

| Risk Rating | Risk Magnitude | Risk Priority Level | Risk Acceptability | Treatment Action |
|---|---|---|---|---|
| (17-25) | **Critical** | 1 | Unacceptable | Immediate action required to develop and implement risk treatment plans to reduce risk exposure |
| (12-16) | **High** | 2 | Unacceptable | Urgent action required to develop and implement risk treatment plans to reduce risk exposure |
| (8-11) | **Moderate** | 3 | Cautionary / Tolerate | Action to be taken at management's discretion after, amongst other things, assessing the cost of doing so versus the benefit to be derived. Risk exposure and mitigating controls should be monitored. |
| (1-7) | **Low** | 4 | Acceptable | Risk should be monitored but no immediate action required |



**TABLE 2:** Top 10 strategic risks faced by the agency during the 2025/26 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 [20]** | RAL has embarked on various initiatives in relation to implementation and adherence to the Stakeholder and Communication Strategies. The Stakeholder Liaison And Community Development Unit attended and participated in various stakeholder engagement meetings in the form of Stakeholder Tuesdays with the Honourable MEC for the Limpopo Department of Public Works, Roads and Infrastructure, as well as project site meetings during the 2025/26 financial year.<br><br>Regular monitoring of social media platforms was implemented as part of the risk mitigation strategy. The Communications Unit ensured ongoing vigilance and situational awareness by actively tracking and analysing developments within the province that may impact RAL's roads infrastructure programmes. |
| 2. | Outcome 1: Adequately supported core business | Organisational structure underpinning RAL's current operating model. | Lack of a flexible organisational structure which underpins the current operating model. | **Priority 2 [16]** | The project for appointing an external service provider to conduct and organisational design review of the organisational structure, job evaluation, job grading, skills audit, review of performance charters and salary disparities was not concluded during the 2025/26 financial year. Consequently, the implementation of the risk treatment plan has been deferred to the 2026/27 financial year. |
| 3. | Outcome 1: Adequately supported core business | Legal | Litigations instituted against RAL | **Priority 2 [16]** | The agency had entered and monitored commercial service level agreements with appointed service providers to render upgrading and rehabilitating the provincial road network infrastructure and other support services which would underpin the attainment of organisational objectives.<br><br>Further the agency successfully trained its project managers on principles of contract management to gain relevant skills on how to draft, track contractual performance and resolve disputes regarding roads upgrading projects for the agency. |

| | | | | | |
|---|---|---|---|---|---|
| 4. | Outcome 1: Adequately supported core business | Infrastructure | Delays in implementation of roads construction projects | **Priority 2 [16]** | The agency's Stakeholder Relations Unit worked on a stakeholder implementation plan to cultivate trust and cohesion amongst stakeholders to underpin the attainment of RAL's mandate and objectives. RAL also engaged various sets of stakeholders (e.g. traditional leaders, communities, business forums and the like) which are directly or indirectly impacted by RAL's provincial road network across the five districts of Limpopo Province. These engagements took place in the form of Stakeholder Tuesdays with the Honourable MEC for the Limpopo Department of Public Works, Roads and Infrastructure as well as on other projects. |
| 5. | Outcome 1: Adequately supported core business | Information, communications, and technology (ICT) | Inadequate Information, Communications and Technology Governance | **Priority 2 [16]** | The risk of limited allocations of funds to roll out the five-year ICT strategy was one of the thorny issues which the agency had to deal with in the past financial year.<br><br>More positively, the agency had partnered with Microsoft SA to raise awareness on cyber security and other matters of ICT governance which impacted in the agency's operating model |
| 6. | Outcome 1: Adequately supported core business | Regulatory compliance | Non-compliance with applicable legislation impacting on RAL's business environment | **Priority 2 [13]** | The agency's 2025/26 regulatory universe was compiled and approved by the RAL Board of Directors during the 2025/26 financial year, with the development of Compliance Risk Management Plans (CRMP) consisting of the top 25 laws and regulations. All these interventions were supported by quarterly monitoring and reporting. Furthermore, compliance management educational workshops targeting staff members were held during the course of the 2025/26 financial year which sought to educate and inculcate a compliance culture across all tiers of the agency. |
| 7. | Outcome 1: Adequately supported core business | Funding | Unavailability of sufficient funds to implement projects | **Priority 2 [13]** | The road infrastructure budget for the 2025/26 financial year has decreased by 73% from an adjusted budget of R2.674 billion in the prior year, to an adjusted budget of R729.222 million for the current year.<br><br>The adjusted budget allocation comprises of R280.869 million for road maintenance and R448.353 million for upgrade projects. Total expenditure on infrastructure for Q4 amounted to R129.429 million, representing 71% of the Q4 infrastructure budget. Of this, R36.230 million (28%) was spent on road maintenance and R93.199 million (72%) on upgrade projects. Year-to-date expenditure amounts to R685.589 million (94%) of the total adjusted budget. |

| | | | | | |
|---|---|---|---|---|---|
| 8. | Outcome 1: Adequately supported core business | Corporate governance | Regression on the audit opinion | **Priority 2 [13]** | Auditor-General of South Africa's action plan: The agency took steps to improve its audit opinion based on the findings reported by the auditor general's office in the previous audit. In the same vein, the agency received 68 findings during the regulatory audit conducted by the Auditor-General. As at Q4 of the 2025/26 financial year the total number of findings resolved was 37 (54%), with 10 findings resolved. |
| 9. | Outcome 2: Improved roads infrastructure network | Infrastructure | Deterioration of the provincial road infrastructure network | **Priority 3 [10]** | The Provincial Road Maintenance Grant of R554 million was approved for allocation to RAL for the 2025/26 financial year from the Limpopo Provincial Treasury through the Division of the Revenue Act. RAL was unsuccessful in sourcing additional funds from Infrastructure South Africa to finance upgrading projects for the agency. |
| 10. | Outcome 1: Adequately supported core business | Business | Business interruptions and disasters facing RAL's operations | **Priority 3 [10]** | The agency had 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:<br>» Business continuity management policy.<br>» Crisis management policy.<br>» Crisis and business continuity management teams.<br>» Business impact assessment.<br><br>The Governance, Risk And Compliance (GRC) Unit in conjunction with the ICT Unit conducted a joint awareness session and a simulation exercise. This session sought to strengthen RAL's collective understanding of the organisation's BCM, thereby testing the resilience of crisis and business continuity management plans against any form of disruption. The GRC Unit initiated the session by educating attendees on elements surrounding the RAL's BCM system, BCM methodology, crisis management cycle, how it is structured, its benefits and how it operates. The ICT Unit elaborated on the danger of cyber-crime, types of cybercrimes facing RAL, and how to prevent or avoid being a victim. The session was concluded with a simulation exercise under the theme "RAL's towers burns down". |

## B: PROJECT RISKS AND ISSUES MANAGEMENT

The process of maturing the agency's project risks and issues management system continues on an upward trajectory based on a range of projects which were subjected to the principles of the risk management policy framework during the 2025/26 financial year. The GRC team, together with other role players (i.e. project managers, contractors, and engineers) 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 agency's project risks and issues management value chain, thereby promoting more proactive planning, design, execution and completion of projects.

## C: ETHICS MANAGEMENT

In 2023, Dr Deon Rossouw, the then CEO of the Ethics Institute stated that "ethical leaders need to influence ethical conduct in organisations in a manner that will result in the cultivation of an ethical culture. They are the custodians of the ethical values of an organisation". In addition, Principle 2 of the King V report on good corporate governance notes that "the governing body governs the ethics of the organisation in a way that enables an ethical culture and responsible corporate citizenship". It is against this backdrop that the RAL's social and ethics committee (SEC) continues to provide oversight and guidance in driving the agency's ethical culture and moral compass across the organisation. The SEC played a pivotal role in monitoring the implementation of the ethics strategy. Key activities attained include the development of the ethics risk register, and the incorporation of fraud risks into the ethics register. Further, newly appointed employees are educated on the purpose, functions and benefits of an ethical culture which were executed within the ambit of the board-approved ethics policy framework. The GRC Unit participated in educating employees, including newly appointed interns, during the capacity building workshop, the employee induction workshop, and during targeted educational awareness engagements. Importantly, these awareness sessions sought to empower and educate employees and services providers on what are ethics, the purpose of ethics, the importance of organisational values, and communicating the outcomes of independently ethics surveys, among others topics. All key stakeholders are encouraged to report any acts of unethical practices via the established public sector hotline (0800 701 701).

Similarly, RAL attended and participated in Limpopo's Extended Corruption Prevention Coordinating Committee anti-corruption workshop, which is a multi-stakeholder forum comprising anti-corruption practitioners ranging from directors, deputy directors, assistant directors, investigators and risk managers in municipalities and state-owned entities, as well as law enforcement agencies in the province including SAPS Commercial Crime, Directorate for Priority Crime Investigations, Special Investigating Unit and the Public Service Commission.

## D: COMPLIANCE MANAGEMENT

On Tuesday, 9 March 2026, RAL held its inaugural compliance stakeholder engagement symposium in Polokwane. The goal was to establish a platform for information exchanges, mentoring, learning from best practices, and evaluating the effects of current trends in the compliance fraternity between RAL and its key regulators. RAL collaborated with the Private Security Industry Regulatory Authority (PSiRA), the Department of Employment and Labour, and the Limpopo Provincial Treasury. Significantly, in order to improve the compliance culture, the session aimed to establish and maintain positive relationships between RAL and its major regulators in an atmosphere of open communication and trust on compliance matters.

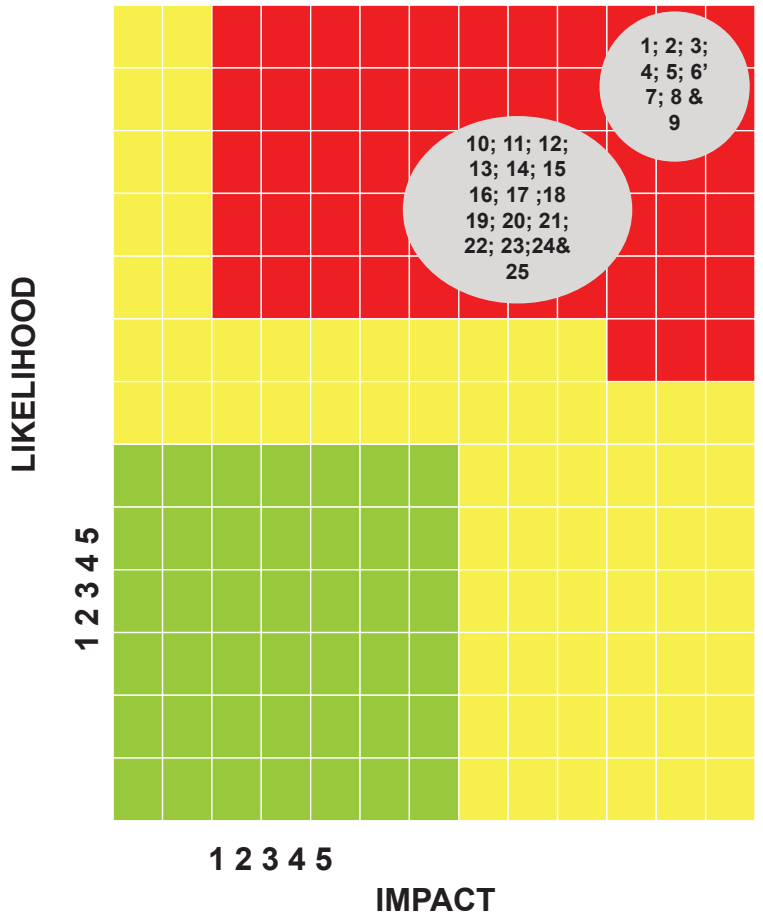
The agency developed, monitored and reported on the Compliance, and Risk Management Plans (CRMPs) during the 2025/26 financial year. The primary objective of a compliance risk management plan is to help ensure that an organisation meets all legal, regulatory, and internal standards, reducing possible losses and reputational damage. It entails detecting, assessing, and reducing compliance risks in order to avoid or minimise potential penalties, lawsuits, and other undesirable repercussions.

Following their identification, analysis and evaluation, RAL's Board of Directors approved the top 25 laws and regulations used in RAL's compliance management process matrix, as outlined in the compliance management policy and the compliance management framework. In addition, their progress, monitoring and reporting was tracked by the relevant governing structures (For examples; GRC committee, EXCO, audit and risk committee as well as the Board). All the recorded legislations were evaluated as high (Priority 1) in terms of the top 20 regulatory universe heatmap. Nine (9) out of twenty five (25) laws and regulations were evaluated at Priority 25, whilst the remaining 16 were evaluated at Priority 20.

**FIGURE 3:** Top 25 Regulatory Universe Heat Map 2025/26 Financial Year

| INHERENT RISKS EXPOSURE | |
|---|---|
| Risk 01 | National Environmental Management Act 107 of 1998 |
| Risk 02 | General Recognised Accounting Practices (GRAP) |
| Risk 03 | Supply Chain Management Regulations, and Instruction Notes |
| Risk 04 | Preferential Procurement Policy Framework Act 5 of 2000 |
| Risk 05 | Public Finance Management Act 1 of 1999 |
| Risk 06 | Preferential Procurement Regulations of 2022 |
| Risk 07 | Construction Regulations, 2014 |
| Risk 08 | Driven Machinery Regulations, 2015 |
| Risk 09 | Occupational Health and Safety Act 85 of 1993 |
| Risk 10 | Companies Act 71 of 2008 |
| Risk 11 | Division of the Revenue Act 5 of 2023 |
| Risk 12 | Income Tax 58 of 1962 |
| Risk 13 | Treasury Regulations 2001 |
| Risk 14 | Control of Access to Public Premises and Vehicles Act 53 of 1985 |
| Risk 15 | Advertising of Roads, and Ribbon Development Act 21 of 1940 |
| Risk 16 | National Road Safety Act 9 of 1972 |
| Risk 17 | Electrical Installation Regulations, 2009 |
| Risk 18 | Environmental Regulations for Workplace |
| Risk 19 | Explosives Act 15 of 2003 |
| Risk 20 | Facilities Regulations, 1990 |
| Risk 21 | Hazardous Chemical Agents Regulations, 2001 |
| Risk 22 | National Road Traffic Act 93 of 1996 |
| Risk 23 | National Archives and Records Service Regulations |
| Risk 24 | National Archives and Records Service of South Africa Act 43 of 1996 |
| Risk 25 | Broad-Based Black Economic Empowerment Act 46 of 2013 |

**RESIDUAL RISKS HEATMAP:**



## E: OCCUPATIONAL, HEALTH AND SAFETY

The Occupational, Health and Safety (OHS) Committee of RAL has played a fundamental role in promoting and maintaining a safe working environment for staff members, contractors and visitors. There has been great progress made in implementing occupational, health and safety management systems during the 2025/2026 financial year.

### Health and Safety Committee

The OHS Committee has been established with a total of 18 committee members who were appointed in writing by the CEO. The appointed committee members are comprised of health and safety representatives, first aiders, fire marshals, incident investigators, management representatives, Union representatives and co-opted members whose term of office is three years.

In accordance with the OHS terms of reference, five appointments were made. 1x chairperson, 1x deputy chairperson, 1x secretariat, and 2x security officers were appointed within the OHS committee as members.

In the reporting period, the committee held and attended three meetings where issues pertaining to inspections, training, OHS awareness day, emergency evacuation, incidents and complaints were addressed and discussed. The Committee also conducted four quarterly inspections to check compliance to the legislation.

### Site Inspections and Construction Work Permits

The OHS Business unit continuously monitors health and safety compliance at the construction sites and in the RAL building. Sixty-eight site visits were conducted during the 2025/2026 financial year. There has been a major reduction in the number of non-conformance and findings in relation to non-compliance with the provisions of the OHS Act (Act 85 of 1993) at RAL road construction sites and in the RAL building.

A total of 24 construction work permits (CWPs) and two blasting permits were issued to RAL by the Department of Employment and Labour and South African Police Services (SAPS) respectively.

A construction work permit from the Department of Employment and Labour and blasting permit from SAPS are crucial in ensuring safety and legal compliance on large-scale construction projects. The permits helps mitigate risks associated with these projects by requiring clients to provide documentation demonstrating adherence to safety regulations and building standards.

### Incidents

Construction work is one of the sectors with high statistics of occupational injuries and fatalities amongst all the sectors. Strict monitoring of construction sites contributed to the low number of critical incidents which may be reduced further in future years.

Seven incidents were reported during the financial year. The decrease in number of reported cases was due to the continued efforts to remind the contraction teams to maintain safety standards on site to report the incidents. Out of the seven reported incidents, there were no fatalities, one trauma, one injury and five were damages to properties. The majority of the reported incidents were due to negligence by the drivers or users of machinery and only one was due to protest by labourers.

In the year under review, safety in the workplace and construction sites remained a key priority. The Agency observed the relevant legislation and policies to the latter. The reduction in incidents will continue to be monitored in the entities quest for zero fatalities.

## F: ENVIRONMENTAL HEALTH

The Agency ensures that all the projects that are implemented comply with all the statutory requirements of Environmental Management, Health & Safety regulations. This is done by ensuring that all projects have environmental authorisations and permits from stakeholder departments. In addition, we also ensure that there is compliance monitoring for appointed contractors to meet the Safety, Health and Environmental Management obligations.

The major challenge during execution of projects is the land ownership disputes in borrow pit areas and this is addressed by strictly adhering to the provisions of the law and intensive stakeholder engagement processes with the Social and Institutional Development (SID) unit at RAL. The process of stakeholder engagement ensures that information dissemination on projects is done throughout the project cycle in order to create awareness within communities and amongst project participants.

## G: PROACTIVE ASSURANCE AND INTERNAL CONTROL

Housed in the Finance unit of RAL, is the Proactive Assurance and Internal Control division which ensures provides assurance, ensures that the Auditor-General Audit Action Plan is adhered to and that findings are resolved. Also performed in the division, is the function of ensuring that in procuring goods and services, the procurement checklist is complied with.

In order to meet its responsibility with respect to providing reliable financial information, Roads Agency Limpopo maintains financial and operational systems of internal control. These controls are designed to provide reasonable and reliable assurance that transactions are concluded in accordance with prescribed regulations, that the assets are adequately safeguarded against material loss of unauthorised acquisition, use, or disposal and those transactions are properly authorised and recorded.

## H: 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

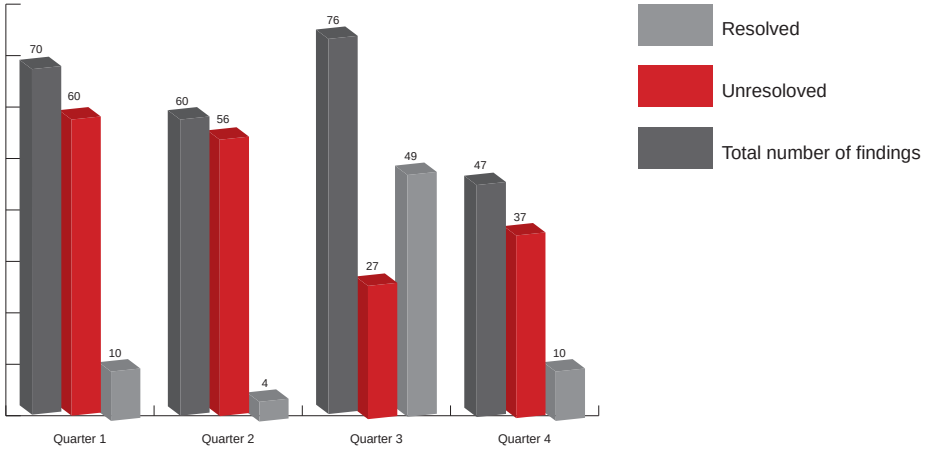
The Internal Audit function performed the internal audit activities for the financial year ended 31 March 2026, in accordance with the approved internal audit plan by the Audit and Risk Committee. The Internal Audit Plan was meticulously developed after due consideration of RAL's top 10 strategic risks identified by management.

| Type of Audit | Planned Projects | Completed | Not Completed |
|---|---|---|---|
| Assurance review | 13 | 10 | 3 |
| Consulting review | 1 | 1 | 0 |

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

### Follow Up Audit

Forty-seven (47) findings were reported during the 2025/26 financial year, with ten (10) resolved and thirty-seven (37) not resolved. The unresolved reported findings were mainly due to non-compliance with regulatory legislations and existing internal policies, which continue to pose significant challenges to the Agency. Follow-up audits were conducted regularly, and management has made a minimal progress in resolving audit findings. The graph below depicts the follow-up status in the 2025/2026 financial year per quarter.




## I: AUDIT & 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 quarterlysittings 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.

## J: 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 V 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

RAL has the responsibility to comply with all applicable laws and regulations. The Audit and Risk Committee received quarterly compliance reports apprising the Committee of the level of compliance of the Agency.

## K: FRAUD AND CORRUPTION

Roads Agency Limpopo has established a Fraud and Corruption hotline, which is a platform on which concerns relating to fraud and breaches of ethical codes can be reported. The Hotline is a telephonically operated tool which employees and concerned citizens can freely use to report any fraud and corruption activities on an anonymous basis. This hotline has been effective since 2011.

Furthermore, the Agency, in its procurement processes, continues, to give due regard to the provisions set out in the Public Finance Management Act of 1999, Treasury Regulations and Framework for Supply Chain Management and related pieces of legislation.

The entity had an approved Fraud Prevention and Anti-Corruption Policy, which was implemented throughout the financial year being reported on.

## L: MINIMISING CONFLICT OF INTEREST

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.

policies, considering all policies before implementation, including ensuring that management complies with relevant laws and regulations.

## M: COMPANY SECRETARY AND CHIEF LEGAL COUNSEL

Ms. K.M.S. Komana ACG(CS) (AAArb) (Legal Practitioner) is the appointed Acting Company Secretary and Chief Legal Counsel of Roads Agency Limpopo.

## N: 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.

## O: AUDIT & RISK COMMITTEE REPORT

The Audit and Risk Committee is pleased to present its report for the financial year ended 31 March 2026. The committee has adopted appropriate formal terms of reference as outlined in the Audit and Risk Committee Charter. The Committee has discharged its fiduciary duties in conformity with this charter and has executed all its delegated responsibilities as contained therein namely:

- reviewing the internal control structure, including financial controls and accounting systems, as well as evaluating whether the system of internal control is adequate to manage critical risks;
- reviewing the internal audit function, including its written charter, objectives, goals and staffing plans, as well as evaluating whether the function is performed satisfactorily;
- evaluating whether management demonstrates and stimulates the necessary respect for the internal control structures;
- overseeing and managing the total internal audit function to ensure that:
  - the internal audit performance goals are achieved;
  - risks are identified;
  - specific issues requiring attention are highlighted;

Audit Committee Members:

The Audit Committee consisted of the independent members listed hereunder. While the Committee Charter requires at least 4 meetings annually, only 3 meetings were held following the Committee's appointment on 15 August 2025.

| Name of member | Number of meetings attended |
|---|---|
| Mr. C.B. Mnisi<br>Independent Chairperson: Audit & Risk Committee | 3 |
| Adv. M.Z. Makoti<br>Independent Audit & Risk Committee Member | 2 |
| Mr. M.G Mongatane<br>Independent Audit & Risk Committee Member | 3 |
| Mr. M.S. Motebele<br>Independent Audit & Risk Committee Member | 1 |

Audit & Risk Committee responsibility

The Audit and Risk Committee reports that it has adopted appropriate formal terms of reference in its charter in conformity with the provisions of Principle 8 of the King V Report on Corporate Governance and section 94 of the Companies Act 71 of 2008 and Sections 76 & 77 of the Public Finance Management Act (PFMA) 1 of 1999 and Treasury Regulation 3.1.

The Committee exercised oversight over the effectiveness of the internal controls, assurance functions, as well as the integrity of the Annual Financial Statements and Annual Performance Report.

Furthermore, the Committee monitored the governance of financial, operational and strategic risks of RAL.

The Audit and Risk Committee ensures that Internal Audit Unit performs its responsibility by:

- Reviewing competence and qualifications of the Internal Audit Function, including reviewing and concurring with appointment and dismissal of the Internal Audit service provider;
- Reviewing the plans and budgets of the Internal Audit Function. Ensure that the plan addresses the high-risk areas and that adequate resources are available;
- Reviewing audit results and action plans of management;
- Reviewing the effectiveness of the Internal Audit Function;
- Ensuring that Internal Audit work is coordinated with External Audit to ensure little or no duplication of work and coverage;
- Receiving and reviewing quarterly progress reports submitted by the internal audit function;
- Oversight of IT governance, financial and operational risk controls, and compliance with applicable laws and regulations.
- Reviewing the Annual Risk Assessment process and prioritisation of major risks identified.

Evaluation of Annual Financial Statements

- Reviewed and discussed the annual financial statements to be included in the annual report, with the Auditor-General and the Internal Auditors;
- Reviewed the Auditor-General of South Africa's management letter and management's response thereto;
- Reviewed changes in accounting policies and practices;
- Reviewed significant adjustments resulting from the audit.
- The Committee concurs with and accepts the Auditor-General's conclusions on the Annual Financial Statements and is of the opinion that the audited financial statements be accepted and read together with the report of the Auditor-General.

Auditor General of South Africa

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



**Mr. C.B Mnisi**
Chairperson of the Audit and Risk Committee
Roads Agency Limpopo (SOC) Ltd

# PART D

# HUMAN RESOURCES REPORT



Road P18/2 is used as a short alternative road by delivery trucks moving from mining and farming business operations in the area instead of N11 that goes first to Mokopane to join R101 to Polokwane.

# 1. OVERVIEW

Besides reaffirming RAL's commitment to continuously build its Human Resource (HR) capacity, the report also 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 discharge its mandate effectively depended upon the combined skills, experiences, competences, and total commitment of its workforce.

## HR Objectives

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

- To review the organisational structure, and
- To ensure employee development.

## Strategic Focus

In pursuit of these objectives, management continued to foster a continuous improvement culture, in which its employees were purposely engaged, trained, and systematically motivated. The primary focus remained to build a capable and result-driven workforce that possesses a better understanding of latest trends in the ever-changing global road infrastructure development and management landscape. In this regard, management fostered 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 2025/26 Financial Year, RAL had a total staff compliment of 94 employees. Of these, the top management position was vacant, while four people held senior management roles, 46 were professionals, 22 skilled personnel, 15 semi-skilled personnel, and seven were unskilled personnel. At the end of the financial year, the Agency had a total of 128 employees (including 27 interns).

## 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 same period RAL's wage bill amounted to R126 172 million.

## Fostering Employee Engagement

RAL's HRM philosophy is built on the values of labour peace, employee engagement, and total workplace democratisation. 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 continued to pursue open, honest and transparent communication with its employees. Although in general terms, RAL's overall organisational climate continued to improve, it is also important to highlight that the relationship between management and labour unions is improving.

As part of measures to further improve the relationship between management and employees and democratise RAL's workplace, management has since facilitated the establishment of RAL Bargaining Forum. The forum is critical towards promoting an atmosphere of workplace stability and labour peace.

## Workplace Diversity

RAL continued to demonstrate its unequivocal 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 the progressive employment equity policy, RAL's employment equity efforts during the financial year aimed to build a sustainable workforce that reflects the demographics of the economically active population in South Africa. RAL's relentless commitment to uphold the ethos of equality, social justice, racial diversity, and gender parity at the workplace remains a key differentiator and source of pride. In this vein, RAL ensured that its approved Employee Equity Plan was strictly adhered to at all times.

## Talent Development

The considered view of management is that a well-funded and properly 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 and to provide all levels of management with appropriate tools to assess and manage performance. Part of the efforts to achieve employee development goals remained to encourage employees to take advantage of RAL's employee development programme. RAL's training investments and programmes ensures that employees develop requisite skills needed to perform their duties, advance their careers and keep abreast of continually changing business operations.

## Talent Retention

In today's turbulent labour market system, characterised by low barriers of labour mobility, organisations continue to be vulnerable to the risks of high staff turnover. It is within this context that RAL undertook to strengthen its talent retention environment. One of the initiatives adopted by management during the course of the financial year was to provide, on a consistent basis, a stimulating and rewarding work climate that meets employee expectations in terms of 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 2025/2026 business agenda. The Agency had a successful wellness day session and revival of the Sports Wednesday, which is a continued programme for health and wellness during the 2025/2026 financial year.

**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 | 48 766 | 39% | 33 | 1 478 |
| Corporate Services | 36 882 | 29% | 24 | 1 537 |
| Finance | 21 131 | 17% | 15 | 1 409 |
| CEO's Office | 19 393 | 15% | 22 | 881 |
| **Total** | **176 172** | **100%** | **94** | **1 342** |

## 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 | 3 672 | 3% | 0 | 0 |
| Senior Management | 20 072 | 16% | 15 | 1 338 |
| Professional Qualified | 65 646 | 52% | 35 | 1 876 |
| Skilled | 25 922 | 21% | 22 | 1 178 |
| Semi-Skilled | 6 815 | 5% | 15 | 454 |
| Unskilled | 4 045 | 3% | 7 | 578 |
| **Total** | **126 172** | **100%** | **94** | **1 342** |

## PERFORMANCE BONUS

| Programme/ Activity/ Objective | Performance Rewards | Personnel Expenditure (R'000) | % of Performance Rewards to Total Personnel cost (R'000) |
|---|---|---|---|
| Top Management | 152 | 3 672 | 4% |
| Senior Management | 1 321 | 20 072 | 7% |
| Professional Qualified | 5 392 | 65 646 | 8% |
| Skilled | 1 810 | 25 922 | 7% |
| Semi-Skilled | 606 | 6 815 | 9% |
| Unskilled | 148 | 4 045 | 4% |
| **Total** | **9 429** | **126 172** | **38%** |

| 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 (R'000)** |
| Training and Courses | 126 172 | 1 223 | 1% | 70 | 17 |
| **Programme/ Activity / Objective** | **2024/25 No. of Employees** | **2025/26 Approved Posts** | **2025/26 No. of Employees** | **2025/26 Vacancies** | **% of Vacancies** |
| Employment and Vacancies | 94 | 114 | 94 | 13 | 11 |

| Programme/ Activity/ Objective | 2024/25 No. of Employees | 2025/26 Approved Posts | 2025/26 No. of Employees | 2025/26 Vacancies | % of Vacancies |
|---|---|---|---|---|---|
| Top Management | 7 | 1 | 0 | 0 | 0 |
| Senior Management | 11 | 9 | 4 | 3 | 33 |
| Professional Qualified | 33 | 50 | 46 | 4 | 8 |
| Skilled | 22 | 32 | 22 | 4 | 13 |
| Semi-Skilled | 14 | 15 | 15 | 2 | 13 |
| Unskilled | 7 | 7 | 7 | 0 | 0 |
| **Total** | **94** | **114** | **94** | **13** | **11** |

| Salary Band | Employment at Beginning of Period | Appointments | Terminations | 2025/26 Vacancies | Employment at End of the Period |
|---|---|---|---|---|---|
| Top Management | 0 | 1 | 0 | 0 | 1 |
| Senior Management | 4 | 3 | 1 | 3 | 6 |
| Professional Qualified | 46 | 7 | 3 | 4 | 45 |
| Skilled | 22 | 8 | 2 | 4 | 28 |
| Semi-Skilled | 15 | 1 | 1 | 2 | 14 |
| Unskilled | 7 | 0 | 0 | 0 | 7 |
| **Total** | **94** | **20** | **7** | **13** | **101** |

The numbers were based on the approved new structure for 2025/26
The Employment Equity Act was amended on the employee categories hence there is no Top Management (1 January 2025)
The total number employees at the end of 2025/2026 period excludes the 27 interns

| Reason | Number | % of Total no. of Staff Leaving |
|---|---|---|
| Death | 0 | 0% |
| Resignation | 4 | 57% |
| Dismissal | 1 | 14% |
| Retirement | 1 | 14% |
| Ill health | 0 | 0% |
| Expiry of Contract | 1 | 14% |
| Other | 0 | 0% |
| **Total** | **7** | **100%** |

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

| Levels | Males | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | African | | Coloured | | Indian | | White | |
| | Current | Target | Current | Target | Current | Target | Current | Target |
| Top Management | 5 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Senior Management | 5 | 2 | 0 | 0 | 0 | 0 | 0 | 0 |
| Professional Qualified | 15 | 3 | 0 | 0 | 0 | 0 | 1 | 0 |
| Skilled | 8 | 2 | 0 | 0 | 0 | 0 | 0 | 0 |
| Semi-Skilled | 3 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unskilled | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **38** | **9** | **0** | **0** | **0** | **0** | **1** | **0** |

| Levels | Females | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | African | | Coloured | | Indian | | White | |
| | Current | Target | Current | Target | Current | Target | Current | Target |
| Top Management | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Senior Management | 6 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Professional Qualified | 18 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Skilled | 13 | 3 | 1 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Semi-Skilled | 10 | 1 | 1 | 0 | 0 | 0 | 0 | 0 |
| Unskilled | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **52** | **6** | **2** | **0** | **0** | **0** | **0** | **0** |

| 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 Employment Equity (EE) target period for Year 3 was from 1 October 2024 to 30 September 2025. During this reporting period, the disability targets were not achieved, as no persons with disabilities were recruited.




The 1st cohort of 42 new recruits is anticipated to bolster RAL's internal capacity to effectively deliver on its road infrastructure development mandate.



# PART E

# STAKEHOLDER ENGAGEMENT AND COMMUNICATIONS



Bridge along road D3505 stands to connect numerous villages in Mogalakwena Local Municipality including Marulaneng, Bokwidi, Ga-Ralenkwe, Thutlane and Segole.

## 1. STAKEHOLDER ENGAGEMENT

Stakeholder management remains a crucial component of RAL's value creation process for the agency's core business. The involvement of stakeholders, according to RAL, is a business necessity, and effective communication amongst stakeholders is essential to the institution's success, community relationships, and interests. Maintaining positive working relationships, controlling social risk, and creating solutions for the social problems that its stakeholders experience are the goals of the institution's stakeholder engagement strategy.

It is the agency's commitment to intentionally interact with stakeholders and use proactive communication with the public. One of the main tenets of the organisation's business plan is stakeholder engagement.

For the 2025/2026 fiscal year, RAL has undertaken and strengthened its stakeholder management initiatives. This has been accomplished through several stakeholder engagements designed to unite important stakeholders behind a common understanding and vision for the development of provincial road infrastructure. RAL through its shareholder representative, the Honourable MEC for Public Works, Roads and Infrastructure, has strengthened its stakeholder engagement initiatives through the stakeholder Tuesday's engagements programme. The Stakeholder Tuesdays was launched and led by the MEC as a centralised intervention by his office with the critical contribution by the agency. RAL continues to play an important role in actively supporting the programme through provision of information, and responses to all the roads queries. All these are done in the spirit of balancing the diverse interests of key needs from our communities.

All stakeholders, including local communities, municipalities, strategic partners, and conventional authorities, play a crucial role in the agency's success. Genuine engagement with stakeholders, according to RAL, comprises hearing what they have to say, building relationships with them, and then addressing their concerns in a way that is advantageous to both sides. The Stakeholder Unit engaged in these activities during the year under review. The engagements have facilitated and enhanced inclusive planning, business performance, and above all the implementation of road infrastructure projects.

The agency was guided by systems put in place to continue prioritising stakeholder engagements, for example, in compliance with Chapter 5, as interpreted, in the King V Report Principle 16. RAL promoted an inclusive stakeholder approach without segregation.

### 1.1 Community Engagement

The needs and concerns of the communities are the focus of RAL's engagement agenda, and to ensure targeted and smooth information flow and engagements, the agency has tightly partnered with the communities in Limpopo, managing the relationships between the communities and the agency.

Communities in the province of Limpopo are still vital to the growth and progressive agenda of RAL. Without these communities' participation, RAL could not fulfil its goals of having both complete projects and the understanding whereas an institution we have delays and challenges. There is no road construction or maintenance activity can succeed if its planning and implementation effort is not driven or influenced by community priorities and interests. Communities are always at the centre of RAL's road planning, construction and maintenance activities.

Guided by this thinking, RAL undertook several initiatives to pro-actively engage various communities to address their legitimate concerns. During the financial year 2025/2026, many community engagements sessions were conducted. These engagements were conducted through visiting affected communities while other voluntarily visited the offices of the agency to seek meetings. The Stakeholder Unit has addressed every community that sought answers to their projects or had concerns to be resolved. Virtual and telephonic engagements were used as complementary methods to physical stakeholder meetings. This assisted to reach out to more communities at a faster rate.

The year under review has also been populated by serious challenges following the projects which were supposed to have started and could not start on time. It is through the stakeholder engagement processes that we were able to guide the process to the next financial year by engaging the affected communities to make them understand both our 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 that to keep advancing RAL's effort for community engagement through outreach programmes that are a common means of communication for RAL.

### 1.2 MUNICIPALITY ENGAGEMENT

RAL collaborated with numerous Limpopo municipalities and departments through intergovernmental relations initiatives to enhance service delivery. All the five municipal districts in Limpopo were given equitable priority attention.

Municipalities through their various stakeholder departments led by their Councillors were furnished with information relating to their municipality's road statuses. This has been through presentations to them in their Integrated Development Programmes (IDPs) and providing status reports on roads in their jurisdictions which they shared with their communities. These engagements had contributed to the improved relationships with the municipalities.

### 1.3 Inter Governmental Relation Engagement

In order to coordinate policies, manage resources, and guarantee smooth service delivery, RAL continues to interact with other branches of government through intergovernmental relations engagement, which is defined as formal and informal interactions between various branches of government (national, provincial, and local).

Through cooperative decision-making, these organised engagements seek to match national priorities with local needs. They also offer procedures to avoid and settle intergovernmental conflicts.

### 1.4 Traditonal Leader's Engagement

RAL continues to recognise the status and role of traditional leadership according to customary law. The agency continues to openly and honestly share its mission, vision and policies to traditional leadership and hold practical steps in achieving common goals. RAL continues to achieve meaningful progress in roads infrastructure projects working together with the traditional leadership. The agency maintains its cordial relationship with traditional leadership to ensure that decisions observe cultural guidance, that disputes are resolved speedily, and that our people see government and traditional leaders as one family working together for their upliftment.

### 1.5 Strategic Partners

The positive impact created by the solid partnership between RAL and various strategic partnership has improved much of Limpopo's provincial road infrastructure. Given the persistent challenge of budgetary constraints facing the agency, the idea of forming strategic partnerships was one of the avenues RAL employed to strengthen its funding environment. RAL continues to earn the trust and confidence of its strategic partners. This was evidenced by the level of funding commitments that were made by our key partners over the years.

RAL concluded strategic partnership agreements to the value of approximately R283.7 million. The positive variance is attributable to successful stakeholder engagements with mining and private sector partners, particularly where road infrastructure supports mining logistics, regional economic activity, community access and strategic provincial corridors. Agreements were concluded with De Beers (R189m), (Kwethu Pty (0.2m), and a joint partnership among Dwarsrivier Chrome Mine, Glencore Alloys, Valterra mine, Northam Platinum and Two Rivers Mine (R94.5m).

### 1.6 SMME Empowerment Programme

The value small, medium and micro enterprises (SMMEs) in the success of RAL's core business cannot be over emphasised. In the context of RAL business, SMMEs are regarded as critical drivers for economic transformation and job creation. The total amount spent on empowering SMMEs through various construction related works for the financial year is R114.91 million.

RAL continued to use SMMEs during the financial year under review, to achieve the National Development Plan (NDP) vision of creating a better South Africa for all by the year 2030. We are fully aware that the NDP anticipates SMMEs to create more jobs and employment opportunities.

### 1.7 Local Labourer Programme

The work of RAL continues to contribute to the empowerment of a considerable number of local labourers in Limpopo Province. Thirty percent of the total value for all the upgrading projects has been set aside for the empowerment of SMMEs and 10% for local labourers. This government initiative has positively contributed to the empowerment goal of RAL.

Work opportunities created were 1 387 that is equivalent to R19,09 million of wages to local labourers who were employed on the road construction projects. A dedicated focus was also given to employing youth, women and people living with disabilities in accordance with the development targets of the country's Extended public Works Programme (EPWP).

## 2. COMMUNICATIONS

The 2025/26 financial year marked a significant period of renewal for RAL, characterised by strengthened governance, enhanced stakeholder confidence, and a renewed focus on positioning the agency as a credible and trusted infrastructure delivery institution. The appointment of the new Board of Directors introduced a fresh strategic outlook and reinforced the agency's commitment to sound governance, accountability, and organisational stability. This transition presented the Communications Unit with an opportunity to reposition the RAL brand and communicate the agency's achievements with greater purpose and impact. Throughout the year, the Communications Unit implemented a proactive communication strategy that focused on restoring confidence in the agency while showcasing the tangible progress being made in road infrastructure delivery across Limpopo. Strategic communication initiatives were deliberately aligned with the priorities of the Limpopo Department of Public Works, Roads and Infrastructure, ensuring that stakeholders received clear, consistent, and coordinated messaging across all communication platforms. A major milestone during the year was the media announcement introducing the new RAL Board of Directors by the MEC for Public Works, Roads and Infrastructure, Honourable Ernest Rachoene. This event served as more than a governance announcement; it became a strategic communication platform that successfully projected a renewed organisational identity and reinforced public confidence in the agency's future direction. Collaboration between RAL and Limpopo Department of Public Works, Roads and Infrastructure continued to strengthen throughout the reporting period. Joint planning, integrated branding, and coordinated stakeholder engagements ensured that communication remained aligned across both institutions. This collaborative approach minimised fragmented messaging, enhanced institutional credibility, and presented a unified government position on infrastructure development initiatives throughout the province. Communication is not merely about sharing information; it is about building trust, strengthening relationships, and demonstrating accountability. During the 2025/26 financial year, RAL continued to utilise strategic communication as a catalyst for stakeholder confidence, organisational renewal, and the promotion of service delivery across the province.

The Communications Unit further supported numerous high-level stakeholder engagements involving the MEC, the Chairperson of the RAL Board, Mr Moses Tseli, and the Chief Executive Officer, Mr Makhitha Chesane. These engagements provided opportunities to profile the agency's leadership collectively while demonstrating a shared commitment to accelerating service delivery and strengthening strategic partnerships. Among the notable communication highlights during the year were the launch of 21 road upgrading projects across Limpopo's five districts, as announced during the Provincial Budget Vote, the conclusion of strategic partnership agreements with De Beers Venetia Mine, and the landmark Memorandum of Agreement signed with six mining companies namely, Kwethu (Pty) Ltd, Valterra (Rustenburg Platinum Mines), Northam Platinum, Glencore, Dwarsrivier, and Two Rivers during the Investing in African Mining Indaba. These milestones demonstrated the agency's growing ability to leverage collaborative partnerships in support of infrastructure delivery while reinforcing stakeholder confidence in RAL's renewed strategic direction. The Communications Unit ensured that these achievements received extensive visibility across multiple communication platforms, showcasing the socio-economic value of public-private collaboration in advancing road infrastructure development. Building on the momentum established in previous years, the Communications Unit continued to adopt a storytelling approach that highlighted the real impact of road infrastructure investment on communities. By profiling completed projects, strategic partnerships, and service delivery milestones, the unit reinforced RAL's role as a catalyst for economic development, improved mobility, and enhanced quality of life for the people of Limpopo. Overall, the 2025/26 financial year reflected a more confident, coordinated, and strategically focused communications function. Through consistent messaging, strengthened collaboration with government partners, and deliberate reputation-building initiatives, the Communications Unit played a meaningful role in positioning RAL as a transparent, accountable, and trusted public infrastructure institution.

### 2.1 Publications

The 2025/26 financial year provided the Communications Unit with an opportunity to further strengthen RAL's corporate publications by focusing on quality, relevance, and improved stakeholder engagement. Publications remained an important communication tool for informing stakeholders about the agency's mandate, achievements, and contribution towards infrastructure development across Limpopo. A significant milestone during the reporting period was the development of a comprehensive corporate brochure. The publication was designed to provide stakeholders with a clear understanding of RAL, its core functions, services, strategic objectives, and the positive impact of its road infrastructure programmes.

The agency also undertook a strategic review of Mmileng, its flagship corporate publication. This review forms part of RAL's continuous commitment to ensuring that its publications remain relevant, contemporary, and responsive to the evolving communication needs of its stakeholders. The review presented an opportunity to reimagine Mmileng as a more dynamic communication platform that better reflects the agency's evolving strategic direction and growing digital presence.

### 2.2 Social media

RAL continued to strengthen its digital presence during the 2025/26 financial year, with social media serving as one of the agency's most effective platforms for stakeholder engagement, public education, and the promotion of infrastructure development initiatives. The Communications Unit adopted a proactive digital communication approach, ensuring that stakeholders received timely, accurate, and visually compelling information on projects, programmes, and strategic partnerships across the province. Throughout the reporting period, RAL's social media platforms provided extensive coverage of key government priorities and road infrastructure programmes that continue to improve the lives of Limpopo communities. Particular emphasis was placed on profiling the progress of road construction and rehabilitation projects, highlighting visible service delivery milestones and demonstrating the positive impact of the department's #Dikgerekgere programme. Through regular project updates, progress photographs, short-form videos, and stakeholder engagement content, the agency successfully showcased the transformation taking place across the provincial road network.

A major communications highlight during the year was RAL's participation at the Investing in African Mining Indaba held in Cape Town. The Communications Unit provided comprehensive coverage of the landmark signing of a multi-party Memorandum of Agreement between RAL and six mining companies, officiated by the Premier of Limpopo, Dr Phophi Ramathuba, and attended by the MEC for Public Works, Roads and Infrastructure, Honourable Rachoene. This strategic partnership, aimed at the rehabilitation and upgrading of key provincial roads, demonstrated the growing confidence of the private sector in the agency and underscored the value of collaborative investment in public infrastructure. Through coordinated digital coverage, the milestone received widespread visibility, further strengthening RAL's reputation as a trusted and credible infrastructure delivery partner.

RAL maintained an active presence across X (formerly Twitter), Facebook, Instagram, LinkedIn, and YouTube, with each platform supporting different stakeholder engagement objectives. Collectively, these platforms enabled the agency to enhance transparency, encourage public participation, respond to stakeholder enquiries, and promote awareness of ongoing road infrastructure programmes.

### 2.3 Public image

The 2025/26 financial year marked a defining period in strengthening the public image of RAL. Building on the foundations established during the previous year, the agency continued to implement deliberate initiatives aimed at reinforcing public confidence, strengthening stakeholder relationships, and positioning RAL as a trusted leader in road infrastructure development. A significant contributor to this renewed confidence was the appointment of the new Board of Directors, which ushered in a renewed sense of stability, strengthened governance, and strategic leadership. The introduction of the new Board signalled the beginning of a new chapter for the agency, reinforcing its commitment to accountability, ethical leadership, and organisational excellence. This positive shift was well received by stakeholders and played a pivotal role in restoring confidence in the agency's strategic direction.

Throughout the reporting period, the Communications Unit implemented a comprehensive Reputation Recovery Strategy designed to reinforce positive perceptions of the agency while showcasing tangible service delivery achievements. The strategy adopted an integrated communications approach that ensured consistent messaging across traditional media, digital platforms, the agency's website, and other stakeholder communication channels. This coordinated approach enhanced message consistency, improved public awareness, and ensured that stakeholders could easily access reliable and up-to-date information about the agency's work. As part of its ongoing commitment to improving stakeholder experience, the agency also undertook the enhancement of its corporate website to create a more modern, user-friendly, and accessible digital platform.

Thestrengthened communication alignment between RAL and the Limpopo Department of Public Works, Roads and Infrastructure, contributed significantly to rebuilding stakeholder trust, minimising reputational risk, and reinforcing a shared commitment to service delivery.

## 2.4 Media relations

Media relations remained a strategic pillar of RAL's communication function during the 2025/26 financial year, supporting the agency's commitment to transparency, accountability, and proactive stakeholder engagement. The Communications Unit continued to strengthen relationships with the media by ensuring the timely dissemination of accurate information while positioning the agency as a credible and reliable source on matters relating to road infrastructure development. The agency maintained a dual approach to media engagement through the management of media enquiries and the proactive distribution of news and information via its established media WhatsApp platform and other communication channels. This approach enabled RAL to communicate key developments effectively while maintaining regular engagement with journalists and media practitioners across the province.

Media interest in the agency continued to grow throughout the reporting period, driven largely by the visible progress monitoring of infrastructure projects and the strategic initiatives championed by the MEC for Public Works, Roads and Infrastructure, Honourable Rachoene. Media responses were coordinated jointly, ensuring that enquiries relating to road infrastructure projects were addressed promptly, accurately, and consistently. This collaborative approach strengthened institutional credibility, reduced the risk of fragmented messaging, and reinforced a unified government voice on matters of public interest.

In addition to managing media enquiries, the unit proactively developed and distributed media statements, public notices, promotional material, and event communication in support of key stakeholder engagements. Communication products were jointly developed to reflect the partnership between RAL and the department, ensuring consistent branding and the prominent profiling of key principals during official programmes and strategic events. The strengthened relationship with the media contributed to increased positive coverage of the agency's work, enhanced public awareness of infrastructure delivery programmes, and reinforced stakeholder confidence in RAL's commitment to transparency, service excellence, and responsive public communication.

## 2.5 Internal communications

RAL continued to recognise its employees as its greatest asset during the 2025/26 financial year. The agency remained committed to fostering an informed, engaged, and motivated workforce through effective internal communication that promotes transparency, collaboration, and organisational alignment. Throughout the reporting period, the Communications Unit continued to implement a structured internal communication programme designed to ensure that employees remained well informed about organisational developments, strategic priorities, operational achievements, and initiatives that support the agency's mandate. This consistent flow of information has contributed to strengthening employees' understanding of the RAL brand, reinforcing their role as ambassadors of the organisation, and cultivating a shared sense of purpose. Ro Thetshelesa, the agency's monthly internal newsletter, remained a key communication platform for sharing organisational news, celebrating staff achievements, highlighting project milestones, and communicating important corporate updates. Direct engagement between leadership and employees also remained an important feature of the agency's internal communication approach.

The Communications Unit further strengthened internal communication by ensuring that all official organisational announcements were disseminated through formal communication channels. This approach promoted consistency, minimised the risk of misinformation, and reinforced confidence in official communication, enabling employees to access accurate and reliable information in a timely manner.

# PART F

# FINANCIAL INFORMATION




D4283 road project, which connects Ga-Malaka to Glencowie in the Sekhukhune District forms part of the upgrading projects completed in 2025/26 financial year.

# CFO'S REPORT

## 1. FINANCIAL OVERVIEW

During the 2025/26 financial year, Roads Agency Limpopo (RAL) operated in a constrained fiscal and infrastructure-delivery environment characterised by a deteriorating road network, significant contractual commitments and increasing demand for road upgrades, maintenance and rehabilitation. Management's priorities were to improve expenditure performance, protect liquidity, manage overcommitment, improve the audit outcome and strengthen financial and supply chain management controls.

Total revenue decreased by R1.130 billion, or 37.4%, from R3.022 billion in 2024/25 to R1.892 billion in 2025/26. The Agency recorded a deficit of R277.613 million, compared with R1.051 billion in the previous year. The current-year deficit was mainly attributable to depreciation and amortisation of R1.615 billion, a loss of R168.380 million on the derecognition of roads and bridges transferred to SANRAL, and impairment losses of R147.414 million.

The Agency recognised additions to property, plant and equipment of R1.640 billion. Cash and cash equivalents increased by R102.600 million to R150.621 million, while total liabilities decreased by R38.642 million to R389.291 million. However, total commitments increased by R800.248 million to R3.057 billion, and negative working capital increased from R61.848 million to R72.451 million. Continued monitoring of commitments against confirmed funding and projected cash flows therefore remains essential.

RAL received an unqualified audit opinion for 2025/26, improving from the qualified opinion received in 2024/25. However, material compliance findings remained in expenditure management and procurement and contract management. Management will focus on sustaining the improved audit opinion while addressing the underlying control weaknesses.

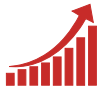


**R1.892BN**

**TOTAL REVENUE**

**37.4% DECREASE**

From R3.022bn in 2024/25



**R277.613M**

**DEFICIT FOR THE YEAR**

**73.6% IMPROVEMENT**

From R1.051bn in 2024/25



**R150.621M**

**CASH & CASH EQUIVALENTS**

**R102.600M INCREASE**

FROM R48.021M IN 2024/25



**R3.057BN**

**TOTAL COMMITMENTS**

**R800.248M INCREASE**

from R2.257bn in 2024/25

## 2. FINANCIAL HIGHLIGHTS

| Indicator | 2025/26 | 2024/25 restated | Movement |
|---|---|---|---|
| Total revenue | R1.892bn | R3.022bn | R1.130bn decrease |
| Government grants and subsidies | R1.465bn | R2.718bn | R1.254bn decrease |
| Deficit for the year | R277.613m | R1.051bn | R773.381m improvement |
| Property, plant and equipment | R22.002bn | R22.292bn | R290.521m decrease |
| Cash and cash equivalents | R150.621m | R48.021m | R102.600m increase |
| Total liabilities | R389.291m | R427.933m | R38.642m decrease |
| Total commitments | R3.057bn | R2.257bn | R800.248m increase |
| Irregular expenditure awaiting condonement | R5.923bn | R6.404bn | R481m decrease |
| Fruitless and wasteful expenditure: closing balance | R54m | R31m | R23m increase |

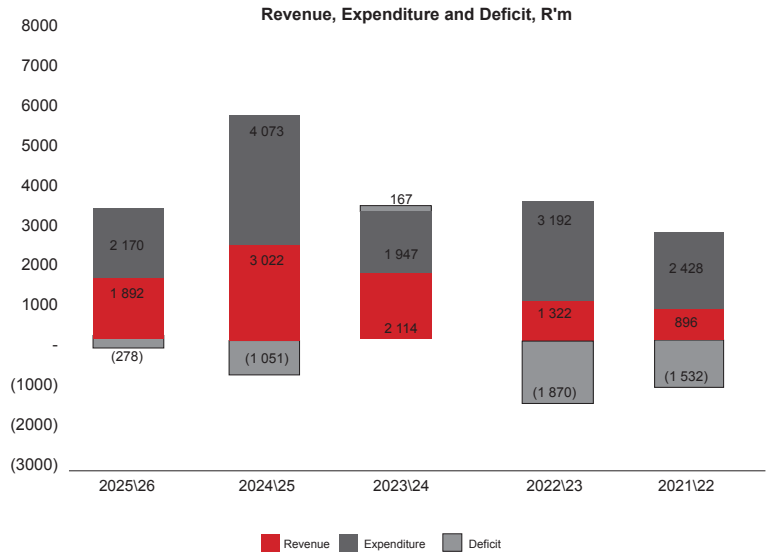
## 3. FINANCIAL PERFORMANCE

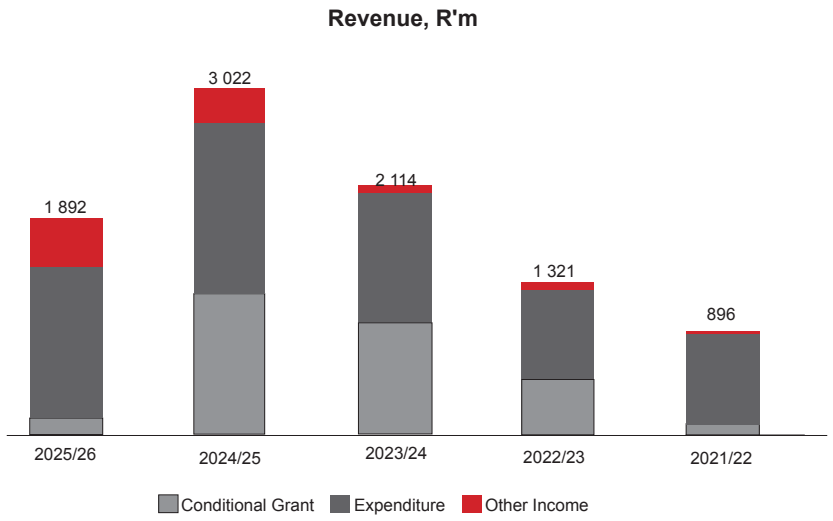
### 3.1 Revenue

Government grants and subsidies recognised as revenue decreased by R1.254 billion, or 46.1%, from R2.718 billion in 2024/25 to R1.465 billion in 2025/26. The current-year amount comprised administration equitable-share funding of R220.110 million, infrastructure equitable-share funding of R673.065 million, conditional grant revenue of R143.699 million and R427.640 million relating to infrastructure projects implemented on behalf of LDPWRI.

Contributions from other entities increased by R116.546 million, or 39.1%, from R297.915 million to R414.461 million. These contributions arose from partnerships with mines, municipalities and SANRAL for the construction and upgrading of road infrastructure. Other income and interest revenue contributed a further R13.225 million.

Government grants and subsidies accounted for 77.4% of total revenue, compared with 90.0% in 2024/25. Conditional grant revenue represented approximately 9.8% of current-year government grants, compared with 45.2% in the previous year.



## 3.2 Expenditure and financial results

The Agency recorded a deficit of R277.613 million, representing an improvement of R773.381 million, or 73.6%, from the R1.051 billion deficit reported in 2024/25. The improvement was driven mainly by the reduction in the loss on derecognition of roads and bridges from R1.822 billion to R168.380 million and the decrease in repairs and maintenance expenditure from R310.045 million to R16.163 million. This improvement occurred despite government grants and subsidies declining by R1.254 billion.

| Expenditure Category | 2025/26 | 2024/25 restated | Movement |
|---|---|---|---|
| Employee-related costs | R126.172m | R119.332m | R6.840m increase (5.7%) |
| Depreciation, amortisation and impairment | R1.762bn | R1.752bn | R10.115m increase (0.6%) |
| Repairs and maintenance | R16.163m | R310.045m | R293.882m decrease (94.8%) |
| Loss on derecognition of roads and bridges | R168.380m | R1.822bn | R1.653bn decrease (90.8%) |
| General expenses | R74.320m | R69.073m | R5.247m increase (7.6%) |
| **Total expenditure** | **R2.170bn** | **R4.073bn** | **R1.903bn decrease (46.7%)** |

## 3.3 Employee-related costs

Employee-related costs increased by R6.840 million, or 5.7%, from R119.332 million to R126.172 million. The increase was mainly attributable to a R3.055 million increase in other allowances and a R2.314 million increase in the leave-pay provision charge. Basic salaries remained largely unchanged at approximately R72.1 million.

Employee-related costs were R19.240 million below the final budget of R145.412 million, mainly because of delays in filling vacant positions. Although this resulted in short-term savings, prolonged vacancies may constrain the Agency's capacity to manage its infrastructure programme and strengthen financial, engineering, SCM and asset-management controls.

## 3.4 Depreciation, amortisation and impairment

Depreciation, amortisation and impairment losses increased by R10.115 million, or 0.6%, from R1.752 billion to R1.762 billion. Depreciation and amortisation increased by R11.548 million to R1.615 billion, while impairment losses decreased marginally by R1.433 million to R147.414 million.

Completed roads and bridges had a carrying value of R18.945 billion, while roads and bridges under construction amounted to R3.001 billion. Together, infrastructure assets accounted for approximately R21.947 billion, or 99.7%, of total property, plant and equipment. The deterioration of the road network, limited maintenance funding and recent excessive rainfall in Vhembe and Mopani continue to expose the Agency to impairment, maintenance and service-delivery risks.

## 3.5 Repairs, maintenance and rehabilitation

Repairs and maintenance expenditure decreased by R293.882 million, or 94.8%, from R310.045 million to R16.163 million. Repairs and maintenance of roads and bridges amounted to R14.837 million. The reduction reflects the transfer of the road maintenance function to LDPWRI and should not be interpreted as an improvement in the condition of the road network.

## 3.6 Derecognition of roads and bridges

Roads and bridges with a carrying amount of R168.380 million were derecognised following their transfer to SANRAL through a government gazette, compared with R1.822 billion in 2024/25. The assets transferred during the current year had an original cost of R175.415 million and accumulated depreciation of R7.035 million. The transaction resulted in a non-cash loss in the Statement of Financial Performance.

## 3.7 General expenses

General expenses increased by R5.247 million, or 7.6%, from R69.073 million to R74.320 million. Consulting and professional fees increased by R14.381 million to R23.164 million, partly because of the appointment of an independent forensic

investigator. The increase was partly offset by reductions in legal expenses of R9.580 million, marketing and public relations expenditure of R3.534 million, rentals of R1.687 million, and subsistence and travel expenditure of R1.291 million.

## 4. FINANCIAL POSITION

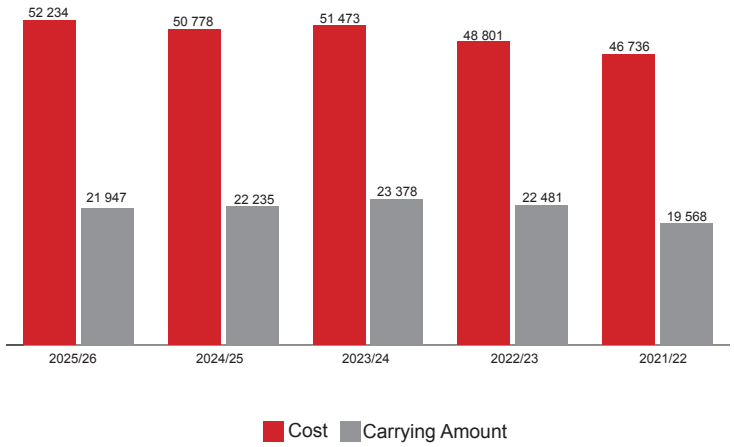
Total assets decreased by R322.325 million, or 1.4%, from R22.589 billion to R22.267 billion. Total liabilities decreased by R38.642 million, or 9.0%, from R427.933 million to R389.291 million. Consequently, net assets decreased by R283.683 million to R21.877 billion, mainly reflecting the deficit for the year and R6.070 million in own revenue transferred or payable to LDPWRI.

### 4.1 Assets and capital investment

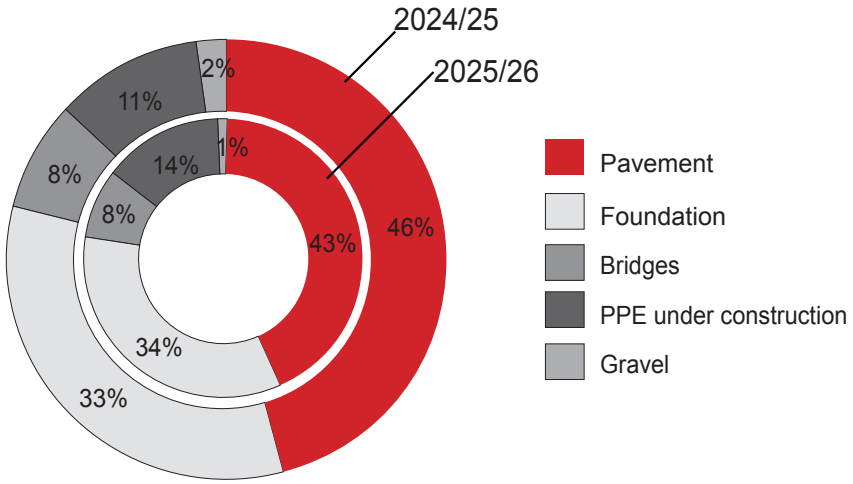
The Agency recognised additions to property, plant and equipment of R1.640 billion. Despite these additions, the carrying value of property, plant and equipment decreased by R290.521 million to R22.002 billion as depreciation, impairment and derecognition exceeded additions. Of the current-year additions, R414.461 million was funded directly through contributions from other entities and R440.745 million related to infrastructure expenditure funded by LDPWRI.

Current assets decreased by R31.926 million to R262.284 million, mainly because receivables from exchange transactions decreased by R136.412 million. This was partly offset by a R102.600 million increase in cash and cash equivalents. Receivables included an advance payment of R96.262 million for steel bridges under the Welisizwe programme.

**Property, Plant and Equipment, R'm**




**Carrying amounts of infrastructure assets,%**




### 4.2 Liabilities

Total liabilities decreased by R38.642 million to R389.291 million. Payables from non-exchange transactions decreased by R86.861 million, mainly because government grants received but not yet spent, declined from R239.961 million to R152.414 million. Retentions decreased by R13.612 million to R94.717 million.

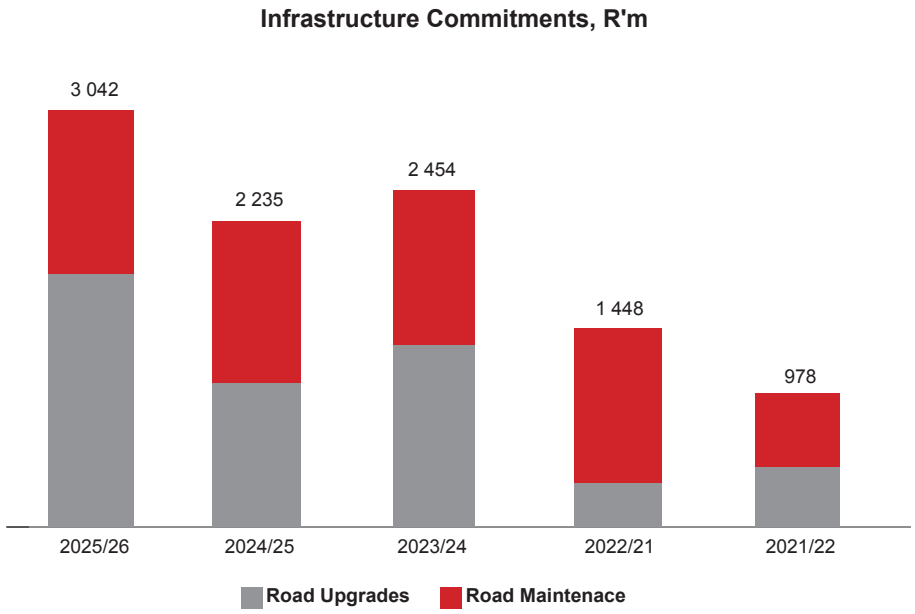
These decreases were partly offset by a R61.831 million increase in payables from exchange transactions to R140.517 million, mainly because of higher trade payables, accrued expenses, performance bonus accruals and other employee-related accruals.

### 4.3 Liquidity and solvency

The liabilities-to-net-assets ratio improved marginally from approximately 1.9% to 1.8%. However, the current ratio declined from 0.83:1 to 0.78:1, while negative working capital increased from R61.848 million to R72.451 million. Although cash increased, current liabilities continued to exceed current assets.

| Liquidity indicator | 2025/26 | 2024/25 restated | Movement |
|---|---|---|---|
| Current ratio | 0.78:1 | 0.83:1 | 0.05 decrease |
| Cash and cash equivalents | R150.621m | R48.021m | R102.600m increase |
| Current assets | R262.284m | R294.210m | R31.926m decrease |
| Current liabilities | R334.735m | R356.058m | R21.323m decrease |
| Negative working capital | R72.451m | R61.848m | R10.603m increase |

The Agency is managing liquidity through cash-flow forecasting, monthly monitoring of commitments and the deferral of projects valued at R657.004 million. Continued government grant funding from LDPWRI remains central to the going-concern assessment.




## 5. COMMITMENTS AND FUNDING SUSTAINABILITY

Total commitments increased by R800.248 million, or 35.5%, from R2.257 billion to R3.057 billion. Capital commitments increased by R807.503 million to R3.042 billion, while operational commitments decreased by R7.255 million to R14.541 million.

| Commitment category | 31 March 2026 | 31 March 2025 | Movement |
|---|---|---|---|
| Road construction | R1.846bn | R1.187bn | R658.650m increase |
| Road maintenance and rehabilitation | R418.994m | R390.996m | R27.998m increase |
| Roads Asset Management System | R120.389m | - | R120.389m increase |
| Projects on hold | R657.004m | R657.004m | No change |
| **Total capital commitments** | **R3.042bn** | **R2.235bn** | **R807.503m increase** |
| Operational commitments | R14.541m | R21.796m | R7.255m decrease |
| **Total commitments** | **R3.057bn** | **R2.257bn** | **R800.248m increase** |

Projects amounting to R657.004 million were deferred as part of measures to manage liquidity and reduce overcommitment. Although these projects are not expected to proceed immediately, they remain contractual commitments and continue to be incorporated into affordability and cash-flow planning.

## 6. CASH-FLOW PERFORMANCE

Net cash generated from operating activities decreased by R1.548 billion, or 67.3%, from R2.301 billion to R753.139 million. The decrease was driven mainly by grant cash receipts declining from R2.895 billion to R949.328 million. The effect was partly offset by operating payments decreasing from R600.657 million to R201.658 million.

Net cash used in investing activities decreased by R1.630 billion, from R2.280 billion to R650.539 million, mainly because cash payments for property, plant and equipment declined. The difference between PPE additions of R1.640 billion and cash purchases of R650.370 million reflects, among other factors, infrastructure funded directly by other entities and expenditure settled by LDPWRI.

| Cash-flow measure | 2025/26 | 2024/25 restated | Movement |
|---|---|---|---|
| Net cash generated from operating activities | R753.139m | R2.301bn | R1.548bn decrease |
| Net cash used in investing activities | (R650.539m) | (R2.280bn) | R1.630bn decrease in outflows |
| Net increase in cash and cash equivalents | R102.600m | R20.284m | R82.316m increase |
| Cash and cash equivalents at year-end | R150.621m | R48.021m | R102.600m increase |

## 7. SUPPLY CHAIN MANAGEMENT

Irregular expenditure incurred during the year decreased by R1.221 billion, or 77.7%, from a restated R1.571 billion to R350.596 million. It arose mainly from project allocations to panel-appointed service providers without further evaluation of price and specific goals. AGSA also identified expenditure incurred without an approved budget and instances where the prescribed preference-point system was not applied.

Management is strengthening panel-utilisation procedures, compliance reviews, budget verification and quality assurance over procurement evaluations. All project-specific panel appointments will be evaluated on price and specific goals before allocation.

Fruitless and wasteful expenditure incurred during the year increased from R5.025 million to R30.159 million, mainly because of interest incurred following a court-ordered payment arrangement. Contract, payment and consequence-management controls will be strengthened to prevent recurrence.

## 8. AUDIT OUTCOME

RAL received an unqualified audit opinion for 2025/26, improving from the qualified opinion received in 2024/25. However, AGSA reported material non-compliance relating to irregular and fruitless and wasteful expenditure, expenditure incurred without an approved budget, uneconomical use of resources and failure to apply the prescribed preference-point system in certain procurements.

Material misstatements identified in the annual performance report were corrected, resulting in no material findings in the final audit report. AGSA also highlighted infrastructure underspending of R56.152 million and significant uncertainties arising from ongoing litigation. The unqualified opinion should therefore be viewed as progress in financial reporting rather than the achievement of a clean audit.

## 9. PRIORITIES FOR 2026/27

1. Strengthen quarterly and year-end financial statement reviews.
2. Expedite the condonation of irregular expenditure.
3. Monitor commitments against budgets, funding and cash flows.
4. Evaluate panel appointments on price and specific goals.
5. Conduct periodic road-condition and asset-life assessments.
6. Strengthen controls to prevent irregular and fruitless and wasteful expenditure.

## 10. IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

### 10.1 Irregular expenditure awaiting condonement

| Description | 2025/26 (R million) | 2024/25 (R million) |
|---|---|---|
| Opening balance | 6 404 | 8 670 |
| Prior-period error | (119) | - |
| **Opening balance as restated** | **6 285** | **8 670** |
| Add: Irregular expenditure incurred in the current year | 351 | 1 744 |
| Add: Irregular expenditure relating to prior years | - | - |
| Less: Amounts condoned or written off | (541) | (4 010) |
| Less: Prior-year adjustments | (172) | - |
| **Irregular expenditure awaiting condonement** | **5 923** | **6 404** |
| Opening balance | 31 | 27 |
| Less: Amounts recovered | (7) | - |
| Add: Expenditure incurred in the current year | 30 | 5 |
| **Closing balance** | **54** | **31** |




#DikgerekgereWednesdays service delivery programme provides temporary relief on unpaved roads to ensure access for communities across Limpopo.

# DIRECTORS REPORT

(Registration Number 2001/025832/30)

Financial Statements for the year ended 31 March 2026

## 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 integrity of the audited annual financial statements and related financial information included in this annual report. It is the responsibility of the Board of Directors to ensure that audited annual financial statements fairly represent the state of affairs of Roads Agency Limpopo (SOC) Ltd as at the end of the financial year and the results of its operations and cash flows for the period ended.

These financial statements have been prepared using appropriate accounting policies, supported by reasonable and prudent judgment and estimate, in conformity, in all material respects with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP).

The directors acknowledge that they are ultimately responsible for the system of internal controls established by the entity and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards of internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of authority within a clearly defined framework, accounting procedures and adequate segregation of duties to ensure acceptable levels of risk. These controls are monitored throughout the entity and employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to maintain it by ensuring that appropriate infrastructure, control, systems and ethical behaviours are applied and managed within predetermined procedures and constraints.

The Board of Directors is of the opinion that the financial statements fairly represent the financial position of Roads Agency Limpopo (SOC) Ltd. The Auditor-General South Africa, who are the independent auditors of Roads Agency Limpopo (SOC) Ltd, are engaged to express an opinion on the annual financial statements and were given unrestricted access to all financial records and related data, including minutes of the Board of Directors, the Committees of the Board and the management of the Roads Agency Limpopo (SOC) Ltd. The Board of Directors has no reason to believe that all representations made to the independent auditors during the audit are not valid and appropriate. The Board of Directors further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Board of Directors to suggest that the 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 94 to 140 were approved by the Board of Directors and are signed on their behalf by:



**Mr. M.J. Chesane**
**Chief Executive Officer**
**31 July 2026**



**Mr. R.M. Tseli**
**Chairperson: Board of Directors**
**31 July 2026**

# DIRECTORS' REPORT




The newly rehabilitated Road D3715 from Madonbidzha to Sinthumule has amongst others, improved access to Madadonga Primary School.

**THE BOARD OF DIRECTORS OF THE ROAD AGENCY LIMPOPO (SOC) LTD HAS PLEASURE IN PRESENTING THE ANNUAL REPORT ON THE ACTIVITIES OF THE ENTITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026.**

## REVIEW OF ACTIVITIES

### 1. MAIN ACTIVITIES AND OPERATIONS

The Roads Agency Limpopo (SOC) Ltd (RAL) 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, Honourable Ernest S Rachoene, is the Executive Authority of the agency. The Roads Agency Limpopo (SOC) Ltd receives its revenue from the Limpopo Department of Public Works, Roads and Infrastructure.

During the financial year being reported on, RAL managed to raise an amount of R319 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 Board of Directors 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 Board of Directors are 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 Board of Directors retains full control of the strategic planning and direction of the agency and acknowledges 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. The Board of Directors is a unitary structure currently comprising of eight Board Members, four of whom are independent non-executive Board Members, and four are ex officio board members, being the Chief Executive Officer, a Board Member nominated to represent the Limpopo Provincial Treasury, a Board Member nominated to represent the Limpopo Department of Transport and Community Safety and a Board Member nominated to represent the Limpopo Department of Public Works, Roads and Infrastructure in terms of section 12(3)(a), 12(3)(Aa) and 12(3)(aB), respectively, of the Limpopo Province Roads Agency Proprietary Limited and Provincial Roads Act 7 of 1998, as amended.

The Board of Directors 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 Board Performance Agreement with the Board of Directors 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 Chief Executive Officer

The Board of Directors held quarterly meetings, as required, for the purpose of considering and approving statutory quarterly submissions and executed its collective fiduciary duties in line with the PFMA, Companies Act and the establishing Act of RAL. The Board of Directors, under the leadership of the Chairperson, created a conducive environment for maintaining and exercising continuous oversight of organisational effectiveness and efficiency, and Board performance and effectiveness. The Chairperson is an independent non-executive director, and the roles of the Chairperson and the Chief Executive Officer are separate. The Board performs its functions jointly, as a collective, and no single individual Director has absolute and unfettered powers of discretion.

The 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 Committee held three 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 Board held their scheduled meetings for the year. All documents that were tabled for approval have been so approved by the Board of Directors 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 Board, 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 directors of the entity during the year and to the date of this report are as follows:

| | |
|---|---|
| **Mr. R.M. Tseli** | Chairperson of the Board of Directors |
| **Ms. S. Mamvura** | Independent Non-Executive Director |
| **Ms. T.M. Ramabulana** | Independent Non-Executive Director |
| **Mr. C.B. Mnisi** | Independent Non-Executive Director |
| **Mr. S.E Tema** | Ex Officio Director representing the Limpopo Provincial Treasury |
| **Ms. N.A Moloisi** | Ex Officio Director representing the shareholder Department of RAL, Limpopo Department of Public Works, Roads and Infrastructure |
| **Ms. M.A Nhlane-Mthimkulu** | Ex Officio Director representing the Limpopo Department of Transport and Community Safety |
| **Mr. M.J. Chesane** | Ex Officio Director in his capacity as Chief Executive Officer of RAL |

## 11. COMPANY SECRETARY AND CHIEF LEGAL COUNSEL

Ms. Kagiso M.S. Komana ACG(CS)(AAArb)(Legal Practitioner) was the Acting Company Secretary and Chief Legal Counsel of RAL during the year under review.

## 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.

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

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Roads Agency Limpopo SOC LTD set out on pages 94 to 140, which comprise the statement of financial position as at 31 March 2026, statement of financial performance, statement of changes in 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, the financial statements present fairly, in all material respects, the financial position of Roads Agency Limpopo SOC Ltd as at 31 March 2026 and its financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Companies Act 71 of 2008 (Companies Act).

### Basis for opinion

3. 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.

4. 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.

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

### Emphasis of matters

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

### Underspending of the budget

7. As disclosed in note 12, the public entity underspent its budget by R56 152 000 on roads infrastructure.

### Significant uncertainties

8. With reference to note 30 to the financial statements, the public entity is the defendant in several lawsuits which it is opposing the claims. The ultimate outcome of these matters could not be determined and no provision for any liability that may result was made in the financial statements.

### Responsibilities of the accounting authority for the financial statements

9. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP, PFMA and 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.

10. In preparing the financial statements, the accounting authority is responsible for assessing the public entity'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

11. 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.

12. 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 88-90, forms part of my auditor's report.

## Report on the audit of the annual performance report

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.

13. I selected the following programme presented in the annual performance report for the year ended 31 March 2026 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.

| Programme | Page numbers | Purpose |
|---|---|---|
| Programme 2: Roads infrastructure | 8-15 | 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. |

14. 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.

15. 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 it incators relevant for measuring the entity's performance against its prima;y.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.

16. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

17. I did not identify any material findings on the reported performance information for the selected programme.

## Other matters

18. I draw attention to the matters below.

## Achievement of planned targets

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

20. 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 are included in the annual performance report on pages 27 to 34.

## Programme 2: Roads Infrastructure

Targets achieved: 87%

Budget spent: 92%

| Key indicator not achieved | Planned target | Reported achievement |
|---|---|---|
| Number of square metres of surfaced roads resealed. | 112 150 | 38 150 |
| Number of women employed | 728 | 690 |

## Material misstatements

21. I identified preventable material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for roads infrastructure. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

## Report on compliance with legislation

22. 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 public entity's compliance with legislation.

23. 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.

24. 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 entity, 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.

25. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows;

## Expenditure management

26. Effective and appropriate steps were not taken to prevent irregular expenditure, as required by section 51 (1 )(b)(ii) of the PFMA. The majority of the irregular expenditure disclosed in the financial statements was caused by the irregular appointment of service providers which were provided with specific projects without further evaluations through pricing and specific goals.

27. Effective and appropriate steps were not taken to prevent fruitless and wasteful expenditure, as required by section 51 (1 )(b)(ii) of the PFMA. The majority of the fruitless and wasteful expenditure disclosed in the financial statements was caused by the incurrence of interest on a project, whereby the entity was instructed by the court to fulfil the payment arrangement as per the work done by the service provider.

28. Expenditure was incurred without an approved budget, in contravention of section 53(4) of the PFMA.

29. Resources of the entity were not utilised economically, as required by section 57(b) of the PFMA.

## Procurement and contract management

30. The preference point system was not applied in some of the procurement of services as required by section 2(a) of the Preferential Procurement Policy Framework Act 5 of 2000 and treasury regulation 16A6.3(b). This non-compliance was identified in the procurement processes for the infrastructure projects

## Other information in the annual report

31. 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. 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.

32. 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.

33. 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.

34. 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

35. 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.

36. 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.

37. The accounting authority did not ensure that reported performance information is supported by accurate and complete documents.

38. 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.

39. The accounting authority did not adequately review and monitor compliance with legislations.

## Material irregularities

40. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit.

Material irregularities identified during the audit

Material irregularities in progress

41. I identified material irregularities during the audit and notified the accounting authority of these, as required by material irregularity regulation 3(2). By the date of this auditor's report, the responses of the accounting authority were not yet due.

## Other reports

42. 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.

43. An independent forensic investigator was appointed to investigate allegations of fraud and corruption which include, but is 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 31 August 2026.

Auditor-General

**Polokwane**
31 July 2026




RAL rehabilitated road D3901 in Bismark improving access to the R36 to Tzaneen town and Hoedspruit.

# 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 entity'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 entity'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 entity 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 the entity 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.

**Communication with those charged with governance**

I communicate with the accounting 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)<br>PFMA 53(4)<br>PFMA 55(1 )(a)<br>PFMA 55(1)(b)<br>PFMA 55(1 )(c)(i)<br>PFMA 57(b)<br>PFMA 54(2)(c)<br>PFMA 54(2){d)<br>PFMA 66(4) |
| Preferential Procurement Regulations of 2022 (PPR) | PPPFA (definition of acceptable tender)<br>PPPFA section 2(1) (a)<br>PPFA 2(1 )(f)<br>2017 Preferential Procurement reg 6(8), 7(8), 10(1)&(2) & 11(1)<br>2022 Preferential Procurement reg 4(4)<br>Preferential Procurement reg {2017} 5(1) & 5(3)<br>Preferential Procurement reg 2017 5(6)<br>Preferential Procurement reg 2017 5(7)<br>Preferential Procurement reg {2017} 4(1) & 4(2)<br>Preferential Procurement reg {2017} 9(1) |
| Limpopo Roads Agency Limited and Provincial Roads Act 7 OF 1998 | All |
| Treasury Regulation | TR 31.1.2(c)<br>TR 31.2.1<br>TR 30.1.1<br>TR 16A.7.1<br>TR 16A.7.3<br>TR 16A.7.6<br>TR 16A.7.7<br>TR 16A9.1 (b)(ii)<br>TR 33.1.1<br>TR 31.2.5<br>TR 31.2.7(a)<br>TR16A8.4 |
| Construction Industry Development Board Act | CIDB Act 18(1) |
| Construction Industry Development Board Regulations | CIDB reg. 17;<br>CIDB reg. 25(7A) |
| SCM instruction note | SCM instruction note 2 of 2021/22 par. 3.2.1<br>SCM instruction note 2 of 2021/22 par. 3.2.4<br>SCM Instruction Note 02 of 2021-22 par 3.2.1 (bids advertised on or after 1 April 2022)<br>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<br>NT Instruction 4A of 2016/17 par 6 |

| Legislation | Sections or regulations |
|---|---|
| PFMA Instruction Note | FFMA SCM instruction note 03 of 2021/22 par 4.1.<br>PFMA instruction note no.3 of 2021/22 definition<br>PFMA instruction note no.3 of 2021/22 par. 4.2 (b)<br>PFMA SCM Instruction No. 3 of 2021/22 par. 7.2 (tenders advertised on or after 1 April 2022)<br>PFMA SCM instruction note 03 of 2021/22 par 4.1.<br>PFMA instruction note no.3 of 2021/22 definition<br>PFMA instruction note no.3 of 2021/22 par. 4.2 (b)<br>PFMA instruction note no.3 of 2021/22 par. 4.3<br>PFMA instruction note no.3 of 2021/22 par. 4.4 (c) |
| Companies Act | Co Act 46(1 )(a)<br>Co Act 46(1 )(b)<br>Co Act 46(1)(c) |

# PART G

# FINANCIAL STATEMENTS




The completion of the Steelpoort River Bridge upgrade and maintenance project has brought much-needed relief by reducing the persistent traffic congestion that has long frustrated residents of Ga-Malekana and the Steelpoort area, especially during peak hours.



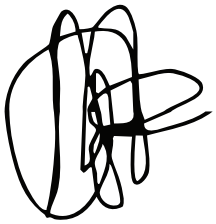
| | |
|---|---|
| Country of incorporation and domicile | South Africa |
| Nature of business and principal activities | Roads infrastructure construction |
| Business address | 26 Rabe street |
| | Polokwane |
| | 0699 |
| Postal address | Private Bag x 9554 |
| | Polokwane |
| | 0700 |
| Controlling 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 |

# INDEX

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


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| Cash Flow Statement | 97 |
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| Significant Accounting Policies | 100 |
| Notes to the Annual Financial Statements | 115 |


The annual financial statements set out on page 94-140, which have been prepared on the going concern basis, were approved on 31 March 2026 and were signed on its behalf by



**M.J Chesane**
Chief Executive Officer



**R.M Tseli**
Chairperson: Board of Directors

# STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2026

| Figures in Rand thousand | Note(s) | 2026 | 2025 Restated* |
|---|---|---|---|
| **Assets** | | | |
| **Current Assets** | | | |
| Inventories | 7 | 464 | 319 |
| Receivables from exchange transactions | 8 | 109 458 | 245 870 |
| Receivables from non-exchange transactions | 13 | 1 741 | - |
| Cash and cash equivalents | 9 | 150 621 | 48 021 |
| | | **262 284** | **294 210** |
| **Non-Current Assets** | | | |
| Property, plant and equipment | 3 | 22 001 626 | 22 292 147 |
| Intangible assets | 4 | 406 | 284 |
| Other financial assets | 6 | 2 340 | 2 340 |
| | | **22 004 372** | **22 294 771** |
| **Total Assets** | | **22 266 656** | **22 588 981** |
| **Liabilities** | | | |
| **Current Liabilities** | | | |
| Retentions | 5 | 40 161 | 36 454 |
| Payables from exchange transactions | 11 | 140 517 | 78 686 |
| Payables from non-exchange transactions | 12 | 154 057 | 240 918 |
| | | **334 735** | **356 058** |
| **Non-Current Liabilities** | | | |
| Retentions | 5 | 54 556 | 71 875 |
| **Total Liabilities** | | **389 291** | **427 933** |
| **Net Assets** | | **21 877 365** | **22 161 048** |
| Share capital / contributed capital | 10 | 1 | 1 |
| Accumulated surplus | | 21 877 364 | 22 161 047 |
| **Total Net Assets** | | **21 877 365** | **22 161 048** |

# STATEMENT OF FINANCIAL PERFORMANCE

| Figures in Rand thousand | Note(s) | 2026 | 2025 Restated* |
|---|---|---|---|
| **Revenue** | | | |
| **Revenue from exchange transactions** | | | |
| Other income | 17 | 8 292 | 1 496 |
| Interest income | 18 | 4 933 | 4 255 |
| **Total revenue from exchange transactions** | | **13 225** | **5 751** |
| **Revenue from non-exchange transactions** | | | |
| **Transfer revenue** | | | |
| Government grants and subsidies | 19 | 1 464 514 | 2 718 216 |
| Contributions by other entities | 20 | 414 461 | 297 915 |
| **Total revenue from non-exchange transactions** | | **1 878 975** | **3 016 131** |
| **Total revenue** | 14 | **1 892 200** | **3 021 882** |
| **Expenditure** | | | |
| Employee related costs | 21 | (126 172) | (119 332) |
| Depreciation and amortisation | 22 | (1 614 724) | (1 603 176) |
| Impairment loss | 23 | (147 414) | (148 847) |
| Interest and penalties | 24 | (22 430) | (966) |
| Repairs and maintenance | 16 | (16 163) | (310 045) |
| Impairment loss allowance on receivables | | (161) | 132 |
| Derecognition of roads and bridges | 26 | (168 380) | (1 821 515) |
| Loss on disposal of assets | 15 | (49) | (54) |
| General Expenses | 25 | (74 320) | (69 073) |
| **Total expenditure** | | **(2 169 813)** | **(4 072 876)** |
| **Deficit for the year** | | **(277 613)** | **(1 050 994)** |

# STATEMENT OF CHANGES IN NET ASSETS

| Figures in Rand thousand | Share capital contributed capital | Accumulated surplus / deficit | Total net assets |
|---|---|---|---|
| Opening balance as previously reported | - | 23 247 146 | 23 247 146 |
| Correction of errors | - | (29 374) | (29 374) |
| **Balance at 01 April 2024 as restated*** | 1 | **23 217 772** | **23 217 773** |
| Changes in net assets | | | |
| Transfer of own revenue | - | (5 731) | (5 731) |
| Net income (losses) recognised directly in net assets | - | (5 731) | (5 731) |
| Deficit for the year | - | (1 050 994) | (1 050 994) |
| Total recognised income and expenses for the year | - | (1 056 725) | (1 056 725) |
| Total changes | - | (1 056 725) | (1 056 725) |
| **Restated* Balance at 01 April 2025** | - | **22 161 047** | **22 161 048** |
| Changes in net assets | | | |
| Transfer of own revenue | - | (6 070) | (6 070) |
| Net income (losses) recognised directly in net assets | - | (6 070) | (6 070) |
| Deficit for the year | - | (277 613) | (277 613) |
| Total recognised income and expenses for the year | - | (283 683) | (283 683) |
| Total changes | - | (283 683) | (283 683) |
| **Balance at 31 March 2026** | 1 | **21 877 364** | **21 877 365** |

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

# CASH FLOW STATEMENT

| Figures in Rand thousand | Note(s) | 2026 | 2025 Restated* |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| **Receipts** | | | |
| Grants | | 949 328 | 2 895 431 |
| Interest income | | 4 133 | 4 212 |
| Other receipts | | 1 336 | 1 781 |
| | | 954 797 | 2 901 424 |
| **Payments** | | | |
| Employee costs | | (117 069) | (120 678) |
| Goods and services | | (69 752) | (78 466) |
| Interest and penalties | | - | (966) |
| Repairs and maintenance | | (14 837) | (309 145) |
| Other payments | | - | (91 402) |
| | | (201 658) | (600 657) |
| **Net cash flows from operating activities** | 28 | **753 139** | **2 300 767** |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | 3 | (650 370) | (2 280 483) |
| Proceeds from sale of property, plant and equipment | 3 | 121 | - |
| Purchase of other intangible assets | 4 | (290) | - |
| **Net cash flows from investing activities** | | **(650 539)** | **(2 280 483)** |
| **Net increase/(decrease) in cash and cash equivalents** | | **102 600** | **20 284** |
| Cash and cash equivalents at the beginning of the year | | 48 021 | 27 737 |
| **Cash and cash equivalents at the end of the year** | 9 | **150 621** | **48 021** |

# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

**Budget on Accrual Basis: Budget period 2025/26 financial year**

| 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) | 1 352 | (150) | 1 202 | 8 292 | 7 090 | #1 |
| Interest received - investment | 2 098 | 400 | 2 498 | 4 933 | 2 435 | #2 |
| **Total revenue from exchange transactions** | **3 450** | **250** | **3 700** | **13 225** | **9 525** | |
| **Revenue from non-exchange transactions** | | | | | | |
| **Transfer revenue** | | | | | | |
| Government grants & subsidies | 958 617 | (9 289) | 949 328 | 1 464 514 | 515 186 | #8 |
| Contributions by other entities | - | - | - | 414 461 | 414 461 | #3 |
| **Total revenue from non-exchange transactions** | **958 617** | **(9 289)** | **949 328** | **1 878 975** | **929 647** | |
| **Total revenue** | **962 067** | **(9 039)** | **953 028** | **1 892 200** | **939 172** | |
| **Expenditure** | | | | | | |
| Employee related costs | (145 417) | 5 | (145 412) | (126 172) | 19 240 | #4 |
| Depreciation and amortisation | - | - | - | (1 614 724) | (1 614 724) | #3 |
| Impairment loss/ Reversal of impairments | - | - | - | (147 414) | (147 414) | #3 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Interest and penalties | (10) | 10 | - | (22 430) | (22 430) | #3 |
| Repairs and maintenance | (5 780) | 1 800 | (3 980) | (16 163) | (12 183) | #5 |
| Impairment loss allowance on receivables | - | - | - | (161) | (161) | #3 |
| Derecognition of roads and bridges | - | - | - | (168 380) | (168 380) | #3 |
| Loss on disposal of assets | - | - | - | (49) | (49) | #3 |
| General Expenses | (80 349) | 6 885 | (73 464) | (74 320) | (856) | #6 |
| **Total expenditure** | **(231 556)** | **8 700** | **(222 856)** | **(2 169 813)** | **(1 946 957)** | |
| **Operating deficit** | **730 511** | **(339)** | **730 172** | **(277 613)** | **(1 007 785)** | |
| **Surplus/(Deficit) for the year** | **730 511** | **(339)** | **730 172** | **(277 613)** | **(1 007 785)** | |
| Property, plant and equipment | (727 061) | 589 | (726 472) | (1 639 998) | (913 526) | #7 |
| | 3 450 | 250 | 3 700 | (1 917 611) | (1 921 311) | |

**Comments and variance analysis**

**#1. Other Income:** Other income increased due to the recovery of fruitless expenditure from a contractor arising from non-performance on the contractor's part.

**#2. Interest Received:** Interest exceeded budget due to higher bank balance held in the current financial year.

**#3: Contributions by other entities, derecognition of roads and bridges, impairment loss allowance on receivables, loss on disposal of assets, depreciation and amortisation and interest and penalties:** The entity does not budget for contributions by other entities, Other revenue from exchange transactions 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 related costs:** Underspending in employee costs resulted from delays in filling vacant positions.

**#5. Repairs and maintenance:** The over-expenditure arises from gravel road projects rolled over from the prior year without a current-year budget allocation. These projects have since been completed.

**#6. General expenses:** Professional fees, licences, conferences and seminars were higher than anticipated due to increased training requirements for new recruits, licence-related expenditure and the appointment of an investigation contractor to review certain RAL processes.

**#7. Property, Plant and Equipment:** Over-expenditure is attributable to implementation of Limpopo Public Works projects that were not budgeted for, however payment was made by LDPWRI.

**#8. Government grants & Subsidies:** Over-utilisation of the government grant is attributable to Limpopo Department of Public Works projects that were not included

in the approved budget. The payment of these projects being made by LDPWRI.

# SIGNIFICANT 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

#### 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, it's 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:

| 1.4 Property, plant and equipment (continued) | | |
|---|---|---|
| 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/ Foundation | 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.

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).

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:

### 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 | Depreciation method | Average useful life |
|---|---|---|
| Computer software | Straight-line | 3 years |
| Website design | Straight-line | 3 years |

### 1.6 Financial instruments

The entity adopted the revised Standard of GRAP on Financial instruments (GRAP 104) in the financial year under review. The revised standard came into effect from 1 April 2025. The key focus areas of the revised GRAP 104 are new impairment model (Expected Credit Losses- ECL), simplified Classification and Measurement of financial assets and enhanced Disclosure requirements.

Financial instruments are any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity. They are recognised in the statement of financial position when the entity becomes party to the contractual provisions of the instrument.

#### Classification and Measurement

Financial instruments are recognised when the entity becomes a party to the contractual provisions of the instruments and initially measured at fair value. Subsequent to initial measurement, financial assets are measured at amortised cost using the effective interest method, less expected credit losses and financial liabilities are measured at amortised cost using the effective interest method.

The effective interest method calculates the amortised cost of a financial asset or financial liability and allocated interest income or interest expense over the relevant

period. The effective interest rate discounts estimated future cash receipts or payments over the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability.

Where the effect of discounting is immaterial due to the short-term nature of the financial asset, the financial asset is measured at the original amount receivable, less expected credit losses.

Where the effect of discounting is immaterial due to the short-term nature of the financial liability, the financial liability is measured at the invoice amount, certified amount or approved settlement amount.

### Classification

a) Financial assets

Financial assets are classified on initial recognition based on the contractual cash-flow characteristics and the basis on which the asset is managed. The entity distinguishes between the assets measured at amortised cost and those measured at fair value through surplus and deficit.

The entity has the following types of financial assets (classes and category) as reflected on the face of the Statement of financial position or in the notes thereto:

| Class | Category |
|---|---|
| Cash and cash equivalents | Financial asset measured at amortised cost |
| Receivables from exchange transaction | Financial asset measured at amortised cost |
| Receivables from non exchange transactions | Financial asset measured at amortised cost |

### 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.

### Receivables from exchange transactions

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.

b) Financial liabilities

Financial liabilities are generally measured at amortised cost unless another measurement basis is required by the relevant GRAP standard. Payables and retention are assessed individually based on contractual terms.

The entity's financial liability measured at amortised cost (classes and category) as reflected on the face of the Statement of financial position or in the notes thereto:

| Class | Category |
|---|---|
| Payables from exchange transactions | Financial liability measured at amortised cost |
| Payables from non exchange transactions | Financial liability measured at amortised cost |
| Retention | Financial liability measured at amortised cost |

### Payable from exchange transactions

The carrying amount of these payables from exchange transaction approximates fair value due to the short period to maturity of these instruments.

Payables and receivables from non-exchange transactions

Payables and receivables from non-exchange transactions are assessed separately. Where a receivable or payable arises from legislation rather than a contract, it is accounted for under the applicable GRAP standard and not as a

financial instrument, unless it meets the definition of a financial instrument under GRAP 104.

### Impairment of financial assets

The entity assesses financial assets measured at amortised cost for impairment at each reporting date.

The entity recognises a loss allowance for expected credit losses (ECL) on financial assets measured at amortised cost. In contrast to the previous incurred loss model, the revised standard requires the entity to assess whether a significant increase in credit risk has occurred since initial recognition. The expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition. Lifetime expected credit losses is recognised if there has been a significant increase in credit risk.

Expected credit loss assessment considers historical payment patterns, ageing of outstanding balances, debtor-specific recoverability, disputed balances, evidence of financial difficulty, current conditions and supportable forward-looking information.

For receivables the entity applies an expected credit loss approach. Receivables are grouped according to similar credit risk characteristics, including debtor type, age of debt, payment history, funding source and recoverability indicators.

Impairment gains and losses are recognised in surplus or deficit.

The carrying amount of the financial asset is reduced through an allowance account, unless the entity has no reasonable expectation of recovery. Where there is no reasonable expectation of recovery, the financial assets is written off in accordance with the entity's approved debt management and delegation processes.

Recoveries of amount previously written off are recognised in surplus or deficit when received or when the entity regains an enforceable right to recover the amount.

### 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 Risks

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

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential. 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 provided in exchange for the termination of an employee's employment as a result of either: (a) an entity's decision to terminate an employee's employment before the normal retirement date; or (b) an employee's decision to accept an offer of benefits in exchange for the termination of employment.

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 non-monetary benefits (for example, medical:

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: 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 an 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, which-ever is earlier.

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

Contribution 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 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.

## 1.17 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.

## 1.18 Fruitless and wasteful expenditure

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

The accounting treatment of fruitless and wasteful expenditure is guided by National Treasury Instruction Note No. 4 of

2022/2023, issued in terms of sections 76(1) to 76(4) of the PFMA and effective from 3 January 2023.

Fruitless and wasteful expenditure that is incurred and confirmed must be recorded in the annual financial statements, including comparative information for the prior financial year. All such expenditure is recognised as an expense in the statement of financial performance in the year in which it is incurred. The expenditure is classified according to the nature of the underlying transaction, and any subsequent recovery is recognised as revenue in the statement of financial performance.

The entity maintains a Fruitless and Wasteful Expenditure Register, which records confirmed cases, their status, and actions taken. Suspected cases are reported immediately to the accounting authority and Treasury.

The accounting authority assesses each instance to determine whether disciplinary action or recovery should be initiated, taking into account the nature and magnitude of the expenditure and the circumstances surrounding the transgression. Recovery processes, including receivables or write-offs, are undertaken in accordance with consequence management policies and Treasury Regulations.

Where recovery is not possible, the accounting authority may approve the write-off of the related receivable, subject to internal governance requirements and compliance with the PFMA and relevant Treasury Regulations. Once approved, the written-off amount must be removed from the Fruitless and Wasteful Expenditure Register.

## 1.19 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. the PFMA; or
b. the State Tender Board Act, 1968 (Act No. 86 of 1968), and its regulations made in terms of the Act; or
c. any provincial legislation governing providing for procurement procedures in that provincial government.

Irregular expenditure arises when expenditure is incurred in contravention of applicable legislation. Irregular expenditure is triggered when the underlying transaction results in an expense recognised in the statement of financial performance or asset recognised in the statement of financial position. The earlier of the receipt of an invoice or payment triggers the recognition of irregular expenditure. Confirmed irregular expenditure is recorded in the irregular expenditure register and disclosed in the notes to the annual financial statements.

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

### Recording and disclosure

All irregular expenditure incurred and confirmed during the financial year must be recorded in the irregular expenditure register and disclosed in the annual financial statements, including comparative information.

Irregular expenditure incurred in the previous financial year and condoned in the current financial year must be updated in the register and reflected in the disclosure note.

### Condoned irregular expenditure

Irregular expenditure incurred and identified during the current year, and condoned before year end or before the finalisation of the financial statements, must be recorded in the register, and the disclosure note must be updated. No further action is required.

### Irregular expenditure awaiting condonement

Irregular expenditure incurred and identified during the current year for which condonement is still awaited at year end must be recorded in the register and disclosed in the financial statements. No further action is required pending the outcome.

### Irregular expenditure not condoned

If irregular expenditure is incurred and identified during the current year and not condoned by the National Treasury or the relevant authority, it must remain recorded in the register.

Where liability can be attributed to an individual, a debt account must be created, and immediate steps must be taken to recover the amount.

If recovery is not possible, the accounting officer or authority may write off the amount as debt impairment, subject to internal approval aligned to consequence management procedures, and must disclose the write-off in the financial statements.

Where no individual is liable and the irregular expenditure is not condoned, the expenditure must remain against the relevant programme or item and be disclosed accordingly.

### Governance and consequence management

The entity maintains an Irregular Expenditure Register capturing confirmed cases, their status, and actions taken. Suspected irregular expenditure is reported immediately to the accounting authority and Treasury

The accounting authority evaluates each instance to determine whether disciplinary action or recovery should be pursued, considering the nature and magnitude of the expenditure and the circumstances of the transgression. Recovery actions, including receivables and condonement processes, are undertaken in line with consequence management policies and Treasury Regulations

All confirmed and investigated irregular expenditure is submitted to the National Treasury or the relevant authority for condonement in accordance with the PFMA and Treasury Regulations.

## 1.20 Budget information

Entity is subject to budgetary limits in the form of appropriations or budget authorisations, 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 a accrual basis and presented by economic classification.

The approved budget for the financial year 2025/26.

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.

### 1.21 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 those family members who may be expected to influence, or be influenced by that person 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.

## 2. New standards and interpretations

### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

| Standard/ Interpretation: | Effective date: Years beginning on or after | Expected impact |
|---|---|---|
| • GRAP 104 (as revised): Financial Instruments | 01 April 2025 | The impact of the change is not material. |

GRAP 104 (As revised) - Financial Instruments

The amendments to GRAP 104 Financial Instruments introduce revised requirements for the classification and measurement of financial assets and liabilities, including the application of an expected credit loss model for impairment and updated guidance on the recognition of credit risk and modification gains and losses. The amendments are expected to affect how the entity measures impairment losses and presents financial instruments and related risk disclosures in the financial statements.

## 2.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2026 or later periods:

| Standard/ Interpretation: | Effective date: Years beginning on or after | Expected impact: |
|---|---|---|
| • GRAP 2023 Improvements to the Standards of GRAP 2023 | To be determined | Unlikely there will be a material impact |
| • GRAP 1 (amended): Presentation of Financial Statements (Going Concern) | To be determined | Unlikely there will be a material impact |

GRAP 2023 Improvements to the Standards of GRAP 2023

The Improvements to the Standards of GRAP 2023 comprise amendments to various existing Standards that clarify presentation and disclosure requirements, align terminology and definitions, and eliminate minor inconsistencies in current guidance. The amendments are expected to result in more consistent application of existing accounting policies, without a fundamental change in the entity's recognition and measurement principles.

GRAP1 (Amended) - Presentation of Financial Statements (Going concern)

The amendments to GRAP 1 Presentation of Financial Statements (Going concern) clarify management's responsibility to assess the entity's ability to continue as a going concern, introduce enhanced disclosure requirements where material uncertainties exist about that ability, and require transparent disclosure of significant judgements applied in the assessment. The amendments are expected to affect the nature and extent of going concern related disclosures in the financial statements, without changing the underlying recognition and measurement of assets and liabilities.

| | 2026 | | | 2025 Restated | | |
|---|---|---|---|---|---|---|
| Figures in Rand thousand | Cost / Valuation | Accumulated depreciation and Accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and Accumulated impairment | Carrying value |
| **3. Property, plant and equipment** | | | | | | |
| Land | 3 700 | - | 3 700 | 3 700 | - | 3 700 |
| Buildings | 81 065 | (39 745) | 41 320 | 81 065 | (38 211) | 42 854 |
| Furniture and fixtures | 5 995 | (4 314) | 1 681 | 6 343 | (4 381) | 1 962 |
| Motor vehicles | 1 378 | (969) | 409 | 1 378 | (857) | 521 |
| Office equipment | 4 638 | (2 388) | 2 250 | 3 710 | (2 151) | 1 559 |
| IT equipment | 15 065 | (9 417) | 5 648 | 15 594 | (9 126) | 6 468 |
| Roads and Bridges | 49 232 728 | (30 287 327) | 18 945 401 | 48 265 747 | (28 542 784) | 19 722 963 |
| Roads and Bridges under construction | 3 001 217 | - | 3 001 217 | 2 512 120 | - | 2 512 120 |
| **Total** | **52 345 786** | **(30 344 160)** | **22 001 626** | **50 889 657** | **(28 597 510)** | **22 292 147** |

| Figures in Rand thousand | Opening balance | Additions | Disposals | Transfers | Depreciation | Impairment loss | Total |
|---|---|---|---|---|---|---|---|
| 3. Property, plant and equipment (continued)<br>Reconciliation of property, plant and equipment - 2026 | | | | | | | |
| Land | 3 700 | - | - | - | - | - | 3 700 |
| Buildings | 42 854 | - | - | - | (1 534) | - | 41 320 |
| Furniture and fixtures | 1 962 | 86 | (66) | - | (302) | - | 1 681 |
| Motor vehicles | 521 | - | - | - | (112) | - | 409 |
| Office equipment | 1 559 | 1 170 | (32) | - | (447) | - | 2 250 |
| IT equipment | 6 468 | 1 292 | (72) | - | (1 946) | (94) | 5 648 |
| Roads and Bridges | 19 722 963 | - | (168 379) | 1 142 402 | (1 610 216) | (141 369) | 18 945 401 |
| Roads and Bridges under construction | 2 512 120 | 1 637 450 | - | (1 142 402) | - | (5 951) | 3 001 217 |
| | **22 292 147** | **1 639 998** | **(168 549)** | **-** | **(1 614 557)** | **(147 414)** | **22 001 626** |

| Figures in Rand thousand | Opening balance | Additions | Disposals | Transfers | Depreciation | Impairment loss | Total |
|---|---|---|---|---|---|---|---|
| 3. Property, plant and equipment (continued)<br>Reconciliation of property, plant and equipment - 2025 Restated | | | | | | | |
| 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 | 6 265 | 2 044 | (28) | - | (1 813) | - | 6 468 |
| Roads and Bridges | 21 090 522 | - | (1 821 515) | 2 192 244 | (1 598 877) | (139 411) | 19 722 963 |
| Roads and Bridges under construction | 2 643 091 | 2 070 708 | - | (2 192 244) | - | (9 435) | 2 512 120 |
| | **23 792 164** | **2 073 411** | **(1 821 569)** | **-** | **(1 603 013)** | **(148 846)** | **22 292 147** |

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

Included in the Property, plant and equipment additions is an amount of R414.461 million (2025: R297.915 million) that was funded directly by through private sector contributions.

Included in the Property, plant and equipment additions is an amount of R440.745 million that relate to Property, plant and equipment expenditure that was funded by LDPWRI.

**Property, plant and equipment derecognised**

| | | |
|---|---|---|
| Roads and bridges (Unpaved, paved roads and bridges transferred to SANRAL through the government gazette) | 168 379 | 1 821 515 |

**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 R168.379 million (2025: R 1.822 billion), cost of R175.415 million (2025: R4.781 billion) and accumulated depreciation of R7.035 million (2025: R2.959 billion).

| Figures in Rand thousand | 2026 | 2025 |
|---|---|---|
| **3. Property, plant and equipment (continued)** | | |
| **Expenditure incurred to repair and maintain property, plant and equipment** | | |
| Repairs and maintenance | 14 837 | 309 145 |
| Municipal interventions | (14 837) | (309 145) |
| | - | - |

**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 (2025: 4) projects with a carrying amount of

R643 million (2025: R643 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.

| Notes to the Annual Financial Statements | 2026 | | | 2025 Restated | | |
|---|---|---|---|---|---|---|
| Figures in Rand thousand | Cost / Valuation | Accumulated depreciation and Accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and Accumulated impairment | Carrying value |
| **4. Intangible assets** | | | | | | |
| Computer software | 2 045 | (2 020) | 25 | 2 045 | (2 007) | 38 |
| Website designs | 1 951 | (1 570) | 381 | 1 661 | (1 415) | 246 |
| Total | **3 996** | **(3 590)** | **406** | **3 706** | **(3 422)** | **284** |

| | Opening balance | Additions | Amortisation | Total |
|---|---|---|---|---|
| Reconciliation of intangible assets - 2026 | | | | |
| Computer software | 38 | - | (13) | 25 |
| Website designs | 246 | 290 | (155) | 381 |
| | **284** | **290** | **(168)** | **406** |

| | Opening balance | Amortisation | Total |
|---|---|---|---|
| Reconciliation of intangible assets - 2025 Restated | | | |
| Computer software | 77 | (39) | 38 |
| Website designs | 369 | (123) | 246 |
| | **446** | **(162)** | **284** |

| Figures in Rand thousand | Note(s) | 2026 | 2025 |
|---|---|---|---|
| **5. Retentions** | | | |
| **Infrastructure projects** | | | |
| Retentions | | (94 717) | (108 329) |
| Non-current liabilities | | (54 556) | (71 875) |
| Current liabilities | | (40 161) | (36 454) |
| | | **(94 717)** | **(108 329)** |
| **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 |
| **Current assets** | | | |
| Residual interest at cost | | - | - |
| **7. Inventories** | | | |
| Consumable stores | | 464 | 319 |

**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 R539 266 (2025: R301 405).

| Figures in Rand thousand | 2026 | 2025 |
|---|---|---|
| **8. Receivables from exchange transactions** | | |
| Trade debtors | 1 359 | 1 378 |
| Prepayments | 930 | 1 459 |
| Students and staff bursaries | 3 865 | 3 645 |
| Advance payments | 96 262 | 239 960 |
| Impairment loss allowance on receivables | (1 334) | (1 173) |
| Other debtors | 7 323 | 349 |
| Accrual interest | 1 053 | 252 |
| | **109 458** | **245 870** |

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

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 2026, R26 970 (2025: R129 373) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

| | | |
|---|---|---|
| >3 months past due | 27 | 129 |

**Trade and other receivables impaired**

| | | |
|---|---|---|
| The ageing of the receivables impaired is as follows: | | |
| Over 6 months | 1 334 | 1 173 |
| Reconciliation of provision for impairment of trade and other receivables | | |
| Opening balance | 1 173 | 1 305 |
| Reversal of impairment loss allowance on receivables | - | (132) |
| Impairment loss allowance on receivables | 161 | - |
| | **1 334** | **1 173** |

| Figures in Rand thousand | 2026 | 2025 |
|---|---|---|
| **9. Cash and cash equivalents** | | |
| Cash and cash equivalents consist of: | | |
| Bank balances (ABSA current account) | 150 621 | 48 021 |
| **10. Share capital / contributed capital** | | |
| **Authorised** | | |
| 100 Ordinary shares of R1 each | 1 | 1 |
| **11. Payables from exchange transactions** | | |
| Trade payables | 75 377 | 50 625 |
| Payments received in advanced - Debtors with credit balances | 262 | 117 |
| Leave accrual | 5 810 | 3 767 |
| 13th Cheque | 1 564 | 1 278 |
| Accrued expense | 25 315 | 1 568 |
| Accrued expense contracts | 21 331 | 21 331 |
| Third party payables | 3 576 | - |
| Other Creditors - DPWRI | 1 741 | - |
| Performance bonus accrual | 5 541 | - |
| | **140 517** | **78 686** |
| **Aging of trade payables** | | |
| 0 - 30 days | 75 138 | 50 384 |
| 31-60 days | 3 | 100 |
| 90 days | - | 141 |
| Over 90 days | 236 | - |
| | **75 377** | **50 625** |

Included in trade payables is an amount of R1.741 million that relates to LDPWRI payables for projects that RAL is executing on behalf of LDPWRI.

| Figures in Rand thousand | 2026 | 2025 |
|---|---|---|
| **12. Payables from non-exchange transactions** | | |
| Government grants received but not spent | 152 414 | 239 961 |
| Other payables own revenue - LDPWRI | 1 643 | 957 |
| | **154 057** | **240 918** |

RAL's payables from non-exchange transaction comprises funds by LDPWRI for projects executed by RAL on behalf of LDPWRI and equitable share. 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 and upgrade of road infrastructure. The balance comprises conditional grant funding of R96.262 million for the Welisizwe Steel Bridge Programme and R56.152 million for road infrastructure upgrades.

| | | |
|---|---|---|
| **13. Receivables from non-exchange transactions** | | |
| Government grant receivable | 1 741 | - |

Receivables from non-exchange transactions is an amounts R1.741 million due from LDPWRI for projects undertaken by the entity on behalf of the LDPWRI.

| Figures in Rand thousand | 2026 | 2025 |
|---|---|---|
| **14. Revenue** | | |
| Other income | 8 292 | 1 496 |
| Interest received | 4 933 | 4 255 |
| Government grants & subsidies | 1 464 514 | 2 718 216 |
| Contributions by other entities | 414 461 | 297 915 |
| | **1 892 200** | **3 021 882** |
| The amount included in revenue arising from exchanges of goods or services are as follows: | | |
| Other income | 8 292 | 1 496 |
| Interest received | 4 933 | 4 255 |
| | **13 225** | **5 751** |

| Figures in Rand thousand | 2026 | 2025 |
|---|---|---|
| The amount included in revenue arising from non-exchange transactions is as follows: | | |
| **Transfer revenue** | | |
| Government grants & subsidies | 1 464 514 | 2 718 216 |
| Contributions by other entities | 414 461 | 297 915 |
| | **1 878 975** | **3 016 131** |

## 15. Gain/loss on disposal of assets

| | | |
|---|---|---|
| Gain/(loss) on disposal of assets | (49) | (54) |

The entity disposed assets with a carrying amount of R170 011 (2025: R53 668) and realised a loss of R49 282 (loss 2025: R53 668).

## 16. Repairs and maintenance

| | | |
|---|---|---|
| **Land and Building** | | |
| Repairs and maintenance | | |
| **Motor vehicles** | 1 313 | 841 |
| Repairs and maintenance | - | 59 |
| **Equipment** | | |
| Contractual amounts | 13 | - |
| **Roads and Bridges** | | |
| Repairs and maintenance | 14 837 | 309 145 |
| | **16 163** | **310 045** |

## 17. Other income

| | | |
|---|---|---|
| Application fees | 677 | 1 022 |
| Rental billboards | 237 | 333 |
| Sundry income | 7 279 | 49 |
| Rental of Aerial Space | 99 | 92 |
| | **8 292** | **1 496** |

| Figures in Rand thousand | 2026 | 2025 |
|---|---|---|
| **18. Interest income** | | |
| **Interest revenue** | | |
| Bank | 4 928 | 4 239 |
| Interest charged on trade and other receivables | 5 | 16 |
| | **4 933** | **4 255** |
| **19. Government grants & subsidies** | | |
| **Operating grants** | | |
| Administration - Equitable share grant | 220 110 | 189 222 |
| Infrastructure projects - Equitable share grant | 673 065 | 1 300 541 |
| Infrastructure projects - Conditional grant | 143 699 | 1 228 454 |
| Infrastructure projects - LDPWRI contribution | 427 640 | - |
| | **1 464 514** | **2 718 217** |

Government grants comprise R893.175 million (2025: R2.597 billion) received directly as a government grant, R427.640 (2025: Rnil) million payable by LDPWRI on behalf of RAL to settle invoices for projects that RAL is executing on behalf of LDPWRI and an amount of R143.699 million (2025: R121.401 million) made to procure Welisizwe steel bridges.

| | | |
|---|---|---|
| **Conditional grant** | | |
| Opening balance | 239 960 | 153 600 |
| Infrastructure project - conditional grant surrendered | - | (90 854) |
| Infrastructure project - conditional grant received | - | 1 405 668 |
| Infrastructure project - conditional grant transferred to revenue | (143 699) | (1 228 454) |
| | **96 261** | **239 960** |
| **20. Contributions by other entities** | | |
| Private sector contributions | 414 461 | 297 915 |

| Figures in Rand thousand | 2026 | 2025 |
|---|---|---|

Private sector contributions comprise of 16 mines, SANRAL, Polokwane Municipality and Marula Local Municipality that collaborate with Road Agency Limpopo for the construction of road infrastructure network.

The 16 mines comprise of the following list:

Rakhoma Mining Resources (Pty) Ltd

Dwaarsrivier Chrome Mine (Pty) Ltd

Glencore Operations South Africa (Pty) Ltd

Rustenburg Platinum Mines Ltd

Samancor Chrome (Pty) Ltd

Booysendaal Platinum(Pty) Ltd

Tjate Platinum Corporation (Pty) Ltd

Two Rivers Platinum (Pty) Ltd

Palabora Mining (Pty) Ltd

Modikwa Platinum Mines JV

Hacra Mining and Exproriation

Northam Platinum Holding Ltd

De Beers Consolidated Mines Ltd

SARPHC Qwabi Ltd

Baobab Mining & Exploration (Pty) Ltd

Kwethu (Pty) Ltd

## 21. Employee related costs

| | | |
|---|---|---|
| Basic | 72 140 | 72 103 |
| Bonus | 9 270 | 8 631 |
| Medical aid - company contributions | 872 | 884 |
| UIF | 211 | 209 |
| Leave pay provision charge | 2 679 | 365 |
| Travel and housing allowances | 26 959 | 26 436 |
| Other allowances | 4 847 | 1 792 |
| Post retirement benefit plan -defined contribution | 9 194 | 8 912 |
| | **126 172** | **119 332** |

| Figures in Rand thousand | 2026 | 2025 |
|---|---|---|
| **22. Depreciation and amortisation** | | |
| Property, plant and equipment | 1 614 556 | 1 603 014 |
| Intangible assets | 168 | 162 |
| | **1 614 724** | **1 603 176** |
| **23. Impairment loss** | | |
| **Impairments** | | |
| Property, plant and equipment | 147 414 | 148 847 |
| **24. Interest and penalties** | | |
| Other interest paid | 22 430 | 966 |
| **25. General expenses** | | |
| Internal Audit fees | 429 | 563 |
| Marketing and public relations | 2 882 | 6 416 |
| Assessment rates & municipal charges | 1 912 | 1 768 |
| Auditors fees and expenses | 8 152 | 7 264 |
| Bank charges | 52 | 67 |
| Cleaning | 62 | 91 |
| Computer expenses | 143 | 61 |
| Consulting and professional fees | 23 164 | 8 783 |
| Consumables | 539 | 301 |
| Insurance | 668 | 643 |
| Conferences and seminars | 1 984 | 1 127 |
| Motor vehicle expenses | 21 | 17 |
| Accommodation | 1 676 | 2 238 |
| Fuel and oil | 114 | 103 |
| Postage and courier | 6 | 2 |
| Printing and stationery | 490 | 701 |
| Security | 3 252 | 2 066 |
| Subscriptions and membership fees | 342 | 222 |
| Telephone and fax | 3 679 | 2 485 |
| Training | 1 223 | 784 |

| Figures in Rand thousand | 2026 | 2025 |
|---|---|---|
| Subsistence and travel | 7 166 | 8 457 |
| Uniforms | 990 | 39 |
| Licenses | 2 705 | 1 926 |
| Catering expenses | 183 | 136 |
| Rentals | 252 | 1 939 |
| Legal expenses | 8 431 | 18 011 |
| Bursaries | 1 022 | 772 |
| Court settlements | 533 | 417 |
| Directors remunerations | 503 | 1 188 |
| Recruitment costs | 1 745 | 486 |
| | **74 320** | **69 073** |

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

## 26. Derecognition of roads and bridges

| | | |
|---|---|---|
| Derecognition of roads and bridges | 168 380 | 1 821 515 |

## 27. Auditors' fees and expenses

| | | |
|---|---|---|
| External audit fees and expenses | 8 152 | 7 264 |

## 28. Cash generated from operations

| | | |
|---|---|---|
| Deficit | (277 613) | (1 050 994) |
| **Adjustments for:** | | |
| Depreciation and amortisation | 1 614 724 | 1 603 176 |
| Gain/ loss on sale/ write off of assets | 49 | 54 |
| Impairment loss | 147 414 | 148 847 |
| Impairment loss allowance on receivables | 161 | (132) |
| Other revenue from non exchange transactions | (427 640) | - |
| Derecognition of roads and bridges | 168 380 | 1 821 515 |
| Road and bridges constructed by other entities | (414 461) | (297 915) |
| **Changes in working capital:** | | |
| Inventories | (145) | 32 |

| Figures in Rand thousand | 2026 | 2025 |
|---|---|---|
| Receivables from exchange transactions | (7 448) | (7 131) |
| Payables from exchange transactions | 36 580 | (3 453) |
| Payables from non-exchange transactions | (86 862) | 86 768 |
| | **753 139** | **2 300 767** |

## 29. Commitments

### Authorised capital expenditure

### Already contracted for but not provided for

| | | |
|---|---|---|
| • Roads construction | 1 845 882 | 1 187 232 |
| • Roads maintenance and rehabilitation | 418 994 | 1 047 534 |
| • Roads Asset Management System | 120 389 | - |
| • Projects on hold | 657 004 | - |
| | **3 042 269** | **2 234 766** |

Projects amounting to R657 million were deferred to a later date as part of the entity's measures to manage its liquidity position and reduce overcommitment.

### Total capital commitments

| | | |
|---|---|---|
| Already contracted for but not provided for | 3 042 269 | 2 234 766 |

### Authorised operational expenditure

### Already contracted for but not provided for

| | | |
|---|---|---|
| • Other commitments | 14 541 | 21 796 |

### Total operational commitments

| | | |
|---|---|---|
| Already contracted for but not provided for | 14 541 | 21 796 |

### Total commitments

### Total commitments

| | | |
|---|---|---|
| Authorised capital expenditure | 3 042 269 | 2 234 766 |
| Authorised operational expenditure | 14 541 | 21 796 |
| | **3 056 810** | **2 256 562** |

| Figures in Rand thousand | 2026 | 2025 |
|---|---|---|

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.

**Operating leases - as lessee (expense)**

| **Minimum lease payments due** | | |
|---|---|---|
| within one year | 121 | 132 |
| In second to fifth year inclusive | - | 121 |
| | **121** | **253** |

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. RAL is charged contingent rent based on consumption per month.

| **Rental expenses relating to operating leases** | | |
|---|---|---|
| Contingent rents | 216 | 228 |

## 30. Contingency

### 30.1 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 2026 is R58.647 million (2025: R57.237 million) and R51.431 million (2025: R49.723 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 2026 is R49.431 million (2025: R46.486 million) and R17.431 million (2025: R14.486 million) respectively.

**Property infringement**

The entity received total claims of R26.470 million (2025: 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 2026 is R25.470 million (2025: 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 R124.459 million (2025: R209.195 million) while total settlements at 31 March 2026 are estimated at R122.826 million (2025: R207.562 million).

### 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 2026 is R0.592 million (2025: R0.608 million) and R0.592 million (2025: R0.608 million) respectively.

## 30.2 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 (2025: R64.907 million) from contractors and engineers in order to correct the defects.

## 31. Related parties

### Relationships

| | |
|---|---|
| Members<br>Ultimate controlling entity | Refer to note 32 on Director's emoluments 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 |
| Member of key management | Refer to note on Executive Management Remuneration |

### Related party balances

### Amounts included in Trade receivable (Trade Payable) regarding related parties

| | | |
|---|---|---|
| Limpopo Department of Public Works, Roads and Infrastructure | (154 057) | (240 918) |
| Limpopo Department of Public Works, Roads and Infrastructure | 1 741 | - |

### Overpayment of directors fees

| | | |
|---|---|---|
| RAL directors | 20 | 20 |
| Impairment loss allowance on receivables | (20) | - |

## Related party transactions

| | | |
|---|---|---|
| **Own revenue paid to (received from) related parties** | | |
| Limpopo Department of Public Works, Roads and Infrastructure | 6 070 | 5 735 |
| **Government grant recognised** | | |
| Limpopo Department of Public Works, Roads and Infrastructure | 1 464 514 | 2 718 216 |
| **Government grant surrendered** | | |
| Limpopo Department of Public Works, Roads and Infrastructure | - | (90 855) |
| **Non-Executive Directors** | | |
| Emoluments (Refer to note 32) | (390) | (319) |
| **Audit and Risk Committee** | | |
| Emoluments (Refer to note 32) | (92) | (178) |

**31. Related parties (continued)**
**Remuneration of Directors and management**
**Executive management and director**
**2026**

| Name | Basic salary | Travel and housing | Bonuses and performance related payments | Medical and pension contributions | Acting allowance | Total |
|---|---|---|---|---|---|---|
| K Tulsi (GM: Planning & Design) | 1 419 | 695 | 219 | 202 | - | 2 535 |
| P Maribana (Acting Chief Audit Executive) (Resigned: 31 December 2025) | 633 | 290 | 127 | 96 | 62 | 1 208 |
| H Magopa (CFO) | 1 737 | 836 | 267 | 258 | - | 3 098 |
| M Mokgala (Executive: Engineering) | 1 934 | 737 | 277 | 255 | - | 3 203 |
| M Manyathela (Executive Manager: Corporate Services) (Dismissed: 17 September 2025) | 854 | 293 | - | 116 | - | 1 263 |
| M. J. Chesane (Chief Executive Officer) ( Appointed 10 November 2025) | 1 531 | 584 | 152 | 202 | 895 | 3 364 |
| K Maphutha (Snr Manager: Risk and Compliance) | 1 145 | 424 | 164 | 163 | - | 1 896 |
| K Komana (Chief Legal Counsel - Appointed 01 December 2025) | 1 126 | 440 | 117 | 168 | 704 | 2 555 |
| M Mashashane (Acting Executive Manager: Corporate Services - Acting from 01 January 2025) | 979 | 361 | 140 | 141 | 945 | 2 566 |
| M Kgomeswana (GM: Operations - Appointed 01 December 2025) | 1 150 | 435 | 125 | 167 | 498 | 2 375 |
| D Legodi (Executive Manager: Monitoring and Evaluation - Appointed 01 December 2025) | 1 433 | 546 | 178 | 205 | 240 | 2 602 |
| G Maluleke (Chief Executive Officer) (Dismissed: 21 November 2024) | 952 | - | - | - | - | 952 |
| | **14 893** | **5 641** | **1 766** | **1 973** | **3 344** | **27 617** |

*The payment to Mr G Maluleke is an ex-gratuity arising from a court settlement.*

| Name | Basic salary | Travel and housing | Bonuses and performance related payments | Medical and pension contributions | Acting allowance | Total |
|---|---|---|---|---|---|---|
| **31. Related parties (continued)** | | | | | | |
| **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 |

| Figures in Rand thousand | 2026 | | | | | 2025 |
|---|---|---|---|---|---|---|
| Name | Basic salary | Travel and housing | Bonuses and performance related payments | Medical and pension contributions | Acting allowance | 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 |

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.

| Figures in Rand thousand | 2026 | 2025 |
|---|---|---|
| | Emoluments | Total |
| **32. Directors' emoluments** | | |
| **Non-Executive Directors** | | |
| **2026** | | |
| R. M Tseli (Chairperson) | 131 | 131 |
| T.M Ramabulana (Chairperson: Remuneration) | 88 | 88 |
| C.B. Mnisi - (Board Member) | 81 | 81 |
| S Mamvura(Board Member) | 90 | 90 |
| N Nhlane-Mthimhulu (Ex Officio Non-Executive Director) | - | - |
| A Moloisi (Ex Officio Non-Executive Director) | - | - |
| E Tema (Ex Officio Non-Executive Director) | - | - |
| | **390** | **390** |
| **2025** | | |
| 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 Phukuntsi (Board Member) - Resigned 31 July 2024) | - | - |
| A Moloisi (Board Member - Resigned 31 July 2024) | - | - |
| | **319** | **319** |

**Audit and Risk Committee Members**

| Figures in Rand thousand | 2026 | 2025 |
|---|---|---|
| | Emoluments | Total |
| **2026** | | |
| B Mutheiwana (Member) | 14 | 14 |
| M Makoti (Member) | 39 | 39 |
| T Mongatane (Member) | 39 | 39 |
| M Motebele (Member) | - | - |
| | **92** | **92** |
| **2025** | | |
| 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** |

## 33. Prior period errors

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

The entity adjusted payables from exchange transactions to account for prior year disputed contractual obligation for the work done that affected both retention and payables from exchange transactions.

During the current financial year, RAL has identified a prior period error relating to the calculation of bursaries. 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.

The correction of the error(s) results in adjustments as follows:

| | Comparative figures previously reported | Effect of the error | After correction |
|---|---|---|---|
| **Statement of financial position** | | | |
| Receivables from exchange transactions | 245 757 | 113 | 245 870 |
| Property, plant and equipment | 22 340 810 | (48 663) | 22 292 147 |
| Payables from exchange transactions | (57 355) | (21 332) | (78 687) |
| Retention | (27 020) | (9 433) | (36 453) |
| Accumulated surplus | (22 240 362) | 79 315 | (22 161 047) |
| | **261 830** | **-** | **261 830** |
| **Statement of financial performance - extract** | | | |
| Contributions by other entities | 234 241 | 63 674 | 297 915 |
| Depreciation and amortisation | (1 611 389) | 8 213 | (1 603 176) |
| Repairs and maintenance | (309 675) | (370) | (310 045) |
| General expenses | (69 118) | 45 | (69 073) |
| Impairment loss | (27 212) | (121 635) | (148 847) |
| Derecognition of roads and bridges | (1 821 647) | 132 | (1 821 515) |
| | **(3 604 800)** | **(49 941)** | **(3 654 741)** |

During the 2025/26 financial year, the entity adjusted contributions from other entities after SANRAL provided details of expenditure incurred on RAL road infrastructure. Some of the invoices included expenditure relating to prior financial years, which resulted in contributions from other entities being understated in 2024/25 financial year.

The entity adjusted depreciation and amortisation as a result of the capitalisation of completed projects that were identified in the 2025/26 financial year.

The entity adjusted general expenses to correct the write-off of bursary expenditure. The bursary expenditure had been overstated due to an error in the calculation of bursary amounts.

The entity adjusted the impairment loss relating to unpaved roads, paved roads and bridges after considering the Visual Condition Index results as indicators of impairment. The results indicated that the impairment loss recognised in the prior year had been understated.

During the 2025/26 financial year, the entity identified unpaved, paved roads and bridges that were transferred to SANRAL in the prior year due to change in ownership and control as per government gazette. The entity derecognised these assets to correct the overstatement of assets in 2024/25 financial year.

| | Comparative figures previously reported | Effect of the error | After correction |
|---|---|---|---|
| **Cash Flow Statement** | | | |
| **Cash flow statement - extract** | | | |
| **Cash Flow from Operating Activities** | | | |
| Repairs and maintenance | (308 775) | (370) | (309 145) |
| **Cash Flow from Investing Activities** | | | |
| Property, plant and equipment | (2 280 853) | 370 | (2 280 483) |
| | **(2 589 628)** | **-** | **(2 589 628)** |

During the 2025/26 financial year, the entity identified maintenance project that was incorrectly capitalised as rehabilitation project in the prior year project and consequently included in Property, plant and equipment.

**Irregular expenditure**

| | | | |
|---|---|---|---|
| Irregular expenditure | (1 743 813) | 172 417 | (1 571 396) |

During the 2025/26 financial year the entity revised the irregular expenditure reported for 2024/25 financial year. This is due to some of the contracts that were not disclosed as irregular expenditure despite the contract not following proper procurement process.

**Financial instruments**

**Financial assets**

| | | | |
|---|---|---|---|
| Receivables from exchange transactions | 245 870 | (241 419) | 4 451 |
| **Financial liabilities** | | | |
| Payables from exchange transactions | (73 640) | (1 279) | (74 919) |
| Payables from non exchange transactions | (240 918) | 239 961 | (957) |
| | **(68 688)** | **(2 737)** | **(71 425)** |

| Figures in Rand thousand | 2026 | 2025 |
|---|---|---|

During the 2025/26 financial year the entity revised the financial instruments reported for 2024/25 financial year. The entity had previously included items in receivables from exchange transactions, payables from exchange transactions and payables from non exchange transactions that did not result in the entity having a contractual right or obligation to exchange cash. The prior year adjustment included the removal of prepayment and advance payment. Bonus provision was included in payables from exchange transactions.

## 34. 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 31 March 2026.

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 | | |
|---|---|---|
| Receivables from exchange transactions | 12 266 | 4 451 |
| Non-current receivables - Rehabilitation deposit | 2 340 | 2 340 |
| Cash and cash equivalents - ABSA Bank | 150 621 | 48 021 |

### 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:

| Figures in Rand thousand | 2026 | 2025 |
|---|---|---|
| Receivables from exchange transactions | 12 266 | 4 451 |
| Cash and cash equivalents - ABSA Bank | 150 621 | 48 021 |

## 34. Risk management (continued)

### 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.

Liquidity risk table

| Figures in Rand thousand | 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 |
|---|---|---|---|---|---|---|
| **Financial instruments 2026** | | | | | | |
| Payables from exchange transactions | 134 468 | 239 | - | - | - | 134 707 |
| Payables from non exchange transactions | 57 795 | - | - | - | - | 57 795 |
| Retentions | - | - | 40 161 | 54 556 | - | 94 717 |
| | **192 263** | **239** | **40 161** | **54 556** | **-** | **287 219** |
| **Financial instruments 2025** | | | | | | |
| Payables from exchange transactions | 74 678 | 241 | - | - | - | 74 919 |
| Payables from non exchange transactions | 957 | - | - | - | - | 957 |
| Retentions | - | - | 36 454 | 71 875 | - | 108 329 |
| | **75 635** | **241** | **36 454** | **71 875** | **-** | **184 205** |

## 35. Going concern

RAL has reported a deficit of R277.613 million (2025: R1.051 billion deficit). The deficit is predominantly attributable to the depreciation and derecognition cost of roads and bridges for the 2026 financial period.

RAL had a negative working capital of R72.451 million (2025: Negative R61.848 million) and a current ratio of 0.78:1 (2025 0.83:1). This is a result of the entity's unspent grant due to slow spending on the projects.

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 | 2026 | 2025 |
|---|---|---|
| **36. Irregular expenditure and wasteful expenditure** | | |
| Irregular expenditure | 350 596 | 1 571 396 |
| Fruitless and wasteful expenditure | 30 159 | 5 025 |
| **Closing balance** | **380 755** | **1 576 421** |

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

## 37. Accounting by principals and agents

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

Details of the arrangement(s) is|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 | (239 960) | (62 746) |
| Amount transferred | - | (298 615) |
| Amount spent | 143 699 | 121 401 |
| | **(96 261)** | **(239 960)** |

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.

ROADS AGENCY
LIMPOPO
TOGETHER FOR BETTER ROADS


26 Rabe Street Polokwane 0700

+(27) 15 284 4600

ral.co.za

roadsagencylimpopo

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