

20 *years*



1998

INGONYAMA
TRUST BOARD

2018

ANNUAL REPORT

01 APRIL 2017 - 31 MARCH 2018

HISTORY OF LAND DISPOSSESSION IN THE ZULU NATION

Land Boundary Commission is formed by Leader of British Colony of Natal Martin West. The then Surveyor General Dr W Stanger excised land belonging to the Zulu nation. A huge amount of land was dispossessed and given to the white minority leaving the Zulu nation with barren and unproductive land.

1864

The Boer and British Convention further dispossessed the land of the Zulu nation. During this time an exchange was made between the two parties which resulted in the formation of the republic of Vryheid where all the members of the Zulu nation who were residing in those areas were forced to work there for security of tenure.

1902 - 1904

1846

Natal Native Trust Land is introduced to hold land under traditional leadership. This land did not increase in size despite the number of members of the Zulu nation increasing and people were not allowed to move outside of this land without passports.

1886

Zululand Lands Delimitation Commission which was similar to the Land Boundary Commission of 1846 further pushed people away from prime land and declared this land as Native Reserves which still exist to date.

INGONYAMA TRUST BOARD

ANNUAL REPORT APRIL 2017 - MARCH 2018

CONTENTS

SECTION A : GENERAL INFORMATION

General information	8
List of acronyms	9
Message from His Majesty the King	10 - 11
Chairperson's foreword	12 - 15
Chief Executive Officer's Overview	16 - 20
Statement of responsibility and confirmation of accuracy of the Annual Report	22
About the Ingonyama Trust Board	23
Executive authority's Overview	30
Organisational Structure	31

SECTION B : PERFORMANCE INFORMATION

Statement of responsibility for Performance Information	34
Performance Overview of the ITB	35
Performance Report : Programme 1 Administration	36 - 38
Performance Report : Programme 2 Real Estate	39 - 42

SECTION C : GOVERNANCE

Accounting Authority	46
The Board	48
Board Committees	50
Internal control environment	52
Audit Committee Report	53

SECTION D : HUMAN RESOURCE MANAGEMENT

Human Resources Oversight Statistics	56
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SECTION E : FINANCIAL INFORMATION

Statement of Board's responsibility for Financial and Performance Information	62 - 63
Report of the Auditor General to Parliament on the Ingonyama Trust Board	64 - 69
Response of the Ingonyama Trust Board to the Auditor General's Report	70 - 72
Statement of Financial position for the year ended 31 March 2018	74
Statement of Financial performance for the year ended 31 March 2018	75
Statement of changes in net assets for the year ended 31 March 2018	76
Cash flow statement for the year ended 31 March 2018	77
Notes to the Financial Statements for the year ended 31 March 2018	78 - 116
Trust Fund Statement of comparison of budget and actual amounts	117 - 119
Transfer Payment Statement of comparison of budget and actual amounts	120 - 121
Consolidated Unaudited Detailed Statement of Financial performance and budget	122 - 124

SECTION A

GENERAL INFORMATION



GENERAL INFORMATION

Registered name	:	Ingonyama Trust Board
Registered Office Address	:	65 Trelawney Road, Southgate, Pietermaritzburg, 3201
Postal Address	:	P. O. Box 601, Pietermaritzburg, 3200
Contact telephone numbers	:	033 846 9900
Email address	:	info@ingonyamatrust.org.za
Website address	:	www.ingonyamatrust.org.za
External auditors	:	Auditor General South Africa
Bankers information	:	First National Bank

RP : 375/2018

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LIST OF ACRONYMS

AFS	-	Annual Financial Statements
AG	-	Auditor General
BBBEE	-	Broad Based Black Economic Empowerment
CEO	-	Chief Executive Officer
CFO	-	Chief Financial Officer
DRDLR	-	Department of Rural Development and Land Reform
EXCO	-	Executive Committee
FICA	-	Financial Intelligence Centre Act
FINCO	-	Finance Committee
FMPPI	-	Framework for Managing Programme Performance Information
GIS	-	Geographic Information System
GRAP	-	Generally Recognised Accounting Practice
HR	-	Human Resources
IGR	-	Intergovernmental Relations Framework Act
ITB	-	Ingonyama Trust Board
IT	-	Information Technology
IESB	-	International Ethics Standards Board for Accountants
ISA	-	International Standards in Auditing
KPI	-	Key Performance Indicator
KZN	-	KwaZulu - Natal
MANCO	-	Management Committee
MOU	-	Memorandum of Agreement
MOA	-	Memorandum of Understanding
MPRA	-	Municipal Property Rates Act
MPRRA	-	Mineral and Petroleum Resources Royalty Act
OD	-	Organisational Development
PAA	-	Public Audit Act of South Africa
PFMA	-	Public Finance Management Act
PPE	-	Property Plant and Equipment
PTO	-	Permission to Occupy
RICA	-	Regulation of Interception of Communication and Provision of Communication related information Act
RSA	-	Republic of South Africa
SO	-	Strategic Objective
SPLUMA	-	Spatial Planning and Land Use Management Act
TC	-	Traditional Council

MESSAGE FROM THE TRUSTEE

HIS MAJESTY THE KING ZWELITHINI
GOODWILL KABHEKUZULU

Dear Madam Minister

Ingonyama Trust Board Annual Report for 2017/18

This is the first Annual Report of the Ingonyama Trust Board in which I have the pleasure of addressing you as our Minister, and our Executive Authority of Ingonyama Trust Board. Be assured of the respect and co-operation of myself and the Ingonyama Trust Board and its staff.

Notwithstanding the fact that in my contribution to previous Annual Reports, I have made it clear that I do not regard myself as the “owner” of Ingonyama Trust land, I am repeatedly maligned in the media as if I can do as I wish with the land. Quite apart from the fact that in line with customary law position, and by an Act of parliament I am the Trustee of the land, my people and AmaKhosi would have found it strange that I deal with the land in the manner inconsistent with that which has been the practice from time immemorial.

My position in this regard has been aptly put as “...the King who reigned in association with, but over, AmaKhosi of the Kingdom”.

Evident from the media reports and comments from some public figures and institutions, is the ignorance of communal ownership of land and the Zulu customary law and practice. This is even more obvious in the report of the High Level Panel. It is even more worrying to note that the report claims an expert hand.

Unfortunately, comments in the political sphere and probably mainly due to inaccurate information in the High Level Panel Report of November 2017, have been perceived by myself (and many others) as a threat to the Ingonyama Trust and indeed to the millions of my people who continue to live according to tradition and custom.



This has lead to a warm response on our part and a subsequent regrettable deterioration in the relationship of the Ingonyama Trust Board and the Rural Development and Land Reform Portfolio Committee of the National Assembly.

One expects moving forward that a better understanding will have to be rekindled between the respective arms of government. I am hoping, with all the affected parties making an effort we will return to the harmony of the past.

It was very good to receive a visit from the President the Hon Cyril Ramaphosa. He gave welcome assurances regarding the integrity of Ingonyama Trust land. I deem it my duty, however, to expand on points that were missing from the High Level Panel Report, or were placed in a misleading manner:

- a) No one is forced to take a residential lease in their own clan. Those that do so need the lease document for the purposes of RICA, FICA and to apply for a bank loan. Such a lease does not replace a customary allocation - it actually reinforces it. Only commercial ventures and persons from outside a clan must have leases.
- b) No one is forced to surrender a PTO. PTOs were issued under apartheid regulations applicable only to Black people i.e a racial law. The issue of a PTO would be unlawful under Sect 2 of the RSA Constitution 1996. Hence people are encouraged to move away from this tainted tenure instrument; encouraged not forced. Existing PTOs are protected by Sect 2(8) of the Ingonyama Trust Act 1994 and Sect 25 of the RSA Constitution 1996.
- c) (i) Apart from the Chairperson, whom I nominate, the (eight) Board members are appointed by the Minister of Rural Development and Land Reform. Furthermore, 'Ingonyama' is defined as "the Board appointed by the Minister". It only means Isilo in three procedural matters and in my role as Trustee. The Ingonyama Trust Board is also a scheduled entity under the Public Finance Management Act 1999.

- (iii) Therefore, where the High Level Panel gets the idea that the Ingonyama Trust Board is somehow not responsible to yourself and Parliament is beyond my understanding.

There are other matters which could benefit from further explanation/information. Those will be dealt with as occasions arise.

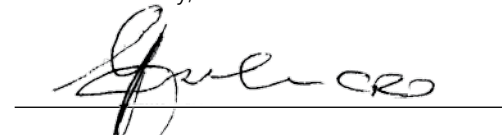
I end by repeating my assurance of co-operation with yourself and recording the hope that relations with the Portfolio Committee will take a positive turn.

My thanks go to the Board and its Secretariat for their continued devotion to administering the affairs of the Ingonyama Trust. We are also grateful for the support of the Department of Rural Development and Land Reform.

May this Report for 2017/18 be tabled in Parliament.

Kind regards.

Yours sincerely,



**KING ZWELITHINI GOODWILL
ka BHEKUZULU
King of the Zulu Nation**

MESSAGE FROM THE CHAIRPERSON

HONOURABLE MR JUSTICE S J NGWENYA

Each year when I present my report I try to educate the reader of the task which Ingonyama Trust Board (ITB) is facing on a daily basis. At the same time I try to explain and simplify what Ingonyama Trust is.

Judging by the quality of the current debate on the subject matter I believe the need to continue with this educational program remains crucial. Even if this is at the risk of repeating oneself.

In the year under review Ingonyama Trust was one of the topical subjects. This was so primarily for wrong reasons. Before dwelling too much on what I want to say here let me first make some brief reference to the inherent conflict which constitutes South African culture.

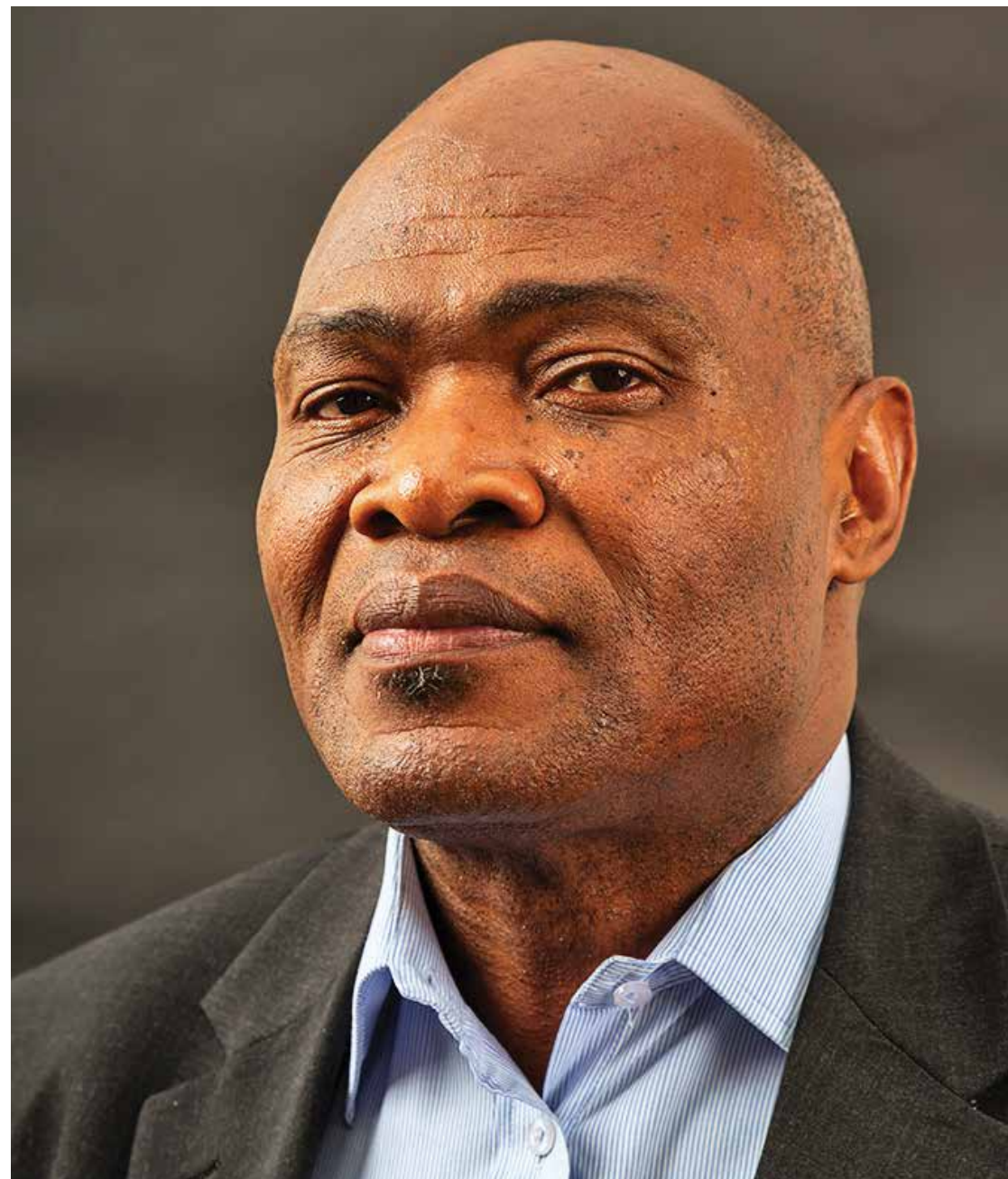
Here I use the word “conflict” guidedly. In his work “The Clash of Civilizations and the remarking of the World Order”, Professor Samuel P. Huntington makes the following observations. “Western power in the form of European Colonialism in the nineteenth century and American hegemony in the twentieth century extended culture throughout much of the contemporary

world. European colonialism is over; American hegemony is receding. The erosion of Western culture follows, as indigenous, historically rooted mores, languages, beliefs and institutions reassert themselves.”

I opine that the rich culture of modern South Africa rests on conflict because in the main, historically the authority of the county in South Africa was premised on the Western, White Judeo/ Christian supremacy.

With the advent of constitutional democracy founded on equality and the rule of law the predictions of Professor Huntington begins to show. The former ruling class continue to assert their supremacy expecting a docile response from those who were opposed.

Any resistance is not tolerated. This then becomes the centre of conflict. To a bystander, the subliminal racism and Western supremacy is not immediately noticeable. WHY? The attitude does not necessarily come from a white person nor somebody in authority. Therefore the person who offers resistance is seen as unreasonable and backward.



With this brief background, let us examine Ingonyama Trust within the context of what is referred to as the High Level Panel chaired by the former President and the Deputy President, Mr P.K.Motlanthe.

The Panel's mandate was to review legislation, assess implementation, identify gaps and propose action steps with a review to identifying laws that require strengthening, amending or changing.

This Panel was set up as the Speakers' Forum which in turn was funded by the European Union.

While there are eleven official languages in the country, all its proceedings and recordings were in English no interpreters were provided. The proceedings were conducted in big cities.

According to the report the Panel held public hearings in all nine provinces to receive input directly from the public and received written submissions from individuals and organizations in response to calls for submissions.

It is further claimed that it commissioned reports from experts and senior researchers on selected

topic. Furthermore, it is claimed that small consultation round tables and workshops were held to delve deeper into certain issues.

The substantial record, so it is said, that has been generated by this work is available online.

As far as I am aware, with regards to KwaZulu - Natal where Ingonyama Trust owns land, this High Level Panel only spent less than a week. This was in Durban. I was invited with the former CEO of Ingonyama Trust Board to make a presentation.

We attended and made a presentation on behalf of the Ingonyama Trust.

Among the Panel members we noted that Dr Aninka Claasens whose views about the Ingonyama Trust and the institution

of Traditional Leadership are well known, was a member.

I expressed my misgivings to the Chairperson on this. Dr Claasens also confirmed that she holds certain views on Ingonyama Trust. There was not even a word from the Chairperson on this. The proceedings continued.

“ YET IN OTHER PROVINCES LAND SIMILAR TO THE INGONYAMA TRUST LAND IS HELD IN TRUST BY THE MINISTER. THE INDIVIDUALS THERE ARE NO BETTER OFF THAN THESE ON THE INGONYAMA TRUST LAND.

The report and recommendations on Ingonyama Trust was compiled by no one other than Dr Claasens herself. The report among others make the following findings:

a) The Trust in some instances, regards itself as the outright owner of land and therefore no subject to any duty to consult or to obtain community consent in dealing with the land.

This has given rise to instance where the Trust has leased land to external third parties (for example shopping centres) without having first consulted and obtained the consent of those whose informal or customary land rights were subsumed by the shopping centre.

b) There is little evidence that the revenue generated by leases is used for the communities or their material well-being. The Trust has built up very substantial reserves.

c) A speaker at the KZN hearing lamented the victimization of citizens by developmental projects. He argued that when developmental initiatives are introduced, poor citizens' lives are disrupted without their consent.

d) A businessman described how his business was shut down because of outstanding rental fees to the Ingonyama Trust. This was in spite of his having a Permission to Occupy certificate and having made payments to the Traditional leader.

Based on these findings the Panel recommended that the Ingonyama Trust Act be repealed and the Trust be disestablished. Furthermore that the Act be amended.

Firstly the accusations levelled against the Trust or the Board were never put to it. Even in the darkest days of apartheid a charge was brought to the attention of the accused.

Secondly the principle that no one could be the judge in her own course has been the cornerstone of the South African legal system from time immemorial.

The findings above appear to be based on artificial evidence. I say this for the following reasons Ingonyama Trust Act among other things provides that the Board shall not encumber land without a prior consent of the Traditional Council in charge of the subject piece of land.

This provision is religiously adhered to by the Board. Furthermore the Act provides that the subject land shall be administered in terms of Zulu Customary law and any other law.

Anyone with basic customary law experience will know that the first point is Induna (headman) who is in charge of Isigodi (similar to a ward). Once land is allotted, the owner thereof has full protection under the law.

There is nowhere, where a third party can access land which is already

encumbered by allocation without the consent of the owner and the approval of the Traditional Council.

Reports like the High Level Panel one will continue coming and receiving prominence. This is so because of the failure to appreciate the changing environment. The former victims are no longer victims and they refuse to be regarded as such.

The foundation of Western White Supremacy however find it hard to change. It is a prisoner of its own. It cannot function without a slave. Therefore it must insist on creating slaves when non exist any longer.

The system of communal living has been there for centuries. In an attempt to destroy it, its opponent will come in various shapes.

It is worth noting that the people who have leases on Ingonyama Trust land are today less than one per cent. That the High Level Panel is lost speaks for itself. It speaks about the Trust having accumulated substantial reserves. It fails to note the threats on the Trust arising from the Municipal property rates.

Not one of these community concerned grouping wants to spend time educating the general public of the modern day risk. It is worth noting that the High Level Panel has not undertaken any comparable study.

Yet in other provinces land similar to the Ingonyama Trust land is held in trust by the Minister. The individuals there are no better off than these on the Ingonyama Trust land.

Noting that the wishes of those who can no longer tolerate the existence of the Ingonyama Trust any longer are unlikely to be realized soon, I think it is fair to forewarn of their alternative strategy. It is to entice people to demand individual title deeds.

The motive there is to promote perpetual indebtedness. Individuals once they get title deeds they will pledge them with the loan sharks. At the same time some Municipalities will access land at a bargain upon default of rates.

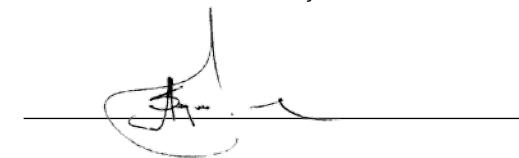
The attitude of those who look down upon people living according to both custom and Western ways of living is a great cause for concern to me. It is a concern because it undermines the ability of the people to

think of their own and do things from their perspectives.

It is thus even more incumbent on the Ingonyama Trust Board to interact with communities on Ingonyama Trust land more regular and assist as best as it can to help people to understand their rights and how to exercise them.

I hope we shall start the new financial year with a greater focus and zeal. Otherwise the reasons which have been given by the detractors of the Ingonyama are far less convincing but have attracted wide media attention because they come from superior elitist class.

In my view Ingonyama Trust has proven to be more valuable to its beneficiaries. Let them decide their destiny.



**Chairperson of the Ingonyama Trust Board
Honourable Mr Justice Mr S J Ngwenya**

ACTING CEO'S OVERVIEW

MS T P NDLOVU

INTRODUCTION

It is my pleasure to be reporting on an entrusted and strategic role in the organisation. Ingonyama Trust Board is a unique entity of the state in the Republic of South Africa. It is an entity which exists only in the Province of KwaZulu – Natal and safeguards the only asset left with the traditional communities which is land. Traditional Councils and communities residing on communal areas under traditional leadership derive security and trust that the land will be kept for them for generations to come.

As a new and on acting capacity as CEO, it is important to acknowledge the Board for steering this entity in a direction that fulfil its mandate with professionalism, dedication and integrity.

Ingonyama Trust Board (ITB) is an entity of government which is responsible for administration of the communal land held under the Ingonyama Trust in the province of KwaZulu – Natal. Ingonyama Trust Board (ITB) operates within the context of a country that is undergoing continuous transformation led by

government. It holds approximately 2.8 million hectares of land for the traditional communities. The environment in which ITB operates is rural in nature, hence continuous development initiatives that in this space is facilitated by the Board.

THE YEAR UNDER REVIEW

Interactions with aMaKhosi during the period under review were held. These interactions were done with the Extended KwaZulu – Natal Provincial House of Traditional Leaders and Traditional Councils and the focus was on the following areas of importance.

- Discussions on legislation related to Ingonyama Trust land such as draft Communal Land Bill, SPLUMA and MPRA;
- Strengthening of relations between the ITB and Traditional Leadership in the province through the MOA between the ITB and Traditional Councils and other forms;
- Discussions on the High Level Panel Report and its implications on Trust land;



- Mining Charter and its implications on Trust Land and traditional communities, and;
- Standardisation of the tenure processes on Trust land.

These interactions yielded much needed feedback and outlined the importance of the ITB to the traditional diaspora in unpacking some of the issues related to them.

As alluded above, the Ingonyama Trust Board embarked on an organisational development process. Changes in the organisational environment and ensuring alignment with government priorities, called for this crucial endeavour. The process commenced from April 2017, with a goal of bringing it fruition in the 2018/2019 Financial Year.

AUDIT OUTCOME

The consolidated audit report noted in this annual report takes into account the Financial Performance and Financial Position of the Ingonyama Trust Board and the Ingonyama Trust.

The issues noted in the audit report by the Auditor General pertain mainly to

the transactions of the Ingonyama Trust and not of the Ingonyama Trust Board. One of the major issues reported by the Auditor General in the previous audits was for the Board to establish a land value acceptable in terms of Generally Recognised Accounting Practice (GRAP).

During the year under review, the Board was able to achieve this milestone at no additional cost to the state and a land value of R 28 billion for most of its 2,8 million hectares owned was determined and recorded in the Annual Financial Statements.

Of concern to the Auditor General was also the issue of royalty entitlement by the Ingonyama Trust. During the year, fruitful engagements were held with the Department of Mineral Resources paving the way to an amicable solution. The focus of the Board in the 2018/2019 year is to develop a plan that will ensure royalties held by the Trust are used in the best interest of its beneficiaries.

The Board is aware of the monies owed to the Trust by commercial lessees in this harsh economic climate, is therefore exploring the use of stricter methods in

reducing the level of debt.

The Board complied with the reporting time frames for the submission of the Annual Financial Statements and Budgets in terms of the PFMA.

Great emphasis was placed on improving supply chain practices which resulted in the non-occurrence of fruitless and wasteful or irregular expenditure.

In promoting good financial governance, the secretariat achieved a 100 % performance for payment to creditors within thirty days.

The Board sees the audit report as a useful mechanism to improve in all aspects of financial and non-financial management and reporting in the future.

STRATEGIC FOCUS

Moving this dynamic organisation to a world class status required a clear strategy map which with focus on proactive development on Trust land. To this end a strategic planning session was held with the board and the following areas of priority were identified:

LAND AND PROPERTY MANAGEMENT

- Policy development, training and implementation were vital at ensuring the management of Trust land and its affairs on areas under traditional areas and ones with no traditional areas;
- Proactive land planning to unlock development for productive use of land for the benefit of traditional council communities, areas such as Ndwedwe, Nongoma and other areas have been identified;
- Finalisation of vesting of the R293 townships with municipalities which includes the analysis of vested townships in terms of compliance with municipalities, auditing of all properties that were transferred to the people through the Housing Benefit Scheme and formalisation of this process;
- Review of the tenure application processes and training of Traditional Councils on business processes.

ECONOMIC PORTFOLIO

- Analysis of commercial farms from the former KwaZulu government and development of a strategy to resuscitate these farms, taking the centre stage in this would include the possibility of incubating the communities to take over the farms;

- Consolidation of existing forestry leases on Trust land and ensuring that the beneficiation accrues to the beneficiary communities;
- Facilitate the entrance of beneficiary communities in the hospitality industry by giving the Trust consideration of first option to buy lodges and game reserves for the benefit of the communities, and;
- To revisit the MOA between the Department of Agriculture and Rural Development and Ezemvelo KZN Wildlife.

MINING PORTFOLIO

- Facilitate an inclusive sand and quarry mining Imbizo and implement the 2015 Mining Imbizo resolutions;
- Foster more positive relations with the Department of Mineral Resources in respect of mining on Trust land and community beneficiation.

OTHER ECONOMIC PORTFOLIOS

- Audit of all TCs to establish business opportunities using existing resources such as spring water and exclusive use of land to individuals or institutions;
- Improve infrastructure to prime areas for commercial opportunities;

- Participate meaningfully in the fuel and energy sector;
- Analysis of entities that have acquired rights to the dams and engagement of the water boards on community beneficiation from dams on trust land;
- Protect the heritage land and facilities that are on Trust land and derive beneficiation from them to the affected communities.

AUDIT TURNAROUND

To deal with issues of Audit we have devised a plan to try and address the Adverse Opinion as raised by the Auditor General in the previous audit and in the current period audit. To this end we have put in place the following measures to ensure departure to a clean audit report:

ROYALTIES

- The Board took a decision to appoint a firm of attorneys to advise the Board and provide a legal opinion on royalties;
- We have had a series of engagements with National Treasury and Auditor General South Africa on this matter and it is receiving a well-deserved attention.

PROPERTY, PLANT AND EQUIPMENT

- The organisation appointed a team of valuers to conduct a valuation exercise with the view to establish comparative values on Trust land based on land use and category and extrapolated the values to similar land parcels within Trust land. This exercise has yielded positive results such that we are now able to attach a value to our land in our financial statements moving into the future;
- Furthermore to this a decision was taken to audit all the land under the Trust including land that is in the process of being transferred, land left behind during the process of R293 transfer and extent of properties sold by the institutions which were holding the Power of Attorney.

ORGANISATIONAL CHANGE & DEVELOPMENT

As a result of the approval of the new organisational structure by the Board a lot of change is in the process of moving forward. Part of this process talks to a new organisational culture is being instilled amongst the members of staff in the organisation. This culture is based mainly on the values of the organisation which is professionalism, integrity and customer orientation.

The new organisational structure seeks to restructure the organisation into a world class organisation and place members of staff in appropriate positions. A skills audit to identify available skills will be done and appropriate placement of staff shall follow.

We are cognisant of the fact that our people remain the most valuable asset in the organisation which is why we decided to convert some of the contract positions we have held for years to permanent status.

In this conversion we however noted that some of these positions were not catered for in the old organisational structure which is why we decided to revise the organisational structure to align the work that we have with the people that we employ.

We commit ourselves to continuously develop this important asset to fit in the puzzle of creating a world class organisation which will be a benchmark in the communal land space moving into the future.

Ingonyama Trust Board continues to drive transformation as part of its agenda, though our Employment Equity Plan is talking contrary to what we seek to achieve at this moment in time. Our main focus however is on women and people with disabilities.

A policy review process to support the organisational change agenda has been done during this period. Eight (8) Policies relating to Human Resource & Development and Debt Management have been under review at Board level and new policies are also being introduced to ensure smooth transition to the desired state.

FINANCE MANAGEMENT

We are proud to confirm that we are a bankable organisation with a clear financial report. There were no misappropriation of funds in this organisation involving staff members and no liability to finance institutions.

Our reputation is that we are a FICA approved entity with a clear financial report. The Ingonyama Trust Board has its own offices and we are not paying rent to a third party. We practice sound financial leadership with the Board providing the required oversight.

The Trust owns its own office accommodation and no rental is paid for the Ulundi satellite office. During the period under review we received R 19,7m as the departmental transfer payment which was utilised as follows:

- R 11 m of this amount went to salaries and we had R 11 m shortfall which was covered using the Trust funds;
- R 8.7 m of this amount went to goods and services and we had a shortfall of R 4.58m which was once again taken from Trust funds.

Our revenue for the year under review was R 129 m which reflects a 11,5 % decline in comparison to the previous years. The revenue for the year under review amounted to R 129 m.

Due to the decline in revenue the Board is reviewing the lease terms and exploring other ways to generate revenue such as from mining surface leases.

We are trying to strengthen our debt collection procedures as we have R 72 m owed to the Trust, more than 85 % comprising of commercial debt in relation to the total debt.

FUNDING OF INGONYAMA TRUST BOARD

We have always maintained that the funding for the operations of ITB in support of communal land is inadequate to the needs of the organisation. This is due to the fact that the role that the ITB plays is not understood hence the lack of funding thereof. The ITB is playing a critical role in the communal land space with the administration of land in traditional areas.

This exercise requires a lot of resources and time in order to ensure that it is executed accordingly. We have a staff compliment of over 55 people who do a variety of administrative duties relating to land at no cost to the clients.

For instance when one goes to the Traffic Department to renew their Driving Licence there are fees associated with that to cover administrative costs.

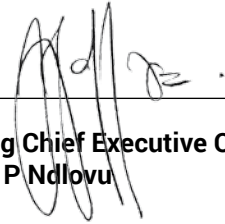
An appeal to the Department of Rural Development and Land Reform and Portfolio Committee is hereby made to supplement the transfer payment which is made to the ITB.

ACKNOWLEDGEMENTS

In closing, I would like to thank and place our hearty gratitude to the Department of Rural Development & Land Reform for their professional support and guidance.

Further, I wish to extend my warm gratitude to the Portfolio Committee for unremittingly provide oversight and guidance.

A distinct gratitude, to Ingonyama Trust Board Members, for bringing passion, intellect, insight, experience and resources to the table. Thank you for challenging me to bring out the best in me and the Secretariat Team.



Acting Chief Executive Officer
Ms T P Ndlovu

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor General.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) standards applicable to the public entity.

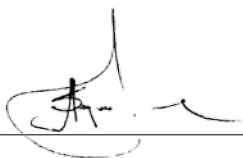
The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The accounting authority is responsible for establishing, and implementing a system of internal control which 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.

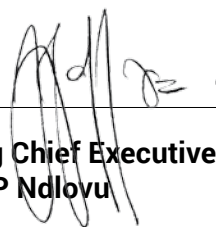
The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2018.

Yours faithfully,



**Chairperson of the Ingonyama Trust Board
Hon. Mr Justice S J Ngwenya**



**Acting Chief Executive Officer
Ms T P Ndlovu**

ABOUT INGONYAMA TRUST BOARD

VISION

To become a leader in sustainable communal land management.

MISSION

To contribute to the improvement of the quality of life of the members of the traditional communities living on Ingonyama Trust land by ensuring that land management is to their benefit and in accordance with the laws of the land.

To develop progressive business models for the social and economic upliftment and the empowerment of the members of traditional communities on land administered by the Trust.

VALUE STATEMENT

We uphold the following values:

- We value and encourage diversity and will not discriminate against anyone;
- Smallholder farmer development and support (technical, financial, infrastructure) for agrarian transformation;
- We shall ensure that we have a dedicated, loyal, results-oriented, professional and people-focused workforce;
- In collaboration with all stakeholders, the organisation will comply with all laws of this country.

OUR VALUES

Transparency

Service Excellence

Consultation

Open Communication

Value for money

Professionalism

Honesty

Integrity

Non - discrimination

INGONYAMA TRUST BOARD STRATEGIC OUTCOME ORIENTED GOAL

To administer the affairs of the Trust and Trust land. These i.e. Trust and Trust land must be administered for the benefit and welfare of the beneficiaries identified in the schedule to the Act.

ABOUT INGONYAMA TRUST

Ingonyama Trust was established in 1994 by the erstwhile KwaZulu Government in terms of the KwaZulu Ingonyama Trust Act, (Act No 3KZ of 1994) to hold all the land that was hitherto owned or belonged to the KwaZulu Government.

The mandate of the Trust was to hold land for “the benefit, material welfare and social well-being of the members of the tribes and communities” living on the land.

When the democratic government came into existence initially in terms of the Interim Constitution of 1993 the original enabling Act creating Ingonyama Trust was reviewed comprehensively such that the final product was a new Act albeit called the Amendment Act.

This Amendment Act had to meet all the constitutional requirements both in terms of the Interim Constitution and

the final Constitution of 1996.

His Majesty the King is the sole Trustee of the land. The Amendment Act provides, among other things, for the establishment of Ingonyama Trust Board to administer the affairs of the Trust and the Trust land.

LEGAL CONTEXT

There are at least four provisions in the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) which are crucial in order to grasp the context and the environment in which Ingonyama Trust find expression.

Section 211 and 212 recognise the institution of traditional leadership and customary law, subject to the constitution. Section 2 of the Constitution provides for the supremacy of the constitution and provides that law

or conduct inconsistent with it is invalid, and the obligations imposed by it must be fulfilled.

While the Ingonyama Trust predates the Constitution, its existence finds expression and protection under the provisions quoted above and Section 25 of the constitution.

Firstly, the land which the Trust is the nominal owner of is administered mainly in terms of Zulu customary law. The land is divided according to clans under the leadership of Traditional Leaders (AMAKHOSI) who in turn are responsible to the King in terms of customary law. Hence the King is the only Trustee of Ingonyama Trust.

The schedule in the next few pages depicts the clans which are beneficiaries of the land under His Majesty the King as sole trustee. The enabling Act was

Continued to Page 25



DISTRICT	NAME OF TRADITIONAL COUNCIL / COMMUNITY
EMNAMBITHI	CUNU / MCHUNU INGWE KUNENE MABASO MBHENSE MTHEMBU NXUMALO SITHOLE
EMZUMBE	BHEKANI CELE M CELE P DLAMINI / VUSATHINAMAZULU DUNGE / AMADUNGE EMBO / SIZWE HLANGANANI MBHELE MJOLI / SIZWE NDELU NHLANGWINI NYAVINI QOLOQOLO HLONGWA HLUBI KHOLWA / SIZWE HLANGANANI MADZIKANE / SIZWE HLANGANANI LUSHABA MADLALA QWABE P QWABE Z THULINI ZIZI - SIZWE / HLANGANANI
HLABISA	ABAKWA HLABISA MDLETSHE MPEMBENI MPUKUNYONI / MKHWANAZI

DISTRICT	NAME OF TRADITIONAL COUNCIL / COMMUNITY
ENSELENI	BIYELA / KWAYANGUYE BIYELA / OBUKA CEBEKHULU / OBIZO KHOZA MBONAMBI (MAXWELL) MTHEMBU / SOMOPHO NDHLAZI / MAMBUKA ZULU / NTEMBENI ZUNGU / MADLEBE MTHETHWA / MHLANA
EZINGOLWENI	CELE DLAMINI / KWAFODO DUMA / THOKOZANI MADUMISA JALI / NHLANGANO MACI / ISIBONDA MAVUNDLA / MVUNDLA MBOTHU / MAMBOTHO MTHIMUDE NSIMBINI NZIMAKWE SHWAWU / JABULANI BESHWAYO XOLO SHWAWU / BESHWAYO NYUSWA / QINISELANI MANYUSWA
MADADENI	GULE / NYANYADU HLUBI / BUHLE – BOMZINYATHI COMMUNITY AUTHORITY MANGWENI / BUHLE – BOMZINYATHI COMMUNITY AUTHORITY KUBHEKA / BUHLE – BOMZINYATHI COMMUNITY AUTHORITY NKOSI / BUHLE – BOMZINYATHI COMMUNITY

DISTRICT	NAME OF TRADITIONAL COUNCIL / COMMUNITY
HLANGANANI	BATLOKOA / BASOTHO BOMVU / ZASHUKE DLAMINI / BIDLA DLAMINI / ESIPHAHLENI DUMISA / MAGUSWANA KHOLWA / ISIBONELO ESIHLE KHOLWA / VUMINDABA KUZENI / AMAKUZE MADZIKANE / BHACA MEMELA / SIZANANI MKHULISI / VEZOKUHLE MOLIFE / ISIMINZI NDLOVU / VUKANI NGWANE / AMANGWANE NXAMALALA PEPETA / UMACALA GWALA
INKANYEZI	BANGINDODA ZULU BHEKESHOWE ZULU BIYELA / MOBENI BIYELA / MVUZANE BIYELA / NDLANGUBO KHOLWENI KHOZA KWAMONDI MATHONSI MPUNGOSE NTULI SHANGE SIKHONYANE
INGWAVUMA	MATHENJWA MNGOMEZULU NYAWO TEMBE

DISTRICT	NAME OF TRADITIONAL COUNCIL / COMMUNITY
MAPHUMULO	ABAKWA CELE ABAKWA ZUBANE AMAMBEDU / MBEDU BOMVU A BOMVU W EMBO GCWENSA HLONGWA KHABELA LUTHULI MABOMVINI MLAMULA / NYUSWA MTHEMBU / SITHOLE NTULI / MTULINI NDLOVU / MASIHAMBISANE NGCOLOSI NTANZI NTULI / HOHOZA / MKONTO QADI QWABE SITHOLE / MTHEMBU ZULU / NODUNGA
MAHLABATHINI	BUTHELEZI BUTHELEZI - EMPITHIMPITHINI MBATHA MPUNGOSE NDEBELE NOBAMBA COMMUNITY AUTHORITY XIMBA ZUNGU
NONGOMA	ZULU / KHAMBI ZULU / MANDLAKAZI ZULU / MATHENI ZULU / USUTHU

DISTRICT	NAME OF TRADITIONAL COUNCIL / COMMUNITY
MSINGA	BASO BOMVU CHUNU MTHEMBU NGOME QAMU
NDWEDWE	CHILI CIBANE EMALANGENI / LANGA EMBO / KWAKHABAZELA INKUMBA / NYUSWA HLOPHE KHUMALO MANGANGA MTHEMBU NGCOLOSI NGONGOMA / MAVELA NODWENGU PHEPHETHA QADI QINISELANI MANYUSWA QWABE SHANGASE WOSIYANE
MPUMALANGA	DASSENHOEK COMMUNITY AUTHORITY EMBO FREDVILLE COMMUNITY AUTHORITY ILANGA COMMUNITY AUTHORITY GCUMISA MAPHUMULO MDLULI / MANYAVU SHANGASE XIMBA

DISTRICT	NAME OF TRADITIONAL COUNCIL / COMMUNITY
NKANDLA	AMAKHABELA BIYELA / AMAHLAYIZENI BIYELA / MANGIDINI CUBE CUNU IZIGQOZA KHABELA KHANYILE / EKUKHANYENI KHANYILE / IZINDLOZI MAGWAZA MBHELE / AMAPUTO MPUNGOSE NTULI / GODIDE NTULI / NGONO NXAMALALA SIBISI / CWEZI XULU ZONDI
NQUTHU	HLATSHWAYO JAMA MDLALOSE / HLAHLINDLELA MNCUBE / MBOKODWEBOMVU MOLEFE NGOBESE / KHIPHINKUNZI NGWE / MANGWE – BUTHANANI NTOMBELA SITHOLE / VULINDLELA ZONDI ZONDO ZULU / EMANDLENI
ONGOYE	DUBE MKHWANAZI MZIMELA CAMBINI NZUZA ZULU

DISTRICT	NAME OF TRADITIONAL COUNCIL / COMMUNITY
OKHAHLAMBA	AMAZIZI DLAMINI HLUBI EMBO MABASO MHLUNGWINI NGWANE / AMANGWANE NGWE / AMANGWE
SIMDLANGENTSHA	DLAMINI DLAMINI M MAVUSO – MASIDLA COMMUNITY AUTHORITY MTUNGWA – MASIDLA COMMUNITY AUTHORITY MSIBI MTHETHWA NTSHANGASE SIBIYA – MASIDLA COMMUNITY AUTHORITY SIMELANE
UBOMBO	MABASO MANUKUZA / JOBE MASHABANE MNQOBOKAZI MYENI / NGWENYA MYENI / NSINDE NIBELA SIQAKATHA QWABE / MAKASA ZIKHALI / MBILA
UMBUMBULU	CELE / VUMANGAZI EMBO / NKASA ISIMAHLA EMBO / TIMUNI EMBO / VUMUKWENZA LUTHULI / UMNINI TRUST MAKHANYA / SOBONAKHONA MANGANGENI / VUMAZONKE MAPHUMULO TOYANA

DISTRICT	NAME OF TRADITIONAL COUNCIL / COMMUNITY
VULAMEHLO	BELE / QIKO CELE DUMISA M DUMISA N EMBO / KHWEZI LOKUSA EMBO / UKUTHULA MBHELE / KWALEMBE NHLANGWINI / SHIYABANYE NYUSWA ZEMBENI / ZEMBE
VULINDLELA	FUZE NXAMALALA XIMBA ZONDI / INADI ZONDI / MPUMUZA

Continued from Page 20

amended in 1997 to create a Board separate from the Trust to administer the trust and its assets which include land. This amendment tried as far as possible to align itself with the practice under customary law. The King for all practical purposes is relieved of all hands on administration. This is left to Board members none of whom is a trustee.

Communally the land is owned by the clans as a collective in respect of each demarcated area. In turn each member of each clan is entitled through the procedures under customary law to have ownership of his/her allotment.

The land which Ingonyama Trust owns, is the property envisaged in Section 25(1) of the constitution. Thus while not each and every member of the beneficial clans has a registered title deed in respect of his/her allotment, such ownership is protected by the law. While Section 25(6) provides for the enactment

of a legislation to strengthen land right ownership to address past historical racial inequalities, it is submitted that land beneficiaries of Ingonyama Trust land can have access to such protection even currently.

The Ingonyama Trust land is still the most economically accessible land in the province. However, due to population exponential growth strong measures are to be applied in land allocation by the Traditional Councils on the ground.

For this to happen, the Ingonyama Trust Board needs to expedite policy formulation and cascade it to the Traditional Councils sooner than late.

The Trust mandate is not confined to land ownership only. It is entitled to do anything which a corporate body may do, subject to the enabling legislation.

EXECUTIVE AUTHORITY'S OVERVIEW

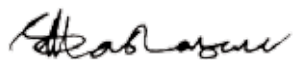
In the time since my appointment as Minister of Rural Development and Land Reform, and as a consequence, the Executive Authority responsible for the Ingonyama Trust, I have acquainted myself with the inner workings, challenges and achievements of the Trust. I greatly appreciate the work of the Ingonyama Trust Board in administering the affairs of the Trust and trust land, situated in KwaZulu- Natal.

Part of the administration of the affairs of the Trust, includes issuing of rights to land for economic development purposes. This occurs through the building of infrastructure and other catalytic projects, both from private and public sector. The Traditional Councils play a critical role at a local level in ensuring equitable allocation of land and economic development, in partnership with Ingonyama Trust Board.

Our collective objective must be to change the lives of our people and ensure a better life for all. This challenge is becoming more and more urgent as our democracy matures. In this context we have to be mindful that the issue of the day is the intractable issue of land and land ownership. In addressing this issue, it is imperative that all stakeholders are appropriately engaged and that our objective, our lodestar, remains the best interest of the impoverished masses of our people. A key stakeholder in this process is the ITB, which should play a leadership role in the search for lasting solutions to the land issue in our country.

Together with government, the ITB should seek to transform the lives of the people residing in rural areas of KwaZulu - Natal Province. We understand that the land in the rural areas under traditional leaders is dry land. This calls for collaboration between the organs of state and private sector to leverage resources in pursuit to transform the rural space into viable economic hubs.

As much as the performance of the organisation against its strategic objectives is not satisfactory. I am hopeful that the ITB will perform at an optimum level in the next financial year.



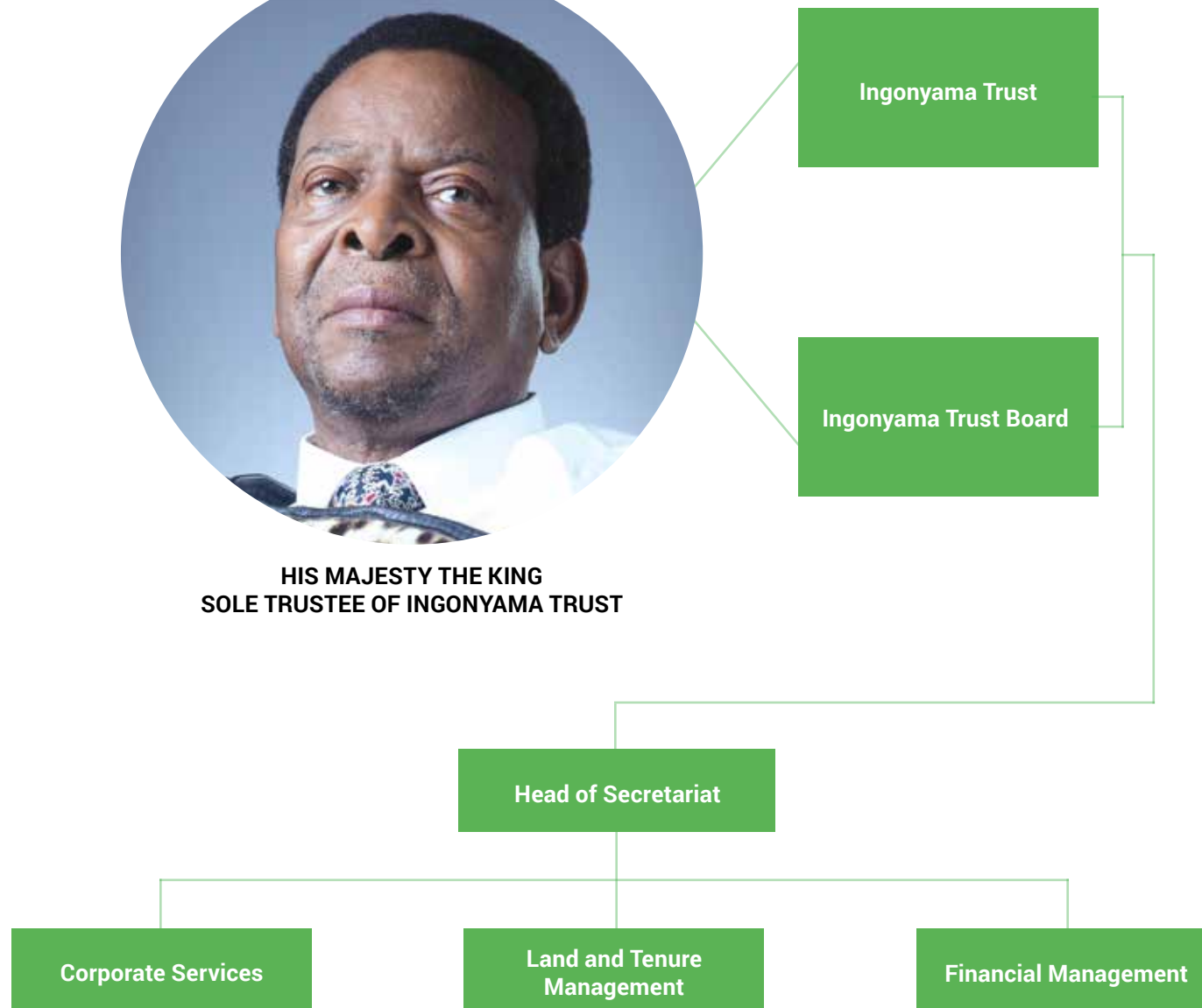
The Honourable Nkoana-Mashabane, M E (MP)
Minister of Rural Development and Land Reform



EXECUTIVE AUTHORITY
Minister of Rural Development and Land Reform



**HIS MAJESTY THE KING
SOLE TRUSTEE OF INGONYAMA TRUST**



SECTION B

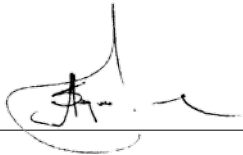
PERFORMANCE INFORMATION

STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION

The Ingonyama Trust Board prepared the report on its performance against predetermined objectives in accordance with the requirements of sections 40 (3)(a) and 55 (2) (a) of the Public Finance Management Act, Act No. 1 of 1999, Chapter 18 section 18.3.1 (b) of Treasury Regulations and Chapter 6 of the National Treasury Framework for Managing Programme Performance Information, issued by the National Treasury.

Therefore, the information reported is a product of established internal policies, procedures and controls related to the management of performance information designed to provide reasonable assurance about the integrity and reliability of performance information.

In my opinion, the performance information fairly reflects the performance of the department against objectives set for the financial year ended 31 March 2018.



Chairperson of the Ingonyama Trust Board
Hon. Mr Justice S J Ngwenya



Acting Chief Executive Officer
Ms T P Ndlovu

PERFORMANCE OVERVIEW OF THE INGONYAMA TRUST BOARD

INTRODUCTION

The Strategic Plan 2015 - 2020 of the Ingonyama Trust Board was developed with the support of the Department of Rural Development and Land Reform. It is aligned to Outcomes 7, 8 and 12 of the MTSF through contribution to the following priorities.

- Improved land administration and spatial planning for integrated development in rural areas;
- Improved food security;
- Smallholder farmer development and support (technical, financial, infrastructure) for agrarian transformation;
- Increased access to quality basic infrastructure and services, particularly in education, healthcare and public transport in rural areas; and
- Growth of sustainable rural enterprises and industries characterised by strong rural – urban linkages, increased investment in agro-processing, trade development and access to markets and financial services resulting in rural job creation.

During the period under review there was a substantial revision of the Annual Performance Plan based on a change in the priorities of the Board and the splitting of the two entities which is the Ingonyama Trust and Ingonyama Trust Board.

As a result of this revision there were Key Performance Indicators which were introduced in anticipation of more work as a result of the organisational change that was taking place.

The change incorporated the collapse of the Land Management, Rural Development and Traditional Support programmes into one which is Real Estate. Most of the Key Performance Indicators which were loaded into these programmes were split between the Administration and Real Estate programmes and some new indicators were also introduced to cover some aspects which were seen to be critical for purposes of performance.

PERFORMANCE TRENDS

In pursuit to align the performance indicators with the mandate of Ingonyama Trust Board (ITB), these were revised. Eleven (11) performance indicators were added in the 2017/2018 under review. This saw an increase in the performance indicators from 29 of 2016/2017 to 40 of 2017/2018. In Programme 1 : Administration there was an increase of 3 Performance Indicators. Of the 18 performance indicators for Programme 1 set for the year under review, 7 were achieved.

In Programme 2, of the 22 performance indicators, 7 were achieved. The overall performance achieved during the year under review is 35% against 87% achieved in the 2016/2017. A sharp and concerning decline of 52% is depicted.

Whilst the Board have worked relentlessly around the finalisation of the New Organogram, Skills Audit and Placement, unforeseen and uncontrollable circumstances obstructed the performance as a whole.

PERFORMANCE INFORMATION PER PROGRAMME

PROGRAMME 1 : ADMINISTRATION

PURPOSE

The purpose is to provide strategic leadership, corporate services, logistical support services and financial management to the Trust.

PROGRAMME STRUCTURE

The administration programme comprise of the following:

- Board;
- Management;
 - Communication;
 - Legal services;
 - Information Technology (IT);
- General administration; and,
- Financial services.

STRATEGIC OBJECTIVES

The following are the strategic objectives of Programme 1 : Administration.

- Provide effective monitoring and evaluation systems to the Ingonyama Trust Board;
- Ensure effective stakeholder engagement and communication;
- Provide IT support to improve efficiency;
- To ensure that efficient internal resource management is aligned to legislative requirements;
- To ensure reduction of vacancies;
- To ensure performance management in ITB;
- Provision of skills development to improve service delivery; and,
- To improve customer relationship.

PROGRAMME 1 : ADMINISTRATION

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	BASELINE (ACTUAL OUTPUT) 2016/17	TARGET 2017 / 18	ACTUAL AUDITED ACHIEVEMENT 2017/18	VARIANCE	REASONS FOR VARIANCE
1.1. Provide effective monitoring and evaluation systems to the Ingonyama Trust Board	Mid - term reviews held and reports completed	1	1	1	0	None
	Staff training on the monitoring and evaluation framework	New indicator	3	0	-3	This has been deferred until the new organogram has been finalized and the skills audit has been undertaken
1.2. Ensure effective stakeholder engagement and communication	Customer service charter implementation plan in place	New indicator	1	0	-1	- Draft implementation plan in place circulated for comments - Process delayed due to the draft organogram review
	Stakeholder engagement plan in place	New indicator	1	0	-1	- Draft plan in place engagements are ongoing
	Number of Communication reports submitted to the Board	0	12	3	-9	Board redefined the target
	Number of workshops with amakhosi	New indicator	3	14	+11	Workshops held as a result of the demand from amaKhosi
1.3. Provide IT Support to improve efficiency	Audited IT infrastructure of the ITB	0	1	0	-1	Draft audit implementation plan in place pending approval by the Board
	Bi annual check of software compliance concluded	2	2	2	0	None
	Implementation plan for the IT policies developed and approved by the Board	New indicator	1	0	-1	Draft implementation plan reviewed incorporating comments

PROGRAMME 1 : ADMINISTRATION (continued)

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	BASELINE (ACTUAL OUTPUT) 2016/17	TARGET 2017 / 18	ACTUAL AUDITED ACHIEVEMENT 2017/18	VARIANCE	REASONS FOR VARIANCE
1.4. To ensure that efficient internal resource management is aligned to legislative requirements	Number of policies reviewed by the Board	4	6	-	-6	As a result of the specialised nature of some of the planned policies Board decided to outsource this function
	Percentage of all movable assets to be recorded in the asset register	100%	100%	100%	0%	None
1.5. To ensure reduction of vacancies	HR provisioning plan approved by the Board	New indicator	1	1	0	None
	Percentage of posts filled in relation to the HR provisioning plan	94%	100%	93%	-7%	Inability to attract the correct candidate
1.6. To ensure performance management in ITB	Percentage of Performance agreements concluded timeously	97%	100%	0	-100%	Could not be included in the absence of the Senior Managers
1.7. Provision of skills to improve service delivery	Number of Internal Skills Audit performed	1	1	0	-1	Capacity constraints
	Number of training programmes conducted	14	10	2	-8	Training needs not aligned with skills required
1.8. To improve customer relationship	Payment of undisputed invoices within 30 days of receipt in finance	100%	100%	100%	N/A	N/A
	Number of MOAs with traditional councils approved by the board	7	10	4	-6	This has been suspended pending the finalisation of the new organogram

PROGRAMME 2 : REAL ESTATE

PURPOSE

The purpose is to provide a secure tenure right and establish a comprehensive land tenure information system.

PROGRAMME STRUCTURE

The land management programme comprise of the following:

- Provision of formal tenure rights; and,
- Maintenance of Land Tenure information system.

STRATEGIC OBJECTIVES

The following are the strategic objectives of Programme 2 : Land Management.

- Provision of secured tenure rights to facilitate development on Ingonyama Trust land;
- To maintain an intergrated and comprehensive land tenure administration system / (database of land tenure rights);
- Making trust land available for infrastructure development at district municipality level; and,
- Ensure legal occupation of trust land.

PROGRAMME 2 : REAL ESTATE

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	BASELINE (ACTUAL OUTPUT) 2016/17	TARGET 2017 / 18	ACTUAL AUDITED ACHIEVEMENT 2017/18	VARIANCE	REASONS FOR VARIANCE
2.1. Provision of secured tenure rights to facilitate development on IT land	Land Tenure Policy developed and approved	New indicator	1	-	-1	- Draft policy in place circulated for comments - Priority given to Tenure procedure
	Research conducted on land allotment practices adopted by various traditional councils	New indicator	1	-	-1	This requires specialized skill
	Number of land tenure rights approved by the Board	1058	1400	715	685	- Change in policy and related issues - Duplicate allocations by TCs discovered during survey
2.2. To maintain an intergrated and comprehensive land tenure administration system (database of land tenure rights)	Updated land holding register	4	4	4	-	N/A
	Number of land parcels for commercial use valued	38	9	1	-8	- The move is to use municipal values for these properties. - The ITB has valued all land based on municipal values which is reflected in the 2017/2018 Annual Financial Statements.
2.3. To ensure sustainable land planning which attracts investment on IT land	Number of Traditional Councils with development plans	New indicator	4	-	-4	- It was envisaged that plans will be prepared for: (Macambini, Thulini, Mpungose, Bidla) - These are included in the draft land planning operation plan for 2018/2019.

PROGRAMME 2 : REAL ESTATE (continued)

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	BASELINE (ACTUAL OUTPUT) 2016/17	TARGET 2017 / 18	ACTUAL AUDITED ACHIEVEMENT 2017/18	VARIANCE	REASONS FOR VARIANCE
2.3. To ensure sustainable land planning which attracts investment on IT land (contd)	Number of Spatial Development Plans on strategically located land	New indicator	3	1	-2	- The process for the development plans is ongoing but not yet complete. - There are draft layout plans for eNyokeni, Newcastle, Mpophomeni and White City.
	Number of development agreements with municipalities	New indicator	1	-	-1	Engagements have been undertaken with municipalities however no feedback has been received
	A report identifying prime land developed and approved by the Board	New indicator	1	1	-	N/A
2.4. Provide support to beneficiary communities to improve food security	Board approved plan on agriculture production on trust land	1	1	1	-	N/A
	Number of potential project of high commercial value for partnership with private sector identified and implemented	1	1	1	-	N/A
	Number of agricultural projects approved by the Board	12	12*	12	-	N/A
2.5. Ensure intergration related to mining for sustainable rural development on IT land	A comprehensive plan based on the recommendation of the 2015/16 mining Imbizo	New indicator	1	-	-1	Workstreams and mining forum not fully functional
	Auditing of all mining activities	New indicator	1	1	-	N/A

* This refers to 12 ongoing projects which were approved during the 2016/2017 financial year.

PROGRAMME 2 : REAL ESTATE (continued)

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	BASELINE (ACTUAL OUTPUT) 2016/17	TARGET 2017 / 18	ACTUAL AUDITED ACHIEVEMENT 2017/18	VARIANCE	REASONS FOR VARIANCE
2.6. To facilitate economic development on IT land	An implementation plan on land with development rights, developed, costed and approved	New indicator	1	-	-1	Not achieved as it is dependent on SO: 2.3.
	Monitoring compliance and adherence to ITB BBBEE scorecard for commercial developments	New indicator	3	1	-2	The implementation of the scorecard was being reviewed due to its relevancy
	Development rights application submitted and obtained in line with the findings of the land audit	New indicator	3	-	-3	Not achieved as it is dependent on SO: 2.3.
2.7. Provide training to Traditional Councils	Skills Audit performed based on land related legislation	0	1	-	-1	This could not have been proceeded with in the current year, and discontinued as the indicator was not in line with the strategic objective.
	Training plan approved by the Board	0	1	-	-1	The training plan is dependent on the finalization of the Tenure process.
	Number of Traditional Councils trained	11	12	-	-12	Capacity constraints
2.8. Facilitate skills development for young people living on communal land	Number of educational awards granted	111	120	43	-77	Indicator dependent on traditional council requests for bursaries
2.9. Promotion of social cohesion and cultural values	Framework on supporting social cohesion programmes developed and approved	New indicator	1	-	-1	This is to be outsourced

SECTION C

GOVERNANCE



ACCOUNTING AUTHORITY

THE BOARD

The Ingonyama Trust is administered by the The Ingonyama Trust Board (ITB) “the Board”, which is a schedule 3A public entity in terms of the Public Finance Management Act (PFMA).

In line with its statutory mandate, the Board is responsible for:

- Providing strategic leadership for management of Trust land;
- Oversee operational performance of the organisation and the Trust;
- Provide leadership and policy direction in matters pertaining to communal land under the leadership of Amakhosi in the province.

For operational efficiencies the Board has created the following governance structures:

Board Committees

- Executive Committee of the Board (EXCO);
- Human Resource and Organisational development Committee;
- Finance Committee (FINCO);
- Audit Committee.

Management Committees

- MANCO;
- Bid Specification Committee;
- Bid Evaluation Committee;
- Bid Adjudication Committee;
- Bursary Committee.

The Board is comprised of the following members.

His Majesty the King (Statutory Sole Trustee)
Hon. Mr Justice S.J. Ngwenya (Chairperson - Royal nominee)
Ms J.T. Bhengu (Vice Chairperson)
Advocate W.E.R Raubenheimer
Mr B.L. Shabalala
Inkosi T.W. Mavundla
Inkosi P.R. Bele
Inkosi Z.T. Gumede
Inkosi S.E. Shabalala
Dr. M.S. Mbatha
Advocate. V.Z. Mngwengwe (Ministerial representative)

THE SECRETARIAT

The Secretariat is the administrative enterprise through which the Board discharges its mandate.

The current structure of the Secretariat is as follows:

- Administration;
- Finance, and;
- Real Estate.

These are all headed by the Head of the Secretariat. It is felt that this structure is very limiting and hence a substantial review of the organogram is underway.

General Administration

The General Administration component provides administrative support services to the Board, and the Secretariat as a whole.

The core functions of this component include:

- Fleet management, logistics, registry and reception;
- Human resources.

Real Estate

The Real Estate Department has a number of sub – programmes. These are Land and Asset Management, Rural Development and Traditional Council support.

Land and Asset Management

Land Management includes tenure allocation and liaison with the communities and Traditional Councils. Asset Management in this context entails the management of immovable property register amongst others. Further and additional activities of these components include the following.

- Development of land management policies and implementation;
- Processing of tenure right applications on land;
- Making inputs to various government legislation and policies dealing with land matters;
- Land surveying and Geographic Information System (GIS).

Rural Development

The objective of the programme is to facilitate and coordinate rural development through various community projects. These range from agricultural projects to small town developments and human settlements.

Traditional Council Support

The objective of the programme is mainly facilitating skills development to the Traditional Councils through:

- Training traditional councils on various aspects on matters pertaining to land;
- Management of bursary programme to youth in rural areas.

Finance

Financial Administration consists of providing financial accounting, budgeting, regulating compliance and risk management services to the Ingonyama Trust Board to ensure that the asset of the Trust which is principally land, is administered professionally and its finances well protected. Among the main functions, the Finance Department has the following responsibilities:

- Ensure that all moveable assets of the Board and the Trust are well documented and accounted for;
- Ensuring that sound financial administration policies are in place;
- Establishing of sound internal controls and regularly maintaining them;
- Ensure that all creditors of the Board and the Trust are timeously paid.

THE BOARD



His Majesty the King (Trustee)



Mr S J Ngwenya (Chairperson and Royal nominee)

Committees: EXCO, HR & OD, Tenure



Ms J T Bhengu (Vice Chairperson)

Committees: EXCO, HR & OD, Tenure



Dr M S Mbatha

Committees: EXCO, Finance, Audit, Tenure



Advocate W E R Raubenheimer

Committees: EXCO, Finance, Tenure



Mr B L Shabalala

Committees: EXCO, Finance, HR & OD, Tenure, Audit



Advocate V Z Mngwengwe

Ministerial appointee



Inkosi W T Mavundla

Committees: EXCO, Finance, Tenure



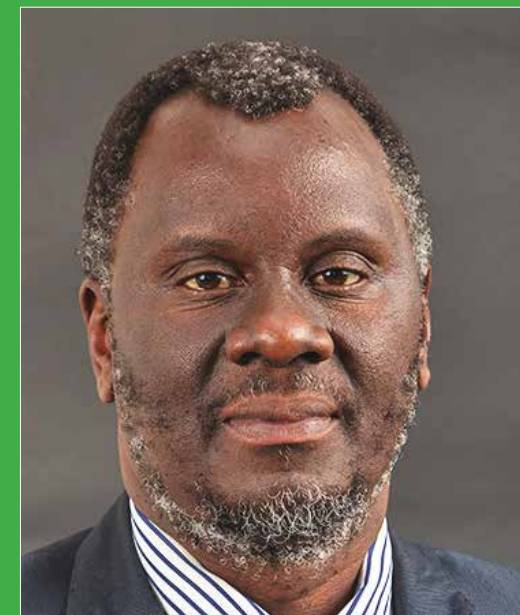
Inkosi S E Shabalala

Committees: EXCO, Tenure



Inkosi P R Bele

Committees: EXCO, Tenure



Inkosi Z T Gumede

Committees: EXCO, Tenure

BOARD COMMITTEES

EXECUTIVE COMMITTEE OF THE BOARD (EXCO)

The Executive Committee of the Board has always been a Board Committee. It has since been revised during the period under review to address matters which are operational in the implementation of the Board's mandate.

EXCO is responsible for:

- To deal with any matters specifically delegated to it by the Board;
- To generally manage the Trust land in terms of the Act, Government policy and the Board's policies between sittings of the Board.

The EXCO is constituted by 6 core members and 2 alternate members as tabled below. During the period under review the following meetings were held by EXCO and the following Board members were in attendance.

Member	Board meetings attended	EXCO meetings attended
Hon. Mr Justice S.J. Ngwenya (Chairperson)	12/13	5/5
Ms J.T.J. Bhengu (Deputy Chairperson)	13/13	5/5
Adv W.E.R. Raubenheimer	11/13	3/5
Mr B.L. Shabalala	12/13	5/5
*Inkosi T.W. Mavundla	12/13	3/5
Inkosi P.R. Bele	13/13	5/5
*Inkosi S.E. Shabalala	7/13	2/5
Dr M.S. Mbatha	8/13	2/5
Inkosi Z T Gumede	8/13	0/5
Advocate. V.Z. Mngwengwe (Ministerial representative)	4/13	0/5

* Denotes alternate members of the EXCO

HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT COMMITTEE

The Human Resources and Organisational Development Committee (HR & OD Committee) of the Board is a newly established committee of the Board to address matters which relate to the development of a world class Secretariat in support of the Board.

This committee is responsible for:

- Provide leadership in the process of structuring the Secretariat of the Ingonyama Trust Board;
- Providing leadership and policy direction in matters pertaining to Human Resources for the ITB.

The HR & OD Committee is constituted by 4 members as tabled below.

During the period under review the following meetings were held by this committee and the following Board members were in attendance.

Member	Meetings attended
Hon. Mr Justice S.J. Ngwenya (Chairperson)	3/3
Ms J.T.J. Bhengu	3/3
Adv W.E.R. Raubenheimer	2/3
Mr B.L. Shabalala	3/3

FINANCE COMMITTEE (FINCO)

The Finance Committee (FINCO) of the Board is a newly established committee of the Board to address matters which relate to sound financial management to the Board.

This committee is responsible for:

- Review monthly and quarterly finance report;
- Monitor progress on audit issues;
- Provide financial advice for the Board.

The FINCO comprises of 4 members as tabled below.

During the period under review the following meetings were held by this committee and the following Board members were in attendance.

Member	Meetings attended
Dr M.S. Mbatha (Chairperson)	7/7
Adv W.E.R. Raubenheimer	7/7
Mr B.L. Shabalala	6/7
Inkosi T.W. Mavundla	5/7
Inkosi P.R. Bele	2/7
Hon. Mr Justice S.J. Ngwenya	1/7

Audit Committee

The Audit Committee has always been part of the Board Committees dealing with matters related to Audit and Risk within the organisation. It has since been revised with the addition of Board members to improve efficiency.

This committee is responsible for:

- Provide leadership in the process of structuring the Secretariat of the Ingonyama Trust Board;
- Providing leadership and policy direction in matters pertaining to Human Resources for the ITB.

The Audit Committee is constituted by 4 members. Further information pertaining

to the members and meetings attended is contained in the Audit Committee report which can be found on page 55 of this document.

Tenure committee

The Tenure Committee has always been part of the Board Committee dealing with matters related to processing the tenure rights applications of the ITB. In order to fast track the approval of tenure rights applications this Committee has been split in to two teams.

This committee is responsible for:

- Decide on behalf of the Board on the granting and refusal of applications for tenure rights;
- Make recommendations to the Board on land tenure matters.

Member	Meetings attended
Hon. Mr Justice S.J. Ngwenya (Chairperson)	9/11
Ms J.T.J. Bhengu (Deputy Chairperson)	11/11
Adv W.E.R. Raubenheimer	10/11
Mr B.L. Shabalala	8/11
*Inkosi T.W. Mavundla	9/11
Inkosi P.R. Bele	10/11
*Inkosi S.E. Shabalala	9/11
Dr M.S. Mbatha	8/11
Inkosi Z T Gumede	9/11
Advocate. V.Z. Mngwengwe (Ministerial representative)	0/11

INTERNAL CONTROL ENVIRONMENT

In order for the Board to comply with its mandate it ensures that a sustainable internal control environment is maintained.

Risk Management

The Board approved a Risk Management strategy for the financial year. The risk management plan was primarily designed to prevent and identify fraud and related risks.

Internal Audit

The Public Finance Management Act (PFMA) requires the Board to establish an effective internal audit function under the control and direction of the Audit Committee. The objective of the internal audit is to provide an independent objective and consulting service to add value and improve the operations of the Trust. This is achieved through the evaluation, improvement and testing of effective risk management, financial controls and governance processes and policies.

During the financial year under review the Board retained Ubuntu Business Advisory and Consulting (PTY) LTD to perform the Internal Audit function.

AUDIT COMMITTEE REPORT

We are pleased to present our report for the year ended 31 March 2018.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee consists of the members listed hereunder. The Committee should meet not less than four times per annum as prescribed in the audit charter.

During the current year four meetings were held.

Member	Committee Meetings
Mr S Gabela (Chairperson)	4/4
Mr M Khuzwayo	2/4
Mr B.L. Shabalala	4/4
Dr M.S. Mbatha	4/4

AUDIT COMMITTEE'S RESPONSIBILITY

The Audit Committee reports that it has complied with its responsibilities arising from section 51(1) (a) of the PFMA and Treasury Regulations.

The Audit Committee also report that it has adopted appropriate formal terms of reference as its audit committee charter and has discharged its responsibilities in terms of this charter. The Audit Committee has liaised with both internal and external auditors and reviewed their plans and findings to ensure that the internal controls are as effective as possible and appropriate to the organization.

The King III Report on Corporate Governance has been implemented to the extent it is applicable to the organisation and both internal and external auditors have unrestricted access to the Audit Committee.

The financial policies have been reviewed and the Audit Committee is satisfied with the effective functioning of the internal control system. A risk management process has been undertaken and has been evaluated by the auditors as a basis for their

audit approach. Various recommendations have been made to the Board arising from reviews of its operations and reports from the internal auditors. As a result the Board has formalised policies this year and is currently considering more of these policies for adoption.

EVALUATION OF FINANCIAL STATEMENTS

The Audit Committee has:

- Reviewed the Auditor - General's management letter and management's response thereto,
- Reviewed changes in accounting policies and practice, and;
- Reviewed significant adjustments resulting from the audit.

Mr S Gabela
Chairperson
August 2018

SECTION D

HUMAN RESOURCE MANAGEMENT



HUMAN RESOURCES OVERSIGHT STATISTICS

PERSONNEL COST BY PROGRAMME

PROGRAMME	TOTAL EXPENDITURE FOR THE ENTITY	PERSONNEL EXPENDITURE	PERSONNEL EXP. AS A % OF TOTAL EXP.	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE
Ingonyama Trust Board	R 81,878,853	R 21,969,634	27%	54	R 406,845

TRAINING COSTS

PROGRAMME	PERSONNEL EXPENDITURE	TRAINING EXPENDITURE	TRAINING EXPENDITURE AS A % OF PERSONNEL COST	NO. OF EMPLOYEES TRAINED	AVG. TRAINING COST PER EMPLOYEE
N/A	N/A	N/A	N/A	N/A	N/A

EMPLOYMENT AND VACANCIES

OVERALL EMPLOYMENT STATISTICS

PROGRAMME	2017/2018 NO. OF EMPLOYEES (PERMANENT)	2017/2018 APPROVED POSTS	2017/2018 NO. OF EMPLOYEES (ADDITIONAL TO ESTABLISHMENT, CONTRACT)	2017/2018 VACANCIES	% OF VACANCIES
Ingonyama Trust Board	23	27	33	3	5%

EMPLOYMENT STATISTICS PER SALARY BAND

SALARY BAND	2017/2018 NO. OF EMPLOYEES (PERMANENT)	2017/2018 APPROVED POSTS	2017/2018 NO. OF EMPLOYEES (ADDITIONAL TO ESTABLISHMENT, CONTRACT)	2017/2018 VACANCIES	% OF VACANCIES
Top Management (level 15-16)	0	0	1	0	0%
Senior Management (level 13 - 14)	1	2	0	0	0%
Professional qualified (level 9 - 12)	4	6	2	2	25%
Skilled (level 6 - 8)	15	16	22	1	3%
Semi - skilled (level 3 - 5)	3	3	7	0	0%
Unskilled (level 1 - 2)	0	0	0	0	0%
TOTAL	23	27	33	3	5%

EMPLOYMENT CHANGES

SALARY BAND	Employment at beginning of period	Appointments	Terminations	Employment at the end of the period
Top Management (level 15-16)	1	0	1	1
Senior Management (level 13 - 14)	1	1	1	1
Professional qualified (level 9 - 12)	8	0	2	6
Skilled (level 6 - 8)	41	1	4	37
Semi - skilled (level 3 - 5)	12	2	4	10
Unskilled (level 1 - 2)	0	0	0	0
TOTAL	63	4	12	55

58

REASON	NUMBER	% OF TOTAL NO. OF STAFF LEAVING
Death	0	0%
Resignation	7	13%
Dismissal	0	0%
Retirement	0	0%
Ill health	0	0%
Expiry of contract	5	9%
Other	0	0%
Total	12	22%

SECTION E

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS



STATEMENT OF BOARD'S RESPONSIBILITY FOR FINANCIAL AND PERFORMANCE INFORMATION

The Board is responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The auditors are responsible for reporting on the fair presentation of the financial statements. The financial statements have been prepared in accordance with Generally Recognised Accounting Practice Standards.

Auditors:

Auditor - General

Bankers:

First National Bank - a division of FirstRand Bank Ltd
Nedbank Ltd
Absa Bank Ltd
Investec Bank Limited
Standard Bank of South Africa Ltd

Registered Office:

65 Trelawney Road
Pietermaritzburg
3201

P.O. Box 601
Pietermaritzburg
3200

Tel: 033 846 9900
Fax: 033 386 2528

The Board is also responsible for the Trust's system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of the assets, and prevent and detect misstatements and loss. Nothing has come to the attention of the Board to indicate any material breakdown in the functioning of these controls, procedures and systems during the year under review.

The financial statements set out on page 74 to 124 were approved by the Board members on the 26 May 2018 and signed on its behalf by the chairperson of the Board.

General Information

Members of the Ingonyama Trust Board as at 31 March 2018 :

His Majesty the King (Trustee)
Hon. Mr Justice S.J. Ngwenya (Chairperson - Royal nominee)
Ms J.T.J. Bhengu (vice chairperson)
Adv. W.E.R. Raubenheimer
Mr B.L. Shabalala
Inkosi T. W Mavundla
Inkosi P.R Bele
Inkosi Z.T Gumede
Inkosi S. E Shabalala
Dr M.S Mbatha
Adv. V.Z Mngwengwe (Ministerial representative)

General information - continued

The Ingonyama Trust Board is a schedule 3A Public Entity. The Executive Authority for the period of this report is the Minister of Rural Development and Land Reform. The area of jurisdiction is KwaZulu-Natal.

The Trust was initially created by the KwaZulu Legislative Assembly as a repository for the communal land of the Zulu Nation with His Majesty the King as sole Trustee. This was by way of the Ingonyama Trust Act 3 of 1994KZ. In 1997 the democratic National Parliament amended this Act, so that it is consistent with modern constitutional order.

This amendment involved changes to all sections of the Act by way of the KwaZulu-Natal Ingonyama Trust Amendment Act No 9 of 1997. Importantly this Act established the Trust Board appointed by the then Minister of Land Affairs following a consultative process with the KZN Premier – in – Executive Council and the Chairperson of the KZN House of Traditional Leaders. The King remains the sole Trustee and he (or his nominee) chairs the Board. The 1997 amendment Act also excluded application of private trust legislation to the Ingonyama Trust. The effect of these amendment among others was to create a Board which is a separate and independent legal entity. The members of the Board are not trustees but are appointed by the Minister responsible for land affairs.

The function of the Board is to administer the affairs of the trust and trust land. This is a unique situation since trusts are ordinarily controlled by boards of trustees.

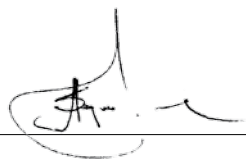
The Ingonyama Trust owns land in Trust. In practice it is a nominal owner since the land in question belongs to the beneficial clans and the members thereof.

Access to the Trust land is primarily in terms of indigenous law. The preferred tenure option by the Board is the lease which to a greater extent is consistent with customary law approach to land ownership. With the changing times and socio economic development in the country the Board is encouraging every land rights holder on Trust land to acquire formal tenure and in return make some financial contribution towards the sustainability of this land.

63

Approval of Annual Financial Statements

The Annual Financial Statements for the year ended 31 March 2018 were approved by the Board on 26 May 2018.



Chairperson of the Ingonyama Trust Board
Hon. Mr Justice S J Ngwenya

REPORT OF THE AUDITOR GENERAL TO PARLIAMENT ON THE INGONYAMA TRUST BOARD

Report on the audit of the consolidated and separate financial statements

Adverse opinion

1. I have audited the consolidated and separate financial statements of the Ingonyama Trust Board set out on pages 74 to 124, which comprise the statement of financial position as at 31 March 2018, the 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 the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, because of the significance of the matters described in the basis for adverse opinion section of this auditor's report, the consolidated and separate financial statements do not present fairly, in all material respects, the financial position of the Ingonyama Trust Board as at 31 March 2018, and its financial performance and its cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for adverse opinion

Property plant and equipment

3. It was unable to obtain sufficient appropriate evidence that management has properly accounted for land to the value of R1,08 billion due to the supporting information not submitted.

4. The Trust did not properly account for property, plant and equipment in accordance with GRAP 17, Property, plant and equipment. This was due to survey diagrams not submitted and inadequate controls in place to correctly value the properties. Consequently, I was not able to determine the full extent of the property, plant and equipment of R28,21 billion as shown in note 21 to the consolidated and separate financial statements, as it was impracticable to do so.
5. The trust did not recognise the land held to earn rental or for capital appreciation in accordance with the requirements of GRAP 16, Investment Property, by recognising it at fair value as at the date of acquisition. I did not determine the correct fair value and extent of land held as it was impracticable to do so.

Expenditure

6. The Ingonyama Trust Board did not recognise expenditure on a comparable basis and furthermore incorrectly recognised expenditure relating to the Ingonyama Trust in the separate financial statements of the Ingonyama Trust Board resulting in non-compliance with GRAP 1, Presentation of Financial Statements. Consequently, total expenditure was overstated in the separate financial statements of the Ingonyama Trust Board. I was unable to determine the impact on total expenditure as it was impracticable to do so. Additionally, there was a resultant impact on the surplus for the period and on the accumulated surplus.

Receivables from exchange transactions

7. I was unable to obtain sufficient appropriate audit evidence that provision for bad debts for the year under review is properly accounted for, due to the entity not providing for all debtors that are long outstanding and did not assess at the end of the reporting period whether there is any objective evidence that all debtors or group of financial assets is impaired in accordance with GRAP 104, Financial Instruments. Consequently receivables are overstated and provision for bad debts are understated. I was unable to determine the impact on receivables from exchange transactions and the provision for bad debts as it was impracticable to do so.

Royalty revenue

8. Royalties received by the trust from the mining operator were incorrectly recognised as revenue by the trust, which is contrary with the requirements of GRAP 9 Revenue from exchange transactions. Consequently, royalty revenue was overstated by R794 157 (2017: R922 424) and the payables were understated by the same amounts.

Context for the opinion

9. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
10. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the 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.
11. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

Other matter

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

Unaudited supplementary notes

13. The supplementary information set out on pages 118 to 125 does not form part of the consolidated and separate financial statements and is presented as additional information. I have not audited these notes and, accordingly, I do not express an opinion thereon.

Responsibilities of accounting authority for the consolidated and separate financial statements

14. The accounting authority is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with SA Standards of GRAP and the requirements of the PFMA, 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.
15. In preparing the consolidated and separate financial statements, the accounting authority is responsible for assessing the Ingonyama Trust Board'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 accounting authority either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the consolidated and separate financial statements

16. My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.
17. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report.

20. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the annual performance report of the entity for the year ended 31 March 2018:

Programme	Pages in the annual performance report
Programme 2 – Real estate	39 – 42

21. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
22. The material findings in respect of the usefulness and reliability of the selected programme are as follows:
Programme 2 – Real estate
Indicator 2.4 - Number of potential projects of high commercial value for partnership with private sector identified and implemented
23. The method of calculation for achieving the planned indicator was not clearly defined.
Indicator 2.6 - Monitoring compliance and adherence to ITB BBBEE scorecard for commercial development

Report on the audit of the annual performance report

Introduction and scope

18. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes/ objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
19. My procedures address the reported performance information, which must be based on the approved performance planning documents of the entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

24. I was unable to obtain sufficient appropriate audit evidence to support the reported achievement of indicator 2.6 - monitoring compliance and adherence to ITB BBBEE scorecard for commercial development. This was due to a lack of technical indicator descriptions and proper performance management systems and processes and formal standard operating procedures or documented systems descriptions that predetermined how the achievement would be measured, monitored and reported. We were unable to confirm the reported achievement of the indicator by alternative means. Consequently, we were unable to determine whether any adjustments were required to the achievement of one as reported in the annual performance report.

Other matter

25. I draw attention to the matter below.

Achievement of planned targets

26. The annual performance report on pages ... to ... contains information on the achievement of planned targets for the year and explanations provided for the under achievement of a number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs x to x of this report.

Adjustment of material misstatements

27. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Programme 2 - Real estate. I raised material findings on the usefulness and reliability of the reported performance information. As management subsequently corrected only some of the misstatements, those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

28. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
29. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

30. The consolidated and separate financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1)(a) and (b) of the PFMA. Material misstatements of non-current assets identified by the auditors in the submitted financial statements were corrected, but the remaining uncorrected material misstatements of non-current assets, current assets, revenue and expenditure resulted in the consolidated financial statements receiving an adverse opinion.

Revenue management

31. The entity did not pay the royalty revenue to the national revenue fund as required by section 2 of the Mineral and Petroleum Resources Royalty Act, 2008 (Act No.28 of 2008)(MPRRA).
32. Effective and appropriate steps were not taken to collect all revenue due, as required by section 51(1)(b)(i) of the PFMA.

Other information

33. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the consolidated and separate financial statements, the auditor's report and the selected programme presented in the annual performance report that have been specifically reported in this auditor's report.
34. My opinion on the consolidated and separate financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
35. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements and the selected programmes/objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
36. I did not receive the other information prior to the date of this auditor's report. After I receive and read this information, and 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 not 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

37. I considered internal control relevant to my audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

38. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the adverse opinion, the findings on the performance report and the findings on compliance with legislation included in this report.

Leadership

39. The leadership did not establish effective oversight and monitoring over financial and performance reporting processes and compliance with laws and regulations.

Financial and performance management

40. Management did not ensure that accurate and complete expenditure records and reports were prepared in accordance with the requirements of the applicable financial reporting framework. The system established by the accounting authority was inadequate to monitor compliance with the National Treasury's framework for the managing of programme performance information.

Other reports

41. I draw attention to the following engagement conducted by various parties that had, or could have, an impact on the matters reported in the entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. This report does not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

42. An investigation is being conducted by the accounting authority, which covers the period 1 April 2017 to 31 March 2018. The investigation was initiated based on an allegation of possible misappropriation of the trust's assets. Six officials have been charged by the accounting authority with financial misconduct and a disciplinary case is in progress. The outcome of the investigation is expected in the 2018-19 financial year.

Pietermaritzburg
10 August 2018



RESPONSE OF THE INGONYAMA TRUST BOARD TO ASPECTS OF THE AUDITOR GENERAL'S REPORT

1. Basis of the adverse opinion -Land valuation

We believe that this matter is a key issue which gave rise to the adverse opinion by the Auditor General (AG).

The ITB did not determine and disclose a land value in the financial statements of the Ingonyama Trust for prior years; however, for the first time in 2017/2018 a value of R 28 billion was reflected in the AFS, based on municipal valuations.

The AG undertook to audit 100 % of the land values reflected in the land valuations register. One would have expected a sample to be selected for audit purposes.

As evidence to verify ownership and existence of Trust land, the AG requested that 660 survey diagrams and 19 title deeds be provided in a space of two to two and half days, i.e. by midday 24th July 2018.

The ITB requested that additional time be given to submit all of the information by Thursday, 26 July 2018. By 24 July 2018, 488 survey diagrams were furnished to the AG.

The AG then responded by granting no additional time to submit the required information as they stated that they were in the process of finalising the audit reports.

It is common audit practice of the AG that two to three days are given to provide information requested normally for a reasonable sample size, however, in this case it was not practical in the time stipulated to provide all of the requested information.

The above background is critical to understanding the sequence of events that follow and the audit methodology adopted by the AG in finalising their report.

The AG at 4.26 pm on 31 July 2018 requested by email that a legal opinion be provided on the issue of the two entities and withheld the final audit reports.

The AG did not finalise their audit reports by 31 July 2018. On 6th August 2018 a formal request, No 11 was received regarding the submission of the legal opinion to be provided within 2 days.

In all fairness more time should have been given to the ITB by the AG regarding the submission of the survey diagrams and copies of title deeds as was the case for submission of the legal opinion.

The ITB would have provided the required information and averted the adverse opinion. The audit report was only finalised by the AG on 14 August 2018.

2. Expenditure - Incorrect recognition of expenditure – (Expenditure allocation between the Ingonyama Trust and the Ingonyama Trust Board)

The Board has a different view to the AG on the expenditure allocation between the entities.

The Ingonyama Trust Board being the administrative arm is responsible for the administration of Trust affairs and Trust land in terms of the Ingonyama Trust Act.

Trust Property and money is regulated in terms of Treasury regulation 14 which reads as follows :

Responsibility for trust money and Property

- *For purposes of this regulation, trust money or property is money or property that does not belong to the State and that is held by an institution on behalf of other persons or entities in terms of a deed of trust or equivalent instrument that details the specific purposes for which it may be used.*

It is clear from the above that Trust money is to be utilised for the benefit of communities which is the mandate of the Ingonyama Trust.

In terms of Section 4 of the Ingonyama Trust Act, the Department of Rural Development is responsible to bear the administrative cost of the administration of the Board. Therefore, mainly administrative costs are allocated to the Ingonyama Trust Board including salary cost.

The Board sees itself as the employer, employing staff to administer the affairs of the Trust and therefore employee costs to be recognised solely in the books of the Ingonyama Trust Board.

The Board notes that Trust generated funds are to be retained for community beneficiaries after the payment of Trust expenditure.

Trust expenditure mainly relates to non- administrative/operational expenditure described under Programme 2 – Land and Tenure Management that has a direct bearing on the issues of land management, tenure rights, land developmental initiatives and safeguarding of land assets.

The Board highlights that all expenditure disclosed in both entities have been subjected to audit and prides itself that there have been no instances of mismanagement of funds either by way of irregular or fruitless and wasteful expenditure.

The expenditure disclosed in the financial statements of the respective entities has been disclosed to the Executive authority and to the oversight parliamentary committee on a quarterly basis and during the budgetary processes in compliance with Paragraph 9 (a) and (b) of GRAP 1 accounting standard.

3. Receivables from Exchange transactions - Provision for doubtful debts not adequately provided for

The provision for doubtful debt was increased to 35 % of the total debt as a result of the query raised during the course of the audit.

The Board has revised the organogram/secretariat structure and took into account the need of providing resources to undertake debt collection.

The revision of the credit control policy is a task scheduled to be undertaken in the 2018/2019 operation plan.

The above actions will ensure the reduction of debt and an adequate policy in place on the provision of doubtful debts.

4. Royalty Income – entitlement

Due to the Mineral and Petroleum Resources Royalty Act coming into effect on 1 May 2009, the Ingonyama Trust has lost a significant portion of income generated from Trust land (at least R 20 m annually) to the state in the form of royalties.

These royalties accrue to beneficiary communities living on Trust land which make up a large portion of indigent persons living in Kwazulu-Natal.

Since 2009, there is no traceable record that indicates of any community living on Ingonyama Trust land having received direct benefit from the royalties paid to the state.

The Ingonyama Trust which was created by an Act of Parliament for the benefit of these communities is of the view that the royalties collected were contractual in nature, which are permissible in law (section 11 (1) of schedule 11 of the Mineral and Petroleum Resources Development Act No 28. of 2002) to be retained by the land owner.

For this reason, during the course of this financial year, the Board approached the Department of Mineral Resources to state its view that contractual royalties paid to the Trust within Ingonyama Trust land in terms of the said act belong to the Ingonyama Trust.

The Board was then requested by the Department to prepare a five year plan for approval by National Treasury detailing how funds are to be used for purposes of local economic development and social upliftment of communities.

This plan could not be finalised by 31 March 2018 as it required the inputs of various stakeholders including Amakhosi, also the huge extent of Ingonyama Trust land that is mined by a large number of mining operators.

The Board further emphasises that in terms of National Treasury regulation 14, which reads as follows:

Responsibility for Trust Money and Property

- *For purposes of this regulation, trust money or property is money or property that does not belong to the State and that is held by an institution on behalf of other persons or entities in terms of a deed of trust or equivalent instrument that details the specific purposes for which it may be used.*
- *The accounting officer, through the chief financial officer or a duly authorised agent, is responsible for the safekeeping and proper use of trust money and property, in accordance with the relevant deed of trust or equivalent instrument.*

Funds held in Trust are to be retained by the Trust, which does not exclude contractual royalties held in Trust.

The Board has not in any instance promoted the non-payment of royalties by mining operators to the state.

Further negotiations are being held with mining operators to increase the surface rentals to the prevailing market rental.

We are of the view that should it be necessary, we request that this matter be referred to a mediator/arbitrator for resolution.

		2018		2017	
	Notes	Ingonyama Trust Board	Total	Ingonyama Trust Board	Total
Assets					
Non - current Assets		39,695	28,228,768,495	2,465	28,224,235,944
Property, Plant and Equipment	3 & 21.1	20,371	28,211,883,951	2,465	28,208,014,898
Heritage Assets	3 & 22	-	15,988,144	-	15,988,144
Intangible Assets	4 & 23	19,324	896,400	-	232,902
Current assets		155,042	673,633,080	983,898	622,069,939
Receivables from exchange transactions	25.1	16,875	467,937,545	2,675	423,199,590
Receivables from non - exchange transactions	25.2	130,174	252,914	-	-
Cash and cash equivalents	26	7,993	205,442,621	981,223	198,870,349
Total Assets		194,737	28,902,401,575	986,363	28,846,305,883
Liabilities					
Current liabilities		588,809	18,210,020	670,480	21,748,944
Payables from exchange transactions	27.1	588,809	18,210,020	670,480	17,754,496
Payables from non - exchange transactions	27.2	-	-	-	3,994,448
Total liabilities		588,809	18,210,020	670,480	21,748,944
Net assets		(394,072)	28,884,191,555	315,883	28,824,556,939
NET ASSETS					
Accumulated Fund		(18,268,797)	28,884,191,555	(2,921,077)	28,824,556,939
Total net assets		(18,268,797)	28,884,191,555	(2,921,077)	28,824,556,939

		2018		2017	
		Ingonyama Trust Board	Total	Ingonyama Trust Board	Total
Revenue	Notes				
Rental revenue		-	92,780,201	-	109,088,487
Leases (includes straight lining income)	11 & 35	-	92,780,201	-	109,088,487
Royalty Revenue	6.2.2	-	794,157	-	922,424
Other revenue		19,881,531	36,135,617	18,879,105	36,608,931
Transfer payment - Department of Rural Development and Land Reform	7	19,727,000	19,727,000	18,788,000	18,788,000
Profit on disposal of assets		-	-	-	320,472
Servitude compensation		-	410,498	-	1,772,637
Interest on Bank and Short term investments	6.3.1	154,531	15,247,425	91,105	14,736,946
Interest on overdue debtors accounts		-	750,694	-	990,876
Total Revenue		19,881,531	129,709,975	18,879,105	146,619,842
Expenditure	42	(35,276,539)	(66,491,438)	(21,800,182)	(47,832,113)
Trust Fund - Administration		-	(31,214,899)	-	(26,031,931)
Expenses funded from Transfer Payment funding		(35,276,539)	(35,276,539)	(21,800,182)	(21,800,182)
Available funds transferred to Accumulated Fund		(15,395,008)	63,218,537	(2,921,077)	98,787,729

		Ingonyama Trust Board	
		R Retained earnings	R Total
Notes			
Opening balance : 01.04.2016		-	553,023,987
Adjustment prior to 2016/2017		-	28,178,705,496
Increase in lease income prior to 2015/2016	28.2	-	1,113,845
Increase in straight lining income	28.2	-	318,481
Net gains from value of Property (land holdings)	28.1	-	28,177,273,170
Retained earnings 2016/2017		(2,921,077)	92,827,456
76	Retained earnings previously reported for 2016/2017	(2,921,077)	96,529,059
		-	(3,701,603)
	Increase in lease income for 2016/2017	-	2,188,152
	Less payments	-	(7,268,301)
	Proceeds on disposal of land	-	1,308,028
	Increase in straight lining income	-	70,518
Opening balance : 01.04.2017		(2,921,077)	28,824,556,939
Movements for the year 2017/2018		(15,347,720)	59,634,616
Less : Payments		-	(6,370,918)
Change in estimate due to re-assessment of useful life of assets		47,288	2,786,997
Current year retained earnings transferred to Accumulated Fund		(15,395,008)	63,218,537
Balance : 31.03.2018		(18,268,797)	28,884,91,555

		2018	2017
		Ingonyama Trust Board	Ingonyama Trust Board
	Notes	Total	Total
Cash flows from operating activities			
Receipts		35,268,946	21,800,182
Services		-	-
Transfer payments		19,727,000	18,788,000
Ingonyama Trust funding		15,387,415	2,921,077
Interest Received		154,531	91,105
Payments		(36,242,176)	(21,095,153)
Suppliers		(14,168,419)	(9,008,419)
Loss on unauthorised use of petrol cards		(59,933)	-
Employee costs		(22,013,824)	(12,086,734)
Net cash flows from operating activities	39. (A)	(973,230)	705,029
Cash flows from investing activities			
Purchase of plant and equipment including construction costs	39. (B)	-	-
Proceeds/insurance claim from disposal of property, plant & equipment		77,131	978,076
Net cash flows from investing activities		-	338,827
Increase in cash and cash equivalents		(973,230)	705,029
Cash and cash equivalents at beginning of the year		981,223	276,194
Cash and cash equivalents at end of year	39. (C)	7,993	981,223
		205,442,621	198,870,349

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation and consolidation

The consolidated Annual Financial Statements have been prepared in accordance with effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board and in a manner required by the Ingonyama Trust Act, Act 3 of 1994 Kz and Treasury regulation 14 which reads as follows :-

Responsibility for trust money and Property

- *For purposes of this regulation, trust money or property is money or property that does not belong to the State and that is held by an institution on behalf of other persons or entities in terms of a deed of trust or equivalent instrument that details the specific purposes for which it may be used.*
- *The accounting officer, through the chief financial officer or a duly authorised agent, is responsible for the safekeeping and proper use of trust money and property, in accordance with the relevant deed of trust or equivalent instrument.*
- *The institution, or its duly authorised agent, may charge a fee for the administration of a trust account at rates approved by the board of trustees or, in its absence, as agreed with the trustee. Such fees are payable from the trust account and are revenue accruing to the relevant revenue fund.*

Two entities have been created by the Ingonyama Trust Act, 1997 as amended, namely, Ingonyama Trust and Ingonyama Trust Board.

The Ingonyama Trust Board administers the affairs of the Ingonyama Trust and Trust land in terms of section of the Ingonyama Trust Act.

The controlled entity is the Ingonyama Trust. The reporting date of the Ingonyama Trust is the same for the Ingonyama Trust Board.

The Ingonyama Trust Board was listed by Government Notice 402 of 16 February 2001, effective 1 April 2001.

The Kwazulu Ingonyama Trust was listed by the same government gazette and subsequently delisted by government gazette 1261 dated 17 April 2003.

1.2. Changes in accounting policy and comparability

Accounting Policies have been consistently applied, except where otherwise indicated below:

The Accounting Authority changes an accounting policy only if the change:

- a) is required by a Standard of GRAP; or
- b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the performance or cash flow.

1.3. Critical judgments, estimations and assumptions 1.3 Critical judgments, estimations and assumptions

The following are the critical judgments, apart from those involving estimations, that the Accounting Authority has made in the process of applying the Ingonyama Trust Boards' Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

1.3.1 Revenue Recognition

Accounting Policy 6.2 on *Revenue from Exchange Transactions* describes the conditions under which revenue will be recorded by the Board.

In making their judgment, the Accounting Authority considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions: In particular, whether the Ingonyama Trust, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been rendered. The Accounting Authority is satisfied that recognition of the revenue in the current year is appropriate.

1.3.2 Financial assets and liabilities

The classification of financial assets and liabilities into categories is based on judgments by the Accounting Authority.

1.3.3 Impairment of Financial Assets

Accounting Policy 8.2.2 on *Impairment of Financial Assets* describes the process followed to determine the value by which financial assets should be impaired. In making the estimation of the impairment, the Accounting Authority considered the detailed criteria of impairment of financial assets as set out in GRAP 104: Financial Instruments - Recognition and Measurement. The Accounting Authority is satisfied that the impairment of financial assets recorded during the year, is appropriate.

1.3.4 Useful lives of Property, Plant and Equipment ("PPE")

As described in Accounting Policies on depreciation, the Trust depreciates/amortises its property, plant and equipment and intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The useful lives and residual values of the assets are based on industry knowledge.

1.3.5 Impairment: Write down of PPE and Inventories

Significant estimates and judgments are made relating to PPE impairment tests and write down of inventories to net realisable values.

1.4 Going concern assumption

The Annual Financial Statements have been prepared on a going concern basis.

1.5 Offsetting

Assets, liabilities, revenues and expenses have not been offset, except when offsetting is required or permitted by a Standard of GRAP.

1.6 Presentation of Budget information in Financial Statements

The budget and the financial statements is prepared and approved on the accrual basis. The approved budget covers the fiscal period from 01 April 2017 to 31 March 2018 and is for the Ingonyama Trust Board and the Ingonyama Trust.

The presentation of budget information will be on comparisons of budget and actual amounts will be presented in a separate financial statement "statement of comparison of budget and actual amounts" included in the complete set of financial statements as specified in the Standard of GRAP on Presentation of Financial Statements (GRAP 1).

1.7 Commitments

Capital and operational commitments

The capital commitments at year end relate to contracts where the service was not rendered and relates to the outstanding value of the contract at year end.

2. Presentation Currency

The Annual financial statements are presented in South African Rand, rounded off to the nearest rand which is the Trust's functional currency.

3. Property, Plant and Equipment and Heritage assets

3.1. Property, Plant and Equipment

3.1.1 Initial Recognition

Property, plant and equipment are tangible non-current assets that are held for use for administrative purposes, and are expected to be used during more than one year including a finance leased asset.

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

Property, plant and equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. 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 the Accounting Authority.

Trade discounts and rebates are deducted in arriving at the cost. The cost, where applicable, also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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.

Where an asset is acquired by the Ingonyama Trust for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of property, plant and equipment acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at its fair value. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

3.1.2 Subsequent Measurement

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset.

Subsequently all property plant and equipment, are measured at cost (which includes deemed cost for previously unrecognised assets), less accumulated depreciation and accumulated impairment losses.

The Ingonyama Trust recognises Property, plant and equipment according to the cost model.

3.1.3 Depreciation

Land owned by the Ingonyama Trust is not depreciated as it is regarded as having an indefinite life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost to their residual values over the estimated useful lives of the assets. 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 Trust.

Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciation rates are based on the following estimated useful lives.

Depreciation only commences when the asset is available for use, unless stated otherwise.

Plant and Equipment are stated at historical cost and adjusted after taking into account residual values, impairment of assets and depreciation.

The cost of each asset is depreciated to its estimated residual value on the straight line basis over their useful lives after taking into account residual values as follows:

Buildings	- 25 years
Motor vehicles	- 5 years
Computer equipment	- 12 years
Furniture & equipment	- 12 years
Park home offices	- 15 years
Agricultural machinery and equipment	- 6 years

Expenditure on major improvements and additions to tangible plant and equipment is capitalised based on the measure of work completed.

The depreciation charge is based on the componentisation approach where appropriate.

Where the assets are the same, or the cost component is not significant as a proportion of total cost, assets are not componentised. Building used for office accommodation has been depreciated from date of beneficial occupation and use.

3.1.4 De-recognition of property, plant and equipment

The carrying amount of an item of property, plant and equipment is de-recognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the de-recognition of an item of property, plant and equipment is included in surplus or deficit when the item is de-recognised. Gains are not included in revenue.

3.1.5 Impairment of Non-Cash generating assets

The Accounting Authority assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Trust estimates the recoverable service amount of the asset.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro- rata on the basis of the carrying amount of each asset in the unit.

The Accounting Authority assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

3.2 Heritage assets

3.2.1 Initial Recognition

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations. Heritage assets are recognised at cost by the Ingonyama Trust and will be accounted for in terms of GRAP 103.

3.2.2 Depreciation

Heritage assets are held indefinitely for the benefit of present and future generations and are not depreciated.

3.2.3 De-recognition

The carrying amount of a heritage asset shall be de-recognised:

- a) on disposal, or

- b) when no future economic benefits or service potential are expected from its use or disposal.

4. Intangible Assets

4.1 Initial Recognition

Identifiable non-monetary assets without physical substance which are held for use in the production or supply of services, for rental to others, or for administrative purposes are classified and recognised as intangible assets. The Ingonyama Trust recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Ingonyama Trust and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense when incurred.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding three years. Development assets are tested for impairment annually, in accordance with GRAP 31.

Intangible assets are initially recognised at cost. Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses.

Where an intangible asset is acquired at no cost or for a nominal consideration, its cost is its fair value as at the date it is acquired. Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

4.2 Subsequent Measurement, Amortisation and Impairment

Amortisation is charged on a straight-line basis over the intangible assets' useful lives, which does not exceed twelve years including but not restricted to computer software and website design. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised.

Intangible assets are annually tested for impairment, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.

The estimated useful life and amortisation method are reviewed annually. Any adjustments arising from the annual review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

4.3 De-recognition

Intangible assets are de-recognised 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 on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

5. Property (land holdings) - other than office accommodation at 65 Trelawney Road

Property (land holdings) registered in the name of the Ingonyama Trust are recognised as assets of the Trust.

The cost of Property has not been disclosed in the Financial Statements as it was not acquired at a price, but vested in the Ingonyama Trust in terms of the Ingonyama Trust Act.

The fair value of the Ingonyama Trust Property has been disclosed in the financial statements based on the average municipal land value per hectare.

6. Revenue Recognition

6.1 General

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Ingonyama Trust's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Ingonyama Trust recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Ingonyama Trust and when specific criteria have been met for each of the Trust's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Ingonyama Trust bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from exchange transactions refers to revenue that accrued to the Trust directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Revenue from non-exchange transactions refers to transactions where the Ingonyama Trust received revenue from another entity without directly giving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount. Revenue from Exchange transactions comprises of Leases, Royalties, and Other income/(servitude compensation).

6.2. Revenue from Exchange transactions

6.2.1 Leases

Revenue from the rental of land as operating leases is recognised on a straight-line basis over the term of the lease agreement, where such lease periods span over more than one financial year. The Trust leases its land for commercial and non-commercial purposes. This revenue relates to non-mining revenue.

The straight lining of leases has increased the reported revenue for lease income.

The difference between the straight lining and normal charge has been disclosed in note 33.

The Ingonyama Trust has not entered into any new finance lease agreements.

6.2.2 Royalty Revenue

The Ingonyama Trust leases its land to mining and prospecting operators.

Royalty revenue is recognised as income of the Ingonyama Trust.

6.2.3 Other income

This refers to all other income not classified above including servitude compensation and interest income.

6.3 Revenue from Non-Exchange transactions

6.3.1 Finance Income

Interest is earned from funds invested with banks over a short term at fixed interest rates and on current accounts.

Interest on investments is recognised on the accrual basis and capitalised to investments on maturity on the time proportionate basis that takes into account the effective yield on the investment.

7. Government Grants / (Transfer Payments and Receipts)

Income received from conditional grants, donations and funding are recognised as revenue to the extent that the Ingonyama Trust Board has complied with any of the criteria, conditions or obligations embodied in the agreement.

To the extent that the criteria, conditions or obligations have not been met, a liability is recognised. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Ingonyama Trust Board with no future related costs, are recognised in the Statement of Financial Performance in the period in which they become receivable.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the Ingonyama Trust Boards interest it is recognised as interest earned in the Statement of Financial Performance.

8. Financial Instruments

The Trust has various types of financial instruments and these can be broadly categorised as either Financial Assets or Financial Liabilities.

8.1 Financial Assets - Classification

A financial asset is any asset consisting of cash or a contractual right to receive cash. The Ingonyama Trust has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Investments in Fixed Deposits
- Consumer Debtors
- Certain Other Debtors
- Short-term Investment Deposits
- Bank Balances and Cash

In accordance with GRAP 104, the Financial Assets of the Ingonyama Trust are classified as follows into the four categories allowed by this standard:

Type of Financial Asset	Classification in terms of GRAP 104
Short-term Investment Deposits – Call	Held-to-maturity investments

Bank Balances and Cash	Available for sale investments
Consumer Debtors	Loans and receivables
Other Debtors	
Investments in Fixed Deposits	Held-to-maturity investments

Financial assets at fair value through profit or loss are financial assets that meet either of the following conditions:

- they are classified as held for trading; or
- upon initial recognition they are designated as at fair value through the Statement of Financial Performance.

Available for sale investments are financial assets that are designated as available for sale or are not classified as:

- Loans and Receivables;
- Held-to-Maturity Investments; or
- Financial Assets at fair value through the Statement of Financial Performance.

Loans and Receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets. Loans and receivables are recognised initially at cost which represents fair value. After initial recognition Financial Assets are measured at amortised cost, using the effective interest rate method less a provision for impairment.

Held-to-Maturity Investments are financial assets with fixed or determinable payments and fixed maturity where the Trust has the positive intent and ability to hold the investment to maturity.

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The Ingonyama Trust categorises cash and cash equivalents as financial assets: loans and receivables.

8.2 Financial Liabilities - Classification

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The Ingonyama Trust has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Certain Other Creditors

Any other financial liabilities are classified as "Other financial liabilities" and are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

In accordance with GRAP 104 the Financial Liabilities of the Ingonyama Trust are all classified as "Other financial liabilities".

8.2.1 Initial and Subsequent Measurement

8.2.1.1 Financial Assets:

Held-to-maturity Investments and Loans and Receivables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with revenue recognised on an effective yield basis.

Financial Assets at Fair Value and Available-for-Sale are initially and subsequently, at the end of each financial year, measured at fair value with the profit or loss being recognised in the Statement of Financial Performance.

8.2.1.2 Financial Liabilities:

Financial liabilities at fair value are initially and subsequently measured at fair value. Other financial liabilities are measured at amortised cost using the effective interest rate method.

8.2.2 Impairment of Financial Assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

Initially Accounts Receivable are valued at fair value and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of trade receivables is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Consumer Debtors are stated at cost less a provision for bad debts. The provision is made in accordance with IAS 39.64 whereby the recoverability of Consumer Debtors is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. Government accounts are not provided for as such accounts and are regarded as receivable.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

With the exception of Available-for-Sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Financial Performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

8.2.3 De-recognition of Financial Assets

The Ingonyama Trust de-recognises Financial Assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when the Trust approves the write-off of Financial Assets due to non recoverability.

If the Ingonyama Trust neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Ingonyama Trust recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Ingonyama Trust retains substantially all the risks and rewards of ownership of a transferred financial asset, the Trust continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

8.2.4 De-recognition of Financial Liabilities

The Ingonyama Trust de-recognises Financial Liabilities when, and only when, the Trust's obligations are discharged, cancelled or they expire.

8.3 Risks associated with financial instruments

It is the policy of the Ingonyama Trust to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the Trust is exposed on the reporting date.

8.3.1 Market risk

The fair value of investments are not affected by market forces as the investment rates are fixed at the investment date over a short term.

The future cash flows from trade and other receivables will not fluctuate because of changes in market prices as the amounts owing are already determined and fixed at year end and therefore do not expose a risk to the Ingonyama Trust.

8.3.2 Credit risk

The Ingonyama Trust's trade debtors arise from the leasing of land for mining and non-mining purposes.

Applicants are usually screened before lease applications are approved.

Debt collection procedures exist for the collection of outstanding payments.

8.3.3 Liquidity risk

Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

The Ingonyama Trust has sufficient funds to service its financial liabilities. Vat and trade payables have been settled after year end.

8.3.4 Currency risk

The Ingonyama Trust does not have any transaction that requires funds to be translated to a foreign currency therefore no currency risk exists.

8.3.5 Interest rate risk

Interest rate risk originates from the uncertainty about the fair value or future cash flows of a financial instrument which fluctuate because of changes in market interest rates.

The Ingonyama Trust does not have any interest rate risk as investments are fixed at an agreed rate over the term of the investment.

9. Provisions

Provisions are recognised when the Ingonyama Trust has a present or constructive obligation as a result of past events, 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. *There are no provisions recorded in the current Financial Statements.*

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

10. Employee benefits

10.1 Remuneration and Leave pay

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The Ingonyama Trust treats its provision for leave pay as an accrual.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position.

10.2 Contributions to a defined Provident fund contribution plan

The Ingonyama Trust Board and its employees have contributed to the Momentum Umbrella Funds at Work provident fund from 1 February 2011.

The fund is a defined Contribution plan. The contributions are expensed and included in the amount reported for under Secretariat administration fees in the detailed statement of financial performance

10.3 Contributions to a medical aid scheme

The Ingonyama Trust Board and its employees contribute to a medical aid scheme. The contributions are expensed and included in the amount reported under Secretariat administration fees in the detailed statement of financial performance.

11. Leases

11.1 The Ingonyama Trust as a Lessee

The entity has not entered into any finance lease, however if it does then the following policy will be applicable.

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Ingonyama Trust. Property, plant and equipment or Intangible Assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Liabilities. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest.

In discounting the lease payments, the Ingonyama Trust uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangible assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term which in the case of the leased photocopier is five years.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

11.2 Deferred finance charge asset related to finance lease liability

The deferred finance charge asset is recognised at the inception of the finance lease as the difference between the leased asset carrying value and the finance lease liability.

The deferred finance charge asset is reduced by finance charges over the term of the lease until it is fully utilised. Currently there are no deferred finance charge assets recorded in the financial statements.

11.3 The Trust as a Lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Ingonyama Trust's net investment in the leases. Finance lease or installment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Ingonyama Trusts' net investment outstanding in respect of the leases or installment sale agreements.

Operating lease rental income is recognised on a straight-line basis over the term of the relevant lease.

12. Value added Tax

The Ingonyama Trust accounts for Value Added Tax on the invoice basis.

13. Cash and Cash Equivalents

Cash includes cash-on-hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

14. Related parties

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key personnel are the Chief Executive officer, Chief Financial Officer and all other managers reporting directly to the Chief Executive Officer or as designated by the Chief Executive Officer.

15. Events after reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

16. Comparative Information**16.1 Prior year comparatives**

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.

16.2 Contingent Assets and Contingent Liabilities

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

17 . Taxation

No provision is made for taxation as the Ingonyama Trust is exempt from income tax in terms of section 10 of the Income Tax Act.

18. Irregular, fruitless & wasteful expenditure

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with a requirement of any applicable legislation. Fruitless & wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

Irregular and fruitless and wasteful expenditure are recognised against the specific class of events to which they relate and are disclosed in a note to the financial statements when identified.

There were no occurrences of irregular, fruitless & wasteful expenditure during the year.

19. Changes in Accounting Policies, Estimates and Errors

Changes in accounting policies that are effected by the Accounting Authority have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the Trust shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of Errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the Ingonyama Trust shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

20. Standards, amendments to standards and interpretations issued but not yet effective

The following GRAP standards have been issued but not yet effective and have not yet been early adopted by the Board:

Document No	Title
GRAP 20	Related Party Disclosures
GRAP 32	Service Concession Arrangements: Grantor
GRAP 34	Separate Financial Statements
GRAP 35	Consolidated Financial Statements
GRAP 36	Investments in Associates and Joint Ventures
GRAP 37	Joint Arrangements
GRAP 38	Disclosure of Interests in Other Entities
GRAP 108	Statutory Receivables
GRAP 109	Accounting by Principals and Agents
GRAP 110	Living and Non-living Resources

Application of all of the above GRAP standards will become effective from a future date to be announced or already announced by the Minister of Finance.

The Accounting Authority has considered all the above mentioned GRAP standards issued but not yet effective and anticipated that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flow of the Ingonyama Trust.

			Ingonyama Trust Board	2018 Total
	R	R	R	R
21. Property, Plant and Equipment and Heritage	Total Cost	Accumulated depreciation	Net book value	Net Book value
21.1. Property Plant and equipment				
Property - Office accommodation 65 Trelawney Road				22,066,999
At Cost : Land - 28 January 2009	-	-	-	1,500,000
Building at cost and improvements to Property	-	-	-	20,566,999
Ingonyama Trust land (other than office accommodation) at fair value	-	-	-	28,177,273,170
Agricultural machinery and equipment	-	-	-	3,255,273
Computer equipment	20,866	(13,355)	7,511	1,132,785
Furniture and equipment	45,476	(32,616)	12,860	2,042,848
Motor vehicles	-	-	-	6,112,876
	66,342	(45,971)	20,371	28,211,883,951

Property plant and equipment is reconciled as follows:

	Opening carrying value	Depreciation	Disposals	Change in estimate	Ingonyama Trust Board Closing carrying value	2018 Total
Ingonyama Trust Land (Property holdings other than office accommodation)	-	-	-	-	-	28,177,273,170
Property Phase 2 - office accommodation 65 Trelawney Road	-	-	-	-	-	22,066,999
Agricultural machinery and equipment	-	-	-	-	-	3,255,273
Computer equipment	-	(1,838)	(87)	9,436	7,511	1,132,785
Furniture and equipment	2,465	(4,178)	(33)	14,606	12,860	2,042,848
Motor vehicles	-	-	-	-	-	6,112,876
	2,465	(6,016)	(120)	24,042	20,371	28,211,883,951

The Trust purchased a property for office accommodation more fully described as Sans Souci, Portion 1 of 1772, Registration Division, FT, Province of KwaZulu Natal in extent 1.5 hectares, deed of transfer number T5795/1980. Also known as 65 Trelawney Road, Southgate, Pietermaritzburg, 3201.

The Accounting Authority has reviewed the depreciation method, residual values and useful lives of assets as at 31 March 2018. (refer to note 34 for change in residual values).

21.1 Property, Plant and Equipment is reconciled as follows

	R	R	Ingonyama Trust Board R	2017 Total R
	Cost	Accumulated depreciation	Carrying value	
Ingonyama Trust land (other than office accomodation)	-	-	-	28,177,273,170
Property - office accomodation 65 Trelawney Road	-	-	-	21,330,403
Agricultural machinery and equipment	-	-	-	3,100,968
Computer equipment	22,167	(22,167)	-	436,730
Furniture and equipment	50,669	(48,204)	2,465	1,164,084
Motor vehicles	-	-	-	4,709,543
	72,836	(70,371)	2,465	28,208,014,898

	Opening carrying value	Depreciation	Closing carrying value	2017 Total
Ingonyama Trust land (Property holdings other than office accomodation)	-	-	-	28,177,273,170
Office accomodation 65 Trelawney Road	-	-	-	21,330,403
Agricultural machinery and equipment	-	-	-	3,100,968
Computer equipment	-	-	-	436,730
Furniture and equipment	6,800	(4,335)	2,465	1,164,084
Motor vehicles	-	-	-	4,709,543
	6,800	(4,335)	2,465	28,208,014,898

21.2 Property holdings per registration divisions

	2018 Hectares	Changes in property holdings	2017 Hectares	2018 Land value	2017 Land value
ES	34,564		34,564	2,804,267,760	2,804,267,760
ET	265,467		265,467	12,118,342,070	12,118,342,070
FS	115,670		115,670	537,385,962	537,385,962
FT	251,203		251,203	989,162,004	989,162,004
FU	53,967		53,967	296,214,078	296,214,078
GS	102,175		102,175	439,916,581	439,916,581
GT	491,860	747	491,113	1,309,165,787	1,309,165,787
GU	651,739		651,739	7,822,278,575	7,822,278,575
GV	79,547		79,547	9,913,518	9,913,518
HT	25,896		25,896	127,391,620	127,391,620
HU	335,626		335,626	127,970,000	127,970,000
HV	475,609		475,609	1,590,423,739	1,590,423,739
Townships	129		129	4,841,476	4,841,476
	2,883,452		2,882,705	28,177,273,171	28,177,273,171

Ingonyama Trust land vested to the Ingonyama Trust in 1994 in terms of the Ingonyama Trust Act, 1994 at no cost to the Ingonyama Trust. In 2017/2018 Land has been valued using the average municipal value per hectare specific to a municipal area and disclosed as such in terms of GRAP 17. The effective date of the valuation is 01 April 2016.

The Ingonyama Trust land is used for residential, institutional and commercial such as : Shopping centres, hotels, game reserves, dams and by telecommunication service providers.

22. Heritage Assets

Sans Souci building - Phase one

No impairments were noted for the year.

Heritage asset are reconciled as follows :

Sans Souci building - Phase one

Ingonyama Trust Board	2018 Total
-	15,988,144

23. Intangible assets

Computer software

Website design

	R Cost	R Accumulated Ammortisation	R Net book value	2018 Total
Computer software	47,062	(27,738)	19,324	812,418
Website design	-	-	-	83,982
	47,062	(27,738)	19,324	896,400

Intangible assets are reconciled as follows :

Computer software

Website design

	Opening Carrying value	Amortisation	Change in estimate	Ingonyama Trust Board Closed Carrying value	2018 Total
Computer software	-	(3,922)	23,246	19,324	812,418
Website design	-	-	-	-	83,982
	-	(3,922)	23,246	19,324	896,400

Ingonyama Trust
Board

	R	R	R	R	2017
	Net book value	Cost	Accumulated amortisation	Net book value	Total
Computer software	232,902	47,062	(47,062)	-	232,902
Website design	-	-	-	-	-
	232,902	47,062	(47,062)	-	232,902

Intangible assets are reconciled as follows:

	Opening Carrying value	Amortisation	Closing carrying value	2017 Total
Computer software	-	-	-	232,902
Website design	-	-	-	-
	-	-	-	232,902

95

24. Depreciation

The depreciation/amortisation charge is calculated as follows.

	R Ingonyama Trust Board	R 2018 Total
Buildings	-	977,156
Agricultural machinery and equipment	-	898,095
Computer equipment	1,838	158,296
Furniture and equipment	4,178	298,103
Motor vehicles	-	660,818

Intangible assets - Computer software and website design 3,922 120,739

9,938 3,113,207

Net Depreciation is disclosed as

9,938 3,113,207

Ingonyama Trust - Statement of Comparison of budget and actual amounts (page 118)

- 3,103,269

Ingonyama Trust Board - Statement of Comparison of budget and actual amounts (page 120)

9,938 9,938

25. Receivables

**R
Ingonyama
Trust Board**

**R
2018
Total**

**R
Ingonyama
Trust Board**

**R
2017
Total**

25.1 Receivables from exchange transactions

Trade debtors

- 46,897,685

- 66,199,845

Trade debtors including Leases - actual (non straight lining lease income debtors)

- 72,416,375

Less : Provision for doubtful debts

- (25,518,690)

Straight lining lease income debtors

- 419,305,030

Other Receivables

Accrued interest

- 1,616,068

Electricity Deposit held by Msunduzi Municipality for 65 Trelawney Road

- 88,000

Private usage of telephone and leave pay

16,875 16,875

Refund/purchase price due from service provider for assets purchased

- 13,887

16,875 467,937,545

-	66,199,845
-	75,558,125
-	(9,358,280)
-	355,245,287
-	-
-	1,630,306
-	88,000
2,675	22,265
-	13,887

2,675 423,199,590

The Straight lining lease income debtors is calculated as the difference in income between the amount invoiced per the lease agreements and the determination of lease income per the straight lining method adopted.

25.2 Receivables from non - exchange transactions

South African Revenue Services - vat refund

	R Ingonyama Trust Board	R 2018 Total	R Ingonyama Trust Board	R 2017 Total
South African Revenue Services - vat refund	130,174	252,914	-	-
26. Cash and cash equivalents				
Current Accounts	4,175	2,208,742	977,547	2,974,878
Call account / fixed deposits	-	203,229,893	-	195,891,694
Petty cash	3,818	3,986	3,676	3,777
	7,993	205,442,621	981,223	198,870,349

Cash and Cash equivalents are current in nature as fixed deposits mature within four months.

The average interest rate during the year was between 2.50 % and 8.00 %. Cash and Cash equivalents were not encumbered/secured during the year.

Funds are available to community beneficiaries, subject to them complying with the Board's disbursement policy.

Cash and cash equivalent balances held by the Trust are available for use. There are no restricted cash balances as at 31 March 2018.

27. Payables

27.1 Payables from exchange transactions

Trade creditors
Advance payments by debtors
Advance proceeds on property/(land) disposal
Sundry creditors
Leave pay accrual
Credit Card facility - FNB

R Ingonyama Trust Board	R 2018 Total
540,360	1,365,482
-	15,630,023
-	77,600
-	21,255
-	1,067,211
48,449	48,449
588,809	18,210,020

R Ingonyama Trust Board	R 2017 Total
523,076	2,563,298
-	13,692,372
-	77,600
-	73,972
-	1,199,850
147,404	147,404
670,480	17,754,496

Advance payment by debtors relate to amounts received in advance for tenure rights. Advance proceeds on land disposal refers to monies received from municipalities for sites sold but not yet transferred to the municipalities at year end.

Leave pay is calculated at year end.

A credit card facility of R 500 000 has been provided by First National Bank which is used to pay operational expenditure on a short term basis.

27.2 Payables from non - exchange transactions

South African Revenue Services - vat payable
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-	3,994,448
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R
Ingonyama
Trust Board

R
2018
Total

R
Ingonyama
Trust Board

R
2017
Total

28. Correction of Prior Period Error

28.1 Correction of prior period error - Property - land valuation

Land vested to the Ingonyama Trust in 1994 has been valued at R 28 billion in 2017/2018 based on municipal valuations. A prior year adjustment has been made to fairly present the land value of the prior year. Land and accumulated surplus has been increased by R 28 billion.

Property, plant and equipment

Re-stated	-	28,211,863,580	-	28,208,012,433
Previously reported	-	34,590,410	-	30,739,263
Net gains from fair valuation adjustment (land holdings)	-	28,177,273,170	-	28,177,273,170

28.2 Correction of prior period error - lease income

An adjustment has been made to correctly account for lease income accrued for 2016/2017 and prior years in their respective periods. Lease agreement have been entered into the current, charging rental for prior periods due to occupation by the lessees in the prior period. Trade debtors increased by R 3.3m and accumulated surplus has increased by R 3.3m for 2016/2017.

Opening balance : 01.04.2016

Adjustments to retained income for 2015/2016

Increase in lease income for 2015/2016

Increase in Straight lining income for 2015/2016

	R Ingonyama Trust Board	R 2018 Total
Opening balance : 01.04.2016	-	553,023,717
Adjustments to retained income for 2015/2016	-	1,432,326
Increase in lease income for 2015/2016	-	1,113,845
Increase in Straight lining income for 2015/2016	-	318,481

	R Ingonyama Trust Board	R 2017 Total
Opening balance : 01.04.2016	-	553,023,717
Adjustments to retained income for 2015/2016	-	1,432,326
Increase in lease income for 2015/2016	-	1,113,845
Increase in Straight lining income for 2015/2016	-	318,481

Re-stated earnings for the year

Retained earnings previously reported

Increase in lease income for 2016/2017

Increase in Straight lining income

Balance: 01.04.2017

Re-stated earnings for the year	-	98,787,729
Retained earnings previously reported	-	96,529,059
	-	2,258,670
Increase in lease income for 2016/2017	-	2,188,152
Increase in Straight lining income	-	70,518
Balance: 01.04.2017	-	653,243,772

Re-stated earnings for the year	-	-
Retained earnings previously reported	-	-
	-	-
Increase in lease income for 2016/2017	-	-
Increase in Straight lining income	-	-
Balance: 01.04.2017	-	554,456,043

29. Board members' fees**Chairperson - Mr Justice S J Ngwenya**

Basic

Subtotal

Subsistence and Travel

R Ingonyama Trust Board	R 2018 Total
5,165,723	5,165,723
1,687,083	1,687,083
1,365,380	1,365,380
1,365,380	1,365,380
321,703	321,703

R Ingonyama Trust Board	R 2017 Total
3,230,586	3,230,586
1,196,532	1,196,532
955,407	955,407
955,407	955,407
241,125	241,125

Advocate W E R Raubenheimer

Basic

Subtotal

Subsistence and Travel

418,735	418,735
412,902	412,902
412,902	412,902
5,833	5,833

331,371	331,371
327,748	327,748
327,748	327,748
3,623	3,623

Pastor N B Dinzenza

Basic

Subtotal

Subsistence and Travel

-	-
-	-
-	-
-	-

61,807	61,807
61,397	61,397
61,397	61,397
410	410

Ms J Bhengu

Basic

Subtotal

Subsistence and Travel

501,002	501,002
485,675	485,675
485,675	485,675
15,327	15,327

309,136	309,136
303,198	303,198
303,198	303,198
5,938	5,938

	R Ingonyama Trust Board	R 2018 Total	R Ingonyama Trust Board	R 2017 Total
Dr M S Mbatha	259,353	259,353	211,819	211,819
Basic	233,751	233,751	191,793	191,793
Subtotal	233,751	233,751	191,793	191,793
Subsistence and Travel	25,602	25,602	20,026	20,026
Mr B L Shabalala	514,520	514,520	421,281	421,281
Basic	387,842	387,842	300,038	300,038
Subtotal	387,842	387,842	300,038	300,038
Subsistence and Travel	126,678	126,678	121,243	121,243
Inkosi S E Shabalala	280,812	280,812	152,506	152,506
Basic	216,858	216,858	113,607	113,607
Subtotal	216,858	216,858	113,607	113,607
Subsistence and Travel	63,954	63,954	38,899	38,899
Inkosi W T Mavundla	615,094	615,094	206,530	206,530
Basic	443,211	443,211	150,474	150,474
Subtotal	443,211	443,211	150,474	150,474
Subsistence and Travel	171,883	171,883	56,056	56,056

	R Ingonyama Trust Board	R 2018 Total	R Ingonyama Trust Board	R 2017 Total
Inkosi P R Bele	550,094	550,094	256,600	256,600
Basic	423,890	423,890	188,784	188,784
Subtotal	423,890	423,890	188,784	188,784
Subsistence and Travel	126,204	126,204	67,816	67,816
Inkosi Z T Gumede	339,030	339,030	83,004	83,004
Basic	190,893	190,893	-	-
Subtotal	190,893	190,893	-	-
Subsistence and Travel	148,137	148,137	83,004	83,004

	R Ingonyama Trust Board	R 2018 Total	R Ingonyama Trust Board	R 2017 Total
30. Gross remuneration of senior managers	2,481,017	2,481,017	1,551,837	2,469,475
Chief Executive Officer	1,462,661	1,462,661	766,957	1,314,784
Basic	1,316,412	1,316,412	682,500	1,170,000
Housing allowance	-	-	75,833	75,833
Cash Allowance	130,000	130,000	-	54,167
Company contributions to uif and skills levy	16,249	16,249	8,624	14,784
Chief Financial officer	956,661	956,661	508,700	878,511
Basic	662,394	662,394	352,052	606,745
Travel and cell phone allowance	283,606	283,606	150,879	261,833
Company contributions to uif and skills levy	10,661	10,661	5,769	9,933
Manager - Corporate Services	61,695	61,695	276,180	276,180
Basic	60,938	60,938	273,231	273,231
Company contributions to uif and skills levy	757	757	2,949	2,949

31. Contributions to the defined Provident Contribution Plan.

The total contributions (employer and employee portion) to the defined contribution plan for the year amounted to R 644 652 (2017 - R 759 408).

32. Events after the Reporting Date

We bring to your attention that besides the under-metioned matter, there were no other significant subsequent events that need to be reported.

NAME OF ENTITY	DESCRIPTION OF MATTER	AMOUNT
Ron Wilson -Mnini Dam Watersport Resorts, lease on Ingonyama Trust land.	Mr Wilson has instructed his lawyers to initiate legal proceeding against ITB and is claiming loss of income for having his lease unlawfully terminated.	1,977,600

33. Related party transactions

- a) A Land Availability Agreement has been granted to Ketshe Investments CC. Justice S.J Ngwenya, a Board member, is a shareholder of this company. There is no consideration for Land Availability Agreements in terms of the Board's policy.
- b) A lease agreement was granted to Zwelibanzi Utilities (Pty) Ltd . Judge S. J Ngwenya, a Board member is a shareholder of this company. Rental amounting to R 64 876.32 is payable for the 2017/2018 financial year. At year end an amount of R 281 779.47 was owing to the Trust.
- c) A lease agreement is granted to Mkhathi Manufacturing & Distributors CC. Dr F.Madlopha, the CEO is the member of the close Corporation. The lease commenced on 1 February 2009. Rental amounting to R 14 784.72 is payable for the 2017/2018 financial year. At year end an amount of R 13 225.32 was owing to the Trust.

There is no provision made for doubtful debts relating to related parties as these debts are recoverable.

34. Change in accounting estimate**34.1 Change in accounting estimate - Residual value of Motor vehicles**

The residual value of all Ingonyama Trust vehicles was assessed at year end. The change in estimate is based on the difference between current and previous year trading values.

The residual value of motor vehicles has increased by R 134 266 resulting in a change in an accounting estimate.

Future profits will also increase by R 134 266.00 as the depreciable amount would be decreased, thus resulting in lesser depreciation in future years. The decrease in depreciation and accumulated depreciation for the current year is R 10 186.06 due to the change in residual values.

34.2 Change in accounting estimate - Re-assessment of useful of assets

A change in estimate on the useful life of computer equipment, furniture & equipment and intangible assets has resulted in the Property, plant and equipment and Accumulated fund increasing by R 2.99 m and R 39 695 for the Ingonyama Trust and Ingonyama Trust Board respectively. There was a decrease in depreciation of R 285 236 in the Ingonyama Trust and an increase in depreciation of R 7 473 in the Ingonyama Trust Board for the current year.

The following illustrates the decrease in depreciation and increase in Accumulated Fund:

	Ingonyama Trust Board				
	Change to opening balance accumulated depreciation	Change in loss on disposal of assets 2017/2018	Change in Depreciation 2017/2018	Sub-Total	Total
Computer Equipment	9,436	(87)	(1,838)	7,511	921,037
Furniture and Equipment	14,606	(33)	(1,713)	12,860	1,269,374
Intangible Assets	23,246	-	(3,922)	19,324	838,099
Total	47,288	(120)	(7,473)	39,695	3,028,510

Ingonyama Trust Board				
	Depreciation Based on Old Useful Lives	Depreciation Based on New Useful Lives	Difference	Total
Computer Equipment	-	1,838	(1,838)	71,598
Furniture and Equipment	2,465	4,178	(1,713)	152,303
Intangible Assets	-	3,922	(3,922)	53,862
Total	2,465	9,938	(7,473)	277,763

35. Lease income and Straight lining of Lease income**Ingonyama Trust
Board****2018 Total**

The Ingonyama Trust leases Trust land on a short and long term basis for residential and commercial purposes.

The result from changing lease income to the straight line basis has increased the surplus and Trade debtor balances as follows:

Rental income invoiced as per lease agreements

Rental income as per straight lining method

Increase in net surplus and trade debtor balances for the year

- 28,720,458

- 92,780,201

- 64,059,743

The Trust as lessor enters into cancellable operating land lease agreements over a short and long term period. There are no contingent rents recognised as revenue for the year under review.

The following future actual operating lease income receivable are noted in aggregate as follows:

- i) not later than one year,
- ii) later than one year and not later than five years, and
- iii) later than five years,

- 34,102,154

- 133,260,967

- 3,751,841,443

36. Commitments

- i) not later than one year,
- ii) later than one year and not later than five years

The commitments relate to potential contracts for operational expenditure.

Ingonyama Trust Board	2018 Total
156,015	156,015
2,286	2,286

37. Contingent liability**37.1 Contingent liability - Rates**

Ingonyama Trust land amongst others is subject to Municipal property rates act. As a result all municipalities rate Ingonyama Trust land. However, firstly municipalities have categories of rateable properties in terms of which they are required to rate various properties.

Ingonyama Trust Board hold the view that rates become due and payable after compliance with prescripts which include the constitution.

It has raised the prescripts with various municipalities as a result of which some municipalities have:-

- i) Written - off the claim raised.
- ii) Exempted Ingonyama Trust land from rateable properties

Some municipalities regardless of compliance with prescripts continue rating Ingonyama Trust land, and some have issued summons against Ingonyama Trust and some have declared a dispute in terms of the Intergovernmental Relations Framework Act of 2005.

Whilst that the Ingonyama Trust Board believes these claims are not sustainable it nevertheless raised the provision of the contingent liabilities to the amount above.

-	138,327,395
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The Ingonyama Trust does not receive any governmental grants and the majority of the beneficiaries who populate Ingonyama Trust land would generally qualify for complete exemption of rates or treated in terms of the indigent policy of the municipality.

In the light of this the Ingonyama Trust Board in discharging its mandate is duty bound to seek from the beneficiaries contributions for rates.

37.2 Other legal matters in court

Name of entity Description of matter

Mr Edward Mpeko, lesee on Ingonyama Trust land	The entity is attempting to revive an eviction application against Mr E. Mpeko after the Ingonyama Trust property was restored to him. Mr Mpeko is claiming damages to the property.
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Ingonyama Trust Board 2018 Total

- 6,356,652

-	6,356,652
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38. Reconciliation of budget surplus with surplus in the statement of financial performance**Available funds transferred to Accumulated Fund**

Adjusted for:

less : straight lining lease income not budgeted

Depreciation/amortisation

Transfer of funds to Accumulated fund

(Loss)/Profit on disposal of assets

Budgeted income not received - Board

Actual expenditure less than Budget - Board

Income received in addition to the budget - Trust

Actual expenditure less Budget - Trust

Net surplus per approved budget

The Ingonyama Trust Board does not budget for an operating surplus or loss.

Ingonyama Trust Board	2018 Total	Ingonyama Trust Board	2017 Total
(7,593)	63,218,537	-	98,787,729
-	64,059,743	-	75,524,672
9,938	3,113,207	4,335	3,517,212
-	(13,599,629)	-	(44,736,697)
120	(42,990)	-	320,472
(59,933)	(59,933)	-	-
57,468	57,468	(4,335)	(4,335)
-	(67,142,681)	-	(18,096,238)
-	(49,603,722)	-	(115,312,815)
-	-	-	-

39. Notes to the Cash Flow Statement**A) Reconciliation of net cash flows from operating activities to surplus****Available funds transferred to Accumulated Fund****Non-cash movements**

Depreciation/amortisation

Profit on disposal/impairment of assets

Increase in Accumulated Fund

Transfer to/out of accumulated Fund

Increase in provision of doubtful debts

Decrease in payables from non - exchange transactions

Increase in payables from exchange transactions

Increase in receivables from exchange transactions

Increase in receivables from non - exchange transactions

Net cash flows from operating activities**Ingonyama Trust
Board****2018 Total****Ingonyama Trust
Board****2017 Total**

(7,593)	63,218,537	-	98,787,729
10,058	12,945,929	4,335	(1,088,249)
9,938	3,113,207	4,335	3,517,213
120	43,230	-	(320,472)
-	14,531,711	-	(7,268,031)
-	(20,902,629)	-	1,308,028
-	16,160,410	-	1,675,013
-	(3,994,448)	544,560	544,560
(397,554)	573,407	-	4,787,465
(447,967)	(61,016,248)	156,134	(95,943,894)
(130,174)	(252,914)	-	-
(973,230)	11,474,263	705,029	7,087,611

**Ingonyama Trust
Board****2018 Total****Ingonyama Trust
Board****2017 Total****B) Property, Plant and equipment and intangible assets**

During the 2017/2018 year the Trust acquired property, plant and equipment and intangible assets at a cost of R 4 979 122 as follows :

Property - Office accommodation construction costs

Agricultural machinery and equipment

Computer equipment

Furniture and equipment

Motor vehicles

Intangible assets - computer software/website design

	own funds		own funds
-	1,713,752	-	460,970
-	1,052,400	-	-
-	4,955	-	128,155
-	63,763	-	2,244
-	2,144,252	-	-
-	-	-	47,880
-	4,979,122	-	639,249

C) Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating the financial position :

Cash on hand and balances with banks

Short-term investments

7,993	2,212,728	981,223	2,978,655
-	203,229,893	-	195,891,694
7,993	205,442,621	981,223	198,870,349

The entity had no borrowing facility as at 31 March 2018.

40. Financial instruments

The Accounting policies regarding financial instruments are disclosed in note 8.

Exposure to currency, interest rate, credit risk and liquidity risks arise in the normal course of the Trusts's business.

The Trust has exposure to the following risks from its use of financial instruments:

Liquidity Risk

Interest Rate Risk

Credit Risk

The following balances are exposed to Liquidity risk

Payables and Trade creditors

Ingonyama Trust Board	2018 Total	Ingonyama Trust Board	2017 Total
476,598	18,640,766	986,363	22,064,827

The following balances are exposed to Credit risk

Consumer / trade debtors

Certain other debts

-	61,571,110	-	66,199,845
468,605	2,444,283	2,675	2,070,341

The following balances are exposed to Interest rate risk

Investments in fixed deposits

Bank Balances and Cash

-	203,229,893	-	195,891,694
7,993	2,212,728	981,223	2,978,655

	R 2018	R 2017
41. Contingent asset - Wesbank	59,933	-
Monies due to the Ingonyama Trust Board by Wesbank for the unauthorised use of the the ITB's petrol card accounts by unknown person/s pending the investigation by Wesbank thereof.		
42. Trust and Board expenditure	66,491,438	47,832,113
Agricultural Project expenses	453,820	4,291,646
Advertisements	327,754	398,412
Audit fees	1,117,034	760,460
Internal audit committee members' fees	52,347	9,379
Bank charges	64,943	64,963
Board members' fees (excluding travel re-imbursement)	4,160,522	2,639,182
Cleaning repairs & general expenses	1,216,063	978,822
Computer software	325,149	186,620
Depreciation/amortisation	3,113,207	3,517,212
Audit fees- internal	210,000	4,254
Insurance	626,978	526,164
Legal fees	5,208,876	1,528,287
Maintenance of land tenure information system	41,161	31,767
Balance c/f	16,917,854	14,937,168

	R 2018	R 2017
Balance b/f	16,917,854	14,937,168
Motor vehicle expenses	322,070	275,270
Stationery and printing	644,604	630,070
Secretariat administration fees	21,969,634	21,767,920
Rates and municipal charges - office accommodation	513,650	596,535
Land identification and management plan/land audits	591,768	292,658
Increase in provision for doubtful debts	16,160,410	1,675,013
Staff training	-	136,075
Travelling,accommodation and meeting expenses (including Board members travel)	3,421,039	2,691,248
Organogram - restructuring costs	539,704	-
Telephone	225,792	214,563
Security expenses	708,796	631,905
Workshops and roadshows	2,692,277	3,358,161
Human resources and communication expenses	234,048	187,527
Bursaries - Funda Zulu	12,711	330,000
Rent - Ulundi ITB office	-	108,000
Land tenure upgrade and formalisation of settlements	1,034,097	-
Audit of IT infrastructure assets	399,821	-
Loss on disposal of assets	43,230	-
Loss on unauthorised use of petrol cards	59,933	-
	66,491,438	47,834,113

Notes	Approved Budget 2018	Shift of funds & Additional funds	Final Budget 2018	Actual 2018	Variance 2018	Actual 2017
Revenue						
Leases(including straight lining income)	-	-	-	64,059,743	64,059,743	75,524,672
Lease income actual	22,045,190	-	22,045,190	28,720,458	6,675,268	33,563,815
Net rental revenue	22,045,190	-	22,045,190	92,780,201	70,735,011	109,088,487
Royalty revenue from mining activities on IT land	2,605,425	-	2,605,425	794,157	(1,811,268)	922,424
Interest on Bank and Short term investments	16,965,148	-	16,965,148	15,092,894	(1,872,254)	14,645,841
Servitude compensation and other income	250,000	-	250,000	410,498	160,498	1,772,637
Interest on debtors overdue accounts	820,000	-	820,000	750,694	(69,306)	990,876
From reserves	76,212,219	(4,149,777)	72,062,442	-	-	-
Profit on impairment/disposal of assets	-	-	-	-	-	320,472
Total Revenue	118,897,982	(4,149,777)	114,748,205	109,828,444	67,142,681	127,740,737
Less: Transfer of funds	(38,417,187)	-	(38,417,187)	-	38,417,187	-
Revenue available for Trust and Board use	80,480,795	(4,149,777)	76,331,018	109,828,444	105,559,868	127,740,737

	Notes	Approved Budget 2018	Shift of funds & Additional funds	Final Budget 2018	Actual 2018	Variance 2018	Actual 2017
Less: Portion for Board and Trust use		58,680,795	(4,149,777)	54,531,018	46,602,314	7,928,704	28,953,008
Advertisements		402,067	-	402,067	327,754	74,313	398,412
Bank charges		80,730	-	80,730	49,112	31,618	63,814
Cleaning repairs & general expenses		300,000	365,000	665,000	662,783	2,217	366,479
Depreciation/amortisation	24	3,873,801	-	3,873,801	3,103,269	770,532	3,512,877
Legal fees		1,557,064	3,655,000	5,212,064	5,208,876	3,188	1,528,287
Maintenance of land tenure information system		100,000	-	100,000	41,161	58,839	31,767
Secretariat administration fees and leave pay provision		-	50,000	50,000	(44,190)	94,190	9,681,186
Agricultural expenses		11,000,000	(4,370,000)	6,630,000	453,820	6,176,180	4,291,646
Land tenure upgrade and formalisation of settlements		3,635,000	-	3,635,000	1,034,097	2,600,903	-
Land identification and management plan/land audits		600,000	-	600,000	591,768	8,232	292,658
Increase in provision for doubtful debts		800,000	700,000	1,500,000	16,160,410	(14,660,410)	1,675,013
Staff training		550,000	(400,000)	150,000	-	150,000	-
Workshops		4,467,115	-	4,467,115	2,692,277	1,774,838	3,358,161
Rent - Ulundi ITB office		-	-	-	-	-	108,000

Notes	Approved Budget 2018	Shift of funds & Additional funds	Final Budget 2018	Actual 2018	Variance 2018	Actual 2017
Communication expenses	330,000	-	330,000	234,048	95,952	187,527
Provision of rates payable to municipalities for ITB land	10,000,000	-	10,000,000	-	10,000,000	-
Review and maintenance of policies	402,826	-	402,826	-	402,826	-
Audit Committee members' fees	-	-	-	-	-	28
Computer fees	490,000	-	490,000	244,072	245,928	186,620
Asset tagging expenses	5,000	-	5,000	-	5,000	-
Motor vehicle expenses	-	-	-	-	-	19,456
Loss on disposal of assets	-	-	-	43,110	(43,110)	-
Audit of IT infrastructure assets	-	-	-	399,821	(399,821)	-
Bursaries - Funda Zulu	550,000	-	550,000	12,711	537,289	330,000
Transfer of funds to Ingonyama Trust Board	19,537,192	(4,149,777)	15,387,415	15,387,415	-	2,921,077
Available funds transferred to Accumulated Fund	21,800,000	-	21,800,000	63,226,130	97,631,164	98,787,729
Capital expenditure	21,800,000	-	21,800,000	(4,979,122)	16,820,878	(639,249)
Total	-	-	-	58,247,008	114,452,042	98,148,480

Notes	Approved baseline Budget	Shift of funds	Funding in addition to baseline	Final Budget	Actual 2018	Variance 2018	Actual 2017
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Revenue

Transfer payments received	19,727,400	-	(400)	19,727,000	19,727,000	-	18,788,000
Transfer from Ingonyama Trust	567,200	-	14,643,262	15,327,482	15,387,415	59,933	2,921,077
Investment income	65,335	-	89,196	154,531	154,531	-	91,105
Total Revenue	20,359,935	-	14,732,058	35,209,013	35,268,946	59,933	21,800,182

Total Expenditure	20,359,935	-	14,732,058	35,209,013	35,276,539	(67,526)	21,800,182
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Bank charges	-	15,831	-	15,831	15,831	-	1,149
Board members' fees	2,704,173	1,375,723	-	4,160,522	4,160,522	-	2,639,182
Insurance	540,000	86,978	-	626,978	626,978	-	526,164
Motor vehicle expenses	272,734	49,336	-	322,070	322,070	-	255,814
Secretariat administration fees	8,959,254	(1,274,797)	14,324,558	22,013,824	22,013,824	-	12,086,734
Audit Fees - external	872,990	244,044	-	1,117,034	1,117,034	-	760,460
- current	-	-	-	-	-	-	-
- previous years	872,990	244,044	-	1,117,034	1,117,034	-	760,460
Internal Audit Committee members' fees	18,233	34,114	-	52,347	52,347	-	9,351
Computer software/licencing and maintenance	106,342	(25,265)	-	81,077	81,077	-	-
Loss on disposal of assets	-	-	-	-	120	(120)	-
Depreciation/amortisation	7,834	(5,369)	-	2,465	9,938	(7,473)	4,335

Notes	Approved baseline Budget	Shift of funds	Funding in addition to baseline	Final Budget	Actual 2018	Variance 2018	Actual 2017
Stationery & printing	550,938	93,666	-	644,604	644,604	-	630,070
Travel,accommodation & meeting expenses	2,840,589	548,865	-	3,421,039	3,421,039	-	2,691,248
Telephone	240,000	(14,208)	-	225,792	225,792	-	214,563
Security expenses	720,000	(283,704)	272,500	708,796	708,796	-	631,905
Cleaning,repairs and general expenses	850,000	(296,720)	-	553,280	553,280	-	612,343
Electricity and water	854,592	(340,942)	-	513,650	513,650	-	596,535
Organogram - restructuring cost	567,000	(27,296)	-	539,704	539,704	-	-
Rent - Ulundi office	-	(135,000)	135,000	-	-	-	-
Loss on unauthorised use of petrol cards	-	-	-	-	59,933	(59,933)	-
Internal Audit fees	255,256	(45,256)	-	210,000	210,000	-	4,254
Staff Training	-	-	-	-	-	-	136,075
Deficit for the year	-	-	-	-	(7,593)	(7,593)	-

Note : This Statement reflects Transfer Payments received and expenditure incurred thereon. The Transfer payment received from the Department is not sufficient to defray all operating expenditure of the Trust, therefore the Trust utilised its own income as reflected on page 117 to pay for expenses.

	Notes	R 2018	R 2017
Revenue			
Lease income actual	11 & 35	28,720,458	33,563,815
Leases - including straight lining income		64,059,743	75,524,672
Net rental revenue		92,780,201	109,088,487
Royalty revenue		794,157	922,424
Other Revenue		51,523,032	39,530,008
Transfer payment		19,727,000	18,788,000
Profit on impairment/disposal of assets		-	320,472
Transfer from Ingonyama Trust		15,387,415	2,921,077
Servitude compensation/land availability agreements/refund of legal fees		410,498	1,772,637
Interest on Bank and Short term investments		15,247,425	14,736,946
Interest on debtors overdue accounts		750,694	990,876
Total Revenue		145,097,390	149,540,919

	Notes	R 2018	R 2017
Total Expenditure		81,878,853	50,753,190
Agricultural Project expenses		453,820	4,291,646
Advertisements		327,754	398,412
Audit fees		1,117,034	760,460
current		-	-
previous year		1,117,034	760,460
Internal audit committee members' fees		52,347	9,379
Bank charges		64,943	64,963
Board members' fees (excluding travel re-imbursement)	29	4,160,522	2,639,182
Cleaning repairs & general expenses		1,216,063	978,822
Computer software		325,149	186,620
Depreciation/amortisation	24	3,113,207	3,517,212
Audit fees- internal		210,000	4,254
Insurance		626,978	526,164
Legal fees		5,208,876	1,528,287
Maintenance of land tenure information system		41,161	31,767
Motor vehicle expenses		322,070	275,270
Stationery and printing		644,604	630,070

	Notes	R 2018	R 2017
Secretariat administration fees		21,969,634	21,767,920
Rates and municipal charges - office accommodation		513,650	596,535
Land identification and management plan/land audits		591,768	292,658
Increase in provision for doubtful debts		16,160,410	1,675,013
Staff training		-	136,075
Travelling, accommodation and meeting expenses (including Board members travel)		3,421,039	2,691,248
Organogram - restructuring costs		539,704	-
Telephone		225,792	214,563
Security expenses		708,796	631,905
Workshops and roadshows		2,692,277	3,358,161
Human resources and communication expenses		234,048	187,527
Bursaries - Funda Zulu		12,711	330,000
Transfer of funds to Ingonyama Trust Board		15,387,415	2,921,077
Rent - Ulundi ITB office		-	108,000
Land tenure upgrade and formalisation of settlements		1,034,097	-
Audit of IT infrastructure assets		399,821	-
Loss on disposal of assets		43,230	-
Loss on unauthorised use of petrol cards		59,933	-
Available funds transferred to Accumulated Fund		63,218,537	98,787,729

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