



ANNUAL REPORT

01 APRIL 2013 - 31 MARCH 2014





HIS MAJESTY THE KING

The Hon. G. Nkwinti MP
Minister of Rural Development and Land Reform
Private Bag X833
PRETORIA
0001

ANNUAL REPORT OF INGONYAMA TRUST BOARD - FINANCIAL YEAR ENDING 31 MARCH 2014

Dear Minister

Whilst in last year's report I wrote of three major milestones in the life of the Ingonyama Trust, this report records what might seem to be more routine matters. However, one should not underestimate the importance of the everyday workings of my Board in the lives of ± 4 million of my people. I believe the work of the Board has real significance for the regional and national economies. Working with integrity and apolitically we have also made a contribution to the maintenance of harmony in land matters in the areas falling within the Ingonyama Trust.

Last year I mentioned the support given by my Board to the Ingonyama Rural Development Forum. This has continued with due regard to our founding statute and the Public Finance Management Act 1999. This forum is by no means meant to supplant or usurp the developmental roles of the three spheres of Government. Rather, it is meant to harness the capacity inherent in the system of traditional leadership to work with the various governmental agencies.

The draft amendments we have prepared for the consideration of yourself, Hon. Minister, and, if the Cabinet so desires, that of Parliament, have been held back at this stage. This is out of respect for your own and the Parliamentary workload at the beginning of an election year.

It has become increasingly apparent that a staff component of about 50 with the highest post at the level of Director in the Public Service is woefully inadequate. This shortfall has been compensated for to an extent by the devotional skills and energy of my Board members who have been willing to be involved in the administrative and productive work of the Board. This is particularly important when inter-acting with high-powered entrepreneurs. Board involvement at that level will always remain important but we really do need adequate staff at appropriate levels to ensure proper administration and efficient service delivery.

My Board and I continue to value our link to Parliament through the Portfolio Committee on Rural Development and Land Reform; we also value our positive association with your Ministry and the Director-General and his Department.

My thanks once again go to my Board and our loyal staff.

Our Annual Report for the financial year ending 31st March 2014 is submitted herewith.

Yours sincerely



His Majesty the King
Chairperson of the Board
Ingonyama Trust Board

Date: 09-04-2014

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PART ONE : GENERAL INFORMATION



Pictured here is Councillor A Dlamini (eThekweni Municipality), His Majesty the King, Her Majesty the Queen, Inkosi Mkhize (Embo Traditional Council), Mr M Mabuyakhulu (MEC for Economic Development, Tourism and Environmental Affairs KwaZulu - Natal) cutting the ribbon during the opening of the Hammarisdale Junction Mall which is on Ingonyama Trust land. This mall was officially opened on the 6th June 2013.

OBJECTIVE

Optimal land management for the material benefit and social wellbeing of the communities living on Ingonyama Trust land.

OUR VISION

To be a leader in sustainable communal land management.

OUR 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.

OUR VALUES

Transparency, Integrity, Honesty, Professionalism, Value for money, Open Communication, Consultation, Service Excellence

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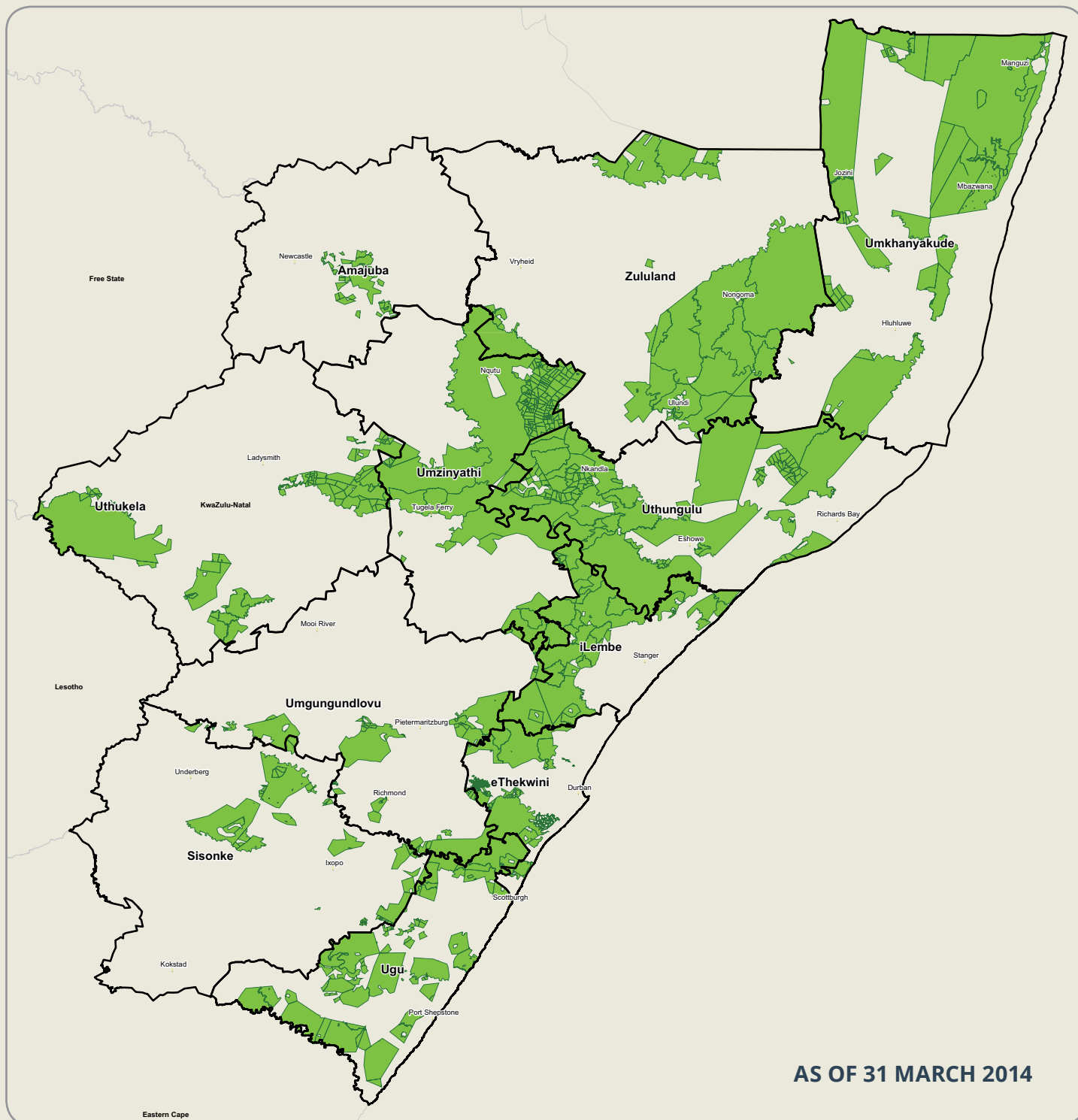
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TRUST LAND MAP



AS OF 31 MARCH 2014

CHAIRPERSON'S STATEMENT



In the last twenty years Ingonyama Trust has grown leaps and bounds as an institution. The Trust was created in 1994. The Act was amended in 1997 which amendments came into operation on the 2nd of October 1998 and introduced a Board to administer the affairs of the Trust and Trust land.

The Ingonyama Trust Board is the only one of its kind. Some of its founding members like myself are still on board. Whatever its shortcomings are it is the only institution in the country that is completely dedicated to and focused in managing and administering communal land under the custodianship of the Traditional leaders. This is no easy task. Firstly land is a national competence. Traditional Leadership is concurrent between provinces and national. The Minister responsible for Traditional Leadership has no relationship with land issues. Instead he/ she has a dual responsibility on co-operative governance. The effects of these separate competences is that in the country as a whole there is no legislation setting out powers of traditional leaders over land. This is simply because the Minister responsible for Traditional Leadership has no authority to legislate

on land matters. Yet we all know that most energy in traditional leadership and governance is channelled at land and people management.

As stated earlier, Ingonyama Trust Board administers land with the Traditional leaders. This is not because the Act says so. But it is because from the onset the Board recognized the gap in the legislation and took a conscious decision that it would read into the legislation the words which were omitted. No doubt this could not have been intended. By being conscious of this omission the Board worked hard over the years to improve its relations with the Traditional leaders. In so doing it has allayed their fears and suspicions. The Board is enjoined in administering land owned by the Trust in terms of Zulu law and any other law. To this extent there is a clear recognition that indigenous law recognizes horizontal and vertical ownership of land. Horizontal ownership of land is inalienable while vertical is capable of disposal. Differently put, land under indigenous legal system from where we as the Ingonyama Trust Board sit, cannot be sold. However, improvements on it like buildings can be sold. This is a big difference with South African common law seen from the lenses of Roman Dutch law. The latter takes the view that land can be sold or alienated, and that whatever is permanently attached to land is treated as part of the land, it is not necessary in this report to take this aspect any further. Suffice it to state here that there exists a dire and urgent need to comprehensively review land and property law in South Africa.

I wish to share with the readers and authorities what we have learnt as an institution over the years and what challenges lie ahead. Firstly, because land allocation under traditional system remains oral, rights to land are treated as informal and unregistered. Yet people

invest their life savings building permanent homes. The land owned by Ingonyama Trust, which we as the Board administer jointly with the traditional leaders is classified agricultural land. The truth is that this is mixed use in every sense of the word. People reside on this land, there are schools and all other public facilities and infrastructure. The land is not formally subdivided. In practice people build whatever they want as long as they have been given consent to have access to a particular piece of land. The problem arises as soon as they seek any formal approval from the local authority. Let me give an example to illustrate the point. Currently, building shopping centres in rural areas where none existed before is the flavour of the day. So, a particular developer will approach the local leadership for rights to and where the proposed shopping centre will be built. Once the necessary written consent is obtained, the developer will then approach Ingonyama Trust Board (ITB) for a lease. Once a lease agreement is finalised, then he must apply for it to be notorially registered. As this process is underway, the developer also applies now for development rights, which is nothing else but zoning of the property which is by its very unique nature already zoned for the purpose. This process of applying for development rights can take ages, with objections and environmental and a host of other requirements.

In my view failure to appreciate the complete nature of communal land result in a huge bureaucratic red tape and unnecessary costs being incurred as a result of local authorities thinking they are dealing with agricultural land. What is even more concerning is that most local authorities with infrastructure on Ingonyama Trust land do not follow their own laws. They simply build whatever they want. This to me belies the very assertion that communal land is generally agricultural land. It also belies the argument

that the Subdivision of Agricultural Land Act 70 of 1970 automatically applies to communal land except where the state or a statutory Trust is the owner.

Happily the Office of the Surveyor General has now issued a memo after the Supreme Court of Appeal judgement between eThekweni Municipality and Ingonyama Trust, in which the Surveyor General acknowledges that this Act does not apply on Ingonyama land. Hopefully this settles the matter once and for all.

The provincial government through the Department of Co-operative Governance and Traditional Affairs (COGTA), has set up what has become known as the small towns development committee. This committee as far as I could ascertain was set up to formalise small towns, some of which are on communal land. It would be beneficial to all to know the legislation in terms of which this committee was established and that which it will invoke to set up or formalize these small towns.

As long as there is no general recognition that the development on communal land and in particular Ingonyama Trust land is not premised on municipal ordinance or legislation but on appropriate understanding and acknowledgement that this land when it was set aside for black occupation in 1913 and later as native reserves it was inherently designed that the “natives” could live their complete lives there for ever, the problem will fester on. That is the reason why the government of the day and communities built houses, schools, shops, churches and all public facilities and amenities there without any further ado. Thus rural development remains an elusive dream. This is further compounded by those who confuse land tenure legislation with development and planning legislation. For municipalities to discharge their constitutional mandate as far as planning is

concerned, they need not be the owners of land which is the subject of planning and development legislation.

It is my hope that moving forward in this phase of our democratic transition there would be a greater understanding and co-operation between all the stakeholders and role players in this space. In particular I wish to see both local government and Ingonyama Trust Board reaching an agreement in terms of how they would fast track rural development on Ingonyama Trust land. The critical piece of legislation here is the recently passed Spatial Planning and Land Use Management Act (SPLUMA). Once a common understanding is reached on this point I have no doubt that we could all notice a rapid development free from red tape taking place on ITB administered land.



Mr S.J. Ngwenya
Chairperson and Royal Nominee
Ingonyama Trust Board

CHIEF EXECUTIVE OFFICER'S STATEMENT



The 2013/14, financial year was marked by the opening of the Ingonyama Trust Board's first satellite office. The office was opened in uLundi to serve communities residing in the northern District Municipalities of Zululand, uMkhanyakude and uThungulu. The satellite office has four staff members headed by a Regional Manager.

The financial year also witnessed an increase in staff complement. By the end of the year 2013/14, the Secretariat had fifty-eight employees. The staff members appointed were additional to the establishment. Most of the new staff members were assigned Real Estate duties.

The financial year 2013/14, was also marked by a further increase of lease applications received. In 2012/13 financial year there were 1611 applications received of which 856 applications were ultimately signed by both parties. In 2013/14 financial year, there were 2104 applications received of which 1157 applications were ultimately signed by both parties. The residential sector still leads in applications received

and approved by the Board. This is an indication to a large extent that there is a growing need for security of tenure by the people residing in communal areas. Furthermore, there were twenty land Development Rights Agreements that the Board signed with various Local Municipalities who are implementing agents for in-situ low income subsidized housing projects.

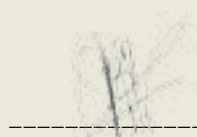
This translates into over 43 000 units of houses to be built on land under Ingonyama Trust Board. The release of land parcels by the Board for the in-situ low income housing projects is a remarkable contribution towards the provision of housing in the Province of Kwa-Zulu Natal.

With Ingonyama Trust Board owning a vast majority of the land within the KZN Province, most Municipalities and private developers have to utilise land under ITB in order to meet their mandates and / or to derive economic benefits from such land. The Board is keen on having its land developed accordingly in order to ensure that the livelihoods of the people occupying such land is uplifted and opportunities become more advantageous to such persons.

The Secretariat continued to assist communities on land under Ingonyama Trust. Over R3 million was spent on community projects that included; community gardens, bursaries and in procurement of tools of trade for the development Trusts. Furthermore, training and workshops were conducted for a number of communities, covering aspects of land management and agricultural projects.

During the financial year, a surge in unlawful occupation of land owned by the Trust was noticed mainly in

areas that are close to the urban environment. In some instances security personnel was hired and in others court proceedings were instituted to protect the property of the Trust from the illegal occupations. In conclusion, on behalf of the Secretariat I would like to extend our gratitude to the Board and all stakeholders for their unwavering support during the 2013/14 financial year.



Mr N.N. Bhebhe
Chief Executive Officer

ABOUT THE 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 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. The Amendment Act was passed in 1997 and came into operation on the 2nd October 1998.

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.

CORPORATE GOVERNANCE AND ORGANISATIONAL STRUCTURE

THE BOARD

In terms of the Ingonyama Trust Act as amended the Board is constituted of nine (9) members as follows. His Majesty the King or his or her nominee who is the chairperson of the Board. Four (4) members of the Board are appointed by the responsible Minister after consultation with His Majesty the King, the Premier and the chairperson of the House of Traditional Leaders of KwaZulu - Natal. The other four (4) members of the Board are appointed with due regard to regional interests in consultation with the Premier, His Majesty the King and the chairperson of the House of Traditional Leaders. The term of office of these members is four (4) years but they are eligible for further appointment. The Vice Chairperson of the Board is appointed by the Minister after recommendation by the Board.

His Majesty the King
Mr. S.J. Ngwenya (Chairperson - Royal nominee)
Ms. J.T. Bhengu (Vice Chairperson)
Advocate. W.E.R Raubenheimer
Dr. M.S. Mbatha
Pastor. N.B. Zitha
Inkosi K.W. Mathaba
Mr. B.L. Shabalala
Advocate. V.Z. Mngwengwe

THE SECRETARIAT

The Board is supported by the Secretariat. The Secretariat is the administrative arm of the Board to execute and discharge the mandate of the Board. Currently there are twenty seven (27) approved posts within the establishment. In addition to the approved establishment there are thirty (30) contract posts.

The demands to the mandate of the Board have over the years demonstrated that the Secretariat is hugely understaffed. As a result the Board is currently reviewing in great detail the Secretariat's needs in terms of personnel and infrastructure.

During the year under review the Board had to contend with a number of challenges as a result of constant

change in the environment in which it operates. Below we make few references of such challenges:

- Legislative changes in particular with regards to rates and planning,
- Illegal occupation on Trust land and the resultant litigation,
- Dispute about leadership within clans,
- The confusion on respective roles amongst the role players,
- Capacity to comply with legislative requirements within Traditional Councils,
- Land claims within Ingonyama land.

BOARD COMMITTEES

EXECUTIVE COMMITTEE

The Executive Committee (EXCO) is chaired by the Chairperson or Vice Chairperson of the Board or any member elected in terms of Regulation 9 of the Administrative Regulations of Ingonyama Trust Board. The membership of this Committee consists of not less than two members of the Board.

The powers and functions of this committee are as follows:

- 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,
- To make recommendations to the Board on policies, procedures generally and in relation to specific cases.

TENURE RIGHTS COMMITTEE

The Tenure Rights Committee is chaired by the Chairperson or Vice Chairperson of the Board or any member elected in terms of Regulation 9 of the Administrative Regulations of Ingonyama Trust Board. The membership of this Committee consists of not less than two members of the Board.

The powers and functions of this committee are as follows:

- To decide on behalf of the Board the granting or refusal of applications for any and all forms of tenure rights,
- To make recommendations to the Board on land tenure matters.

AUDIT COMMITTEE

The Audit Committee reviewed the performance of the Board and the Secretariat to ensure that they complied with the PFMA, Financial Regulations, Treasury Regulations and other relevant pieces of legislation and directives. For more information please refer to the Audit Committee report on page 30.

BID ADJUDICATION COMMITTEE

During the period under review the Bid Adjudication Committee ensured that procurement is fair, equitable, transparent, competitive and cost-effective in accordance with the Supply Chain Management policy and the PFMA.

BOARD MEMBERS ATTENDANCE SCHEDULE

MEMBER	BOARD MEETINGS	EXCO MEETINGS	TENURE RIGHTS COMMITTEE MEETINGS
JUSTICE S J NGWENYA	09/10	09/12	7/9
MR B L SHABALALA	09/10	09/12	8/9
ADV W E R RAUBENHEIMER	07/10	12/12	8/9
DR T MBATHA	09/10	06/12	3/9
INKOSI K W MATHABA	09/10	08/12	7/9
MS J BHENGU	09/10	09/12	5/9
PASTOR N ZITHA	09/10	10/12	8/9
ADV V Z MNGWENGWE	07/10	05/12	5/9

THE BOARD



His Majesty the King (Trustee)



Mr. S.J. Ngwenya
(Chairperson and Royal nominee)



Ms. J.T. Bhengu (Vice Chairperson)



Advocate. W.E.R Raubenheimer



Dr. M.S. Mbatha



Pastor. N.B Zitha



Inkosi K.W. Mathaba



Mr. B.L. Shabalala



Advocate. V.Z. Mngwengwe

TRADITIONAL COUNCIL SUPPORT

In terms of the enabling legislation the Board cannot alienate or encumber land without a written consent of a Traditional Council. Most of the beneficiary communities of Ingonyama Trust land are headed by Traditional Councils. It is therefore imperative that the Board has a close working relationship with all relevant Traditional Councils. For this reason the Board provides strategic, professional, technical and other support to Traditional Councils so that there is improved relationship. This enables the Board to render effective land administration to communities. At practical level in any event physical land administration and allocation is rendered by the Traditional Councils at the behest of the Board.

In total there are 221 Traditional Councils administering the land jointly with the Board or sometimes as its agents. Currently land registered in the name of the Trust is approximately 2.84 million hectares spread all over the province of KwaZulu - Natal. Some researchers say that this is more than half the size of Europe. Therefore one cannot over emphasise the role of Traditional Councils. Noting their role over almost half the provincial population of 10,3 million people¹, the Board provides detailed training to Traditional Councils on the following:

- Land administration,
- The Constitution and other relevant legislation,
- Conflict resolution and management.

Further training needs have been identified, in particular on the following:

- Financial administration,
- Community Trust administration and management,
- Minute taking and management,
- Conduct of meetings,
- Record keeping.

Of the 221 Traditional Councils 40 have in the year under review been exposed to the skills development and capacity building on Land administration, Constitution and other relevant legislation, and conflict resolution and management. The importance of training on the Constitution is the emphasis on equality across gender. This is to highlight the difference between the past and the present. The past practices and legislation relegated women to minors. In all aspects women were treated as lacking capacity to contract among others. This had the effect that women's access to land was hugely compromised despite the fact that in many instances they were de facto heads of the households.

One great challenge where the Board needs to come up with a comprehensive policy and strategy is around youth development and participation on land administration, community development and rural development in general.

¹Source: Statistics South Africa, Census 2011

AGRICULTURAL AND OTHER SUPPORT

The nature of communities living on Ingonyama Trust land is that they live in terms of Customary Law and their allotment on land is such that they should be self-sustaining. With the changing environment especially around agriculture the Board in conjunction with the Provincial Department of Agriculture provide technical, financial and other assistance to communities so that they can sustain themselves through various agricultural projects.

In terms of the Board policy part of the revenue it receives is allocated to various communities especially those which are the source of such revenue. Communities can source their allocations by providing an acceptable business plan to the Board. The Board encourages that communities develop sustainable projects especially those which are linked to land usage like community gardens and poultry production. About R 9 million was allocated to Agricultural Support and infrastructure.

The Board also emphasises the need for scholar learnership. Jointly with the various communities a number of educational awards were given in the year under review. More details on this are available and some are referred to in this report.



Pictured here are learners who were given Educational Awards from Tembe Traditional Council in the Umkhanyakude District Municipality. With them is Inkosi Tembe of the Tembe Traditional Council during the awards ceremony which took place in Manguzi.

Zululand District Municipality

INSTITUTIONS	QUALIFICATION IN ARTS			QUALIFICATION IN EDUCATION			QUALIFICATION IN SCIENCE			QUALIFICATION IN COMMERCE & LAW			QUALIFICATION IN ADMINISTRATION		
	FEMALES	MALES	TOTAL FEES	FEMALES	MALES	TOTAL FEES	FEMALES	MALES	TOTAL FEES	FEMALES	MALES	TOTAL FEES	FEMALES	MALES	TOTAL FEES
UNIVERSITY OF ZULULAND	2		R 20,000	2	3	R 50,000	1	2	R 30,000		1	R 10,000			
DURBAN UNIVERSITY OF TECHNOLOGY							1	1	R 20,000	3	5	R 80,000	1		R 10,000
MANGOSUTHU UNIVERSITY OF TECHNOLOGY							3		R 21,941	2	6	R 58,054	1		R 10,000
UNIVERSITY OF JOHANNESBURG								1	R 10,000						
UNIVERSITY OF KWAZULU -NATAL				1		R 10,000		1	R 10,000						
NELSON MANDELA METROPOLITAN UNIVERSITY								1	R 10,000						
BEREA TECHNICAL COLLEGE										1		R 10,000			
EMPANGENI METRO COMPUTER TECHNICAL COLLEGE													1		R 10,000
SPRINGFIELD FET COLLEGE													1		R 10,000
GRAND TOTAL			R 20,000			R 60,000			R 101,941			R 158,054			R 40,000

The Total amount disbursed for Educational Awards in respect of the Zululand District amounted to R 379,995.00

Umkhanyakude District Municipality

INSTITUTIONS	QUALIFICATION IN ARTS			QUALIFICATION IN EDUCATION			QUALIFICATION IN SCIENCE			QUALIFICATION IN COMMERCE & LAW			QUALIFICATION IN ADMINISTRATION		
	FEMALES	MALES	TOTAL FEES	FEMALES	MALES	TOTAL FEES	FEMALES	MALES	TOTAL FEES	FEMALES	MALES	TOTAL FEES	FEMALES	MALES	TOTAL FEES
UNIVERSITY OF ZULULAND	3	2	R 30,000	5	11	R 96,000	2	1	R 18,000		3	R 18,000	1		R 6,000
DURBAN UNIVERSITY OF TECHNOLOGY					1	R 6,000	1	3	R 24,000	1		R 6,000		1	R 6,000
MANGOSUTHU UNIVERSITY OF TECHNOLOGY														1	R 6,000
UNIVERSITY OF JOHANNESBURG				1		R 6,000									
UNIVERSITY OF KWAZULU -NATAL				1		R 6,000	2	2	R 24,000		1	R 6,000			
GRAND TOTAL			R 30,000			R 114,000			R 66,000			R 30,000			R 18,000

The Total amount disbursed for Educational Awards in respect of the Umkhanyakude District amounted to is R 258,000.00

RELATIONSHIPS WITH THE MUNICIPALITIES AND OTHER ORGANS OF STATE

In terms of the Intergovernmental Relations Framework Act (2005) organs of state are encouraged to cooperate to achieve a common goal. To this extent the Board encourages various organs of state who have an interest on Trust land to enter into cooperation agreements. The essence of these agreements is to specifically set out the respective roles of each role player. In so doing conflict is minimized. The Trust owns land in most municipalities in the province. This makes the municipalities the majority partners of the Board on land use.

JOINT VENTURES BETWEEN COMMUNITIES AND OTHER STAKEHOLDERS

The Board encourages sustained relationships between communities, itself and other stakeholders who operate in the same environment with the Board. One of the known agricultural commodity in the province is sugarcane. There are various major role players in the sugarcane industry like for instance Tongaat Hullet, Illovo Sugar and Umfolozi to mention but the few. The Board seeks to foster a stronger relationship with these major and able role players. As a starting point a formal relationship has now been established between Tongaat Hullet, the Board and a number of communities across the uThukela river. The relationship among others entails the following:

- Agreements between the Board, Tongaat Hullet and the relevant communities are entered into,
- Tongaat Hullets among others, provides skills to communities to develop their land and plant their sugarcane in terms of modern methods,
- Tongaat Hullets also assists the communities in terms of financial management and the raising of capital in order to become more professional sugarcane farmers.

The agreement with Tongaat Hullet has been in place for over a year now. At the end of the year under review the result showed an improved sugarcane productivity in the province as a result, as well as investment on infrastructure by Tongaat Hullet in communities where this is needed most.

MINING

There are various mining activities on the Trust land, among others is titanium, coal and granite. There is a great demand on the Board that communities where mining activities are taking place are capacitated and assisted in many respects. This will protect them from unfair exploitation and also enable them to know their rights better. The Board intends calling a conference on mining on Trust land so that a serious engagement with the mining investors is facilitated.

Since the Royalty Act came into operation royalties are paid to the state and not distributed back to the communities where mining activities are taking place. This has deprived communities of substantial income since there is very little benefit thereafter which comes directly from the mines or mining houses to the communities. While the Board is designing an acceptable formula for surface leases based on international experience, it is of the view that this will be inadequate revenue as far as mining is concerned. This is more so when one takes into account the effects of mining to the surrounding community as against the overall

benefits derived from mining activities. The Board is of the view that it is the rightful organ of state / recipient to receive the royalties from the mining houses that operate on Trust land.

A preliminary discussion with few mining houses indicates a goodwill on their part to seek a lasting solution to the problems that are always encountered. Some of these mining houses have already come up with few suggestions from which the discussion could begin. Most emerging miners from Historically Disadvantaged Communities concentrate their efforts on sand mining and quarry. They appear to face many challenges and in this respect a conference will be called in the coming financial year in terms of which a structured discussion will commence. The ultimate objective is to reach an accord with these.

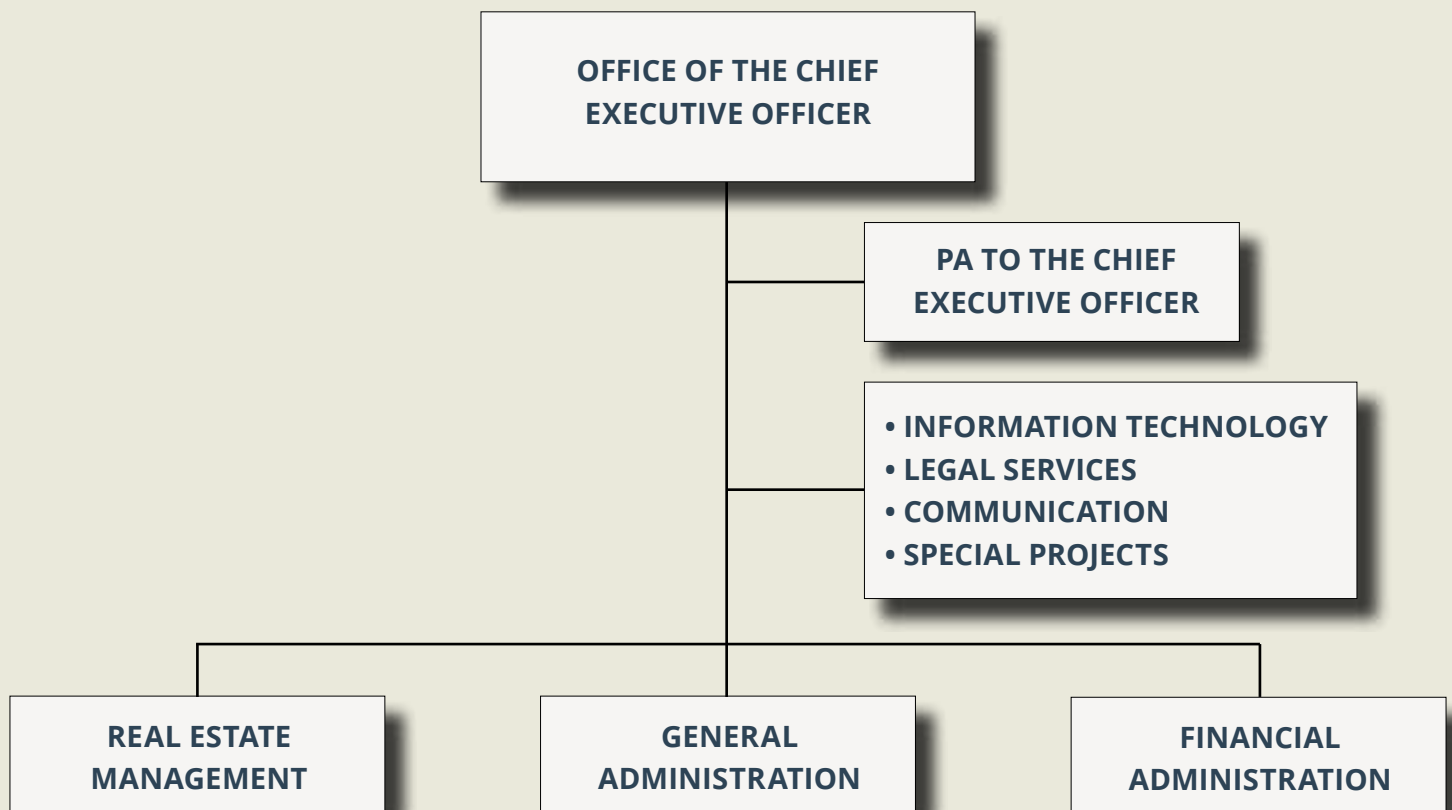
THE FUTURE OF COMMUNITY BENEFITS

The Board is of the view that communities with access to as is the case with Ingonyama Trust should not starve or be financially disadvantaged. In order to render beneficiary communities on Ingonyama land self sustaining the Board will require that each community set aside a piece of land in which economic activities in large scale will take place and the revenue derived therefrom be made available for community development and benefit.

To illustrate this point the year under review the Board witnessed three important projects which to some extent underscore the feasibility of the proposition above. The opening of Hammarsdale Junction shopping centre in Mpumalanga within eThekweni Metro under Embo Traditional Council is a case in point. This centre has 75 shops and created 780 permanent jobs. The centre is on a forty year lease with the Board and the revenue derived therefrom is shared between the Board and Embo Traditional Council. The lease is extendable but what is important is that at the end the community is left with a huge and valuable improvement on its asset. Should one contrast this with mining, where the community is left with a depreciated asset. The second project is under Mathonsi Traditional Council where an average size shopping centre was under construction and hopefully will be operational during the course of the next financial year.

The third project is the Jozini Mall under the Ntsinde Traditional Council which was opened during October 2013. It will be noted that in a space of about five years this Traditional Council has seen two major developments in its area if one considers the Jozini Tiger Lodge, a four star hotel. Apart from minor investments these two major investments in Jozini have seen a capital investment of approximately R 300 million. What is now to be considered is the focus to residential development beyond low cost subsidised housing. It is worth recording that the local community also has a stake in the operating companies of these investment companies.

SECRETARIAT



OFFICE OF THE CHIEF EXECUTIVE OFFICER

The Office of the Chief Executive Officer is responsible for providing leadership, strategic advice and overall management of the Secretariat.

REAL ESTATE MANAGEMENT

The core functions of this component include:

- Processing of tenure rights applications,
- Monitoring of illegal occupation of land,
- Maintenance of land asset register.

FINANCIAL ADMINISTRATION

The Financial Administration component manages the accounting and finances of the Trust and also provides advice on financial compliance to the Board. The core functions of this component include:

- Safeguarding of assets,
- Development of financial policies,
- Management of internal controls and financial reporting.

GENERAL ADMINISTRATION

The General Administration component provides administrative support service to the Board and the Secretariat. The core functions of this component include:

- Assisting with the drafting of policies,
- Supervision of Logistical arrangements, registry and reception,
- Provision of Human Resources,

HUMAN RESOURCES

As of 31st March 2014 the Secretariat had twenty five (25) of twenty seven (27) approved posts in the establishment filled. Additional thirty staff members were occupying positions additional to the establishment. In total therefore the Secretariat had fifty five (55) staff members as of 31st March 2014.

The following is a breakdown indicating the positions occupied within the Secretariat:-

COMPONENT	PERMANENT POSTS	LEVELS										CONTRACT POSTS	TOTAL FILLED POSTS
		13	12	11	10	9	8	7	6	5	4		
Office of the CEO	4	1		1	3		2	2	2			7	11
Administration Services	6				1		2		5	1	1	4	10
Finance Administration	4		1				2		4			3	7
Real Estate	11				2	2	4	6	8	5		16	27
Total	25	1	1	1	6	2	10	8	19	6	1	30	55

EMPLOYMENT AND VACANCIES AS PER ORGANOGRAM

COMPONENT	TOTAL NO. OF APPROVED POSTS PER ORGANOGRAM	NO. OF FILLED POSTS	NO. OF VACANT POSTS	NO. OF POSTS ADDITIONAL TO THE ORGANOGRAM	TOTAL FILLED POSTS
OFFICE OF THE CEO	04	04	0	07	11
FINANCE ADMINISTRATION	04	04	0	03	07
ADMINISTRATION SERVICES	07	06	01	04	10
REAL ESTATE	12	11	01	16	27
GRAND TOTAL	27	25	02	30	55

EMPLOYMENT AND VACANCIES BY SALARY BANDS AS PER ORGANOGRAM

SALARY BANDS	NO.OF POSTS	NO. OF FILLED POSTS	NO. OF VACANT POSTS	NO. OF ADDITIONAL POSTS	TOTAL FILLED POSTS
Lower Skilled (level 1-2)	0	0	0	0	0
Skilled (level 3-5)	03	04	01	05	09
Highly Skilled production (level 6-8)	16	14	0	20	34
Highly Skilled Supervision (level 9-12)	07	06	01	05	11
Senior Management (level 13)	01	01	0	0	01
GRAND TOTAL	27	25	02	30	55

TRAINING NEEDS / SKILLS DEVELOPMENT

OCCUPATION	MALE AFRICAN	MALE COLOURED	MALE INDIAN	MALE WHITE	FEMALE AFRICAN	FEMALE COLOURED	FEMALE INDIAN	FEMALE WHITE	TOTAL
Lower Skilled (level 1-2)	0	0	0	0	0	0	0	0	0
Skilled (level 3-5)	03	0	0	0	04	0	0	0	07
Highly Skilled production (level 6-8)	05	0	02	01	06	02	0	01	17
Highly Skilled Supervision (level 9-12)	04	0	03	01	02	0	0	0	10
Senior Management (level 13)	01	0	0	0	0	0	0	0	01
GRAND TOTAL	13	0	05	02	12	02	0	01	35

EMPLOYMENT EQUITY AS AT 31 MARCH 2014

OCCUPATIONAL LEVELS	MALE					FEMALE				
	A	C	I	W	TOTAL	A	C	I	W	TOTAL
Top Management	01	0	0	0	01	0	0	0	0	0
Senior/Middle Management (level 9-12)	04	0	03	01	08	02	0	0	0	02
Junior Management (level 6-8)	15	0	02	01	18	16	02	0	01	19
Semi-Skilled and Discretionary Decision Making (level 3-5)	03	0	0	0	03	04	0	0	0	04
Unskilled and defined decision making (level 1-2)	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	23	0	05	02	30	22	02	0	01	25

TERMINATION OF SERVICE AS AT 31 MARCH 2014

SALARY BAND	RETIREMENTS	CONTRACT EXPIRY	RESIGNATIONS	DEATH	DISMISSAL	TOTAL
Lower Skilled (1-2)	0	0	0	0	0	0
Skilled (level 3-5)	0	2	1	0	0	3
Highly Skilled production (level 6-8)	0	1	4	0	0	5
Highly Skilled Supervision (level 9-12)	0	0	1	0	0	1
Senior Management (level 13)	0	0	0	0	0	0
GRAND TOTAL	0	3	6	0	0	9

STRATEGIC PLAN AND PERFORMANCE

	STRATEGIC OBJECTIVES	MEASURABLE PERFORMANCE INDICATOR	AUDITED/ACTUAL PERFORMANCE			MEDIUM-TERM TARGETS				
			2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
1	Unlocking an enabling environment conducive to development on Trust land	Number of tenure rights granted by the Board and signed by both parties	New indicator	856	1157	1200	1300	1350	1400	1450
		Number of land management projects identified and implemented	New indicator	New indicator	4	5	6	7	8	9
2	Effective and efficient asset management services	Land Holding Register maintained on daily basis	New indicator	4	4	4	4	4	4	4
3	Support to Traditional Councils in capacity building programs	Number of TC workshops held on land management issues	New indicator	23	40	43	45	52	52	55

ANNUAL PERFORMANCE REPORT 2013/14

STRATEGIC OBJECTIVE	MEASURABLE PERFORMANCE INDICATOR	TARGET 13/14	ACTUAL 13/14	VARIANCE
Unlocking an enabling environment conducive to development on Trust land	Number of tenure rights granted by the Board and signed by both parties	1601	1157	- 444
	Number of land management projects identified and implemented	4	4	-
Effective and efficient asset management services	Land Holding Register maintained on daily basis	4	4	-
Support to Traditional Councils in capacity building programs	Number of TC workshops held on land management issues	33	40	+ 7

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 Morar Inc. to perform the Internal Audit function.

REPORT ON THE AUDIT COMMITTEE

We are pleased to present our report for the year ended 31 March 2014.

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	NUMBER OF MEETINGS ATTENDED
Professor B.S. Stobie	4
Ms N.E. Memka	1
Mr A. Jordan	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 many 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.

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

B.S Stobie
Chairperson
31 July 2014

PART TWO: ANNUAL FINANCIAL STATEMENTS



Pictured here is Advocate W Raubenheimer (Ingonyama Trust Board member), Dr M Mbatha (Ingonyama Trust Board member), Mr J Magwaza (Tongaat Hullet Board Chairperson) and Mr P Staude (Tongaat Hullet Chief Executive Officer) when the joint venture agreement between the Ingonyama Trust Board and Tongaat Hullet was signed on 30 April 2013. More information on this agreement is narrated in this report on page 21.

STATEMENT OF BOARD'S RESPONSIBILITY

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.

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 39 to 70 were approved by the Board members on the 28 May 2014 and signed on its behalf by the Acting Chairperson of the Board.

GENERAL INFORMATION

Members of the Ingonyama Trust Board as at 31 March 2014 :

His Majesty the King
Mr. S.J. Ngwenya (Chairperson - Royal nominee)
Ms. J.T. Bhengu (Vice Chairperson)
Advocate. W.E.R Raubenheimer
Dr. M.S. Mbatha
Pastor. N.B. Zitha
Inkosi K.W. Mathaba
Mr. B.L. Shabalala
Advocate. V.Z. Mngwengwe

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

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements for the year ended 31 March 2014 were approved by the Board on 28 May 2014.



Mr S.J. Ngwenya
Chairperson and Royal Nominee
Ingonyama Trust Board

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

INTRODUCTION

1. I have audited the financial statements of the Ingonyama Trust Board set out on pages 39 to 67, which comprise the statement of financial position as at 31 March 2014, the statement of comprehensive income, statement of changes in net assets, and statement of cash flows for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

ACCOUNTING AUTHORITY'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with 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), 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.

AUDITOR-GENERAL'S RESPONSIBILITY

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

BASIS FOR QUALIFIED OPINION

PROPERTY, PLANT AND EQUIPMENT

6. The entity did not recognise the land in accordance with the requirements of GRAP 17 Property, plant and equipment, by recognising it at fair value as at the date of acquisition. I did not determine the correct fair value of land as it was impracticable to do so.

ROYALTY REVENUE

7. Royalties received by the entity from the mining operators were incorrectly recognised as revenue by the entity, which is contrary with the requirements of GRAP 9 Revenue from exchange transactions. Consequently, royalty revenue was overstated by R872 171 (2013: R710 884) and the payables to South African Revenue Services (SARS) were understated by the same amounts. Additionally, the accumulated surplus as at 31 March 2012 was overstated by R13,08 million and the payables to SARS were understated by the same amount.

QUALIFIED OPINION

8. In my opinion, except for the effects of the matters described in the basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Ingonyama Trust Board as at 31 March 2014 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the PFMA.

EMPHASIS OF MATTER

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

RESTATEMENT OF CORRESPONDING FIGURES

10. As disclosed in note 37 to the financial statements, the corresponding figures for 31 March 2013 have been restated as a result of errors discovered during 31 March 2014 in the financial statements of the Ingonyama Trust Board at, and for the year ended, 31 March 2013.

ADDITIONAL MATTER

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

UNAUDITED SUPPLEMENTARY SCHEDULES

12. The supplementary information set out on pages 68 to 70 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

13. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

PREDETERMINED OBJECTIVES

14. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the entity for the year ended 31 March 2014:

Objective 1: Unlocking an enabling environment conducive to development on Trust land on page 28.

15. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
16. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).
17. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
18. The material findings in respect of the selected objective are as follows:

To administer Ingonyama Trust land

Usefulness of reported performance information

19. Measurability of indicators not well defined and verifiable

The FMPPI requires the following:

Performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use. A total of 25% of the indicators were not well defined.

Performance indicators must be verifiable, meaning that it must be possible to validate the processes and systems that produced the indicator. A total of 25% of the indicators were not verifiable.

Reliability of reported performance information

20. Validity / accuracy / completeness

The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Significantly important targets were not reliable when compared to the source information or evidence provided. This was due to a lack of technical indicator descriptions for the accurate measurement, recording and monitoring of performance.

COMPLIANCE WITH LEGISLATION

21. I performed procedures to obtain evidence that the entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

ANNUAL FINANCIAL STATEMENTS

22. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1)(b) of the PFMA. Material misstatements in provisions identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

INTERNAL CONTROL

23. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for qualified opinion, findings on predetermined objectives and the findings on compliance with legislation included in this report.

LEADERSHIP

24. The accounting authority did not exercise adequate oversight responsibility to ensure that financial statements comply with the applicable financial reporting framework and with applicable laws and regulations.

FINANCIAL AND PERFORMANCE MANAGEMENT

25. Management did not implement controls over the preparation, review and reconciliation of the financial statements and annual performance report. Material misstatements identified in the annual financial statements were not corrected by management.

Auditor General



PIETERMARITZBURG
31 JULY 2014

RESPONSE OF THE INGONYAMA TRUST BOARD TO ASPECTS OF THE AUDIT REPORT

PROPERTY PLANT AND EQUIPMENT- LAND VALUATION

The Board notes the concerns raised by the Auditor General in this regard.

The Trust owns land that extends throughout the province of KwaZulu Natal. This land was not acquired at a price as it vested to the Trust in terms of the Ingonyama Trust Act.

The Trust is aware of its GRAP reporting responsibilities and does not wish to intentionally deviate from this, however, valuing 2.8 million hectares of land does place administrative and more importantly financial burden on the state.

The cost to be incurred for this valuation exercise will be exorbitant if accepted valuation techniques are used. The Trust is mindful of wasteful expenditure for no material benefit, and complying with this relevant GRAP standard does give rise to considerable expenditure.

The Trust will seek an exemption from the Office of the Accountant General not to value this land.

RECOGNITION OF ROYALTY REVENUE AS INCOME OF THE TRUST

The Auditor General contends that the income recognised as royalty income by the Trust be treated as a liability.

The Trust records its disagreement and requests that this matter be dealt with by an Arbiter to consider ITB's entitlement to royalties in terms of the Royalty Act.

EMPHASIS OF MATTER - PREDETERMINED OBJECTIVES

The Auditor General refers to predetermined objectives not well defined and specific.

This relates to one out of four issues (targets) which makes up the 25 % non-compliance reported.

We take note of the concerns raised by the Auditor General regarding this matter and advise that we will amend future targets to comply with auditing standards.

INGONYAMA TRUST BOARD
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2014

		2014 R	2013 R
Assets	Notes		
Non - current Assets		44,164,628	40,865,818
Property, Plant and Equipment	3 & 22.1	43,749,903	40,661,638
Heritage Assets	3 & 22.2	181,800	-
Intangible Assets	4 & 23	232,925	204,180
Current assets		326,635,587	259,645,735
Receivables	24	147,301,772	87,559,767
Cash and cash equivalents	25	179,333,815	172,085,968
Total Assets		370,800,215	300,511,553
Liabilities			
Current liabilities		261,960,753	188,155,863
Payables	26	12,933,002	13,059,003
Provisions	27	249,027,751	175,096,860
Total liabilities		261,960,753	188,155,863
Net assets		108,839,462	112,355,690
NET ASSETS			
Accumulated surplus		108,839,462	112,355,690
Total net assets		108,839,462	112,355,690

INGONYAMA TRUST BOARD
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2014

		2014 R	2013 R
Revenue	Notes		
Rental Revenue		73,907,495	43,511,931
Permissions to Occupy (Commercial)		9,696	9,696
Leases (includes straight lining income)	11 & 35	73,897,799	43,502,235
Royalty Revenue	6.2.2.	872,171	710,884
Other Revenue		20,475,012	18,929,712
Transfer Payment - Department of Rural Development & Land Reform	7	14,500,000	18,816,000
Rates due from lessee		2,530	11,962
Insurance		9,545	-
Servitude		5,962,937	101,750
Finance Income		9,243,061	8,765,527
Interest on Bank and Short term investments	6.3.1	8,939,566	8,681,249
Interest on overdue debtors accounts		303,495	84,278
Total revenue		104,497,739	71,918,054
Expenditure		(108,333,581)	(58,797,196)
Trust Fund - Administration and disbursements		(93,812,434)	(40,019,354)
Expenses funded from Transfer Payment funding		(14,521,147)	(18,777,842)
Deficit / Surplus for the year		(3,835,842)	13,120,858

INGONYAMA TRUST BOARD
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2014

	Accumulated Surplus R
Opening balance : 01.04.2012	98,789,947
Adjustments to retained income prior to 2012/2013	444,885
Increase in lease income from lessee prior to 2012/2013	44,917
Increase in 90 % provision for disbursement of funds due to increase in lease income	(40,425)
Increase in straight lining lease income due to increase in lease income	440,393
Restated surplus for the year	13,120,858
Surplus previously reported	11,439,695
Increase in lease income for 2012/2013	1,681,163
Increase in 90 % provision to beneficiaries due to increase in lease income for 2012/2013	402 670
Increase in straight lining income due to increase in lease income	(362,403)
Decrease in expenditure due to re-classification of land tenure maintenance to website design and computer software	1,450,886
	190,010
Balance: 01.04.2013	112,355,690
Proceeds on land disposal	319,614
Deficit for the year	(3,835,842)
Balance : 31.03.2014	108,839,462

INGONYAMA TRUST BOARD
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

		2014 R	2013 R
Cash flows from operating activities	Notes		
Receipts		47,551,005	43,205,341
Services		25,098,306	15,347,608
Transfer payments		14,500,000	18,816,000
Interest Received		7,952,699	9,041,733
Payments		(33,988,045)	(33,273,963)
Suppliers		(19,589,949)	(23,224,630)
Interest Paid - Finance Lease		-	(9,526)
Employee costs		(14,398,096)	(10,039,807)
Net cash flows from operating activities	39 (A)	13,562,960	9,931,378
Cash flows from investing activities			
Purchase of plant and equipment including construction costs	39 (B)	(6,776,519)	(13,118,663)
Proceeds from disposal of property, plant & equipment		461,406	80,000
Net cash flows from investing activities		(6,315,113)	(13,038,663)
Increase / (decrease) in cash and cash equivalents		7,247,847	(3,107,285)
Cash and cash equivalents at beginning of the year		172,085,968	175,193,253
Cash and cash equivalents at end of year	39 (C)	179,333,815	172,085,968

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation

The 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.

1.2 Changes in accounting policy and comparability

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

The Trust 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 judgements, estimations and assumptions

The following are the critical judgements, apart from those involving estimations, that the management have made in the process of applying the Trust's 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 and Accounting Policy 6.3 on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the Trust.

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions: Revenue, as far as Revenue from Non-Exchange Transactions is concerned (see

Basis of Preparation above). In particular, whether the 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 management of the Trust 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 judgement by management.

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 management of the Trust considered the detailed criteria of impairment of financial assets as set out in GRAP 104: Financial Instruments - Recognition and Measurement. The management of the Trust 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, investment property 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 judgements 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 1 April 2013 to 31 March 2014 and is solely for the Ingonyama Trust Board.

The presentation of budget information will be on the additional column approach in terms of GRAP 24. The comparative disclosure is not required in terms of this disclosure.

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 Trust.

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 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 Trust recognises Property, plant and

equipment according to the cost model.

3.1.3 Depreciation

Land 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	4 years
Furniture & equipment	6 years
Park home offices	15 years
Finance leased asset	5 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 Trust 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 Trust 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.

others, or for administrative purposes are classified and recognised as intangible assets. The 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 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, it's deemed cost is the carrying amount of the asset(s) given up.

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 Trust and will be accounted for in terms of GRAP 104.

In the current year the Trust acquired traditional carpets.

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

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 three 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. Investment Property

5.1 Initial Recognition

Investment property includes property held to earn rentals and/or for capital appreciation.

At initial recognition, the Trust measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

5.2 Property (land holdings) - other than office accommodation

Properties registered in the name of the Trust are recognised as assets of the Trust.

The cost of property, however has not been

disclosed as it was not acquired at a price, but vested in the Trust in terms of the Ingonyama Trust Act.

The fair value of Trust property has not been disclosed in the financial statements.

This departure from GRAP 17 is due to the fact that the cost of valuing the land will exceed the benefits derived from such a valuation.

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 Trust's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Trust recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the 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 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 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, Permissions to Occupy and Other income/(servitudes).

Revenue from Non- Exchange transactions comprises of Interest income and Transfer payments.

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 35.

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

6.2.2 Royalty Revenue

The Trust leases its land to mining and prospecting operators. Royalty revenue is recognised when affidavits are received from mining operators.

6.2.3 Other income

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

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 Trust 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 Trust 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 Trust's 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 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 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
Loans and receivables
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 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 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;
- Finance lease liability

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 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 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 Trust neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Trust recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the 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 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 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 Trust.

8.3.2 Credit risk

The 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 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 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 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 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.

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 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. The Trust recognises the expected cost of performance bonuses only when the Trust has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

10.2 Contributions to a defined Provident fund contribution plan

The Trust 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 Trust 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 Trust as a Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the 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 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.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised as an expense in the statement of financial performance on a straight-line basis over the term of the relevant lease.

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.

11.3 The Trust as a Lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the 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 Trust's 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 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 management personnel is defined as 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 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 affected by management 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 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 Trust:

- GRAP 18 - Segment reporting
- GRAP 20 - Related party disclosures
- GRAP 105 - Transfer of functions between entities under common control
- GRAP 106 - Transfer of functions between entities not under common control
- GRAP 108 - Statutory Receivables
- GRAP 107 - Mergers

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 Trust 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 Trust.

21. Property holdings per registration divisions

REGISTRATION DIVISION	2014 HECTARES	CHANGES IN PROPERTY HOLDINGS	2013 HECTARES	HELD AS INVESTMENT PROPERTY	HELD AS PROPERTY
ES	34,564	-	34,564	5,51	34,558
ET	265,901	-	265,901	405,47	265,496
FS	115,670	-	115,670	2240,14	113,430
FT	251,220	-	251,220	7565,66	243,654
FU	54,107	-	54,107	1206,3	52,901
GS	102,290	-	102,290	157,73	102,132
GT	452,736	(1,731)	451,005	483,77	452,252
GU	651,523	380	651,903	9610,59	641,912
GV	79,547		79,547	9050,6	70,496
HT	25,974	(430)	25,544	119,68	25,854
HU	335,626	-	335,626	1410,12	334,216
HV	475,616	-	475,616	14756,4	460,860
Townships	129	-	129	-	129
TOTAL	2,844,903	(1781)	2,843,122	47,011,97	2,797,891

The Board has departed from GRAP 17 in that property has not been valued. The decision not to value its property is based on the cost versus benefit factor, however, as municipal valuation processes unfold, we will participate and assist in arriving at the Municipal valuations which may provide a statutory mandated basis for the value of Ingonyama Trust property.

The impact of this non-disclosure does not adversely affect the user's opinion on the fairness of the financial statements as Trust property is not held for sale in which case property valuation is required to determine the selling price. Included in the total extent disclosed, 47 011.97 hectares are leased and therefore reflected as Investment Property.

22. Property, Plant and Equipment and Heritage assets

22.1. Property Plant and equipment

	R Cost Phase 1	R Cost Phase 2	R Total cost	R Accumulated depreciation	R Net book value
Property - office accommodation 65 Trelawney Road	17,486,643	22,537,577	40,024,220	(2,921,351)	37,102,869
At Cost : Land - 28 January 2009	1,500,000	-	1,500,000	-	1,500,000
Building at cost and improvements to Property	15,986,643	22,537,577	38,524,220	(2,921,351)	35,602,869
Buildings - 28 January 2009	1,750,000	-	1,750,000	-	1,750,000
Add : Expenses capitalised - 2010	33,321	-	33,321	-	33,321
Add : Restoration and improvement cost - 2011	11,255,150	-	11,255,150	-	11,255,150
Add : Restoration and improvement cost - 2012	2,595,762	8,674,561	11,270,323	(2,872,608)	8,397,715
Add : Restoration and improvement cost - 2013	-	11,656,494	11,656,494	-	11,656,494
Add : Restoration and improvement cost - 2014	352,410	2,206,522	2,558,932	(48,743)	2,510,189
Construction costs	352,410	2,206,522	2,558,932	(48,743)	2,510,189
Computer equipment			1,150,155	(549,781)	600,374
Furniture and Equipment			2,592,060	(923,701)	1,668,359
Motor vehicles			5,856,683	(1,478,382)	4,378,301
			49,623,118	(5,873,215)	43,749,903

Property, Plant and equipment is reconciled as follows:

	carrying value excluding opening residual value	Adjustment of residual value	Acquisitions	disposals during the year	Depreciation	Residual value as at 31 March 2014	Carrying value 31.03.2014
Property - office accommodation 65 Trelawney Road	36,031,291	-	2,558,932	-	(1,487,354)	-	37,102,869
Park home offices	512,657	-	-	(474,643)	(38,014)	-	-
Computer equipment	559,143	-	280,223	-	(238,992)	-	600,374
Furniture and equipment	1,637,809	-	420,055	-	(389,505)	-	1,668,359
Motor vehicles	641,146	(9,809)	2,380,948	-	(682,184)	2,048,200	4,378,301
	39,382,046	(9,809)	5,640,158	(474,643)	(2,836,049)	2,048,200	43,749,903

Reconciliation of previous years carrying values

	Carrying values including residual value 31.03.2013	less Residual value	carrying value excluding opening residual value
Property - office accommodation 65 Trelawney Road	36,031,291	-	36,031,291
Park home offices	512,657	-	512,657
Computer equipment	559,143	-	559,143
Furniture and equipment	1,637,809	-	1,637,809
Motor vehicles	1,920,738	(1,279,592)	641,146
	40,661,638	(1,279,592)	39,382,046

The Board 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 Phase 1 building has been depreciated and has been brought into use since June 2011. The phase 2 building has been depreciated and has been brought into use since 9 November 2012. The Board has reviewed the depreciation method ,residual values and useful lives of assets as at 31 March 2014. (refer to note 34 for change in residual values).

22.2. Heritage Assets

	R Cost	R Accumulated Depreciation	R Net Book Value
Traditional Carpets	181,000	-	181,800

The Trust did not own any heritage assets in the previous year therefore no prior year reconciliation is disclosed. The Trust Acquired heriatge assets amounting to R 181,800.00 in the current year. No impairments were noted for the year.

23. Intangible assets

	R Cost	R Accumulated Ammortisation	R Net book value
Computer software	590,892	(467,594)	123,298
Website design	137,926	(28,299)	109,627
	728,818	(495,893)	232,925

Intangible assets are reconciled as follows :

	<u>Carrying value 31.03.2013</u>	<u>Acquisitions</u>	<u>Amortisation</u>	<u>Carrying value 31.03.2014</u>
Computer software	199,430	82,834	(158,966)	123,298
Website design	4,750	112,926	(8,049)	109,627
	204,180	195,760	(167,015)	232,925

The depreciation/amortisation charge is calculated as follows.

Buildings	1,487,354	943,982
Park home offices	38,014	39,987
Computer equipment	238,992	156,331
Furniture and equipment	389,505	256,490
Motor vehicles	682,184	239,832
Intangible assets - Computer software and website design	167,015	168,073
Finance leased asset	-	13,215
	3,003,064	1,817,910

Net Depreciation is disclosed as	3,003,064	1,817,910
ITB - Trust fund Income statement (page 68)	2,980,675	1,779,245
Transfer payment funding Income statement (page 69)	22,389	38,665

INGONYAMA TRUST BOARD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014



24. Receivables

	2014 R	2013 R
Trade Debtors	6,918,882	4,197,513
Debtors for royalties	152,616	138,463
Leases - actual (non straight lining lease income debtors)	10,198,865	7,178,528
	10,351,481	7,316,991
Less : Provision for doubtful debts	(3,432,599)	(3,119,478)
Straight lining lease income debtors	137,820,001	79,891,759
Other Receivables	-	-
South African Revenue Services - vat refund	375,390	1,617,886
Accrued interest	986,867	916,562
Rates owing by lessee	525,831	523,301
Electricity Deposit held by Msunduzi Municipality for 65 Trelawney Road	88,000	88,000
Staff medical aid and private usage of telephone	46,916	859
Purchase price of vehicle registered after year end	-	310,000
Refund / purchase price due from service provider for assets purchased	539,885	13,887
	147,301,772	87,559,767

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. Cash and cash equivalents

Current Accounts	3,810,403	2,807,053
Call account / fixed deposits	175,520,601	169,278,156
Petty cash	2,811	759
	179,333,815	172,085,968

Cash and Cash equivalents are current in nature as fixed deposits mature within four months. The average interest rate during the year was between 5.10 % and 6.00 %. Cash and Cash equivalents were not encumbered/secured during the year. Included in the fixed deposits and call accounts is an amount of R 169,123,826 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 2014.

26. Payables

	2014 R	2013 R
Trade creditors	1,824,066	4,939,005
Advance payments by debtors	8,155,305	6,358,544
Advance proceeds on property/(land) disposal	2,327,600	1,397,214
Sundry creditor	21,255	-
Leave pay accrual	604,776	364,240
	12,933,002	13,059,003

Advance payment by debtors relate to amounts received in advance for leases and PTO's. 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.

27. Provisions

Funds to be disbursed to beneficiaries (in terms of Board policy)	169,123,826	144,124,012
Unused provisions at beginning of year	144,124,012	132,015,846
Provisions utilised for the year	(3,835,109)	(7,572,732)
	140,288,903	124,443,114
Current year's provisions	28,834,923	19,680,898
Provision of payment of rates to municipalities	79,903,925	30,972,848
Unused provisions at beginning of year	30,972,848	18,290,104
	30,972,848	18,290,104
Current years provision	48,931,077	12,682,744
	249,027,751	175,096,860

The disbursement of funds provision is not calculated on the straight lining additional lease income of R 57 928 244 - (2013 - R 31 222 641). Time value considerations of provisions have been considered, therefore no amounts have been earmarked to be paid over the long term, also these are driven by requests on an adhoc basis. The rates owing to eThekweni Municipality was reflected as a contingent liability in 2013, however in 2014 we have included the amount owed as a provision.

28. Contingent Liability - Rates

	-	33,322,318
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A dispute had been declared with the eThekweni Municipality.

The Constitutional Court judgement declared that the Ingonyama Trust is exempt from rates starting May 1996 to 1 July 2005. This judgement is applicable to rates payable to all municipalities.

INGONYAMA TRUST BOARD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014



	2014 R	2013 R
29. Board members' gross remuneration	2,052,258	1,556,186
Acting Chairperson	635,227	643,341
Basic	617,604	579,950
Backpay	10,056	55,248
Company contributions to uif and skills levy	7,567	8,143
Members	1,417,031	912,845
Basic	1,356,356	818,735
Backpay	39,221	79,686
Company contributions to uif and skills levy	21,454	14,424
30. Gross remuneration of senior managers	2,240,429	2,051,882
Chief Executive Officer	882,662	807,422
Basic	569,432	495,008
Housing allowance	65,835	65,835
Cash Allowance	144,170	144,170
Travel allowance	92,169	92,169
Telephone	1,939	1,939
Company contributions to uif and skills levy	9,117	8,301
Chief Financial officer	678,444	623,622
Basic	469,251	434,361
Travel allowance	201,107	181,845
Company contributions to uif and skills levy	8,086	7,416
Manager - Real Estate	679,323	620,838
Basic	671,290	613,904
Company contributions to uif and skills levy	8 033	6 934

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 629,293 (2013 - R 570,851).

2014
R

2013
R

32. Events after statement of financial position

The Board is not aware of any matters or circumstances arising since the end of the financial year, not otherwise dealt with in the annual financial statements that will have a significant effect on the operations, the results of the operations or the financial position of the Trust except for the royalty income which is now payable to the state in terms of the Mineral and Petroleum Resources Royalty Act. The Board will engage with National Treasury for royalty income to be paid by the mining operators to the Trust.

33. Related party transactions

- a) A Land Availability Agreement has been granted to Ketshe Investments CC. Mr 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. Mr S. J Ngwenya, a Board member is a shareholder of this company. Rental is payable in terms of the lease agreement.
- c) His Majesty the King is a shareholder in a company that has a shareholding in Bayede Marketing (Pty) Ltd. Mr S.J. Ngwenya is a director of Bayede Marketing (Pty) Ltd. During the year as part of subsistence and travelling an amount of R 4,334.00 was transacted with Bayede Marketing (Pty) Ltd. There were no further amounts owing to Bayede Marketing (Pty) Ltd as at year end.

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

The residual value of motor vehicles has increased by R 9,809 resulting in a change in an accounting estimate.

Future profits will also increase by R 9,809 as the depreciable amount would be decreased thus resulting in lesser depreciation in future years.

35. Lease income and Straight lining of Lease income

The Ingonyama Trust Board leases its 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	15,969,555	12,279,594
Rental income as per straight lining method	73,897,799	43,502,235
Increase in net surplus and trade debtor balances for the year	57,928,244	31,222,641

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.

	2014 R	2013 R
The following future actual operating lease income receivable are noted in aggregate as follows:		
(i) not later than one year,	17,791,114	12,644,942
(ii) later than one year and not later than five years, and	71,825,856	60,386,702
(iii) later than five years,	2,827,691,864	1,480,453,816

36. Capital and Current Commitments

A capital commitment of R 6,163,674.00 exists at year end as the Trust has undertaken to construct a new office building (phase 2) at 65 Trelawney road. The total contract sum/value including movable assets is R 32,091,048.00

There are no other capital and current commitments that require special disclosure.

	2014 R	2013 R
37. Correction of prior period error - lease income (non-mining), computer software , website design and provision of rates		
An adjustment has been made to correctly account for lease income for 2012/2013 and prior as the increase in income related to those years		
Trade debtors including straight lining debtors balance increased by R 2,338,866, and provisions increased by R 402,828 and accumulated surplus increased by R 1,936,038		
Expenditure reflected as land tenure system maintenance in 2013 has been re-classified as computer software and website design.		
Total cost of assets has increased by R 190,010 and retained income has increased by R 190,010		
Accumulated surplus has decreased by R 33,322,318 and provisions have increased by R 33,322,318.		
These adjustments have resulted in the fair presentation of affected income for 2014 and 2013.		
	Accumulated Surplus	
Opening balance : 01.04.2012	98,789,947	
Adjustments to retained income prior to 2012/2013	444,885	
Increase in lease income prior to 2012/2013	44,917	
increase in (90 %) provision for disbursement of funds due to increase in lease income	(40,425)	
Increase in straight lining due to increase in rental income	440,393	
Re-stated surplus for the year	13,120,858	
Surplus previously reported	11,439,695	
Increase in lease income for 2012/2013	402,670	
Increase in 90 % provision to beneficiaries due to increase in lease income for 2012/2013	(362,403)	
Increase in straight lining income due to increase in lease income	1,450,886	
Decrease in expenditure due to reclassification of land tenure maintenance to website design and computer software costs	190,010	
Balance: 01.04.2013	112,355,690	

	2014 R	2013 R
38. Reconciliation of budget surplus with surplus in the statement of financial performance		
Net (deficit) / surplus per the statement of financial performance	(3,835,842)	13,120,858
Adjusted for:		
less : straight lining lease income not budgeted	(57,928,244)	(31,222,641)
Depreciation	3,003,064	1,817,910
Assets written off/loss on disposal	13,240	19,355
Income received in addition to the budget - transfer payment	16,739	3,959
Budgeted expenditure not spent - transfer payment	(5,650)	(43,918)
Budgeted income not received - ITB own funds	34,885,831	33,950,135
Budgeted expenditure not spent - ITB own funds	23,850,862	(17,645,658)
Net surplus per approved budget	-	-

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

39. Notes to the Cash Flow Statement

(A) Reconciliation of net cash flows from operating activities to surplus

(Deficit) / Surplus	(3,835,842)	13,120,858
Non-cash movements		
	77,579,930	61,299,114
Depreciation/amortisation	3,003,064	1,817,910
Loss on Asset disposal	13,240	19,355
Increase in provisions	73,930,891	24,790,910
Transfer to accumulated surplus	319,614	-
Increase in provision of doubtful debts	313,121	1,348,621
Decrease in Deferred finance charge asset	-	9,526
Decrease in long term Liability	-	(22,878)
Decrease in payables	(126,002)	2,370,106
Increase in receivables	(60,055,126)	(33,523,030)
Net cash flows from operating activities	13,562,960	9,931,378

		2014 R	2013 R
		own funds	own funds
(B)	Property, Plant and equipment and intangible assets		
	During the 2013/2014 year the Trust acquired property, plant and equipment and intangible assets at a cost of R 6 776 519 as follows:		
	Property - Office accommodation construction costs	2,558,932	11,656,494
	Computer equipment	280,223	279,053
	Furniture and equipment	420,055	711,303
	Motor vehicles	3,139,749	433,809
	Intangible assets - computer software/website design	195,760	38,004
	Heritage assets	181,800	-
		6,776,519	13,118,663
(C)	Cash and cash equivalents		
	Cash and cash equivalents included in the cash flow statement comprise the following amounts indicating the financial position :		
	Cash on hand and balances with banks	3,813,214	2,807,812
	Short-term investments	175,520,601	169,278,156
		179,333,815	172,085,968
	The entity had no borrowing facility as at 31 March 2014.		
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	12,933,002	13,059,003
	The following balances are exposed to Credit risk		
	Consumer / trade debtors	6,918,882	4,197,513
	Certain other debts	2,562,889	3,470,495
	The following balances are exposed to Interest rate risk		
	Investments in fixed deposits	175,520,601	169,278,156
	Bank Balances and Cash	3,813,214	2,807,812

INGONYAMA TRUST BOARD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014



	2014 R	2013 R
	own funds	own funds
41 Fruitless and wasteful expenditure	545,084	545,084

The Trust made a contribution towards a research on the history of the Zulu Nation.

The Trust has not yet received the research results despite several requests to the researcher.

The Trust has instituted legal action against the researcher to recover the debt.

No further payments were made in 2014.(2013 - Nil)

INGONYAMA TRUST BOARD TRUST FUND DETAILED STATEMENT OF FINANCIAL PERFORMANCE AND BUDGET FOR THE YEAR ENDED 31 MARCH 2014

Revenue	Notes	Approved Budget 2 014	Shift of funds & Additional funds	Final Budget 2 014	Actual 2 014	Variance 2 014	Actual 2 013
Permission to Occupy - commercial		9,696	-	9,696	9,696	-	9,696
Leases (including straight lining income)	11 & 35	18,708,603	-	18,708,603	73,897,799	55,189,196	43,502,235
Net rental revenue		18,718,299	-	18,718,299	73,907,495	55,189,196	43,511,931
Royalty revenue		5,637,936	-	5,637,936	872,171	(4,765,765)	710,884
Interest on Bank and Short term investments		10,656,085	-	10,656,085	8,918,419	(1,737,666)	8,669,500
Servitude and land availability agreements		-	-	-	5,962,937	5,962,937	101,750
Interest on debtors overdue accounts		33,953	-	33,953	303,495	269,542	84,278
Rates due from lessee		10,000	-	10,000	2,530	(7,470)	11,962
From reserves		27,090,514	650,000	27,740,514	-	(27,740,514)	-
Insurance claim		-	-	-	9,545	9,545	-
Total Revenue		62,146,787	650,000	62,796,787	89,976,592	27,179,805	53,090,305
Total Expenditure		57,146,787	650,000	57,796,787	93,812,434	(36,015,647)	40,019,354
Advertisements		300,000	(7,000)	293,000	204,362	88,638	132,608
Bank charges		49,509	5,600	55,109	55,085	24	45,044
Board members' remuneration		120,000	736,674	856,674	854,632	2,042	-
Cleaning repairs & general expenses		258,577	20,000	278,577	237,397	41,180	88,079
Depreciation/amortisation	23	-	-	-	2,980,675	(2,980,675)	1,779,245
Loss on disposal of assets		-	-	-	13,240	(13,240)	10,050
Legal fees		1,281,000	-	1,281,000	1,061,150	219,850	1,333,520
Maintenance of land tenure information system		525,000	-	525,000	296,111	228,889	192,049
Secretariat administration fees		7,553,254	(500,000)	7,053,254	6,658,964	394,290	-
Rates and municipal charges - office accommodation		343,689	67,701	411,390	261,016	150,374	-
Provision for disbursement of funds to beneficiaries		31,550,646	-	31,550,646	28,834,923	2,715,723	19,680,898
Land tenure upgrade and formalisation of settlements		1,000,000	(970,000)	30,000	-	30,000	-
Land identification and management plan/land audits		535,378	(21,000)	514,378	-	514,378	21,950
Increase in provision for doubtful debts		52,500	-	52,500	313,121	(260,621)	1,348,621
Staff training		210,000	-	210,000	2,203	207,797	148,558
Cultural events		1,000,000	(595,000)	405,000	77,800	327,200	436,352
Workshops, roadshows and co - operation agreements		735,000	(468,400)	266,600	154,246	112,354	1,976,482
Rent - Ulundi ITB office		-	190,000	190,000	181,500	8,500	15,000
Human resources and communication strategy		150,000	-	150,000	120,667	29,333	128,154
Provision of rates payable to municipalities for ITB land		10,000,000	-	10,000,000	48,931,077	(38,931,077)	12,682,744
Review and maintenance of policies		150,000	-	150,000	-	150,000	-
External audit fees		248,626	(1)	248,625	12,907	235,718	-
Internal Audit Committee members' remuneration		3,639	-	3,639	735	2,904	-
Internal audit fees		100,000	-	100,000	95,360	4,640	-
Crockery and cutlery		3,138	-	3,138	-	3,138	-
Computer licencing fees		22,484	71,100	93,584	90,200	3,384	-
Stationery and printing		41,318	64,435	105,753	105,753	-	-
Travel accomodation and meetings		633,029	1,955,891	2,588,920	1,998,229	590,691	-
Security expenses		280,000	-	280,000	228,058	51,942	-
Telephone expenses		-	390	390	390	-	-
Motor vehicle expenses		-	99,610	99,610	42,633	56,977	-
Surplus/(defecit) for the year before capital expenditure		5,000,000	-	5,000,000	(3,835,842)	(8,835,842)	13,070,951
Capital		5,000,000	-	5,000,000	(6,776,519)	(1,776,519)	
Total budget surplus/variance		-	-	-	-	(10,612,361)	

Note : A part of the capital expenditure incurred in 2013/2014 was committed in 2012/2013.

INGONYAMA TRUST BOARD

DEPARTMENTAL / TRANSFER PAYMENT - DETAILED STATEMENT OF FINANCIAL PERFORMANCE AND BUDGET FOR THE YEAR ENDED 31 MARCH 2014

		Approved baseline Budget	Shift of funds	Funding in addition to baseline	Final Budget	Actual 2014	Variance 2014	Actual 2013
Revenue	Notes							
Transfer payments received		7,500,000	-	7,000,000	14,500,000	14,500,000	-	18,816,000
Investment income		4,408	-	-	4,408	21,147	16,739	11,749
Total Revenue		7,504,408	-	7,000,000	14,504,408	14,521,147	16,739	18,827,749
Total Expenditure		7,504,408	-	7,000,000	14,504,408	14,521,147	(16,739)	18,777,842
Bank charges		12,600	(4,366)	3,920	12,154	12,154	-	9,299
Finance charges on finance leased asset		8,182	(8,182)	-	-	-	-	9,526
Board members' remuneration	29	1,050,000	(394,999)	542,625	1,197,626	1,197,626	-	1,556,186
Insurance		408,000	(24,480)	(100,000)	283,520	283,520	-	214,271
Motor vehicle expenses		126,000	12,266	50,808	189,074	189,074	-	106,513
Secretariat administration fees		462,118	1,335,946	6,149,027	7,947,091	7,947,091	-	11,155,911
Audit Fees - external		560,000	(248,626)	-	311,374	311,374	-	554,833
current		560,000	(248,626)	-	311,374	311,374	-	86,468
previous years		-	-	-	-	-	-	468,365
Audit fees - internal		210,000	(110,000)	(100,000)	-	-	-	156,015
Internal Audit Committee members' remuneration		10,500	(3,900)	-	6,600	6,600	-	10,302
Computer software/licencing and maintenance		150,000	(24,273)	1,087	126,814	126,814	-	194,831
Depreciation/amortisation	23	-	-	-	-	22,389	(22,389)	38,665
Stationery & other expenses		400,000	(42,235)	-	357,765	357,765	-	359,968
Travel, accommodation & meeting expenses		2,100,000	32,040	376,178	2,508,218	2,506,982	1,236	2,375,776
Advertising		12,600	(1,848)	-	10,752	10,752	-	300
Telephone		420,000	(43,831)	(123,002)	253,167	248,753	4,414	156,555
Security expenses		420,000	(6,731)	98,356	511,625	511,625	-	976,648
Cleaning, repairs and general expenses		604,408	(236,018)	(20,000)	348,390	348,390	-	359,160
Electricity and water		530,000	(212,625)	121,001	438,376	438,376	-	533,778
Crockery and cutlery		15,000	(13,138)	-	1,862	1,862	-	-
Asset tagging expenses		5,000	(5,000)	-	-	-	-	-
Loss on disposal of assets		-	-	-	-	-	-	9,305
Surplus for the year before capital expenditure		-	-	-	-	-	-	49,907

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 68 to pay for expenses.

INGONYAMA TRUST BOARD

CONSOLIDATED DETAILED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2014

		2014	2013
		R	R
Revenue	Notes		
Permission to occupy - commercial		9,696	9,696
Leases (including straight lining income)	11 & 35	73,897,799	43,502,235
Net Rental Revenue		73,907,495	43,511,931
Royalty Revenue		872,171	710,884
Other Revenue		20,475,012	18,929,712
Transfer payment		14,500,000	18,816,000
Rates due from lessee and tender document fees		2,530	11,962
Insurance claim		9,545	-
Servitude		5,962,937	101,750
Finance Income		9,243,061	8,765,527
Interest on Bank and Short term investments		8,939,566	8,681,249
Interest on debtors overdue accounts		303,495	84,278
Total Revenue		104,497,739	71,918,054
Total Expenditure		108,333,581	58,797,196
Advertisements		215,114	132,908
Audit fees		324,281	554,833
current		314,529	86,468
previous year		9,752	468,365
Internal audit committee members' remuneration		7,335	10,302
Bank charges		67,239	54,343
Finance charges on finance leased asset		-	9,526
Board members' remuneration	29	2,052,258	1,556,186
Cleaning repairs & general expenses		585,787	447,239
Computer software		217,014	194,831
Depreciation/amortisation	23	3,003,064	1,817,910
Loss on disposal of assets		13,240	19,355
Audit fees- internal		95,360	156,015
Insurance		283,520	214,271
Legal fees		1,061,150	1,333,520
Maintenance of land tenure information system		296,111	192,049
Motor vehicle expenses		231,707	106,513
Stationery and other expenses		463,518	359,968
Secretariat administration fees		14,606,055	11,155,911
Rates and municipal charges - office accommodation		699,392	533,778
Provision for disbursement of funds to beneficiaries		28,834,923	19,680,898
Land identification and management plan/land audits		-	21,950
Increase in provision for doubtful debts		313,121	1,348,621
Staff training		2,203	148,558
Travelling, accommodation and meeting expenses		4,505,211	2,375,776
Cultural events		77,800	436,352
Crockery		1,862	-
Telephone		249,143	156,555
Security expenses		739,683	976,648
Workshops and roadshows		154,246	1,976,482
Human resources and communication strategy		120,667	128,154
Provision of rates payable to municipalities for ITB land		48,931,077	12,682,744
Rent - Ulundi ITB office		181,500	15,000
Deficit / Surplus for the year		(3,835,842)	13,120,858

PART THREE : SCHEDULE TO ITB : BENEFICIARY COMMUNITIES



Amakhosi listening attentively to a presentation on how communities will benefit from the agreement signed between the Ingonyama Trust Board and Tongaat Hulett.

LAND OWNERSHIP	:	The Trust is the largest landowner in the Province with a total extent of 2.8m Ha.
POPULATION	:	Based on information supplied by the StatsSA about approximately 4 million people reside on Trust land
Traditional Councils	:	In terms of Ingonyama Trust Act, Act 3KZ of 1994, as amended, the following Traditional Councils enjoy jurisdiction on Trust land.

COMMUNITIES ON INGONYAMA TRUST LAND AS LISTED IN THE SCHEDULE TO THE KWAZULU – NATAL INGONYAMA Trust ACT (ACT 3 OF 1994).

DISTRICT	NAME OF TRADITIONAL COUNCIL / COMMUNITY	DISTRICT	NAME OF TRADITIONAL COUNCIL / COMMUNITY
EMNAMBITHI	CUNU / MCHUNU	ENSELENI	BIYELA / KWAYANGUYE
	INGWE		BIYELA / OBUKA
	KUNENE		CEBEKHULU / OBIZO
	MABASO		KHOZA
	MBHENSE		MBONAMBI (MAXWELL)
	MTHEMBU		MTHEMBU / SOMOPHO
	NXUMALO		NDHLAZI / MAMBUKA
	SITHOLE		ZULU / NTEMBENI
			ZUNGU / MADLEBE
EMZUMBE BHEKANI	BHEKANI		MTHETHWA / MHLANA
	CELE M		
	CELE P		EZINGOLWENI
	DLAMINI / VUSATHINAMAZULU		CELE
	DUNGE / AMADUNGE		DLAMINI / KWAFODO
	EMBO / SIZWE HLANGANANI		DUMA / THOKOZANI MADUMISA
	MBHELE		JALI / NHLANGANO
	MJOLI / SIZWE		MACI / ISIBONDA
	NDELU		MAVUNDLA / MVUNDLA
	NHLANGWINI		MBOTHO / MAMBOTHO
	NYAVINI		MTHIMUDE
	QOLOQOLO		NSIMBINI
	HLONGWA		NZIMAKWE
	HLUBI		SHWAWU / JABULANI BESHWAYO
	KHOLWA / SIZWE HLANGANANI		XOLO
	MADZIKANE / SIZWE HLANGANANI		SHWAWU / BESHWAYO
	LUSHABA		NYUSWA / QINISELANI MANYUSWA
	MADLALA	HLABISA	ABAKWA HLABISA
	QWABE P		MDLETSHI
	QWABE Z		MPEMBENI
	THULINI		MPUKUNYONI / MKHWANAZI
	ZIZI – SIZWE / HLANGANANI		

DISTRICT	NAME OF TRADITIONAL COUNCIL / COMMUNITY
HLANGANANI	BATLOKOA / BASOTHO
	BOMVU / ZASHUKE
	DLAMINI / BIDLA
	DLAMINI / ESIPHAHLINI
	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
INGWAVUMA	MATHENJWA
	MNGOMEZULU
	NYAWO
	TEMBE
INKANYEZI	BANGINDODA ZULU
	BHEKESHOWE ZULU
	BIYELA / MOBENI
	BIYELA / MVUZANE
	BIYELA / NDLANGUBO
	KHOLWENI
	KHOZA
	KWAMONDI
	MATHONSI
	MPUNGOSE
	NTULI
	SHANGE
	SIKHONYANE
MADADENI	GULE / NYANYADU
	HLUBI / BUHLE – BOMZINYATHI COMMUNITY AUTHORITY
	MANGWENI / BUHLE – BOMZINYATHI COMMUNITY AUTHORITY
	KUBHEKA / BUHLE – BOMZINYATHI COMMUNITY AUTHORITY

DISTRICT	NAME OF TRADITIONAL COUNCIL / COMMUNITY
	NKOSI / BUHLE – BOMZINYATHI COMMUNITY
MAHLABATHINI	BUTHELEZI
	BUTHELEZI - EMPITHIMPITHINI
	MBATHA
	MPUNGOSE
	NDEBELE
	NOBAMBA COMMUNITY AUTHORITY
	XIMBA
	ZUNGU
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
MPUMALANGA	DASSENHOEK COMMUNITY AUTHORITY
	EMBO
	FREDVILLE COMMUNITY AUTHORITY
	ILANGA COMMUNITY AUTHORITY
	GCUMISA
	MAPHUMULO
	MDLULI / MANYAVU
	SHANGASE
	XIMBA

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
NKANDLA	AMAKHABELA
	BIYELA / AMAHLAYIZENI
	BIYELA / MANGIDINI
	CUBE
	CUNU
	IZIGQOZA
	KHABELA
	KHANYILE / EKUKHANYENI
	KHANYILE / IZINDLOZI
	MAGWAZA
	MBHELE / AMAPUTO
	MPUNGOSE
	NTULI / GODIDE
	NTULI / INGONO
	NXAMALALA
	SIBISI / CWEZI
	XULU
	ZONDI

DISTRICT	NAME OF TRADITIONAL COUNCIL / COMMUNITY
NONGOMA	ZULU / KHAMBI
	ZULU / MANDLAKAZI
	ZULU / MATHENI
	ZULU / USUTHU
NQUTHU	HLATSHWAYO
	JAMA
	MDLALOSE / HLAHLINDLELA
	MNCUBE / MBOKODWEBOMVU
	MOLEFE
	NGOBESE / KHIPHINKUNZI
	NGWE / MANGWE – BUTHANANI
	NTOMBELA
	SITHOLE / VULINDLELA
	ZONDI
	ZONDO
	ZULU / EMANDLENI
OKHAHLAMBA	AMAZIZI
	DLAMINI
	HLUBI
	EMBO
	MABASO
	MHLUNGWINI
	NGWANE / AMANGWANE
	NGWE / AMANGWE
ONGOYE	DUBE
	MKHWANAZI
	MZIMELA
	CAMBINI
	NZUZA
	ZULU
SIMDLANGENTSHA	DLAMINI
	DLAMINI M
	MAVUSO – MASIDLA COMMUNITY AUTHORITY
	MTUNGWA – MASIDLA COMMUNITY AUTHORITY
	MSIBI
	MTHETHWA
	NTSHANGASE
	SIBIYA – MASIDLA COMMUNITY AUTHORITY
	SIMELANE

DISTRICT	NAME OF TRADITIONAL COUNCIL / COMMUNITY
UBOMBO	MABASO
	MANUKUZA / JOBE
	MASHABANE
	MNQOBOKAZI
	MYENI / NGWENYA
	MYENZI / NSINDE
	NIBELA
	SIQAKATHA
	QWABE / MAKASA
	ZIKHALI / MBILA
UMBUMBULU	CELE / VUMANGAZI
	EMBO / NKASA ISIMAHILA
	EMBO / TIMUNI
	EMBO / VUMAKWENZA
	LUTHULI / UMNINI TRUST
	MAKHANYA / SOBONAKHONA
	MANGANGENI / VUMAZONKE
	MAPHUMULO
	TOYANA
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



INGONYAMA TRUST BOARD

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