

ANNUAL REPORT

2018/2019



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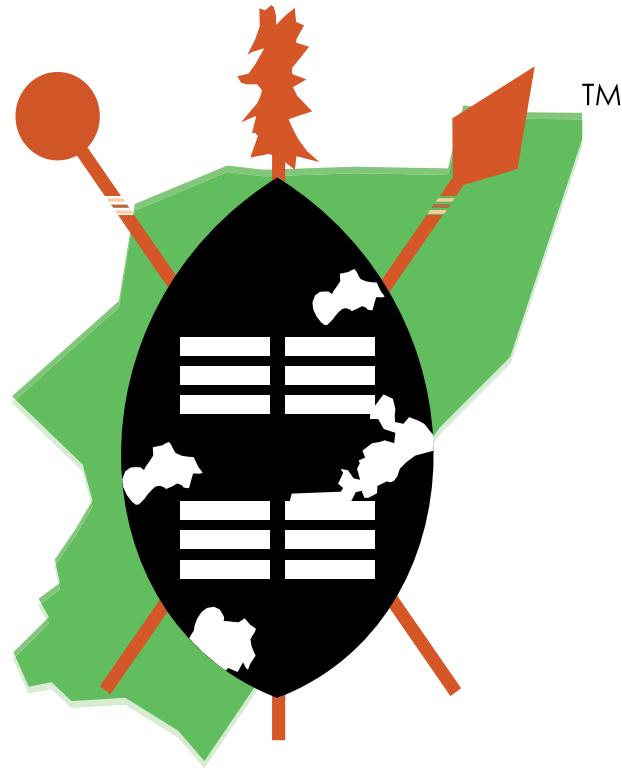
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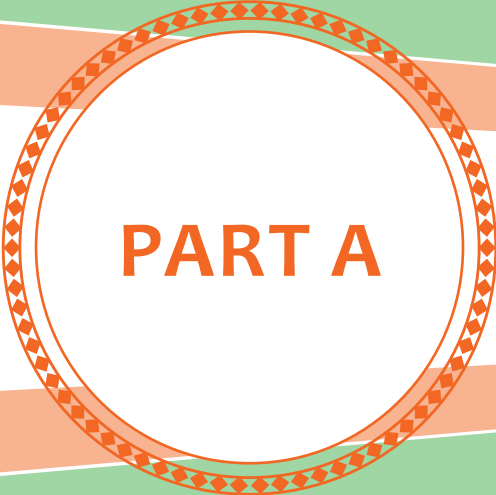


INGONYAMA TRUST BOARD

RP 297/2019

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KWAZULU NATAL INGONYAMA TRUST BOARD ANNUAL REPORT 2018/2019



PART A

GENERAL INFORMATION

GENERAL INFORMATION

Registered name	:	KwaZulu - Natal Ingonyama Trust
Registration number	:	Statutory Trust
Registered Office Address	:	65 Trelawney Road, Southgate, Pietermaritzburg, 3201
Postal Address	:	P. O. Box 601, Pietermaritzburg, 3200
Contact telephone numbers	:	033 846 9900
Email address	:	info@ingonyamatrust.org.za
Website address	:	www.ingonyamatrust.org.za
External auditors	:	Auditor General South Africa
Bankers information	:	First National Bank
Company Secretary	:	The Head of Secretariat performs this function

LIST OF ACRONYMS

AG	-	Auditor General
CEO	-	Chief Executive Officer
CFO	-	Chief Financial Officer
DRDLR	-	Department of Rural Development and Land Reform
EXCO	-	Executive Committee
FINCO	-	Finance Committee
FMPPI	-	Framework for Managing Programme Performance Information
GIS	-	Geographic Information System
GRAP	-	Generally Recognised Accounting Practice
HR	-	Human Resources
ITB	-	Ingonyama Trust Board
IT	-	Ingonyama Trust
IESB	-	International Ethics Standards Board for Accountants
ISA	-	International Standards in Auditing
KPI	-	Key Performance Indicator
KZN	-	KwaZulu - Natal
MANCO	-	Management Committee
MOU	-	Memorandum of Agreement
MOA	-	Memorandum of Understanding
OD	-	Organisational Development
PAA	-	Public Audit Act of South Africa
PFMA	-	Public Finance Management Act
TC	-	Traditional Council



Picture courtesy of Igunundu Agency / Nhlanhla Mtaka

A LETTER TO THE EXECUTIVE AUTHORITY BY THE SOLE TRUSTEE

Dear Madam Minister

It is a real pleasure for me to welcome you back as the Minister and Executive Authority responsible for the Ingonyama Trust and for the appointment of the Board which administers the Trust with myself as Trustee. I wish you well in your demanding portfolio as do the members of the Board.

In my contribution to the last Annual Report (2018), I went to great lengths to explain the workings of the Trust. Judging from media reports my sincere efforts to put matters into a true perspective have been in vain. It is probably futile for me to reiterate what I wrote last year. I wish however to emphasise:

- a) No-one with the right of customary tenure is forced to take a residential lease. Those who do, do so because a lease will assist them in the various aspects of modern life, which I mentioned last year. We also have come to realise that some of the women who apply are seeking the proof of tenure which a lease provides. This is surely in line with the Constitution.
- b) Commercial leases are insisted upon. Their purpose is to provide employment and investment opportunities to beneficiary communities. In some cases the leases are a prerequisite to obtaining money from a financial institution or to meet the requirements of trading license laws. The alternative is for these communities to remain in perpetual poverty.

It is my hope that you will read my last year's letter.

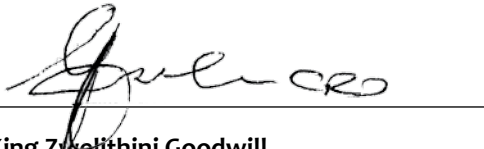
More recent attacks on the Trust, strictly speaking, fall outside the ambit of this report covering the period to 31st March 2019. However, as I write this letter I am aware that another Panel has addressed the Ingonyama Trust and its continued functioning. Once again we (the Trustee and the Board) have not been afforded the courtesy of putting our point of view; a failure to observe the legal principle of “hearing the other side”. Do we have to go to court to get a fair hearing?

Madam Minister, be assured we want to work with you, the Department and the Portfolio Committee. We will endeavour to do so in harmony.

It remains for me to thank Board members and the Secretariat staff for their hard work and to thank your Department for its support. I also record my respects to Parliament and especially our Portfolio Committee.

Kind regards.

Yours sincerely



**King Zwelithini Goodwill
ka Bhekuzulu
King of the Zulu Nation**

** The foreword of the chairperson compliments this letter which His Majesty the King ordinarily sends to the Executive Authority as a matter of courtesy.*



Picture courtesy of Igunundu Agency / Nhlanhla Mtaka

REPORT BY THE CHAIRPERSON

In this report like some before, I find myself compelled to repeat things I have said before. This time around, I am prompted by a number of issues and events. In particular the year under review was one where the Ingonyama Trust and Ingonyama Trust Board were placed under intense attack, especially some sections in the media and other public figures.

I therefore wish to give the background of the Ingonyama Trust and how it fits in the present constitutional order. In the process, I will illustrate that its critics have no particular dislike of the Trust per se. Instead the attack is directed at land ownership in terms of customary law and the institution of African Traditional leadership. The criticism further conflates Roman Dutch law and Zulu customary law. In the view of the critics Zulu customary should not exist. The debate is combative and a dressed up scientific racism and tribalism all dressed up in one. It would appear that there are other motives which drive this agenda.

The origins of Ingonyama Trust can be traced back to colonial times. Prior to this land vested in the King so to speak. This was and is not to be equated with vesting in terms of common law. The abstract notion of the State is foreign in customary law. In as much as the concept of immovable property is.

The current geographical setting of the province of Kwa-Zulu Natal is to a large extent a re-enactment of the original Zulu Kingdom under King Shaka and later under King Dingane. In 1843, the first Deeds Office was opened South of the uThukela river. This part of the Kingdom was then called the Natal Colony. The North of uThukela river remained the Zulu Kingdom under the King. The colonization of part of the Kingdom

and the opening of the Deeds Office and other institutions changed the way things were done forever.

The first Zulu Native Trust was established by an Act of the Colonial Statute in 1860. In 1887, the Zulu Kingdom as it then existed was annexed to the Natal Colony. Annexation took place after the King's executive powers were effectively taken away illegally by the Colonial Government. He was imprisoned in the Cape Colony.

While there he sought and was granted audience by Queen Victoria in England. Whatever promises were made his executive powers were stripped forever. However his powers over land and people were reduced. Some were given to the Governor General and later the State President. Under democratic government these powers, we contend were restored to him and this was to be reflected in the Provincial Constitution. The latter is as yet to see the light of the day twenty five years into democracy.

The colonization of the Zulu Kingdom in the manner I describe above resulted in the land of the Zulu people being under the custodianship of the State. When the Colony of Natal, the Cape and the Boer Republics of the Orange Free State and Transvaal formed the Union of South Africa, the land which originally belonged to the people was absorbed by the National Government. In turn the State decided what should be given to the African people, as it deemed fit.

The notion of land for the African people being held in Trust by a statutory entity was a model initially explored in the Natal colony as explained above. The Natal Zulu Native Trust was never formally abolished. It was treated side by side with the then newly formed Native Trust in terms of the 1913 Native Land Act. The Minister responsible for African Affairs had delegated powers over this Trust from the State President who in terms of the law was the Supreme Chief (King) of all Africans in the country. Strange as this may sound, this is how things were until the 27th April 1994.

The homeland system in the eyes of the apartheid rulers was meant to restore that which belongs to the Africans. For the purposes of this report, that which belonged to the Zulu Nation within the KwaZulu homeland, the issue of land and the system of traditional governance did not rest. Amakhosi and the government of the time seem to have pushed on. The consequence of which during the transition period, the entirety of the land under that government was conceded to the Nation via the Ingonyama Trust. This process has commenced in the early nineties not as claimed elsewhere.

While a lot has been said since 1994, about the Ingonyama Trust, no rational argument has been advanced why it should not exist. Instead in 1997 the Act was rewritten and renamed the Kwa-Zulu Natal Ingonyama Trust Amendment Act. In 2004, the latter Act was further amended so that the Trust was to be governed consistent with the Communal Land Rights Act, 2004, (CLARA). Unfortunately the latter Act never saw the light of day. It was declared invalid by the High Court in Pretoria. This decision was later confirmed by the Constitutional Court. Until then the existence of the Ingonyama Trust had not been questioned in the manner as it was done. It would be noted that the government recognizes communal land ownership.

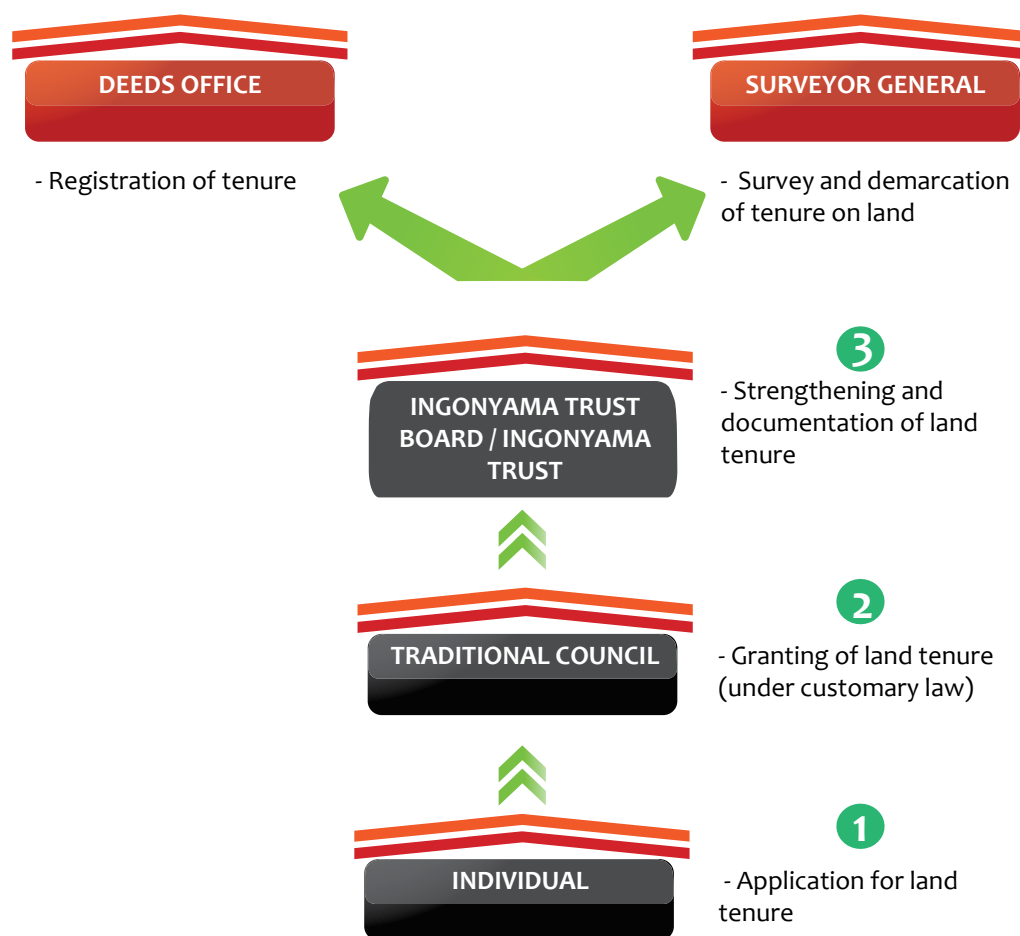
There has always been statutory trusts in this country from time immemorial. There are many reasons why these trusts should exist. As for the Ingonyama Trust, it is just the goodwill of the King that he agreed that the land he holds in Trust be so held under a statutory trust. If he so wishes he could seek a mandate from his people and hold the same land under a private trust. Perhaps this avenue may have to be explored. But this report is not about this now. My intention in this report is to illustrate and report on the challenges both the Trust and the Ingonyama Trust Board had to contend with in the year under review.

It would be noted that structurally there is nothing wrong with the Trust and the Board. Neither is there any questions with the legality of this institution. Obviously if there was, I have no doubt that such would long have been pointed out to all the affected in particular the King, Amakhosi and various clans who are the beneficiaries of the Trust.

Ordinarily where there is a problem with the legal structure, the problem is put on the table and then find a solution for it. You do not resolve the problem by demonizing the institution and advocate for its dissolution. The government on a daily basis creates or recognize the statutory trusts created in terms of the Communal Property Association Act. Very little is known about these trusts and we do not see them receiving the condemnation similar to the one levelled at Ingonyama Trust. It would appear that there are other motives behind the attack of Ingonyama Trust and the King.

The attack to the person of the King has become too personal. Some critics hold the view that the nature of the trust promotes and is tribalism. Some complain that the Trust should not own such a large size of the land. All these arguments lack substance and are not worth any further consideration.

In the year under review, the Board for its administration received just about R20M, from government as a grant. For the Board to function it needs staff and other resources. Surely these cannot be met from the current budget. The mandate of the Trust apart from holding land for and on behalf of various specified clans and their respective members, may do anything which may be lawfully done. I will come back to this mandate shortly. For a moment let me dwell on land management. In so doing, I emphasize that land is



administered at different levels. The sketch below will help to explain

On a daily basis, the interface between the individual who is either an existing land beneficiary or prospective land rights holder under Ingonyama Trust, takes place at Traditional Court level. It is this institution which is entrusted with land allocation and dispute resolution among the beneficiaries. These interactions are mainly governed by customary law and are predominantly oral. Ingonyama Trust only gets involved in circumstances where the individual concerned wants to be issued with a formal right. In the past, these rights have been either a Permission to Occupy(PTO) or a lease.

PTO's were issued in terms of various sets of racially based legislation. I quote below the standard heading of most PTO's and one of the standard clauses. "Issued under the Black Areas Land Regulations," "Permission to occupy the allotment shall not convey ownership therein." Racially based land tenure was abolished during the transition to democracy. In any event the present constitution proscribes racial discrimination. It should be clear from this that those who are advocating for the revival of the PTO regime are ignorant of the South African law especially the constitution.

"The mandate of the Trust apart from holding land for and on behalf of various specified clans and their respective members."

A leasehold instrument is an internationally recognized instrument. It is not unilateral but consensual. The ownership of Ingonyama Trust land cannot vest in various bodies. It vests in the Trustee like in all instances pertaining trust property. When the beneficiaries refer to themselves as owners, they mean so as a collective.

The issuing of leases to an individual beneficiary is not a notice to vacate. Neither does this undermine customary law rights. It is worth remarking that in other Provinces, land administered under Traditional leadership in terms of customary law is similarly dealt with like the illustration above except that stage 3 above is performed by the Government. This is so because such land is treated as State land. Thus the situation in those areas is similar to pre 1994. This situation is at the heart of the attack on Ingonyama Trust. The attack is why the King is a Trustee and not the Government.

The new democratic order has put to the fore new challenges. Some of these were not foreseen prior. For instance it was not foreseen that municipal property rates will be extended to areas which were previously racially discriminated against prior to such

areas being first developed especially when it comes to infrastructure and services. The land still calls for proper survey which will run into millions of rands to undertake.

The debate does question the fact that apart from lease rental, Ingonyama Trust has no reliable source of revenue. Its royalties and other revenue are currently collected and retained by the government. Thus among the issues for discussion is the need to clearly identify all the assets which are owned by the Trust, determine who has been collecting the relevant revenue, and then design instruments which govern the relationship with all affected stakeholders.

It would be noted from this report that in the country as a whole there is communal land administered in terms of customary law in at least six Provinces out of nine. There are Houses of Traditional Leaders in all these Provinces. Traditional Leaders are there to preserve, protect and promote customary law, custom and culture of their respective subjects. These subjects reside on land and some in urban cities and towns. Customary law and its institutions are recognised and protected by the Constitution. The difference (and perhaps the source of envy and related attacks on Ingonyama Trust), is that in other Provinces the State “owns tribal land.” In Kwa-Zulu Natal the King is the sole trustee of the Trust which owns the land as the Zulu National asset.



Pictured above are members of the traditional communities in attendance at a dispute resolution meeting called by His Majesty the King for families who have a difference of opinion relating to traditional leadership and the rightful heirs to their respective thrones.

There is no evidence ever presented that in those Provinces where the State is the owner (not even a trustee) of “tribal communal land” people are better off or better treated by the State as the land owner. While the occupiers of Ingonyama Trust are also beneficiaries, those who occupy State land (as the owner of tribal land) have no legal status whatsoever. If the argument is that the lease is a precarious right then what is the nature of an oral right on State land. This is a fair question to be interrogated. It will be upon the answers to the questions raised here that the nakedness and sheer prejudice of those who unfairly level attacks on Ingonyama Trust and the person of the Zulu King and his administration will be exposed. Until then challenges will remain hidden and disguised.

Various strategies were employed to try and destroy the Trust. These include spurious litigation. Another disturbing issue is the expectation from some quarters that when Ingonyama Trust is challenged and taken to court it should not defend itself. One such example is an instance where Trust land was a subject of a land claim. The Commission never deemed it fit to notify the Trust. Only when the matter was before the Land Claims Court was the Trust made aware by the State attorney of the claim. When the Trust raised a number of important legal issues it was considered a spoiler. There are few other cases still pending before courts. These cases are all aimed at weakening the Trust.

The combined resources spent with the aim of trying to disestablish the Ingonyama Trust could be better used helping the disadvantaged communities rather than trying the almost impossible. Efforts aimed at disestablishing the Ingonyama Trust in whatever way are bound to fail. Instead the Trust will get stronger and stronger. One hopes there would be a better approach to the issues which seek to divide than the combative approach the Trust experienced in the year under review.

S. J. Ngwenya
Chairperson of the Board and Royal Nominee
INGONYAMA TRUST BOARD



REPORT BY THE CHIEF EXECUTIVE OFFICER

INTRODUCTION

I felt humbled and equally honored when I was considered and appointed the Chief Executive Officer in January 2019 to inter-alia drive the strategic objectives, mandate and the goals of Ingonyama Trust Board. When incorporated to this dynamic organization, I immediately formatted a view which accentuate that Ingonyama Trust and Ingonyama Trust Board has ability to transform from being the holder and administrator of the approximately 3 million hectares of communal land held by Trust to be a driver of socio-economic development and an entity that can ignite and deliver on poverty alleviation and job creation through wealth generation.

This is notwithstanding the fact that these entities under the watchful eye of His Majesty, King Zwelithini Goodwill KaBhekuzulu (the Sole Trustee) and His industrious Board led by His Lordship, Honorable, Judge Ngwenya (Chairperson of the Board) has outperformed themselves under stressful and difficult environment.

On assumption of duties assigned to me by the Board it became evident that I am joining a dynamic organizations that are unique and which need aggressive and progressive programs in order to achieve their mandates, I immediately committed myself to work beyond the call of duty in order to make a positive impact to the organizations themselves, the management, staff members, Amakhosi, Izinduna and the targeted beneficiaries of Ingonyama Trust Land.

THE INGONYAMA TRUST BOARD ENVIRONMENTAL ANALYSIS

These organizations operates under a number of National, Provisional and local legislations of which they must comply with. For instance there is great expectation for the Ingonyama Trust Board to put more emphasis on Rural Development, this is despite the fact that the Trust has to generate its own resources as it does not have access to any other form of funding except of its own initiative. Despite these short comings, I am inspired by the commitment of the private sector that are eager to partner with the ITB in implementing programs and projects that has ability to improve the quality of life of people living on Ingonyama Trust Land. I cannot but commend His Majesty and His Board for their endless effort to attract direct foreign investment aimed at improving the life of people living on the Trust Land.

I am aware that the successes in attracting investors is a mammoth task faced by His Majesty, the Board and the Secretariat as they have to deal with environmental humps

“Part of the review strategy is to address skills shortage as well as staff competences and or lack thereof.”

that are obstructing potential investors to deal with Ingonyama Trust Board through negative publicity. I must admit that it is beyond comprehension how these organizations to date has survived the turbulent weather conditions, airbags and bumpy runways they unfortunately find themselves confronted

with.

I must confess that I have great respect and honor for the role His Majesty who has thus far played a prominent role in navigating these entities to this end. The effort by the Chairperson of ITB and his board, Amakhosi and the ITB Secretariat and staff members in managing challenges imposed by external environment pressures is unbelievable. I am also inspired by the Ingonyama Trust Land Guardian Angels that are looking and protecting the Trust Land, all we need to do is to be able to hear them as they pass messages to us and respond accordingly.

In order to succeed in overcoming both external and internal challenges the Secretariat

and staff need to acquire appropriate skills and technical know-how and be dedicated in supporting His Majesty and the Board in flying this Ingonyama Trust and Ingonyama Trust Board jumbo jet and ensures that it is flying safely and passengers are comfortable. Fortunately, I begin to observe commitment, sacrifice and dedication from the cabin crew members (management and staff members) in providing quality services to our most valuable customers. Judging from the commitment and dedication from our management team, I have no doubt that success is on our side.

INSTILLING AN ENTREPRENEURIAL CULTURE

I come from entrepreneurial background whereat innovation and creativity is the driver of wealth creation, sustainable revenue and cash flow generation, organizational growth, maintenance of healthy balance sheet and bottom line and profitability.

I am convinced that we need to transform our current organizational culture and instill a sense of urgency when implementing short, middle and long term developmental plans and strategies so as to declare expected dividends to our shareholders. Indeed our leadership strategy must be underpinned by entrepreneurship spirit and mindset. This entail the process of providing appropriate support systems to Amakhosi, their Traditional Councils, Izinduna so that they become a critical stakeholder in driving the developmental agenda aimed at improving the socio-economic conditions of people living on Ingonyama Trust land and the subjects of His Majesty in general.

The performance of our organizations continues to show improvement compared to last financial year. The Annual and the Auditor General Reports indicate that our organizations are in a healthy financial status, for instance we have seen a steady increase in performance from 35% to 50%. Our investments portfolio remains intact and debt revenue collection strategy employed by management is beginning to yield position results. I am confident that at the end of the current financial year we will produce exciting results which will show significant improvement.

REVIEW AND RE-ALIGNMENT OF THE ORGANIZATIONS STRATEGIC OBJECTIVES

The Board and the Secretariat has identified a number of weakness in the operational structure which if not corrected will have a negative effect on our strategy implementation. As a result thereof an organizational review, restructuring and re-alignment aimed at responding effectively to current and future challenges is in progress. The Board is currently considering and reviewing a number of policies developed to improve quality output, efficiency and effectiveness.

Part of the review strategy is to address skills shortage as well as staff competences and or lack thereof. There is continuous assessment and audit of skills in the organization as well as careful placement of staff so as to optimize input, throughput and output. Skills transfer to Amakhosi, Izinduna, Tribal Councils and their Secretariat is part of the Board agenda as they have been identified as critical stakeholders in partnering with ITB implementing their strategic objectives.

THE INGONYAMA TRUST BOARD NEW VISION

Being an entrepreneurial driven entities as proposed herein above requires the Secretariat and the Board to timorously formulate new vision so as to respond appropriately to ever changing business external and internal environmental challenges. A new five year strategic plan is underway which will inter-alia accentuate the value of Ingonyama Trust through transformation from communal land owner to enabler that has potential to enact growth, job creation, land use development and being an active investor.

Recently, the organization has been undated with a number of requests from private sector institutions to partner with Ingonyama Trust Board and to implement projects and programs using Ingonyama Trust Land. The increase of private sector engagement with Ingonyama Trust Board in driving its developmental agenda has prompted the Board to re-align its vision and operational structures so that synergies between our organizations and private sector makes it easy to implement projects and programs on Ingonyama Trust Land.

The Board will during its strategic planning sessions planned to take place in September 2019, consider defining its scope, embarking on developing business models, identify and prioritizing viable projects, engage professionals in developing financial modeling for potential projects and capital raising, consolidation of IT land and its land values. Part of the intensive discussion during the proposed strategic planning meeting will entail the role to be played by small scale businesses using the Ingonyama Trust Land, Youth development, Women empowerment and promotion of business established by People living with disabilities.

THE EXPECTED IMPACT OF THE PROPOSED ITB NEW VISION

Lastly, the drive to implement a new vision for ITB is to encourage:

- a) Amakhosi, Tribal Councils, Izinduna and communities to take initiative in conceptualizing, packaging and implementing projects that will make positive socio-economic conditions and improves the lifestyle of people living on Ingonyama Trust Land,

- b) The re-alignment of the core business both Ingonyama Trust and Ingonyama Trust Board
- c) The creation of a pool of competent human capital who will ensure that the ITB mandate is successfully implemented
- d) The implementation of efficient and effective management systems for ITB and Amakhosi
- e) The creation of sustainable funding instruments and models so to reduce dependency of to state resources

ACKNOWLEDGMENT

In conclusion, I must state categorically that I am privileged and humbled by the opportunity to interact and continue to receive guidance from His Majesty , King Zwelithini Goodwill KaBhekuzulu, the Honorable Judge Ngwenya the ITB Chairperson & his Board, the Minister and Department who is the Accounting Authority in this case, the Portfolio Committee, Amakhosi Esizwe and all those who provides support to me and to my role as a Chief Executive Officer.

Lastly, may I extend my sincere thanks and appreciation to my colleagues that manages various departments and the staff members of Ingonyama Trust Board and staff members that work with Amakhosi and Tribal Councils, the Tribal Councils themselves, Izinduna and the beneficiaries of Ingonyama Trust Land.

B L Mkhwanazi
Chief Executive Officer
INGONYAMA TRUST BOARD



STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT

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

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

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

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

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

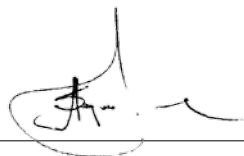
The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The accounting authority is responsible for establishing, and implementing a system of internal control which has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

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

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2019.

Yours faithfully,



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



Chief Executive Officer
Mr B L Mkhwanazi
Date :

Our VALUES

Transparency

Value for money

Service Excellence

Professionalism

Consultation

Honesty

Open Communication

Integrity

Non - discrimination

About

INGONYAMA TRUST BOARD

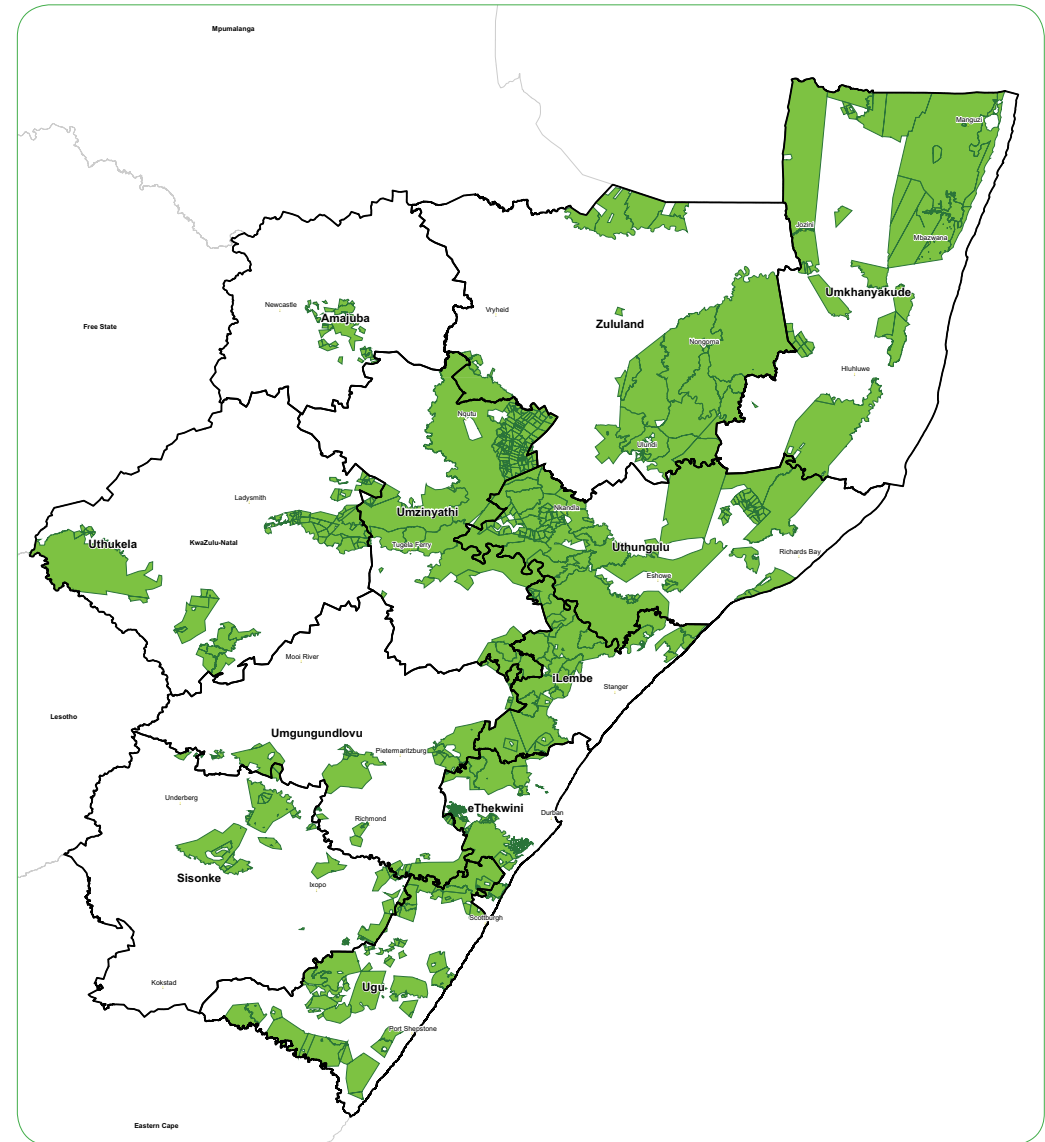
VISION

To become a leader in sustainable communal land management.

MISSION

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

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



ABOUT INGONYAMA TRUST

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

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

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

This Amendment Act had to meet all the constitutional requirements both in terms of the Interim Constitution and the final Constitution of 1996.

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

LEGAL CONTEXT

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

Section 211 and 212 recognise the institution of traditional leadership and customary law, subject to the constitution. Section 2 of the Constitution provides for the supremacy of the constitution and provides that law or conduct inconsistent with it is invalid, and the obligations imposed by it must be fulfilled.

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

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

The schedule in the next few pages depicts the clans which are beneficiaries of the land under His Majesty the King as sole trustee. The enabling Act was amended in 1997 to create a Board separate from the Trust to administer the trust and its assets which include land. This amendment tried as far as possible to align itself with the practice under customary law. The King for all practical purposes is relieved of all hands on administration. This is left to Board members none of whom is a trustee.

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

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

While Section 25(6) provides for the enactment of a legislation to strengthen land right ownership to address past historical racial inequalities, it is submitted that land beneficiaries of Ingonyama Trust land can have access to such protection even currently.

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

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

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



AmaKhosi voicing their views in a meeting held to brief them about the lawsuit by the Council for the Advancement of the South African Constitution (CASAC) and Legal Resource Centre (LRC).

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

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

DISTRICT	NAME OF TRADITIONAL COUNCIL / COMMUNITY	DISTRICT	NAME OF TRADITIONAL COUNCIL / COMMUNITY
HLANGANANI	BATLOKOA / BASOTHO	MAPHUMULO	ABAKWA CELE
	BOMVU / ZASHUKE		ABAKWA ZUBANE
	DLAMINI / BIDLA		AMAMBEDU / MBEDU
	DLAMINI / ESIPHAHLENI		BOMVU A
	DUMISA / MAGUSWANA		BOMVU W
	KHOLWA / ISIBONELO ESIHLE		EMBO
	KHOLWA / VUMINDABA		GCWENSA
	KUZENI / AMAKUZE		HLONGWA
	MADZIKANE / BHACA		KHABELA
	MEMELA / SIZANANI		LUTHULI
	MKHULISI / VEZOKUHLE		MABOMVINI
	MOLIFE / ISIMINZI		MLAMULA / NYUSWA
	NDLOVU / VUKANI		MTHEMBU / SITHOLE
	NGWANE / AMANGWANE		NTULI / MTULINI
	NXAMALALA		NDLOVU / MASIHAMBISANE
	PEPETA / UMACALA GWALA		NGCOLOSI
INKANYEZI	BANGINDODA ZULU		NTANZI
	BHEKESHOWE ZULU		NTULI / HOHOZA / MKONTO
	BIYELA / MOBENI		QADI
	BIYELA / MVUZANE		QWABE
	BIYELA / NDLANGUBO		SITHOLE / MTHEMBU
	KHOLWENI		ZULU / NODUNGA
	KHOZA	MAHLABATHINI	BUTHELEZI
	KWAMONDI		BUTHELEZI - EMPITHIMPITHINI
	MATHONSI		MBATHA
	MPUNGOSE		MPUNGOSE
	NTULI		NDEBELE
	SHANGE		NOBAMBA COMMUNITY AUTHORITY
	SIKHONYANE		XIMBA
			ZUNGU
INGWAVUMA	MATHENJWA	NONGOMA	ZULU / KHAMBI
	MNGOMEZULU		ZULU / MANDLAKAZI
	NYAWO		ZULU / MATHENI
	TEMBE		ZULU / USUTHU

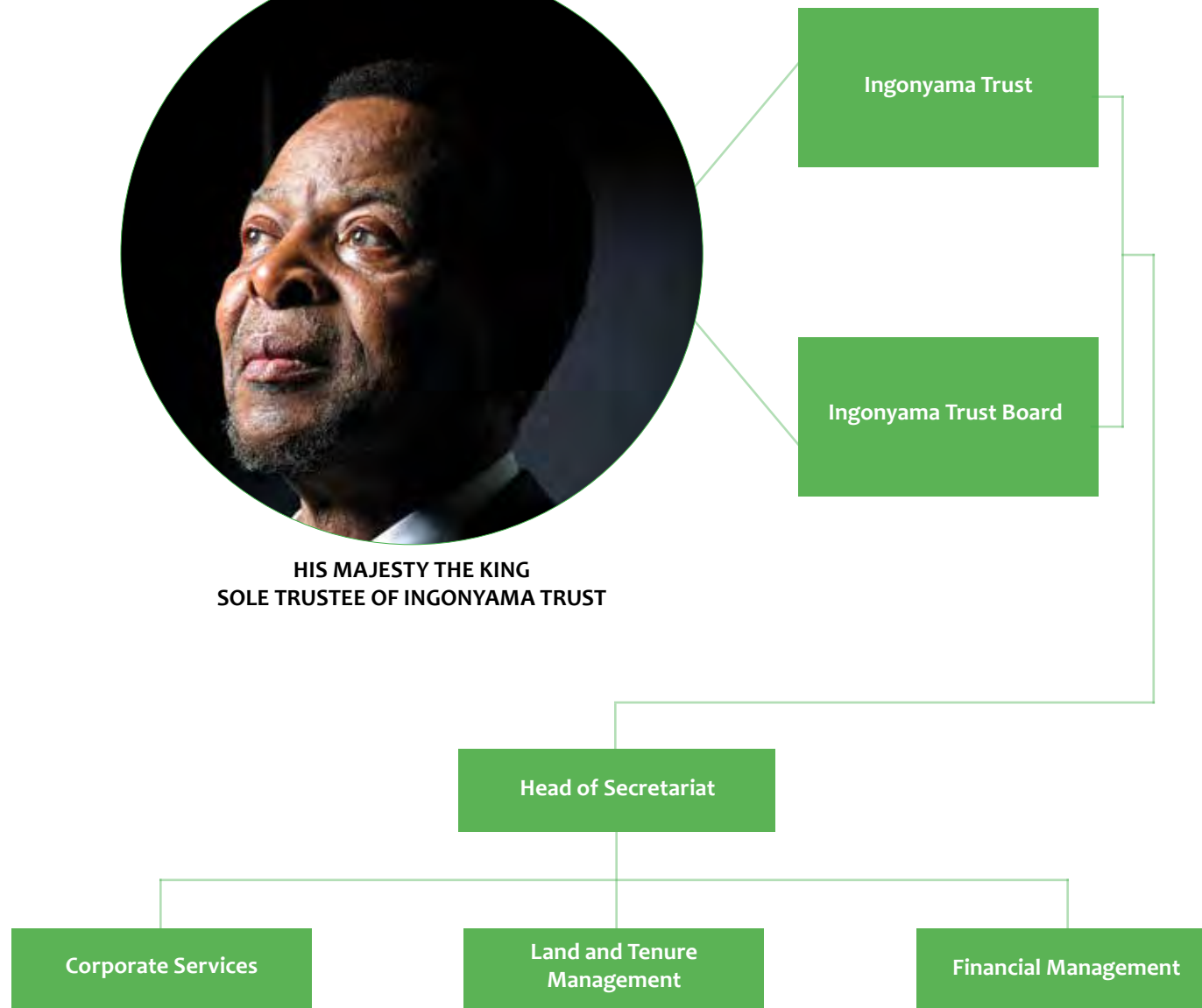
DISTRICT	NAME OF TRADITIONAL COUNCIL / COMMUNITY
MSINGA	BASO BOMVU CHUNU MTHEMBU NGOME QAMU
NDWEDWE	CHILI CIBANE EMALANGENI / LANGA EMBO / KWAKHABAZELA INKUMBA / NYUSWA HLOPHE KHUMALO MANGANGA MTHEMBU NGCOLOSI NGONGOMA / MAVELA NODWENGU PHEPHETHA QADI QINISELANI MANYUSWA QWABE SHANGASE WOSIYANE
MPUMALANGA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

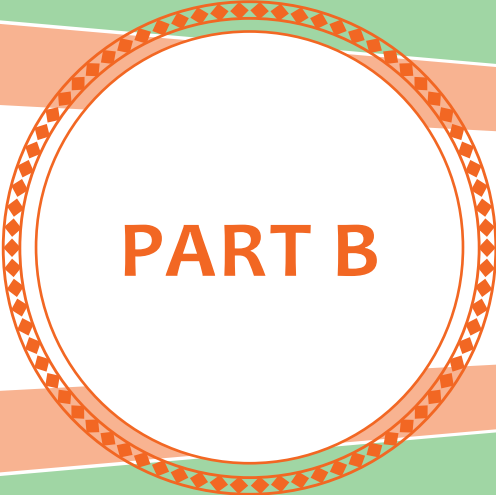
DISTRICT	NAME OF TRADITIONAL COUNCIL / COMMUNITY
NKANDLA	AMAKHABELA BIYELA / AMAHLAYIZENI BIYELA / MANGIDINI CUBE CUNU IZIGQOZA KHABELA KHANYILE / EKUKHANYENI KHANYILE / IZINDLOZI MAGWAZA MBHELE / AMAPUTO MPUNGOSE NTULI / GODIDE NTULI / NGONO NXAMALALA SIBISI / CWEZI XULU ZONDI
NQUTHU	HLATSHWAYO JAMA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

DISTRICT	NAME OF TRADITIONAL COUNCIL / COMMUNITY	DISTRICT	NAME OF TRADITIONAL COUNCIL / COMMUNITY
OKHAHLAMBA	AMAZIZI	VULAMEHLO	BELE / QIKO
	DLAMINI		CELE
	HLUBI		DUMISA M
	EMBO		DUMISA N
	MABASO		EMBO / KHWEZI LOKUSA
	MHLUNGWINI		EMBO / UKUTHULA
	NGWANE / AMANGWANE		MBHELE / KWALEMBE
	NGWE / AMANGWE		NHLANGWINI / SHIYABANYE
SIMDLANGENTSHA	DLAMINI	VULINDLELA	NYUSWA
	DLAMINI M		ZEMBENI / ZEMBE
	MAVUSO – MASIDLA COMMUNITY AUTHORITY		FUZE
	MTUNGWA – MASIDLA COMMUNITY AUTHORITY		NXAMALALA
	MSIBI		XIMBA
	MTHETHWA		ZONDI / INADI
	NTSHANGASE		ZONDI / MPUMUZA
	SIBIYA – MASIDLA COMMUNITY AUTHORITY		
UBOMBO	SIMELANE		
	MABASO		
	MANUKUZA / JOBE		
	MASHABANE		
	MNQOBOKAZI		
	MYENI / NGWENYA		
	MYENI / NSINDE		
	NIBELA		
UMBUMBULU	SIQAKATHA		
	QWABE / MAKASA		
	ZIKHALI / MBILA		
	CELE / VUMANGAZI		
	EMBO / NKASA ISIMAHLA		
	EMBO / TIMUNI		
	EMBO / VUMUKWENZA		
	LUTHULI / UMNINI Trust		
	MAKHANYA / SOBONAKHONA		
	MANGANGENI / VUMAZONKE		
	MAPHUMULO		
	TOYANA		



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





PART B

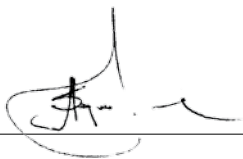
PERFORMANCE INFORMATION

STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION

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

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

In my opinion, the performance information fairly reflects the performance of the department against objectives set for the financial year ended 31 March 2019.



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



Chief Executive Officer
Mr B L Mkhwanazi

PERFORMANCE INFORMATION PER PROGRAMME

PROGRAMME 1 : ADMINISTRATION

PURPOSE

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

PROGRAMME STRUCTURE

The administration programme comprise of the following:

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

STRATEGIC OBJECTIVES

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

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

PROGRAMME 1 : ADMINISTRATION

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	BASELINE (ACTUAL OUTPUT) 2017/18	TARGET 2018 / 19	ACTUAL AUDITED ACHIEVEMENT 2018/19	VARIANCE	REASONS FOR VARIANCE
1.1.Policy development and monitoring	Number of policies developed and reviewed	0	16	3	-13	- Leave - General Conditions of Employment - HR Policy at draft stage under review currently
1.2. Corporate governance	Performance of the organisation consistent with the best practices and policies of the organisation	New indicator	100%	100%	N/A	N/A
1.3.Adequate staffing in all departments to ensure operational efficiency.	Percentage posts filled against the organogram	93%	100%	0	N/A	N/A

SUB PROGRAMME 1.1 : FINANCIAL MANAGEMENT

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	BASELINE (ACTUAL OUTPUT) 2017/18	TARGET 2018 / 19	ACTUAL AUDITED ACHIEVEMENT 2018/19	VARIANCE	REASONS FOR VARIANCE
1.1.1. Preparation of financial statements	% submission of budget within prescribed timelines	New indicator	100%	100%	N/A	N/A
	% submission of financial statements within the prescribed timelines	New indicator	100%	100%	N/A	N/A
	Performance of the organisation consistent with the best practices and policies of the organisation	New indicator	100%	100%	N/A	N/A
1.1.2. Ethical compliance	Audit outcome by AGSA	New indicator	80% of audit qualifications addressed	Not achieved	N/A	The Board noted that the indicator would be amended to read better in future APPs.
		New indicator	(i) Royalty income 40% fully addressed	Not achieved	N/A	There has been discussion with the Department of Mineral Resources on this matter. Contractual royalties accrue to the Ingonyama Trust.
			(ii) 40% of properties valued	More than 90% of IT land has been valued (using municipal valuations) in 2018/19 which amounts to R 24.38 billion.	+50 %	The ITB is currently working on queries raised by the AG regarding missing survey diagrams and missing title deeds.
	Payment of undisputed invoices paid within 30 days of receipt by finance	100%	100%	N/A	N/A	N/A

PROGRAMME 2 : LAND AND TENURE MANAGEMENT

PURPOSE

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

PROGRAMME STRUCTURE

The land management programme comprise of the following:

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

STRATEGIC OBJECTIVES

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

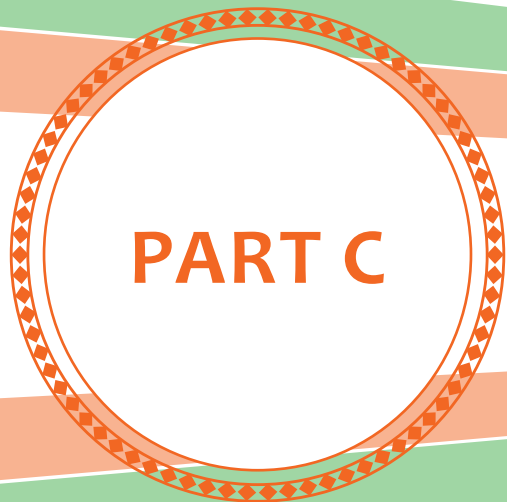
- Provision of secured tenure rights to facilitate development on Ingonyama Trust land;
- To maintain an intergrated and comprehensive land tenure administration system / (database of land tenure rights);
- Making trust land available for infrastructure development at district municipality level; and,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

PROGRAMME 2 : LAND AND TENURE MANAGEMENT

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	BASELINE (ACTUAL OUTPUT) 2017/18	TARGET 2018 / 19	ACTUAL AUDITED ACHIEVEMENT 2018/19	VARIANCE	REASONS FOR VARIANCE
2.1. Provision of secure Tenure rights	Number of land tenure rights approved by the Board	715	1450	1713	+263	Not applicable as the target was achieved
2.2. Property Development	Number of updates to the land holding register	4	4	4	N/A	N/A

PROGRAMME 3.1 : PROACTIVE LAND PLANNING

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	BASELINE (ACTUAL OUTPUT) 2017/18	TARGET 2018 / 19	ACTUAL AUDITED ACHIEVEMENT 2018/19	VARIANCE	REASONS FOR VARIANCE
3.1. To ensure sustainable land planning which attracts investment on IT land	Number of Traditional Councils with development plans	5	5	0	-5	The new investment strategy is underway, therefore these TC plans require to be in sync with the IT Strategy
	Number of Human settlement plans on strategically located land	4	4	26	-22	Not applicable as the target was achieved



PART C

GOVERNANCE

ACCOUNTING AUTHORITY

THE BOARD

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

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

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

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

Board Committees

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

Management Committees

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

The Board is comprised of the following members.

His Majesty the King (Statutory Sole Trustee)
 Hon. Mr Justice S.J. Ngwenya (Chairperson - Royal nominee)
 Ms J.T. Bhengu (Vice Chairperson)
 Advocate W.E.R Raubenheimer
 Mr B.L. Shabalala
 Inkosi T.W. Mavundla
 Inkosi P.R. Bele
 Inkosi Z.T. Gumede
 Inkosi S.E. Shabalala
 Dr. M.S. Mbatha
 Advocate. V.Z. Mngwengwe (Ministerial representative) - (resigned 27 September 2018)

THE SECRETARIAT

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

The current structure of the Secretariat is as follows:

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

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

General Administration

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

The core functions of this component include:

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

Real Estate

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

Land and Asset Management

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

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

Rural Development

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

Traditional Council Support

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

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

Finance

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

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



His Majesty the King facilitated a discussion with local farmers and amaKhosi from the King Cetshwayo District Municipality. The purpose of this meeting was to find solutions to promote and support small scale farmers from the traditional community to enter into mainstream agricultural production. Pictured here is His Majesty the King, Her Majesty the King and some of the guests who attended this meeting. The result of this meeting was commitment by the local farmers in this district on working with the local communities in agricultural production. More engagements have since followed on this initiative and further updates on this project will be given in the future.

THE BOARD



His Majesty the King (Trustee)



Mr S J Ngwenya (ITB Chairperson and
Royal nominee)
Committees: EXCO, HR & OD, Tenure



Ms J T Bhengu (Vice Chairperson)
Committees: EXCO, HR & OD, Tenure



Dr M S Mbatha

Committees: EXCO, Finance, Audit, Tenure



Advocate W E R Raubenheimer

Committees: EXCO, Finance, Tenure, HR & OD



Mr B L Shabalala

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



Advocate V Z Mngwengwe

Ministerial appointee



Inkosi W T Mavundla

Committees: EXCO, Finance, Tenure



Inkosi S E Shabalala

Committees: EXCO, Tenure



Inkosi P R Bele

Committees: EXCO, Tenure



Inkosi Z T Gumede

Committees: EXCO, Tenure

BOARD COMMITTEES

EXECUTIVE COMMITTEE OF THE BOARD (EXCO)

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

EXCO is responsible for:

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

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

Member	Board meetings attended	EXCO meetings attended
Hon. Mr Justice S.J. Ngwenya (Chairperson)	13/13	5/5
Ms J.T.J. Bhengu (Deputy Chairperson)	12/13	5/5
Adv W.E.R. Raubenheimer	8/13	3/5
Mr B.L. Shabalala	12/13	5/5
*Inkosi T.W. Mavundla	11/13	3/5
Inkosi P.R. Bele	13/13	5/5
*Inkosi S.E. Shabalala	8/13	2/5
Dr M.S. Mbatha	12/13	2/5
Inkosi Z T Gumede	10/13	-
Advocate. V.Z. Mngwengwe (Ministerial representative) - resigned 27 September 2018	-	-

HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT COMMITTEE

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

This committee is responsible for:

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

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

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

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

FINANCE COMMITTEE (FINCO)

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

This committee is responsible for:

- Review monthly and quarterly finance report;

- Monitor progress on audit issues;
- Provide financial advice for the Board.

The FINCO comprises of 4 members as tabled below.

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

Member	Meetings attended
Dr M.S. Mbatha (Chairperson)	4/5
Adv W.E.R. Raubenheimer	5/5
Mr B.L. Shabalala	4/5
Inkosi T.W. Mavundla	5/5

Audit Committee

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

This committee is responsible for:

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

The Audit Committee is constituted by 4 members. Further information pertaining to the members and meetings attended is contained in the Audit Committee report which can be found on page 39 of this document.

Tenure committee

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

This committee is responsible for:

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

Member	Meetings attended
Hon. Mr Justice S.J. Ngwenya (Chairperson)	8/8
Ms J.T.J. Bhengu (Deputy Chairperson)	7/8
Adv W.E.R. Raubenheimer	8/8
Mr B.L. Shabalala	6/8
*Inkosi T.W. Mavundla	8/8
Inkosi P.R. Bele	7/8
*Inkosi S.E. Shabalala	7/8
Dr M.S. Mbatha	7/8
Inkosi Z T Gumede	7/8
Advocate. V.Z. Mngwengwe (Ministerial representative)	-

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 Kaizen International (PTY) LTD performed the Internal Audit function.

AUDIT COMMITTEE REPORT

We are pleased to present our report for the year ended 31 March 2019.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

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

During the current year four meetings were held.

Member	Committee Meetings
Mr S Gabela (Chairperson) - resigned 31 March 2019	4/4
Mr M Khuzwayo (Chairperson after 31 March 2019)	4/4
Mr B.L. Shabalala	3/4
Dr M.S. Mbatha	4/4

AUDIT COMMITTEE'S RESPONSIBILITY

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

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

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

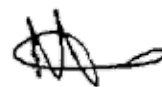
The financial policies have been reviewed and the Audit Committee is satisfied with the effective functioning of the internal control system. A risk management process has been undertaken and has been evaluated by the auditors as a basis for their

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

EVALUATION OF FINANCIAL STATEMENTS

The Audit Committee has:

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



Mr M Khuzwayo
Chairperson
August 2019



PART D

HUMAN RESOURCE MANAGEMENT

HUMAN RESOURCES OVERSIGHT STATISTICS

PERSONNEL COST BY PROGRAMME

PROGRAMME	TOTAL EXPENDITURE FOR THE ENTITY	PERSONNEL EXPENDITURE	PERSONNEL EXP. AS A % OF TOTAL EXP.	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE
INGONYAMA TRUST BOARD	R 97,000,113	R 26,538,905	27%	60	R 442,315

TRAINING COSTS

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

EMPLOYMENT AND VACANCIES

OVERALL EMPLOYMENT STATISTICS

PROGRAMME	2018/2019 NO. OF EMPLOYEES (PERMANENT)	2018/2019 APPROVED POSTS	2018/2019 NO. OF EMPLOYEES (ADDITIONAL TO ESTABLISHMENT, CONTRACT)	2018/2019 VACANCIES	% OF VACANCIES
Ingonyama Trust Board	49	49	11	N/A	N/A

EMPLOYMENT AND VACANCIES BY SALARY BANDS

SALARY BAND	NUMBER OF POSTS	NUMBER OF FILLED POSTS	NUMBER OF VACANT POSTS	NUMBER OF ADDITIONAL POSTS	TOTAL POSTS
Senior Management (level 13 - 15)	4	4	0	1	5
Professional qualified (level 9 - 12)	3	3	0	1	4
Skilled (level 6 - 8)	19	18	0	23	41
Semi - skilled (level 3 - 5)	3	3	0	7	10
Unskilled (level 1 - 2)	0	0	0	0	0
TOTAL	29	28	0	32	60

TRAINING NEEDS / SKILLS DEVELOPMENT

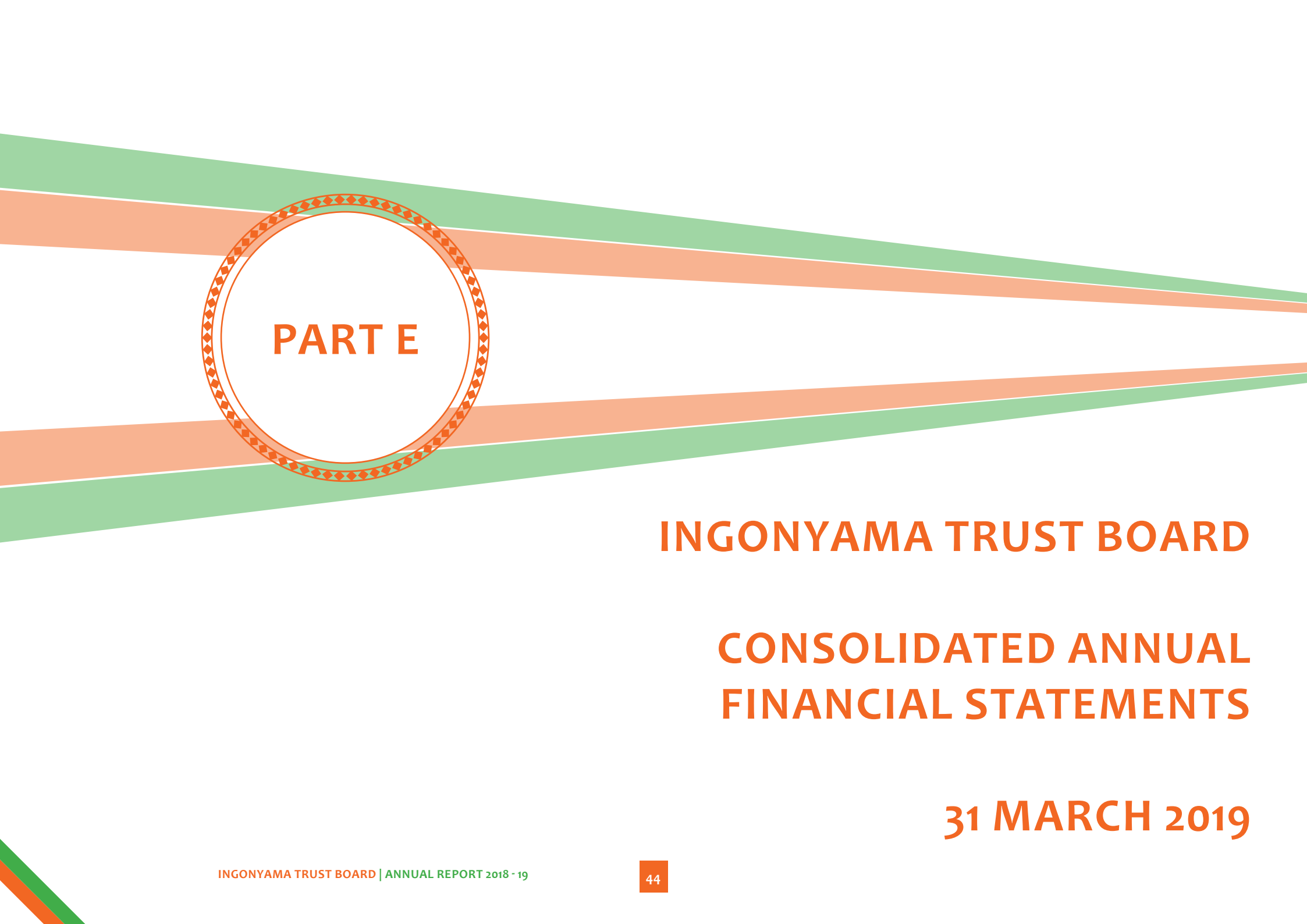
SALARY BAND	MALE AFRICAN	MALE COLOURED	MALE INDIAN	MALE WHITE	FEMALE AFRICAN	FEMALE COLOURED	FEMALE INDIAN	FEMALE WHITE	TOTAL
Senior Management (level 13 - 15)	0	0	0	0	0	0	0	0	0
Professional qualified (level 9 - 12)	0	0	0	0	0	0	0	0	0
Skilled (level 6 - 8)	0	0	1	0	1	0	0	0	2
Semi - skilled (level 3 - 5)	0	0	0	0	0	0	0	0	0
Unskilled (level 1 - 2)	0	0	0	0	0	0	0	0	0
GRAND TOTAL	0	0	1	0	1	0	0	0	2

EMPLOYMENT EQUITY

OCCUPATIONAL LEVELS	MALE					FEMALE				
	A	C	I	W	TOTAL	A	C	I	W	TOTAL
Senior Management (level 13 - 15)	4	0	0	0	4	1	0	0	0	1
Professional qualified (level 9 - 12)	2	0	2	2	4	0	0	0	0	0
Skilled (level 6 - 8)	13	0	1	1	15	23	2	0	1	26
Semi - skilled (level 3 - 5)	6	0	0	0	6	4	0	0	0	4
Unskilled (level 1 - 2)	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	25	0	3	1	29	28	2	0	1	31

TERMINATION OF SERVICE AS AT 31 MARCH 2019

SALARY BAND	RETIREMENTS	CONTRACT EXPIRY	RESIGNATIONS	DEATH	DISMISSAL	TOTAL
Senior Management (level 13 - 15)	0	1	0	0	0	1
Professional qualified (level 9 - 12)	0	1	0	0	0	1
Skilled (level 6 - 8)	0	0	1	0	0	1
Semi - skilled (level 3 - 5)	0	0	0	0	0	0
Unskilled (level 1 - 2)	0	0	0	0	0	0
TOTAL	0	2	1	0	0	3



PART E

INGONYAMA TRUST BOARD

**CONSOLIDATED ANNUAL
FINANCIAL STATEMENTS**

31 MARCH 2019

Statement of Board's responsibility for financial and performance information

The Board is responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The Auditor General of South Africa is 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 pages 55 to 99 were approved by the Board members on the 29 May 2019 and signed on its behalf by the chairperson of the Board.

General Information

Members of the Ingonyama Trust Board as at 31 March 2019 :

His Majesty the King (Trustee)
 Hon. Mr Justice S.J. Ngwenya (Chairperson - Royal nominee)
 Ms J.T.J. Bhengu (Vice chairperson)
 Adv. W.E.R. Raubenheimer
 Mr B.L. Shabalala
 Inkosi T. W Mavundla
 Inkosi P.R Bele
 Inkosi Z.T Gumede
 Inkosi S. E Shabalala
 Dr M.S Mbatha
 Adv. V.Z Mngwengwe (Ministerial representative) - resigned 27 September 2018

Auditors:

Auditor - General of South Africa

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

General information - continued

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

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

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

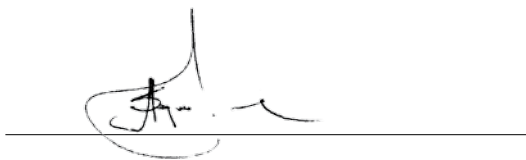
The function of the Board is to administer the affairs of the trust and trust land. This is a unique situation since trusts are ordinarily controlled by boards of trustees.

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

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

Approval of Annual Financial Statements

The Annual Financial Statements for the year ended 31 March 2019 were approved by the Board on 29 May 2019.



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

Report of the Auditor General to Parliament on Ingonyama Trust Board

Report on the audit of the consolidated and separate financial statements

Adverse opinion

1. I have audited the consolidated and separate financial statements of the Ingonyama Trust Board and its subsidiary set out on pages 55 to 99, which comprise the consolidated and separate statement of financial position as at 31 March 2019, the consolidated and separate statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.
2. In my opinion, because of the significance of the matters described in the basis for adverse opinion section of this auditor's report, the consolidated and separate financial statements do not present fairly, in all material respects, the financial position of the Ingonyama Trust Board as at 31 March 2019, and its financial performance and its cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for adverse opinion

Property plant and equipment

3. The trust did not properly account for property, plant and equipment in accordance with GRAP 17, Property, plant and equipment. This was due to certain properties owned by Ingonyama Trust not being reflected in the consolidated financial statements and inadequate controls to correctly value the properties. Consequently, I was not able to determine the full extent of the property, plant and equipment of R24,42 billion (2018: R24,41 billion) as shown in note 21 to the consolidated financial statements, as it was impracticable to do so.

4. The trust did not recognise investment property where land is held to earn rentals in accordance with the requirements of GRAP 16, Investment Property. The entity owns land which is leased out, but has not been accounted for as investment property. Consequently, investment property is understated and property, plant and equipment is overstated. I did not determine the correct fair value and extent of land held as it was impracticable to do so.

Expenditure

5. The trust did not recognise expenditure of R320,88 million relating to municipal property rates in the consolidated financial statements resulting in non-compliance with GRAP 1, Presentation of financial statements. Adequate systems and controls were not in place to ensure that all municipal property rates payable were identified and recognised in the consolidated financial statements. Consequently, total expenditure and current liabilities were understated. I was not able to determine the full extent of the municipal property rates payable as it was impracticable to do so. There was also a resultant impact on the surplus for the period and on the accumulated surplus.

Irregular expenditure

6. During the course of the audit, the auditors identified irregular expenditure of R1,90 million, which was not disclosed in terms of section 55(2)(b)(i) of the PFMA. This relates to the contravention of the supply chain management (SCM) requirements. Management subsequently made a disclosure in note 43 to the separate financial statements, however, immediately condoned the full amount without any investigation or proper approval. Consequently, I was unable to determine the full extent of irregular expenditure which is now stated at a nil balance at year end.

Contingent liabilities

7. The contingent liabilities and other information pertaining to municipal property rates as disclosed in note 37 to the consolidated financial statements, could not be verified. This disclosure was not in accordance with the requirements of GRAP 19, Provisions, contingent liabilities and contingent assets. Consequently, contingent liabilities were overstated.

Context for the opinion

8. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
9. I am independent of the entity in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
10. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

Other 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 91 to 99 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.

Responsibilities of accounting authority for the consolidated and separate financial statements

13. The accounting authority is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with SA Standards of GRAP and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.
14. In preparing the consolidated and separate financial statements, the accounting authority is responsible for assessing the Ingonyama Trust Board's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting authority either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

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

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

Report on the audit of the annual performance report

Introduction and scope

17. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
18. My procedures address the reported performance information, which must be based on the approved performance planning documents of the entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
19. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the annual performance report of the entity for the year ended 31 March 2019:

Programme	Pages in the annual performance report
Programme 2 - Land and tenure management	28 - 29

20. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

21. I did not raise any material findings on the usefulness and reliability of the reported performance information for this programme.

Other matters

22. I draw attention to the matters below.

Achievement of planned targets

23. The annual performance report on pages 23 to 29 sets out information on the achievement of planned targets for the year and explanations provided for the under achievement of a significant number of targets.

Adjustment of material misstatements

24. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of land and tenure management programme. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

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

Annual financial statements

27. The consolidated financial statements submitted for audit were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1) of the PFMA.
28. Material misstatements in property plant and equipment, expenditure and contingent liabilities identified by the auditors in the submitted consolidated financial statements were not adequately corrected and the supporting records could not be provided subsequently, which resulted in the consolidated financial statements receiving an adverse opinion.

Procurement and contract management

29. Goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by treasury regulation 16A6.1.
30. Quotations were awarded to suppliers whose tax matters had not been declared by the South African Revenue Services to be in order as required by treasury regulation 16A9.1(d).
31. Some of the contracts were extended or modified without the approval of a properly delegated official as required by section 44 of the PFMA and treasury regulations 8.1 and 8.2.
32. Some of the invitations for competitive bidding were not advertised for a required minimum period, as required by treasury regulation 16A6.3(c).
33. Quotations were accepted from prospective suppliers who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, which is prescribed in order to comply with treasury regulation 16A8.3.

Other information

34. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the consolidated and separate financial statements, the auditor's report and the selected programme presented in the annual performance report that has been specifically reported in this auditor's report.
35. My opinion on the consolidated and separate financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
36. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
37. I did not receive the other information prior to the date of this auditor's report. After I receive and read this information, and if I conclude that there is a material misstatement, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

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

39. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the adverse opinion and the findings on compliance with legislation included in this report.
40. The leadership did not establish effective oversight and monitoring over financial reporting processes and compliance with laws and regulations.
41. Management did not implement controls to adequately review financial reporting and monitor compliance with legislation.

Other reports

42. I draw attention to the following engagement conducted by various parties that had, or could have, an impact on the matters reported in the entity's consolidated and separate financial statements, reported performance information, compliance with applicable legislation and other related matters. This report does not form part of my opinion on the financial statements or my findings on compliance with legislation.
43. An investigation is being conducted by the accounting authority, which covers the period 1 April 2017 to 31 March 2018. The investigation relates to an allegation of possible misappropriation of the trust's assets. Six officials have been charged by the accounting authority with financial misconduct. The outcome of the investigation is expected in the 2019-20 financial year due to delays experienced in finalising the investigation in the current financial year.

Auditor-General

Pietermaritzburg
31 July 2019



Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated and separate financial statements, and the procedures performed on reported performance information for selected programmes and on the entity's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the consolidated and separate financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the consolidated and separate financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.

- conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the consolidated and separate financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ingonyama Trust Board's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the separate and consolidated financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause the entity to cease continuing as a going concern.
- evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

Response of the Ingonyama Trust Board to aspects of the Auditor General's Report

1. Recording of land values and extent in the Land register.

Land vested at no cost to the Ingonyama Trust in terms section 3(a) of the Ingonyama Trust Act, 1994.

The Ingonyama Trust owns approx 2.8 m hectares of land in kwazulu-Natal. The Board has saved millions of rands in state funds by making use of municipal valuations.

The ITB did not determine and disclose a land value in the financial statements of the Ingonyama Trust for prior years; however, for the first time in 2017/2018 a value of R 25 billion was reflected in the AFS, based on municipal valuations.

In 2017/2018 The Auditor General undertook to audit almost 100 % of the land values reflected in the land register. For 2018/2019 The Auditor General undertook to audit a sample of the land parcels.

Significant work was done in the current year under audit to ensure that all survey diagrams were made available to the Auditor General and that the register included reliable land valuations.

The Board is working towards achieving a land register that will satisfy audit requirements.

Investment Property

The land owned by the Trust is held in trust for and on behalf of the identified beneficiaries. It is not owned for any other purpose.

The law instructs that the Trust must be administered for the benefit, material welfare and social well-being of the beneficiaries. It follows from this injunction that the subject land must be administered in this context.

Simply by collecting rental from those beneficiaries, who opt for leases, does not convert the subject land into investment property.

State and other public institutions do pay rental, not because such properties are investment properties.

It is noteworthy that the auditors have imposed this description on Trust land.

Further engagement is planned to take place with the Auditor General to resolve this matter.

2. Rates expenditure & payable not disclosed in the AFS.

With reference to the Ingonyama Trust we submit that save for the Treasury Regulation 14, the provisions of the PFMA do not apply to Ingonyama Trust.

Our submission in this regard is premised on the following:

- a) Ingonyama Trust is not a listed public entity in terms of the PFMA.
- b) Ingonyama Trust does not receive any funding from the State.
- c) Ingonyama Trust is neither a constitutional institute nor a government department.
- d) Ingonyama Trust is only associated with the state by virtue of being created by statute. Nothing more and nothing less.
- e) As a result it is bound to be administered in accordance with the founding legislation. The provisions of such must first be exhausted before other legislation could be looked at.

The finding pertaining to Rates expenditure and payables is erroneous.

The finding further fails to appreciate that save the offices where the Trust operates, the rest of the Trust owned land “vests in and is held in trust by the Ingonyama as Trustee of the Ingonyama Trust.” The beneficiaries of this land are the occupiers of it including a number of government institutions and departments as well as commercial enterprises.

Response of the Ingonyama Trust Board to aspects of the Auditor General's Report

It would further be noted that the Trust has no other material source of income other than that received by those beneficiaries who agree to take leases and in turn pay rental.

Suffice is here to state the following:

- a) The invoices issued by the municipalities are not accurate and valid. This is also confirmed by the Auditor General's audit findings. Furthermore the invoices are not issued pursuant compliance with the Municipal Property Rates Act. They thus fall to be ignored. In any event the Board has raised various legal objections in a case between the Mandeni Local Municipality and the Trust. While this case is still pending, some of the objections raised to date have been upheld in favour of the Trust.
- b) Municipalities concerned are multiple dipping. They raise invoices in respect of the same property against the Trust and the beneficiaries. In any event except those which have taken to court, most of these municipalities have not persisted with their claims.
- c) The Trust and the Accounting Authority remain firmly of the view that it is the beneficiary concerned that is liable for rates. As a matter of interest no formal dispute has been declared by any of those.
- d) It is noteworthy that the AGSA has not provided any reason why the provisions of Regulation 14 of the National Treasury Regulations do not apply to the Trust. We conclude accordingly on this score that no obligation has arisen to the Trust as a result of the invoices referred to.

3. Irregular Expenditure

The accounting authority noted that the irregular expenditure incurred was made for known goods and services in the ordinary course of business, without any financial risk to the Board.

The Board is committed to ensure that irregular expenditure is closely monitored and will be at minimal in future years.

Statement of financial position as at 31 March 2019

		2019	2018
	Ingonyama Trust Board	Total	Ingonyama Trust Board Total
Assets	Notes		
Non - current Assets		31,228 24,445,991,704	39,695 24,430,241,197
Property, Plant and Equipment	3 & 21.1	15,826 24,429,227,899	20,371 24,413,356,653
Heritage Assets	3 & 22	- 15,988,144	- 15,988,144
Intangible Assets	4 & 23	15,402 775,661	19,324 896,400
Current assets		921,276 742,666,186	155,042 681,862,509
Receivables from exchange transactions	25.1	157,796 556,599,015	16,875 476,166,974
Receivables from non - exchange transactions	25.2	160,238 2,205,076	130,174 252,914
Cash and cash equivalents	26	603,242 183,862,095	7,993 205,442,621
TOTAL ASSETS		952,504 25,188,657,890	194,737 25,112,103,706
Liabilities			
Current liabilities		2,081,805 24,257,948	1,656,013 18,210,020
Payables from exchange transactions	27.1	2,081,805 24,257,948	1,656,013 18,210,020
Total liabilities		2,081,805 24,257,948	1,656,013 18,210,020
Net assets		(1,129,301) 25,164,399,942	(1,461,276) 25,093,893,686
NET ASSETS			
Accumulated fund		(38,739,412) 25,164,399,942	(18,224,607) 25,093,893,686
Total net assets		(38,739,412) 25,164,399,942	(18,224,607) 25,093,893,686

Statement of financial performance as at 31 March 2019

		Ingonyama Trust Board	2019 Total	Ingonyama Trust Board	2018 Total
Revenue	Notes				
Rental revenue		-	114,807,839	-	96,491,370
Leases (including straight lining income)	11 & 35	-	114,807,839	-	96,491,370
Contractual royalty revenue from mining activities on Ingonyama Trust land	6.2.2 / 45.2	-	1,170,437	-	794,157
Other revenue		20,521,896	37,247,761	19,881,531	36,135,617
Transfer payment - Department of Rural Development & Land Reform	7/46	20,349,000	20,349,000	19,727,000	19,727,000
Servitude compensation and other		-	1,678,213	-	410,498
Interest on Bank and Short term investments	6.3.1	112,963	14,398,347	154,531	15,247,425
Recovery of funds on fraudulent use of petrol cards		59,933	59,933	-	-
Interest on overdue debtors accounts		-	762,268	-	750,694
TOTAL REVENUE		20,521,896	153,226,037	19,881,531	133,421,144
Expenditure	42	(41,036,701)	(76,485,308)	(34,605,371)	(66,491,438)
Trust Fund - Administration		-	(35,448,607)	-	(31,886,067)
Expenses funded from Transfer Payment funding		(41,036,701)	(41,036,701)	(34,605,371)	(34,605,371)
Available funds transferred to Accumulated Fund		(20,514,805)	76,740,729	(14,723,840)	66,929,706

Statement of changes in net assets for the year ended 31 March 2019

		Ingonyama Trust Board	Total
		R	R
	Notes	Retained earnings	
Opening balance : 01.04.2017		(2,921,077)	28,824,556,939
Adjustment prior to 2017/2018		-	(3,794,009,038)
Increase in lease income prior to 2017/2018	28.2	-	1,082,708
Increase in straight lining income	28.2	-	3,130,637
Correction of fair valuation adjustment (land holdings)	28.1	-	(3,798,527,298)
Refunds	28.2	-	304,915
Retained earnings 2017/2018		(15,303,530)	63,345,785
Retained earnings previously reported for 2017/2018		(15,347,720)	59,634,616
		44,190	3,711,169
Increase in lease income for 2017/2018		-	2,351,683
Leave pay provision		44,190	-
Increase in straight lining income		-	1,359,486
Opening balance : 01.04.2018		(18,224,607)	25,093,893,686
Movements for the year 2018/2019		(20,514,805)	70,506,256
Less : Payments		-	(6,234,473)
Current year retained earnings transferred to Accumulated Fund		(20,514,805)	76,740,729
Balance : 31.03.2019		(38,739,412)	25,164,399,942

Cash flow statement for the year ended 31 March 2019

	Notes	2019 Ingonyama Trust Board Total	2018 Ingonyama Trust Board Total
Cash flows from operating activities			
Receipts		41,036,701	34,641,968
Services		-	-
Transfer payments		20,349,000	19,727,000
Ingonyama Trust payment in terms of Financial regulation 10(2) of the Ingonyama Trust Act		5,664,615	4,812,038
Ingonyama Trust payment for re-imbursement of Trust expenses		14,850,190	9,948,399
Recovery of funds on fraudulent use of petrol cards		59,933	-
Interest received		112,963	154,531
Payments		(40,441,452)	(35,615,198)
Suppliers		(14,020,435)	(13,541,441)
Loss on fraudulent use of petrol cards		-	(59,933)
Employee costs		(26,421,017)	(22,013,824)
Net cash flows from operating activities	39. (A)	595,249	(973,230)
Cash flows from investing activities			
Purchase of plant and equipment including construction costs	39.(B)	-	-
Proceeds/insurance claim from disposal of property, plant & equipment		-	77,131
Net cash flows from investing activities		(18,877,212)	(4,901,991)
Increase in cash and cash equivalents		595,249	(973,230)
Cash and cash equivalents at beginning of the year		7,993	981,223
Cash and cash equivalents at end of year	39.(C)	603,242	7,993

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation and consolidation

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

Responsibility for trust money and Property

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

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

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

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

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

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

1.2. Changes in accounting policy and comparability

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

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

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

1.3 Critical judgments, estimations and assumptions

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

1.3.1 Revenue Recognition

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

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

1.3.2 Financial assets and liabilities

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

1.3.3 Impairment of Financial Assets

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

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

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

1.3.5 Impairment: Write down of PPE and Inventories

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

1.4 Going concern assumption

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

1.5 Offsetting

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

1.6 Presentation of Budget information in Financial Statements

The budget and the financial statements is prepared and approved on the accrual basis. The approved budget covers the fiscal period from 1 April 2018 to 31 March 2019 and is for the Ingonyama Trust Board and the Ingonyama Trust.

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

1.7 Commitments

Capital and operational commitments

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

2. Presentation Currency

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

3. Property, Plant and Equipment and Heritage assets

3.1. Property, Plant and Equipment

3.1.1 Initial Recognition

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

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

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

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Accounting Authority.

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

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

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

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

3.1.2 Subsequent Measurement

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

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

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

3.1.3 Depreciation

Land owned by the Ingonyama Trust is not depreciated as it is regarded as having an indefinite life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the Trust.

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

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

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

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

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

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

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

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

3.1.4 De-recognition of property, plant and equipment

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

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

3.1.5 Impairment of Non-Cash generating assets

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

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

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

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

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

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

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

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

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

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

3.2 Heritage assets

3.2.1 Initial Recognition

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

3.2.2 Depreciation

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

3.2.3 De-recognition

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

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

4. Intangible Assets

4.1 Initial Recognition

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

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

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

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

Where an intangible asset is acquired at no cost or for a nominal consideration, its cost is its fair value as at the date it is acquired. Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost).

If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

4.2 Subsequent Measurement, Amortisation and Impairment

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

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

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

4.3 De-recognition

Intangible assets are de-recognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

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

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

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

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

6. Revenue Recognition

6.1 General

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

The Ingonyama Trust recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Ingonyama Trust and when specific criteria have been met for each of the Trust's activities as described below.

The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Ingonyama Trust bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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

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

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from Exchange transactions comprises of Leases, Royalties, and Other income / (servitude compensation).

6.2. Revenue from exchange transactions

6.2.1 Leases

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

The straight lining of leases has increased the reported revenue for lease income. The difference between the straight lining and normal charge has been disclosed in note 35.

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

6.2.2 Contractual Royalty Revenue from mining activities on Ingonyama Trust land

The Ingonyama Trust leases its land to mining and prospecting operators. Contractual royalty revenue is recognised as income of the Ingonyama Trust.

6.2.3 Other income

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

6.3 Revenue from Non-Exchange transactions

6.3.1 Finance Income

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

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

7. Government Grants / (Transfer Payments and Receipts)

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

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

8. Financial Instruments

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

8.1 Financial Assets - Classification

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

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

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

Type of Financial Asset	Classification in terms of GRAP 104
Short-term Investment Deposits – Call	Held-to-maturity investments
Bank Balances and Cash	Available for sale investments
Consumer Debtors	Loans and receivables
Other Debtors	-
Investments in Fixed Deposits	Held-to-maturity investments

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

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

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

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

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

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

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The Ingonyama Trust categorises cash and cash equivalents as financial assets: loans and receivables.

8.2 Financial Liabilities - Classification

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

- Certain Other Creditors

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

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

8.2.1 Initial and Subsequent Measurement

8.2.1.1 Financial Assets:

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

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

8.2.1.2 Financial Liabilities:

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

8.2.2 Impairment of Financial Assets

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

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

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

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

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

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

8.2.3 De-recognition of Financial Assets

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

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

8.2.4 De-recognition of Financial Liabilities

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

8.3 Risks associated with financial instruments

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

8.3.1 Market risk

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

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

8.3.2 Credit risk

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

Applicants are usually screened before lease applications are approved.

Debt collection procedures exist for the collection of outstanding payments.

8.3.3 Liquidity risk

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

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

8.3.4 Currency risk

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

8.3.5 Interest rate risk

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

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

9. Provisions

Provisions are recognised when the Ingonyama Trust has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation. There are no provisions recorded in the current Financial Statements.

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

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

10. Employee benefits

10.1 Remuneration and leave pay

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

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

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

10.2 Contributions to a defined Provident fund contribution plan

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

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

10.3 Contributions to the medical aid scheme

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

11. Leases

11.1 The Ingonyama Trust as a Lessee

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

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

Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Liabilities. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Ingonyama Trust uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

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

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. Currently there are no deferred finance charge assets recorded in the financial statements.

11.3 The Trust as a Lessor

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

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

12. Value added Tax

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

13. Cash and Cash Equivalents

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

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

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

14. Related parties

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

Related party disclosure includes the transactions between the Ingonyama Trust Board and the Ingonyama Trust in terms of the early adoption of GRAP 20 by the accounting authority.

15. Events after reporting date

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

16. Comparative Information

16.1 Prior year comparatives

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

16.2 Contingent Assets and Contingent Liabilities

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

17. Taxation

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

18. Irregular, fruitless & wasteful expenditure

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

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

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

19. Changes in Accounting Policies, Estimates and Errors

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

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

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

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

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

Document no	Title
GRAP 20	Related Party Disclosures
GRAP 32	Service Concession Arrangements: Grantor
GRAP 34	Separate Financial Statements
GRAP 35	Consolidated Financial Statements
GRAP 36	Investments in Associates and Joint Ventures
GRAP 37	Joint Arrangements

GRAP 38	Disclosure of Interests in Other Entities
GRAP 108	Statutory Receivables
GRAP 109	Accounting by Principals and Agents
GRAP 110	Living and Non-living Resources

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

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

The accounting authority has adopted GRAP 20 to account for the related party transactions between the Ingonyama Trust Board and the Ingonyama Trust.

21. Property, Plant and Equipment**21.1. Property, Plant and equipment****Property - Office accommodation 65 Trelawney Road**

At Cost : Land - 28 January 2009

Building at cost and improvements to Property

Ingonyama Trust Land (other than office accommodation) at fair value

Agricultural machinery and equipment

Computer equipment

Furniture and Equipment

Motor vehicles

	Ingonyama Trust Board			2019 Total
	R	R	R	R
	Total cost	Accumulated depreciation	Net book value	Net book value
	-	-	-	21,049,018
	-	-	-	1,500,000
	-	-	-	19,549,018
	-	-	-	24,397,329,049
	-	-	-	2,344,476
	20,866	(14,954)	5,912	1,230,441
	45,476	(35,562)	9,914	1,782,705
	-	-	-	5,492,210
	66,342	(50,516)	15,826	24,429,227,899

Property, Plant and Equipment is reconciled as follows:

	Ingonyama Trust Board			2019 Total
	Opening carrying value	Depreciation	Closing carrying value	2019 Total
Ingonyama Trust Land (Property holdings other than office accommodation)	-	-	-	24,397,329,049
Property Phase 2 - office accommodation 65 Trelawney Road	-	-	-	21,049,018
Agricultural machinery and equipment	-	-	-	2,344,476
Computer equipment	7,511	(1,599)	5,912	1,230,441
Furniture and equipment	12,860	(2,946)	9,914	1,782,705
Motor vehicles	-	-	-	5,492,210
	20,371	(4,545)	15,826	24,429,227,899

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

The Accounting Authority has reviewed the depreciation method, residual values and useful lives of assets as at 31 March 2019, (refer to note 34 for change in residual values).

21.1. Property, Plant and Equipment is reconciled as follows:

	2018 Ingonyama Trust Board					
21.1.1. Property, Plant and Equipment is reconciled as follows:	R Cost	R Accumulated depreciation	R Carrying vaue	R Total		
Ingonyama Trust Land (other than office accomodation)	-	-	-	24,378,745,872		
Property - office accomodation 65 Trelawney Road	-	-	-	22,066,999		
Agricultural machinery and equipment	-	-	-	3,255,273		
Computer equipment	20,866	(13,355)	7,511	1,132,785		
Furniture and Equipment	45,476	(32,616)	12,860	2,042,848		
Motor vehicles	-	-	-	6,112,876		
	66,342	(45,971)	20,371	24,413,356,653		
	Opening carrying value	Disposals	Change in estimate	Depreciation	Closing carrying value	2018 Total
Ingonyama Trust Land (Property holding other than office accomodation)	-	-	-	-	-	24,378,745,872
Office accomodation 65 Trelawney Road	-	-	-	-	-	22,066,999
Agricultural machinery and equipment	-	-	-	-	-	3,255,273
Computer equipment	-	(87)	9,436	(1,838)	7,511	1,132,785
Furniture and equipment	2,465	(33)	14,606	(4,178)	12,860	2,042,848
Motor vehicles	-	-	-	-	-	6,112,876
	2,465	(120)	24,042	(6,016)	20,371	24,413,356,653

21.2 Property holdings per registration divisions

	2019 Hectares	Changes in property holdings	2018 Hectares	2019 land value	2018 land value
ES	34,564	-	34,564	133,154,336	133,154,336
ET	265,467	-	265,467	3,364,587,164	3,364,587,164
FS	115,670	-	115,670	766,764,694	766,764,694
FT	251,195	(8)	251,203	5,635,425,697	5,635,425,697
FU	53,932	-	53,932	313,083,857	313,083,857
GS	102,175	-	102,175	453,212,840	453,212,840
GT	491,860	-	491,860	2,065,070,801	2,065,070,801
GU	651,739	-	651,739	7,476,775,533	7,476,775,533
GV	79,547	-	79,547	397,709,338	397,709,338
HT	25,896	-	25,896	162,011,537	162,011,537
HU	335,626	-	335,626	1,365,768,881	1,365,768,881
HV	475,609	-	475,609	2,240,339,720	2,240,339,720
Townships	645	8	637	4,841,476	4,841,476
	2,883,925	-	2,883,925	24,378,745,872	24,378,745,872

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

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

22. Heritage Assets

Sans Souci building - Phase one

No impairments were noted for the year.

Heritage asset are reconciled as follows :

Sans Souci building - Phase one

	Ingonyama Trust Board	2019 Total
	-	15,988,144
	-	15,988,144

23. Intangible assets

Computer software

Website design

	R Cost	R Accumulated Ammortisation	R Net book value	Ingonyama Trust Board	2019 Total
Computer software	47,062	(31,660)	15,402		703,172
Website design	-	-	-		72,489
	47,062	(31,660)	15,402		775,661

Intangible assets are reconciled as follows :

Computer software

Website design

	Opening Carrying value	Amortisation	Change in estimate	Ingonyama Trust Board Closing Carrying value	2019 Total
Computer software	19,324	(3,922)	-	15,402	703,172
Website design	-	-	-	-	72,489
	19,324	(3,922)	-	15,402	775,661

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

Intangible assets are reconciled as follows:

	Opening Carrying value	Armotisation	Change in estimate	Closing carrying value	2018 Total
Computer software	-	(3,922)	23,246	19,324	812,418
Website design	-	-	-	-	83,982
	-	(3,922)	-	19,324	896,400

24. Depreciation

	Ingonyama Trust Board	2019 Total	Ingonyama Trust Board
Buildings	-	1,017,981	-
Agricultural equipment and machinery	-	910,797	-
Computer equipment	1,599	158,850	1.838
Furniture and equipment	2,946	297,672	4,178
Motor vehicles	-	620,666	-
Intangible assets - Computer software and website design	3,922	120,739	3,922
	8,467	3,126,705	9,938

Net depreciation is disclosed as

Ingonyama Trust - Statement of budget and actual amounts (Page 96)

Ingonyama Trust Board - Statement of comparison of budget and actual amounts (Page 98)

	8,467	3,126,705	9,983
	-	3,118,238	-
	8,467	8,467	9,938

25. Receivables

25.1 Receivables from exchange transactions

Trade debtors

R
Ingonyama
Trust Board

R
2019
Total

R
Ingonyama
Trust Board

R
2018
Total

- 54,971,188

- 50,332,076

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

Less : Provision for doubtful debts

Straight lining lease income debtors

Other Receivables

Accrued interest

Msunduzi Municipality - water and electricity

Electricity Deposit held by Msunduzi Municipality for 65 Trelawney Road

Private usage of telephone and staff deductions

Refund due from service providers

First National Bank - (refund for unauthorised use of credit card)

-	54,971,188
-	82,969,771
-	(27,998,583)
-	499,853,146
-	1,514,998
149,294	149,294
-	88,000
2,302	2,302
-	13,887
6,200	6,200

157,796 556,599,015

-	50,332,076
-	75,850,766
-	(25,518,690)
-	423,795,153
-	1,616,068
-	-
-	88,000
16,875	16,875
-	318,802
-	-

16,875 476,166,974

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

25.2 Receivables from non - exchange transactions

South African Revenue Services - vat refund

160,238	2,205,076
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130,174	252,914
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26. Cash and cash equivalents

Current accounts

Call account / fixed deposits

Petty cash

R Ingonyama Trust Board	R 2019 Total
598,197	3,899,607
-	179,957,443
5,045	5,045
603,242	183,862,095

R Ingonyama Trust Board	R 2018 Total
4,175	2,208,742
-	203,299,893
3,818	3,986
7,993	205,442,621

Cash and cash equivalents are current in nature as fixed deposits mature within four months. The average interest rate during the year was between 2.50% and 7.78%.

Cash and cash equivalents were not encumbered / secured during the year. Funds are available to community beneficiaries, subject to them complying with the Board's disbursement policy. Cash and cash equivalent balances held by the Trust are available for use. There are no restricted cash balances as at 31 March 2019.

27. Payables**27.1. Payables from exchange transactions**

Trade creditors

Advance payments by debtors

Advance proceeds on property / (land) disposal

Sundry creditors

Leave pay accrual

Credit card facility - FNB

793,894	4,398,986
-	18,472,196
-	77,600
-	21,255
1,185,100	1,185,100
102,811	102,811
2,081,805	24,257,948

540,352	1,365,481
-	15,630,023
-	77,600
-	21,255
1,067,212	1,067,212
48,449	48,449
1,656,013	18,210,020

Advance payment by debtors relate to amounts received in advance for tenure rights. Advance proceeds on land disposal refers to monies received from municipalities for sites sold but not yet transferred to the municipalities at year end. Leave pay is calculated at year end. A credit card facility of R 500,000 has been provided by First National Bank which is used to pay operational expenditure on a short term basis.

28. Correction of Prior Period Error

28.1 Correction of prior period error - Property - land valuation

Land vested to the Ingonyama Trust in 1994 has been valued at R 28.17 billion in 2017/2018 based on municipal valuations. A prior year adjustment of R 3.8 billion has been made to fairly present the land value of the prior year. Ingonyama Trust land and accumulated fund has been decreased by R 3.8 billion.

Property, plant and equipment

	R Ingonyama Trust Board	R 2019 Total	R Ingonyama Trust Board	R 2018 Total
Re-stated	-	-	-	24,378,745,872
Previously reported	-	-	-	28,177,273,170
Correction of fair value adjustment - land holdings	-	-	-	(3,798,527,298)

28.2. Correction of prior period error - lease income

An adjustment has been made to correctly account for lease income accrued for 2017.2018 and prior years in their respective periods. Lease agreement have been entered into the current, charging rental for prior periods due to occupation by the lessees in the prior period. Trade debtors increased by R 3.3m and accumulated surplus increased by R 3.3m for 2017/2018.

Opening balance : 01.04.2017	-	-	-	28,827,478,016
Adjustments to retained income for 2016/2017	-	-	-	4,518,260
Increase in lease income for 2016/2017	-	-	-	1,082,708
Increase in straight lining income for 2016/2017	-	-	-	3,130,637
Refunds on agricultural projects	-	-	-	304,915
Re - stated earnings for the year	-	-	-	78,649,315
Retained earnings previously reported	-	-	-	74,982,336
	-	-	-	3,666,979
Increase in lease income for 2017/2018	-	-	-	2,351,683
Leave pay provision	-	-	-	(44,190)
Increase in Straight lining income	-	-	-	1,359,486
Balance: 01.04.2018	-	-	-	28,831,996,276

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

Basic

Subtotal

Subsistence and Travel

R Ingonyama Trust Board	R 2019 Total
4,757,417	4,757,417
1,562,898	1,562,898
1,269,907	1,269,907
1,269,907	1,269,907
292,991	292,991

Advocate W E R Raubenheimer

Basic

Subtotal

Subsistence and Travel

R Ingonyama Trust Board	R 2019 Total
347,495	347,495
342,324	342,324
342,324	342,324
5,171	5,171

Ms J Bhengu

Basic

Subtotal

Subsistence and Travel

R Ingonyama Trust Board	R 2019 Total
392,890	392,890
377,517	377,517
377,517	377,517
15,373	15,373

Dr M S Mbatha

Basic

Subtotal

Subsistence and Travel

R Ingonyama Trust Board	R 2019 Total
259,069	259,069
225,569	225,569
225,569	225,569
33,500	33,500

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

R Ingonyama Trust Board	R 2018 Total
418,735	418,735
412,902	412,902
412,902	412,902
5,833	5,833

R Ingonyama Trust Board	R 2018 Total
501,002	501,002
485,675	485,675
485,675	485,675
15,327	15,327

R Ingonyama Trust Board	R 2018 Total
259,353	259,353
233,751	233,751
233,751	233,751
25,602	25,602

Mr B L Shabalala

Basic

Subtotal

Subsistence and Travel

R Ingonyama Trust Board	R 2019 Total
378,583	378,583
261,415	261,415
261,415	261,415
117,168	117,168

Inkosi S E Shabalala

Basic

Subtotal

Subsistence and Travel

302,430	302,430
223,436	223,436
223,436	223,436
78,994	78,994

Inkosi W T Mavundla

Basic

Subtotal

Subsistence and Travel

661,434	661,434
460,744	460,744
460,744	460,744
200,690	200,690

Inkosi P R Bele

Basic

Subtotal

Subsistence and Travel

495,871	495,871
383,606	383,606
383,606	383,606
112,265	112,265

Inkosi Z T Gumede

Basic

Subtotal

Subsistence and Travel

356,748	356,748
181,172	181,172
181,172	181,172
175,576	175,576

R Ingonyama Trust Board	R 2018 Total
514,520	514,520
387,842	387,842
387,842	387,842
126,678	126,678

280,812	280,812
216,858	216,858
216,858	216,858
63,954	63,954

615,094	615,094
443,211	443,211
443,211	443,211
171,883	171,883

550,094	550,094
423,890	423,890
423,890	423,890
126,204	126,204

339,030	339,030
190,893	190,893
190,893	190,893
148,137	148,137

30. Gross remuneration of senior managers**Chief Executive Officer**

Basic

Cash Allowance

Company contributions to uif and skills levy

Chief Financial officer

Basic

Travel and cell phone allowance

Company contributions to uif and skills levy

Head Land Management services

Basic

Travel and cell phone allowance

Company contributions to uif and skills levy

Manager - Corporate Services

Basic

Company contributions to uif and skills levy

	R Ingonyama Trust Board	R 2019 Total
	4,165,169	4,165,169
Chief Executive Officer	406,039	406,039
Basic	402,174	402,174
Cash Allowance	-	-
Company contributions to uif and skills levy	3,865	3,865
Chief Financial officer	1,115,506	1,115,506
Basic	800,499	800,499
Travel and cell phone allowance	302,814	302,814
Company contributions to uif and skills levy	12,193	12,193
Head Land Management services	1,559,555	1,559,555
Basic	1,462,500	1,462,500
Travel and cell phone allowance	79,847	79,847
Company contributions to uif and skills levy	17,208	17,208
Manager - Corporate Services	1,084,069	1,084,069
Basic	1,073,220	1,073,220
Company contributions to uif and skills levy	10,849	10,849

	R Ingonyama Trust Board	R 2018 Total
	2,481,017	2,481,017
Chief Executive Officer	1,462,661	1,462,661
Basic	1,316,412	1,316,412
Cash Allowance	130,000	130,000
Company contributions to uif and skills levy	16,249	16,249
Chief Financial officer	956,661	956,661
Basic	662,394	662,394
Travel and cell phone allowance	283,606	283,606
Company contributions to uif and skills levy	10,661	10,661
Head Land Management services	-	-
Basic	-	-
Travel and cell phone allowance	-	-
Company contributions to uif and skills levy	-	-
Manager - Corporate Services	61,695	61,695
Basic	60,938	60,938
Company contributions to uif and skills levy	757	757

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 1,125,927.50 (2018 - R 644,652).

32. Events after the Reporting Date

There were no other significant subsequent events that need to be reported

33. Related party transactions

- a) A Land Availability Agreement has been granted to Ketshe Investments CC. Justice S.J Ngwenya, a Board member, is a shareholder of this company. There is no consideration for Land Availability Agreements in terms of the Board's policy.
- b) A lease agreement was granted to Zwelibanzi Utilities (Pty) Ltd . Judge S. J Ngwenya, a Board member is a shareholder of this company. Rental amounting to R 71,989.95 is payable for the 2018/2019 financial year. At year end an amount of R 353,769.42 was owing to the Trust.
- c) A lease agreement is granted to Mkhathi Manufacturing & Distributors CC. Dr F.Madlopha who is a consultant of the Board is the member of the close Corporation. The lease commenced on 1 February 2009. Rental amounting to R 16,405.80 is payable for the 2017/2018 financial year. At year end an amount of R 29,631.12 was owing to the Trust.
- d) A related party transaction exists between the Ingonyama Trust Board and the Ingonyama Trust. The Ingonyama Trust Board administers the affairs of the Ingonyama Trust and Trust land. The Ingonyama Trust Board is partially funded by the State and the shortfall of R 5.6 m for the current year was paid for by the Ingonyama Trust in terms of Ingonyama Trust Act, Financial regulation 10 (2).

In administering the Trust, the Ingonyama Trust Board incurs operational and administrative expenditure noted in the statement of Financial performance. The Ingonyama Trust which is regulated by Treasury regulation 14 mainly incurs expenditure on the core business “ land management”. The Ingonyama Trust Board is the employer and therefore employee cost is accordingly reflected in the books of the Ingonyama Trust Board.

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

34. Change in accounting estimate

34.1 Change in accounting estimate - Residual value of Motor vehicles

The residual value of all Ingonyama Trust vehicles was assessed at year end. The change in estimate is based on the difference between current and previous year trading values. The residual value of motor vehicles has decreased by R 322 442.00 resulting in a change in an accounting estimate.

Future profits will also decrease by R 322 442.00 as the depreciable amount would be increased, thus resulting in greater depreciation in future years. The increase in depreciation and accumulated depreciation for the current year is R 51 030.52 due to the change in residual values.

35. Lease income and Straight lining of Lease income**Ingonyama Trust
Board****2019
Total****Ingonyama Trust
Board****2018
Total**

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

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

Rental income invoiced as per lease agreements	-	76,057,993	-	65,419,229
Rental income as per straight lining method	-	114,807,839	-	96,491,370
Increase in net surplus and trade debtor balances for the year	-	38,749,846	-	31,072,141

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

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

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

-	35,967,933	-	34,102,154
-	135,797,633	-	133,260,967
-	73,657,093,915	-	3,751,841,443

36. Commitments

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

25,346	73,941	156,015	156,015
21,121	54,042	2,286	2,286

The commitments relate to potential contracts for operational expenditure.

37. Contingent liability

Ingonyama Trust Board	2019 Total	Ingonyama Trust Board	2018 Total
-	320,877,451	-	138,327,395

37.1 Contingent liability - Rates

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

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

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

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

Whilst that the Ingonyama Trust Board believes these claims are not sustainable it nevertheless raised the provision of the contingent liabilities to the amount above. The Ingonyama Trust does not receive any governmental grants and the majority of the beneficiaries who populate Ingonyama Trust land would generally qualify for complete exemption of rates or treated in terms of the indigent policy of the municipality.

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

37.2 Other legal matters in court

-	4,277,600	-	4,277,600
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Name of entity	Description of matter				
Mr Edward Mpeko, lessee on Ingonyama Trust land	The entity is attempting to revive an eviction application against Mr E. Mpeko after the IT property was restored to him. Mr Mpeko is claiming damages to the property.	-	2,300,000	-	2,300,000
Mr Ron Wilson	Mr Wilson, a former lessee alleges that the he was forced to dispose of his business by the ITB, he claims to have lost income because of the ITB.The matter has not been decided on in court.	-	1,977,600	-	1,977,600

38. Reconciliation of budget surplus with surplus in the statement of financial performance**Available funds transferred to Accumulated Fund**

Adjusted for:

less : straight lining lease income not budgeted

Budgeted income not received

Actual expenditure less than Budget - Trust

Net surplus per approved budget

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

Ingonyama Trust Board	2019 Total	Ingonyama Trust Board	2018 Total
-	76,740,729	36,597	66,929,706
-	(76,057,993)	-	(65,419,229)
-	160,241,558	(59,933)	28,150,701
-	(83,061,640)	23,336	(7,861,178)
-	77,862,654	-	21,800,000

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

Depreciation/amortisation

Loss on disposal/impairment of assets

Increase in Accumulated Fund

Transfer to/out of accumulated Fund

Increase in provision of doubtful debts

Decrease in payables from non - exchange transactions

Increase in payables from exchange transactions

Increase in receivables from exchange transactions

Increase in receivables from non - exchange transactions

Net cash flows from operating activities

-	76,740,729	36,597	66,929,706
8,467	(627,875)	10,058	12,945,929
8,467	3,126,705	9,938	3,113,207
-	-	120	43,230
-	-	-	14,531,711
-	(6,234,473)	-	(20,902,629)
-	2,479,893	-	16,160,410
-	-	-	(3,994,448)
425,792	5,715,953	(441,744)	573,407
191,054	(82,579,959)	(447,967)	(64,727,417)
(30,064)	(1,952,162)	(130,174)	(252,914)
595,249	(2,703,314)	(973,230)	11,474,263

B) Property, Plant and equipment and intangible assets

During the 2018/2019 year the Trust acquired property, plant and equipment and intangible assets at a cost of R 18,877,212 as follows :

Property / land and office accommodation construction costs	-	18,583,177	-	1,713,752
Agricultural machinery and equipment	-	-	-	1,052,400
Computer equipment	-	256,506	-	4,955
Furniture and equipment	-	37,529	-	63,763
Motor vehicles	-	-	-	-
Intangible assets - computer software/website design	-	-	-	2,144,252
	-	18,877,212	-	4,979,122

Ingonyama Trust Board	2019 Total	Ingonyama Trust Board	2018 Total
	own funds		own funds
-	18,583,177	-	1,713,752
-	-	-	1,052,400
-	256,506	-	4,955
-	37,529	-	63,763
-	-	-	-
-	-	-	2,144,252
-	18,877,212	-	4,979,122

C) Cash and cash equivalents

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

Cash on hand and balances with banks	603,242	3,904,652	7,993	2,212,728
Short-term investments	-	179,957,443	-	203,229,893
	603,242	183,862,095	7,993	205,442,621

603,242	3,904,652	7,993	2,212,728
-	179,957,443	-	203,229,893
603,242	183,862,095	7,993	205,442,621

The entity had no borrowing facility as at 31 March 2019.

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

2,081,805	24,257,948	1,656,013	18,210,020
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The following balances are exposed to Credit risk

Consumer / trade debtors

-	54,971,188	-	50,332,076
318,034	1,934,919	147,049	2,169,919

Certain other debts

The following balances are exposed to Interest rate risk

Investments in fixed deposits

-	179,957,443	-	203,229,893
603,242	3,904,652	7,993	2,212,278

Bank Balances and Cash

41. Contingent asset - Wesbank

Monies due to the Ingonyama Trust Board by Wesbank for the unauthorised use of the the ITB's petrol card accounts by unknown persons. The money was refunded by Wesbank during the course of the year.

42. Trust and Board expenditure

	R 2019	R 2018
41. Contingent asset - Wesbank	-	59,933
42. Trust and Board expenditure	76,485,308	66,491,438
Agricultural Project expenses	1,199,045	453,820
Advertisements	423,952	327,754
Audit fees	1,953,912	1,117,034
Internal audit committee members' fees	104,883	52,347
Bank charges	62,891	64,943
Board members' fees (excluding travel re-imbursement)	4,757,418	4,160,522
Cleaning repairs & general expenses	1,428,117	1,216,063
Computer fees	326,336	325,149
Depreciation/amortisation	3,126,705	3,113,207
Audit fees- internal	497,864	210,000
Insurance	639,450	626,978
Legal fees	5,544,451	5,208,876
Land tenure Management and planning expenses	20,429,797	1,667,026
Increase in provision for doubtful debts	2,479,893	16,160,410

	R 2019	R 2018
Motor vehicle expenses	368,282	322,070
Stationery and printing	555,773	644,604
Secretariat administration fees	26,538,905	21,969,634
Rates and municipal charges - office accommodation	501,994	513,650
Review and maintenance of policies	22,500	-
Staff training	35,360	-
Travelling, accomodation and meeting expenses (including Board members travel)	3,006,394	3,421,039
Organogram - restructuring costs	541,135	539,704
Telephone	313,383	225,792
Security expenses	764,993	708,796
Workshops	495,323	2,692,277
Communication expenses	195,937	234,048
Bursaries - Funda Zulu	-	12,711
Audit of IT infrastructure assets	-	399,821
Loss on disposal of assets	-	43,230
Accounting fees - GRAP	170,615	-
Loss on fraudulent use of petrol cards	-	59,933
43. Irregular expenditure		
Opening Balance	-	-
Current Year	1,900,533	-
Less : Amount condoned by the Board	(1,900,533)	-
Closing Balance	-	-

	Notes	Approved Budget 2019	Shift of funds & Additional funds	Final Budget 2019	Actual 2019	Variance 2019	Actual 2018
Revenue							
Leases (including straight lining income)	11 & 35	-	-	-	76,057,993	76,057,993	65,419,229
Lease income actual		36,840,821	-	36,840,821	38,749,846	1,909,025	31,072,141
Net rental revenue		36,840,821	-	36,840,821	114,807,839	77,967,018	96,491,370
Contractual royalty revenue from mining activities on Ingonyama Trust land	6.2.2 / 45.2	1,030,565	-	1,030,565	1,170,437	139,872	794,157
Interest on Bank and Short term investments		19,271,220	-	19,271,220	14,285,384	(4,985,836)	15,092,894
Servitude compensation and other income		158,700,000	-	158,700,000	1,678,213	(157,021,787)	410,498
Interest on debtors overdue accounts		865,100	-	865,100	762,268	(102,832)	750,694
From accumulated fund		-	18,588,261	18,588,261	-	-	-
Total Revenue		216,707,706	18,588,261	235,295,967	132,704,141	(84,003,565)	113,539,613
Revenue available for Trust and Board use		216,707,706	18,588,261	235,295,967	132,704,141	(84,003,565)	113,539,613
Less portion for Board and Trust use		139,025,052	-	139,025,052	55,963,412	83,061,640	46,646,504
Advertisements		424,181	-	424,181	423,952	229	327,754
Bank charges		67,005	-	67,005	46,421	20,584	49,112
Cleaning repairs & general expenses		700,000	83,815	783,815	783,815	-	662,783
Depreciation / amortisation	24	4,086,860	-	4,086,860	3,118,238	968,622	3,103,269
Legal fees		18,000,000	(4,563,246)	13,436,754	5,544,451	7,892,303	5,208,876
Agricultural project expenses		2,000,000	-	2,000,000	1,199,045	800,955	453,820
Land tenure management and planning expenses		17,000,000	3,429,797	20,429,797	20,429,797	-	1,667,026
Increase in provision for doubtful debts		844,000	-	844,000	2,479,893	(1,635,893)	16,160,410

	Notes	Approved Budget 2019	Shift of funds & Additional funds	Final Budget 2019	Actual 2019	Variance 2019	Actual 2018
Workshops		4,712,806	-	4,712,806	495,323	4,217,483	2,692,277
Communication Expenses		348,150	-	348,150	195,937	152,213	234,048
Provision of rates payable to municipalities for Ingonyama Trust land		69,032,654	-	69,032,654	-	69,032,654	-
Review and maintenance of policies		450,000	-	450,000	22,500	427,500	-
Computer fees		516,950	-	516,950	62,334	454,616	244,072
Asset tagging		5,275	-	5,275	-	5,275	-
Motor vehicle expenses		100,000	-	100,000	7,451	92,549	-
Audit of Ingonyama Trust infrastructure assets		-	-	-	-	-	399,821
Loss on disposal of assets		-	-	-	-	-	43,110
Bursaries - Funda Zulu		600,000	-	600,000	-	600,000	12,711
Insurance		672,000	-	672,000	639,450	32,550	626,978
Ingonyama Trust payment in terms of Financial regulation 10 (2) of the Ingonyama Trust Act	47	5,664,615	-	5,664,615	5,664,615	-	4,812,038
Ingonyama Trust payment for re - imbursement of Trust expenses		13,800,556	1,049,634	14,850,190	14,850,190	-	9,948,399
Available funds transferred to Accumulated Fund		77,682,654	18,588,261	96,270,915	76,740,729	(167,065,205)	66,893,109
Capital expenditure		19,200,000	18,588,261	37,788,261	(18,877,212)	18,911,049	(4,979,122)
Total		58,482,654	-	58,482,654	57,863,517	(148,154,156)	61,913,987

Notes	Approved baseline Budget	Shift of funds	Funding in addition to baseline	Final Budget	Actual 2019	Variance 2019	Actual 2018
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Revenue

Transfer payments received	20,871,000	-	(522,000)	20,349,000	20,349,000	-	19,727,000
Ingonyama Trust payment in terms of Financial regulation 10 (2) of the Ingonyama Trust Act	5,664,615	-	-	5,664,615	5,664,615	-	4,812,038
Ingonyama Trust Payment for re - imbursement of Trust expenses	13,800,556	-	1,049,634	14,850,190	14,850,190	-	9,948,399
Interest on bank account	95,659	-	17,304	112,963	112,963	-	154,531
Recovery of funds on fraudulent use of petrol cards	-	-	59,933	59,933	59,933	-	-

Total Revenue	40,431,830	-	604,871	41,036,701	41,036,701	-	34,641,968
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Total Expenditure	40,431,830	-	604,871	41,036,701	41,036,701	-	34,605,371
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Bank charges	16,385	85	-	16,470	16,470	-	15,831
Board members' fees	4,078,435	678,983	-	4,757,418	4,757,418	-	4,160,522
Motor vehicle expenses	268,605	92,226	-	360,831	360,831	-	322,070
Secretariat administration fees	28,674,996	(2,740,962)	604,871	26,538,905	26,538,905	-	21,969,634
Audit Fees external	798,483	1,155,429	-	1,953,912	1,953,912	-	1,117,034
- current	798,483	(506,174)	-	292,309	292,309	-	-
- previous years	-	1,661,603	-	1,661,603	1,661,603	-	1,117,034
Internal Audit Committee members' fees	19,236	85,647	-	104,883	104,883	-	52,347
Computer software/licencing and maintenance	300,000	(35,998)	-	264,002	264,002	-	81,077

Loss on disposal of assets		-	-	-	-	-	-	120
	Notes	Approved baseline Budget	Shift of funds	Funding in addition to baseline	Final Budget	Actual 2019	Variance 2019	Actual 2018
Depreciation / amortisation of assets	24	4,335	4,132	-	8,467	8,467	-	9,938
Stationery & printing		661,573	(105,800)	-	555,773	555,773	-	644,604
Travel, accomodation & meeting expenses		2,118,387	888,007	-	3,006,394	3,006,394	-	3,421,039
Telephone		276,000	37,383	-	313,383	313,383	-	225,792
Security expenses		732,000	32,993	-	764,993	764,993	-	708,796
Cleaning repairs and general expenses		793,850	(149,548)	-	644,302	644,302	-	553,280
Electricity and water		660,000	(158,006)	-	501,994	501,994	-	513,650
Internal Audit fees		269,295	228,569	-	497,864	497,864	-	210.000
Organogram - restructuring cost		-	541,135	-	541,135	541,135	-	539,704
Rent - Ulundi OFFice		180,000	(180,000)	-	-	-	-	-
Loss of fraudulent use of petrol cards		-	-	-	-	-	-	59,933
Accounting fees - GRAP		-	170,615	-	170,615	170,615	-	-
Staff training		580,250	(544,890)	-	35,360	35,360	-	-
Retained earnings for the year (non -cash)		-	-	-	-	-	-	36,597

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 96 to pay for expenses.

	Notes	R 2019	R 2018
Revenue			
Lease income actual	11 & 35	38,749,846	31,072,141
Leases - including straight lining income		76,057,993	65,419,229
Net rental revenue		114,807,839	96,491,370
Royalty revenue		1,170,437	794,157
Other Revenue		57,762,566	50,896,054
Transfer payment		20,349,000	19,727,000
Ingonyama Trust payment in terms of Financial regulation 10 (2) of the Ingonyama Trust Act		5,664,615	4,812,038
Ingonyama Trust payment for re-imbursement of Trust expenses		14,850,190	9,948,399
Servitude compensation and other		1,678,213	410,498
Recovery of funds on fraudulent use of petrol cards		59,933	-
Interest on bank and short term investments		14,398,347	15,247,425
Interest on debtors overdue accounts		762,268	750,694
Total Revenue		173,740,842	148,181,581
Total Expenditure		97,000,113	81,251,875
Agricultural project expenses		1,199,045	453,820
Advertisements		423,952	327,754

	Notes	R 2019	R 2018
Audit fees		1,953,912	1,117,034
- current		292,309	-
- previous year		1,661,603	1,117,034
Internal audit committee members' fees		104,883	52,347
Bank charges		62,891	64,943
Board members' fees (excluding travel re-imbursement)	29	4,757,418	4,160,522
Cleaning repairs & general expenses		1,428,117	1,216,063
Computer fees		326,336	325,149
Depreciation / amortisation	24	3,126,705	3,113,207
Audit fees - internal		497,864	210,000
Insurance		639,450	626,978
Legal fees		5,544,451	5,208,876
Land tenure management and planning expenses		20,429,797	1,667,026
Increase in provision for doubtful debts		2,479,893	16,160,410
Motor vehicle expenses		368,282	322,070
Stationery and printing		555,773	644,604
Secretariat administration fees		26,538,905	21,969,634
Rates and municipal charges - office accomodation		501,994	513,650

	Notes	R 2019	R 2018
Review and maintenance of policies		22,500	-
Staff training		35,360	-
Travelling, accommodation and meeting expenses (including Board members travel)		3,006,394	3,421,039
Organogram - restructuring costs		541,135	539,704
Telephone		313,383	225,792
Security expenses		764,993	708,796
Workshops		495,323	2,692,277
Communication expenses		195,937	234,048
Bursaries - Funda Zulu		-	12,711
Ingonyama Trust payment in terms of Financial regulation 10 (2) of the Ingonyama Trust Act	47	5,664,615	4,812,038
Ingonyama Trust payment for re-imbursement of Trust expenses		14,850,190	9,948,399
Audit of IT infrastructure assets		-	399,821
Loss on disposal of assets		-	43,230
Accounting fees - GRAP		170,615	-
Loss on fraudulent use of petrol cards		-	59,933
Available funds transferred to accumulated fund		76,740,729	66,929,706

44. Reasons for variances - Ingonyama Trust (Page 96)

There has been a general underspending in certain programs of the Trust . This is evidenced by the non- achievement of planned annual targets. The Board is undertaking a complete review of the Organogram to address the issue of staff capacity and a review of the organisational needs and processes to obtain better results in the future.

45. Additional Notes

45.1 Land Valuation

We note that in the previous year the qualifications of the previous year requires a fresh look, reason being GRAP 17 would not apply to the assets of Ingonyama Trust for the following reasons:

- 1) At the time of acquisition of the land on 24 April 1994, GRAP 17 was not in existence.
- 2) The land in question is part of the Trust property which is regulated by Treasury Regulations 14.
- 3) In any event notwithstanding these, the Board had engaged the services of professional land valuers to take samples of the land in order to arrive at a fair value of the subject land.
- 4) Furthermore, as indicated elsewhere, municipalities do undertake land valuations including that of Ingonyama Trust. The municipal valuation is a recognised method of valuation to determine a fair value of land, relying then on both the municipal valuation and the professional valuers report, the Ingonyama Trust Board is of the view that the method used to determine the fair value of Ingonyama Trust land is an acceptable method.
- 5) As a result the value is disclosed in the financial statements for the year under review and previous years.

45.2 Royalty Income

The Mineral and petroleum Resources Development Amendment Act , Act No 49 2008, allows for two kinds of royalties, namely :

contractual royalties and state royalties.

There has been an ongoing debate between the Ingonyama Trust Board and the Auditor - General of South Africa as far as the subject matter is concerned.

The view of the Auditor - General of South Africa is that all royalties were expropriated by the State. The Ingonyama Trust contended that the royalties belonging to the Ingonyama Trust, were not expropriated and therefore rightfully remain vested in the Ingonyama Trust. Therefore, all royalties paid to the state through the office of the National Treasury are due to the Ingonyama Trust for the benefit of the beneficiaries thereof.

Subsequent to the audit of the previous financial year, meetings were held between the Ingonyama Trust Board and the Department of Mineral Resources. The Board further challenged the notion of the minerals on Ingonyama Trust land were expropriated. The argument is informed by the following :-

- 1) The Ingonyama Trust being a creature of the state and therefore the state could not have expropriated itself,since the state cannot expropriate itself.
- 2) In any event if there was a sustained expropriation it was not in accordance with section 25 of the Constitution because no compensation was paid to the Ingonyama Trust. The matter however appears to be close to resolution based on the following :-

A constitutional court judgement concluded that the circumstances like those pertaining to the Ingonyama Trust,no expropriation has taken place and that the state has taken custodianship of the minerals. These can be accessed from the National Treasury upon a detail business plan being provided.

To this extent, communication between the Ingonyama Trust Board and the Department of Mineral Resources has been provided to the audit team.

46. Transfer Payment - Department of Rural Development & Land Reform

In terms of Section 4 of the Ingonyama Trust Act, the Department of Rural Development and Land Reform shall bear the administration cost of the Board. An amount of R 20.34m has been received for the current year.

47. Ingonyama Trust payment in terms of Financial regulation 10 (2) of the Ingonyama Trust Act.

In terms of financial regulation 10 (2) of the Ingonyama Trust Act, the Ingonyama Trust has paid an amount of R 5.6m for the operating expenditure of the Board which is 10 % of the Ingonyama Trust income excluding straight lining lease income.

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