

INGONYAMA
TRUST BOARD

ANNUAL REPORT

01 APRIL 2014 TO 31 MARCH 2015





HIS MAJESTY THE KING

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

Dear Minister

ANNUAL REPORT OF INGONYAMA TRUST BOARD – FINANCIAL YEAR ENDING 31 MARCH 2015

In our 2014 report to you and the Parliament we mentioned the intention to amend the Ingonyama Trust Act, 1994 and the need to restructure the Secretariat of the Ingonyama Trust Board. May we at the outset, express our appreciation to you, Hon Minister, for extending the terms of office of the present experienced and faithful members of the Board in order that they may contribute to the achievement of these two important goals. The envisaged measures will go a long way to providing the Government with a very useful administrative agency for applying State policy for the governance of communal land in the broader context of land reform and rural development.

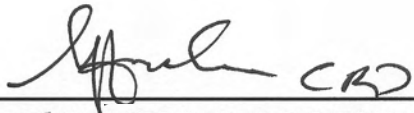
It has grieved us that a number of articles critical of the Ingonyama Trust have appeared in the print media written by persons who are ignorant of the true nature of the Trust and who have not had the courtesy to approach the Board for information before publishing this misinformation. We feel we must record at least the following points:

- (a) The land is not “my land”; it is the land of the Zulu Nation and Parliament has made the Monarch, the Sole Trustee. Similarly, for the administration of the land, Parliament has put in place (w.e.f. 02 October 1998) the Ingonyama Trust Board, with myself or our nominee as Chairperson and with eight members appointed by yourself. The Board accounts to the National Parliament and is audited by the Auditor-General.
- (b) The Trust does not “inexorably grow”; its bounds are set by law and may only be extended as enabled by an Act of Parliament. The Board cannot of its own volition, alter the boundaries of the Trust.
- (c) While the Board has moved from the apartheid-era permissions to occupy (“PTOs”) to leases as instruments of tenure, it is absolutely untrue that persons are forced to enter into residential leases as has been suggested. Institutional and commercial enterprises (including mining) are indeed required to enter into leases. The security and potential commercial value inherent in a (written) long-term lease is increasingly appreciated by citizens living on communal land. This has led to many more leases being granted, both residential and commercial, which contributes to the slow journey from poverty for my people.
- (d) In terms of the enabling Act, no lease or other tenure instrument may be granted by the Board without the prior written consent of the relevant Traditional Council.

Having shared our heart, it remains for us to thank the Board members and the staff for their hard work. So also, do we again record our respect and appreciation to yourself Hon Minister, the Deputy Ministers, the Director-General and the Department for your support and guidance.

We remain aware and respectful of the oversight of the Rural Development and Land Reform Portfolio Committee. Our thanks go to the Chairperson and members of the committee for their perceptive but constructive criticism. The Annual Report for the financial year ending 31st March 2015 is submitted.

Yours sincerely


KING ZWELITHINI GOODWILL
kaBHEKUZULU
Chairperson and Sole Trustee
of Ingonyama Trust Board

20-05-2015
DATE

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PART A : GENERAL INFORMATION



Members of the Board are pictured here assisting the Secretariat with the capturing of information during an information needs analysis session which was held at kwaBhejane Traditional Council. This was part of the drive by the Board to gather information on the needs of the communities to enable delivery of required services to them. More information on Page 20.

MANDATE

The mandate of the Ingonyama Trust Board is derived from sections 25 and 27 of the Constitution. Section 25 (property clause) confirms the framework for the granting of tenure rights on land, and section 27 (health care, food, water and social security clause) confirms the framework for the provision of support to rural communities residing under Ingonyama Trust land.

OBJECTIVE

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

OUR VISION

To be a leader in sustainable communal land management.

OUR MISSION

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

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

VALUE STATEMENT

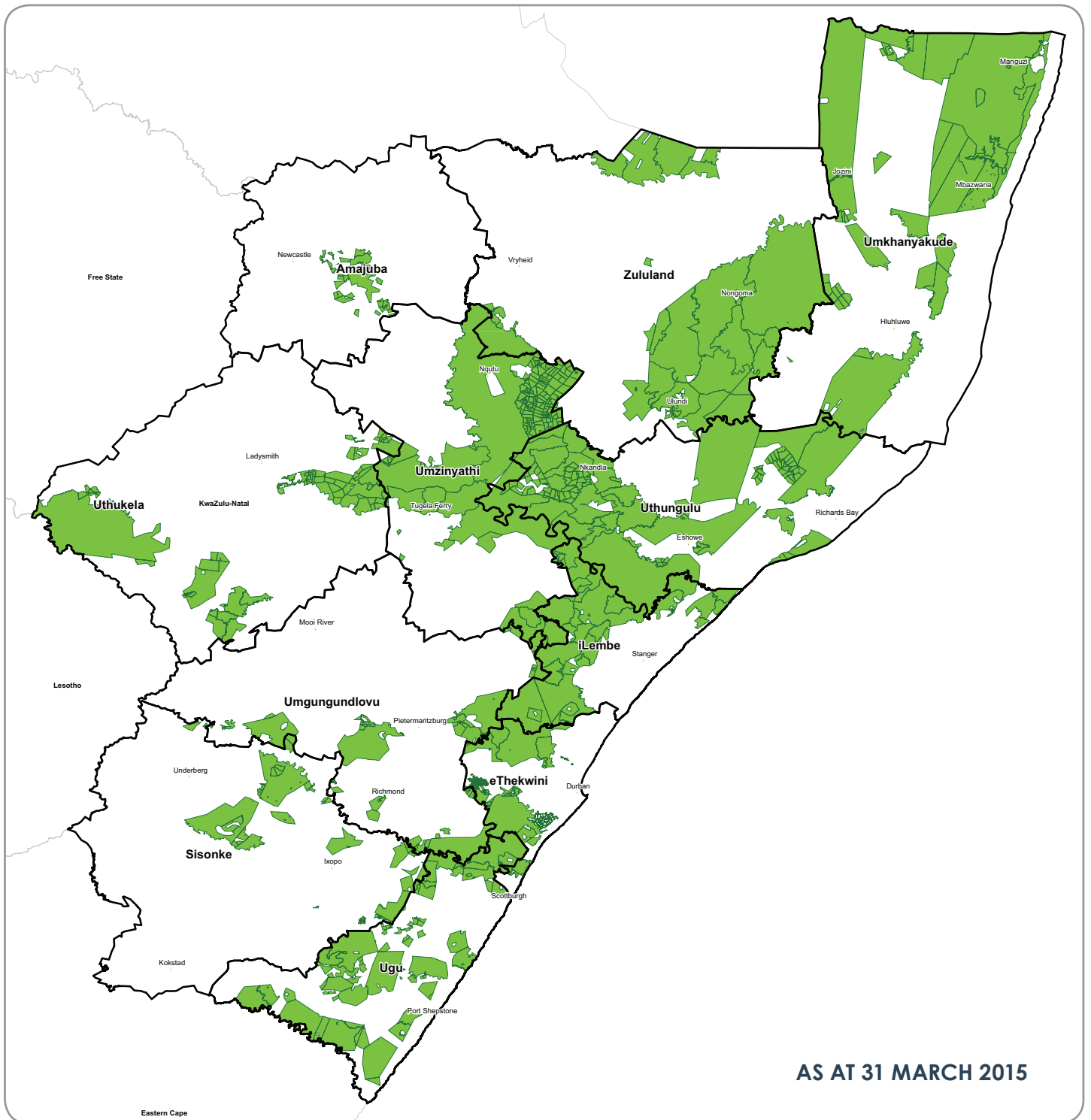
We uphold the following values:

- We value and encourage diversity and will not discriminate against anyone.
- As a responsible government department we shall strive to be transparent, accountable and responsive.
- We shall ensure that we have a dedicated, loyal, results-oriented, professional and people-focused workforce.
- In collaboration with all stakeholders, the department will comply with all laws of this country.

OUR VALUES

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

INGONYAMA TRUST LAND MAP



INGONYAMA TRUST BOARD CHAIRPERSON'S REPORT



The mandate of Ingonyama Trust is management of land falling within its jurisdiction. Such a process is not simple as it involves various role players amongst whom there is Amakhosi and Izinduna. The latter constitutes Traditional Council structures which administer the same land in terms of customary law exclusively.

This system of law may be too peculiar to an outsider. This therefore by its very nature is quite complex and has implications in terms of immovable asset management, which is a challenge across most departments with such a mandate.

The year under review brought about new developments. Of these is the introduction of reporting requirements to the Portfolio Committee on Rural Development and Land Reform which is a departure from the past. ITB is still on a learning curve to satisfy some of these requirements and will work closely with the Portfolio Committee to enable it to understand its oversight role while at the same time creating an environment for synergy in understanding the role of ITB.

Management of land comes with a variety of challenges including administration of leases and collection of revenue from various clients. These impose even greater responsibility on the Board which has for many years operated with minimum personnel. The situation is not made better by individuals and entities which include other organs of state which take advantage at hand and irregularly acquire Trust land and some revenue due to the Board.

This in a nutshell demonstrates the need for an integrated approach in managing land and other national resources as there are various stakeholders and interest groups. We are indeed working towards achieving this and we will the coming year sketch our efforts even further with a view of concluding memoranda of agreements with various actors in trying to address this issue.

It is encouraging that other departments like the Department of Forestry and Fisheries have started entering into leases with the Board in respect of the few forests which are on Trust land. Likewise the provincial Department of Transport which has hereto evaded taking responsibility for the

INGONYAMA TRUST BOARD CHAIRPERSON'S REPORT

plundering of the Trust land quarry over the years has at last agreed to co-operate and enter into leases with the Board in respect of burrow pits.

It should be quite obvious from what I said above that as a Board we need to take bold decisions and implement them in order to make a meaningful and urgent contribution in the country's economic and social transformation. To this extent we need to engage the financial institutions, especially banks to adapt their mind set in so far as rural people and communal resources especially land are concerned.

The National Credit Act and internal bank prescripts and lending criteria in particular are important and critical instruments in assessing individual's ability to be granted loans, however, it is an open secret that people living in rural areas are discriminated against by these institutions. In this regard we are hopeful that various ministries in governments as well as engaging the banking sector as a collective will yield positive results. Therefore it would be expected that moving forward radical policy shift would be expected from the Board.

From the past many years I have pleaded for political leadership and guidance in the matter of Municipal Property rates. This I have done because in my view the issues of property rates is second only to land ownerships in issues of sensitivity. That the Board and eThekweni Metro had to go as far as Constitutional Court on this matter and still remain deadlocked to date is a matter of grave concern.

One is justified to think that the glaring silence on this point on the part of local authorities is deliberate. We do note that the strategy is conveniently to issue out summonses against the Board to recover allegedly owing rates.

The strategy is premised on the assumption that in this way there will be disruptions as the true payers targeted are not directly confronted. The idea is that if the ITB loses the case and it's unable to pay and settle the debt, the local authority will have a free hand to attach in execution any land

it chooses registered in the name of the Trust.

This attitude is regrettable because in trust the land which the Board administers belongs to the people. I can only hope for a better cooperation between the Board and the local authorities moving forward. We are indeed looking at options to deal with this matter even if it means charging market related rentals on its leases in respect of state domestic properties to raise revenue if necessary in order to meet the obligation thus created, should the final decision be that the Board must pay.

This approach will have serious implications for the state including municipalities as they also have structures on the land administered by the Board.

It would be noted that the fundamental issues raised by the Auditor General perennially are two. The first and complex one is land valuation. My views on this have not shifted over the years. The Trust came into existence on the 25 April 1994 and has been the owner of the land which is subject matter of this audit finding since.

There was no Public Finance Management Act (PFMA) then. The Board which is being audited came into being on 2nd October 1998. It could not change the cause of history. The PFMA came into operation in 2000 and it would appear that the Auditor General is of the view that the provisions of the PFMA apply retrospectively.

The second audit finding where we come from different perspectives with the Auditor General for some time is that of royalties. My view on this remains what they were in the last financial year.

It will be noted from the audit findings that the Board does everything within its power to meet every legal prescript. Matters where there are adverse findings are legal prescripts which relate to matters which are beyond the Board's competency.

The technical issues raised are either by audit or Portfolio Committee tends to take the focus away

INGONYAMA TRUST BOARD CHAIRPERSON'S REPORT

from the great value the Board serves in providing stability in the administration of communal land. We must accept that the system is not perfect and there is room for improvement.

In my view with all the constraints and challenges alluded to in this report the Board has succeeded in discharging its mandate, taking into account that in the year under review it has cost the South African Tax Payer only R17 294m to subsidise the activities of the Board. Clearly the returns far outweigh the costs. No doubt these costs will increase before they go down.

I conclude by thanking the Minister the Honourable Mr G Nkwinti MP, the Executive Authority of the Board, the Director General of the Department Mr M Shabane and his staff who are always willing to assist whenever called upon to do so.



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

Date: 2015/07/17

INGONYAMA TRUST BOARD ACTING CHIEF EXECUTIVE OFFICER'S REPORT



The core function of the Ingonyama Trust is to manage land for the material benefit and social wellbeing of the communities living on Ingonyama Trust Land and this is in line with Outcome 7 of the National Development Plan. It is a pleasure for me to present the Ingonyama Trust's results for the year ended 31 March 2015 as Acting CEO.

For the year under review due to the departure of the CEO, I being the CFO of the entity acted as the Chief Executive officer. This annual report presents a detail of activities, financial information and interventions that were put in place to ensure the continued business operations of the Trust.

The Business operations of the Trust continued from the Head office in Pietermaritzburg and the only satellite office at Ulundi in order to provide effective land management and support to Traditional Councils and communities on land related matters.

The Trust complied in terms of the required number of the statutory Board and Audit Committee meetings. The financial statements, Strategic plan

and Annual performance plan were timeously completed as required by law. A closer relationship was established with the "mother" department, ie, Department of Rural Development and Land Reform in this financial year.

The Trust was assisted by the Department in aligning the Strategic Plan and Annual performance plan for 2015/2016 to the policies of the Department and National Development plan.

There was also a closer working relationship with the Portfolio Committee on Rural development and Land reform. Presentations were made to the Portfolio Committee on the activities for the year and the annual report of the preceding year.

A key highlight for 2014/2015 was the overall achievement of obtaining 90.69 % of the performance indicator targets noted in the Annual Performance plan.

The Board identified land management projects in Mpophomeni, Newcastle, Dannhauser and Taylors Halt. The benefits of these projects

INGONYAMA TRUST BOARD ACTING CHIEF EXECUTIVE OFFICER'S REPORT

include the provision of tenure rights, making land available for infrastructure development and agricultural purposes and prevention and monitoring of illegal land occupation.

In the Traditional Communities capacity building programme, beneficiaries were trained on the lease application processes of the Ingonyama Trust, identification of community needs to bring about a better life for communities, land use and illegal occupation of land and establishment and administration of Community Trusts.

The land holdings register was updated on a quarterly basis thus monitoring the risk of losing land.

A significant impact was made in the educational sphere whereby four communities benefited by way of the Board granting educational awards to students attending tertiary institutions at a cost of almost R1 million.

Despite cost pressures and increasing inflation the Trust was able to stay within the allocated departmental funding and budget.

The Transfer payment budget of R 17.294 million received from the Department of Rural Development was fully utilised on goods and services and compensation to employees.

The Trust was able to reduce the spend on capital expenditure from previous years despite having improved greatly on the IT infrastructure including back-up systems.

The core business of ITB involves management of leases on the ITB land, it was therefore critical that an electronic database be created to improve efficiency. Significant effort was made in developing the lease data base software to record leases and other tenure rights on Ingonyama Trust land. This software would eventually track the flow of lease applications in the lease approval process.

The Board started the process of reviewing the organogram to enhance human capacity and it is envisaged that this process will be completed in the next financial year. The vacancy rate was decreased to 10.70 %.

A skills audit was undertaken and the Trust achieved 85% of the planned skills development programme.

The Trust commenced dialogue with National Treasury to obtain an exemption on the valuation of land issue reported by the Auditor-General due to the fact that this was recorded in the annual financial statements as a deviation from GRAP. (Generally Recognised Accounting Practice).

We are confident that as a Trust, we delivered significant value and made a meaningful contribution to our beneficiary communities in all our interactions with and on behalf of them.

I would like to take this opportunity to thank the Board, secretariat and our stakeholders in providing support and working together for the benefit of communities we serve.



A. Mia
Acting Chief Executive Officer
INGONYAMA TRUST BOARD

ABOUT THE INGONYAMA TRUST

Ingonyama Trust was established in 1994 by the erstwhile KwaZulu Government in terms of the KwaZulu Ingonyama Trust Act, (Act No 3KZ of 1994) to hold all the land that was hitherto owned or belonged to the KwaZulu Government. The mandate of the Trust was to hold land for “the benefit, material welfare and social well-being of the members of the tribes and communities” living on the land.

When the democratic government came into existence initially in terms of the Interim Constitution of 1993 the original enabling Act was reviewed comprehensively such that the final product was a new Act albeit called the Amendment Act. This Amendment Act had to meet all the constitutional requirements both in terms of the Interim Constitution and the final Constitution of 1996. The Amendment Act was passed in 1997 and came into operation on the 2nd October 1998.

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

CORPORATE GOVERNANCE AND ORGANISATIONAL STRUCTURE

LEGISLATIVE AND OTHER MANDATES

Constitutional Mandates

Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996)

The mandate of the Ingonyama Trust Board is derived from sections 25 and 27 of the Constitution. Section 25 (property clause) confirms the framework for the granting of tenure rights on land, and section 27 (health care, food, water and social security clause) confirms the framework for the provision of support to rural communities residing under Ingonyama Trust land.

Legislative Mandates

The Ingonyama Trust Board obtains its legislative mandate as follows:
Ingonyama Trust Act, 1994 (Act No. 3 KZ of 1994) as amended by Act 9 of 1997

The Ingonyama Trust was established in 1994 by the KwaZulu Ingonyama Trust Act, (Act No 3 of 1994) to hold the land in title for “the benefit, material welfare and social well-being of the members of the tribes and communities” living on the land. The Act was subsequently amended by the KwaZulu - Natal Ingonyama Trust Amendment Act No 9 of 1997.

The Ingonyama Trust Act places emphasis on the property clause as per section 25 of the Constitution and gives a stronger mandate for the Board to protect the land and ensure the benefit of communities from the proceeds of the land.

Section 2 (2) of the Ingonyama Trust Act establishes the framework for the administration of the land for the benefit of communities.

Section 2 (5) of the Ingonyama Trust Act establishes the framework in which land rights are to be granted and at the same time protecting trust land.

Ingonyama Trust which is a Body Corporate established in terms of (Sec 2 of the KZN ITB Act kzn of 94) is the registered owner of various pieces of land in KwaZulu Natal which have always historically being part of the land in the Zulu Kingdom dating back to various Zulu Kings. From colonial times

this land ownership has been registered either as state land or a state created trust like the South African Development Trust (SADT). The Trust was established during the transition period in South African history which leads to the birth of present day democratic government in a constitutional state.

The Trust itself is separate from the Board. The latter is a legal entity created to administer the affairs of the Trust.

Various National, Provincial and Local Government legislation apply to Ingonyama Trust land. The last amendment of the Ingonyama Trust Act was in 1997. There is currently an amendment of the act which will substantially change the role of the Board. Among others is to align its role with emphasis on Rural Development.

The following pieces of legislation are among them.

- Conservation of Agricultural Resources Act 43 of 1983,
- Mineral and Petroleum Royalty Act 28 of 2008,
- Deeds Registries Act 47 of 1937,
- National Environmental Management Act 107 of 1998,
- Environmental Conservation Act 73 of 1989,
- National Forests Act 84 of 1998,
- Expropriation Act 63 of 1975,
- National Veld and Forest Fire Act 101 of 1998,
- Fencing Act 31 of 1963,
- National Water Act 36 of 1998,
- Housing Development Agency Act 23 of 2008,
- Provision of Certain Land for Settlement Act 126 of 1993,
- Intergovernmental Relations Framework Act 13 of 2005,
- Public Finance Management Act 1 of 1999,
- Interim Protection of Informal Rights Act 31 of 1996,
- Restitution of Land Rights Act 22 of 1994,
- KwaZulu-Natal Heritage Act 4 of 2008,
- Spatial Planning and Land Use Management Act 16 of 2013,

- KwaZulu-Natal Nature Conservation Management Act 13 of 2005,
- Traditional Leadership and Governance Framework Act 41 of 2003,
- KwaZulu-Natal Planning and Development Act 6 of 2008,
- Upgrading of Land Tenure Rights Act 112 of 1991,
- KwaZulu-Natal Rationalisation of Planning Laws Act 8 of 2008,
- World Heritage Convention Act 41 of 1999,
- KwaZulu-Natal Roads Act 4 of 2001,
- KwaZulu-Natal Traditional Leadership and Governance Act 5 of 2005,
- Subdivision of Agricultural Land Act 70 of 1970,
- Land Survey Act 8 of 1997,
- Local Government: Municipal Property Rates Act 6 of 2004,
- Local Government: Municipal Systems Act 32 of 2000,
- Mineral and Petroleum Resources Development Act 28 of 2002.

Policy Mandates

Land is a national competence in terms of the Constitution therefore all policies of the National government pertaining to land apply to Ingonyama Trust land.

Apart from the policies relating to land reform other government policies like environmental affairs, water, and conservation equally apply on Ingonyama Trust land.

It is a well recognised principle of indigenous law that land is indivisible. Therefore the Board as a matter of policy has advanced a practice that beneficiaries of this communal land should opt for a lease as a formal instrument of their right in a communal setup.

The proposed Government policy is a four tier land tenure system namely:

- Private ownership (freehold), state (public ownership), foreign ownership, and communal land,

- Based on this a more detailed policy on Communal Land usage will emerge.

THE BOARD

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

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

THE SECRETARIAT

The Board is supported by the Secretariat. The Secretariat is the administrative arm of the Board to execute and discharge the mandate of the Board. Currently there are twenty seven (27) approved posts within the establishment. In addition to the approved establishment there are thirty one (31) contract posts.

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

During the year under review the Board had to

contend with a number of challenges as a result of constant change in the environment in which it operates. Below we make few references of such challenges:

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

BOARD COMMITTEES

EXECUTIVE COMMITTEE

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

The powers and functions of this committee are as follows:

- To deal with any matters specifically delegated to it by the Board,
- To generally manage the Trust land in terms of the Act, Government policy and the Board's policies between sittings of the Board,
- To make recommendations to the Board on policies, procedures generally and in relation to specific cases.

TENURE RIGHTS COMMITTEE

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

THE BOARD



His Majesty the King (Trustee)



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



Ms. J.T. Bhengu (Vice Chairperson)

The powers and functions of this committee are as follows:

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

AUDIT COMMITTEE

The Audit Committee reviewed the performance of the Board and the Secretariat to ensure that they complied with the PFMA, Financial Regulations, Treasury

Regulations and other relevant pieces of legislation and directives. For more information please refer to the Audit Committee report on page 29.

BID ADJUDICATION COMMITTEE

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



Advocate. W.E.R
Raubenheimer



Dr. M.S. Mbatha



Pastor. N.B Dinzenza



Inkosi K.W. Mathaba
(late)



Mr. B.L. Shabalala



Advocate. V.Z. Mngwengwe

BOARD MEMBERS MEETING ATTENDANCE SCHEDULE

MEMBER	BOARD MEETINGS	EXCO MEETINGS	TENURE RIGHTS COMMITTEE MEETINGS
JUSTICE S J NGWENYA	13/13	9/10	7/10
MR B L SHABALALA	11/13	9/10	8/10
ADV W E R RAUBENHEIMER	12/13	9/10	9/10
DR T MBATHA	10/13	7/10	7/10
INKOSI K W MATHABA (late)	3/13	4/10	1/10
MS J BHENGU	10/13	10/10	10/10
PASTOR N DINZENZA	13/13	9/10	9/10
ADV V Z MNGWENGWE	12/13	8/10	6/10

TRADITIONAL COUNCIL SUPPORT

In terms of Board policy the Trust has continued to assist traditional communities with the provision of agricultural, educational and land management support.

AGRICULTURAL AND OTHER SUPPORT

During the period under review, the Board provided support to communities in agricultural production. A number of visits were made to beneficiary communities with the aim of determining the needs analysis of what is required at community level.

Upon completion of the needs assessment it became clear that land was lying fallow because of the lack of agricultural infrastructure and relevant inputs to prepare the land for agricultural production.

To address the identified needs, a programme was designed for the delivery of fencing of the Zungu Traditional Council community garden.

Furthermore, the Trust committed R 6 million for the purchase of tractors to be used on a rotational basis by traditional communities.

EDUCATIONAL SUPPORT

The Board continued to assist traditional communities with educational awards. The process of disbursement of the educational awards is unpacked as follows;

- Traditional Council collects applications and decides an amount to award, and to whom it should be awarded after a rigorous process of eligibility and needs analysis,
- The Traditional Council sends a request to the Board which is supported by a traditional council resolution, and supporting documentation such as acceptance letter from a tertiary institution or an academic record authorizing the Ingonyama Trust Board to issue awards to the respective tertiary institution,
- The Board considers applications sent by the Traditional Council,
- After approval of the applications, payment is made directly to the educational institution by the trust, subject to consideration of all available documentation and proof of registration to the educational institutions.

During the period under review an amount of R 939,136.00 was paid to a variety of educational institutions for the benefit of 120 learners from Zululand and UMkhanyakude District Municipalities.

The following enhancements are being explored for future educational awards to beneficiary communities.

- Provision of leadership in the process of skills development within the Traditional Council areas through conducting a detailed educational needs analysis, which is aligned to local industry opportunities,
- Empower the learner communities on traditional areas on the relevant skills required as per the National Scarce Skills List,
- Create an enabling environment for relevant skills to be delivered based on the needs of that particular traditional council and the employment opportunities available locally,

- Liaise with the industries in close proximity to the traditional area with the view of securing employment opportunities for the beneficiary graduates of the educational awards programme.

ECONOMIC UPLIFTMENT OF COMMUNITIES

The infrastructure on Trust land is developed with the view of uplifting communities in the surrounding areas.

The Ulundi Integrated Energy Centre (IEC) which was initially funded by the Department of Minerals and Energy (DME) for the benefit of the Ximba Traditional Council. This centre boasts a filling station, library and boardroom. The garage is strategically located on an access route to a coalmine.

The Ximba Traditional Council noticing that their asset was deteriorating forwarded a request to the Board requesting for assistance. The Board assisted the community in making the project operational by purchasing fuel and this resulted in job creation.



The Ulundi Intergrated Energy Centre which was rescuscitated by the Board for the benefit of the Ximba Traditional Council.

RELATIONSHIPS WITH MUNICIPALITIES AND OTHER ORGANS OF STATE

As a means of further strengthening relations with municipalities and other organs of state, the Ingonyama Trust Board during the period under review identified strategically located projects jointly with municipalities where land would be made available for a variety of infrastructure development and other projects.

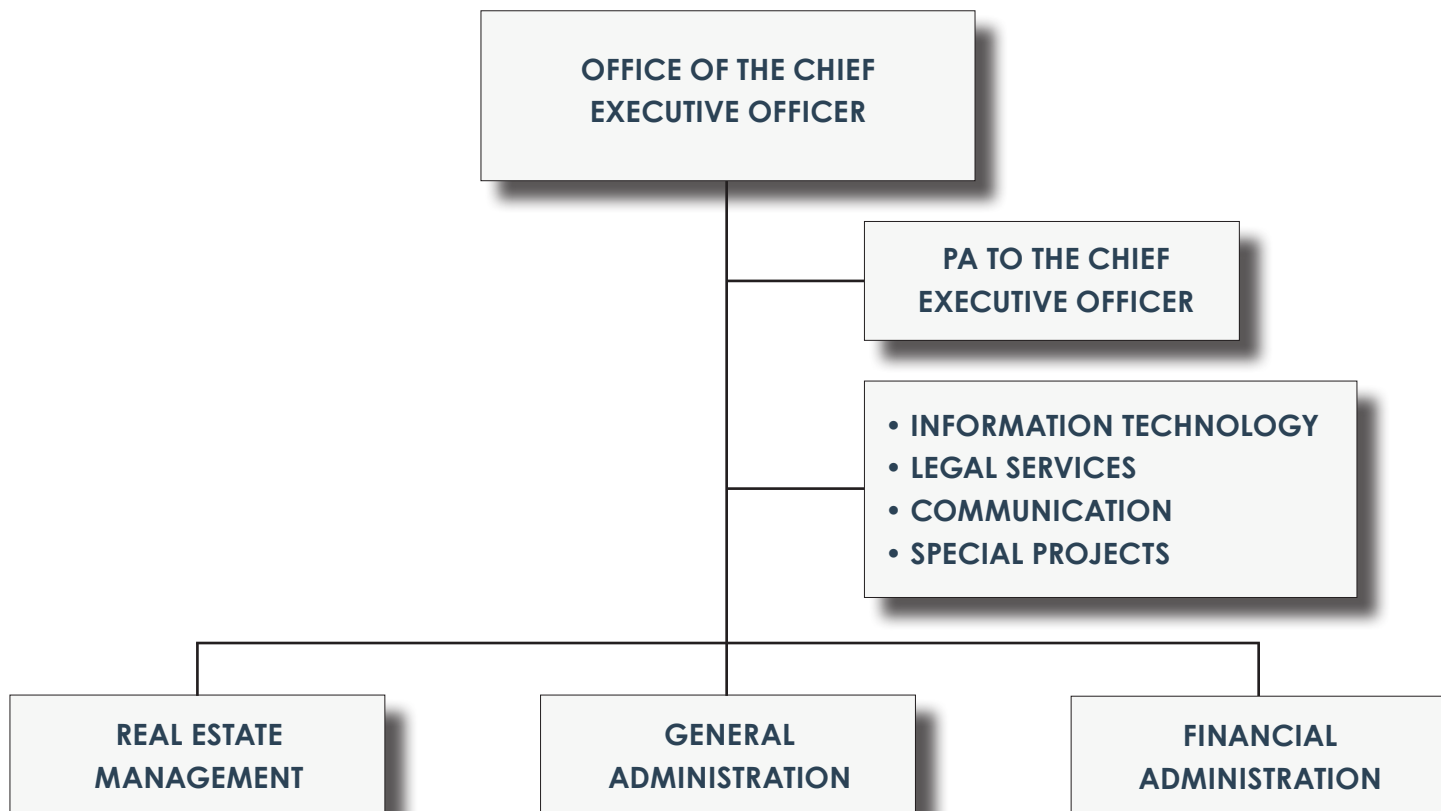
This is done with a view of developing a properly planned usage of land which is able to accommodate related servitudes such as roads, water, electricity and community facilities in an orderly manner. In the past land use planning was uncoordinated leading to improper allocation of facilities without due consideration to the requirements of that particular community. The Ingonyama Trust Board has engaged with uMngeni Local Municipality towards the development of the Mpophomeni Location Layout plan, which will make land available for structured infrastructure development.

At Newcastle Municipality the Ingonyama Trust Board has land that is rural in nature and in close proximity with a peri-urban environment. The challenge arising with this land is that the peri-urban land which is owned by the municipality is far superior in planning than the rural land which is managed through traditional leadership. The project therefore seeks to address this gap and provide a co-ordinated planning mechanism which will endeavor to align the planning schemes of the peri-urban to the rural land. Our intervention on this area was through joint land use planning with the municipality with the aim of making land available for infrastructure development as well as promotion of agricultural production.

The Ingonyama Trust Board has also made land available in the Taylors Halt area for rural development and socio economic upliftment opportunities.



Some of the tractors that were procured during the period under review for assisting with agricultural production in the traditional communities.



SECRETARIAT

OFFICE OF THE CHIEF EXECUTIVE OFFICER

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

REAL ESTATE MANAGEMENT

The core functions of this component include:

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

FINANCIAL ADMINISTRATION

The Financial Administration component manages the accounting and finances of the Trust and

also provides advice on financial compliance to the Board. The core functions of this component include:

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

GENERAL ADMINISTRATION

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

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

HUMAN RESOURCES

As of 31st March 2015 the Secretariat had twenty five (25) of twenty seven (27) approved posts in the establishment filled. Additional thirty one (31) staff members were occupying positions additional to the establishment. In total therefore the Secretariat had fifty six (56) staff members as of 31st March 2015.

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

Component	Permanent Posts	Filled	Levels										Contract Posts	Total
			13	12	11	10	9	8	7	6	5	4		
Office of the CEO	3	3	1			3		2	1				3	7
Administration Services	7	6				1		2		3	1	2	5	9
Finance Administration	4	4		1				2		5			4	7
Real Estate	12	11		1		2	2	4	7	8	5		15	29
Ulundi	1	1			1				1	2			4	4
Total	27	25	1	2	1	6	2	10	9	18	6	2	31	56

EMPLOYMENT AND VACANCIES AS PER ORGANOGRAM

COMPONENT	TOTAL NO. OF APPROVED POSTS PER ORGANOGRAM	NO. OF FILLED POSTS	NO. OF VACANT POSTS	NO. OF POSTS ADDITIONAL TO THE ORGANOGRAM	TOTAL FILLED POSTS
OFFICE OF THE CEO	03	03	0	04	07
FINANCE ADMINISTRATION	04	04	0	04	08
ADMINISTRATION SERVICES	07	06	01	04	10
REAL ESTATE	12	11	01	16	27
ULUNDI	01	01	0	03	04
GRAND TOTAL	27	25	02	31	56

EMPLOYMENT AND VACANCIES BY SALARY BANDS AS PER ORGANOGRAM

SALARY BANDS	NO.OF POSTS	NO. OF FILLED POSTS	NO. OF VACANT POSTS	NO. OF ADDITIONAL POSTS	TOTAL FILLED POSTS
Lower Skilled (level 1-2)	0	0	0	0	0
Skilled (level 3-5)	03	02	01	05	08
Highly Skilled production (level 6-8)	15	17	0	21	38
Highly Skilled Supervision (level 9-12)	07	06	01	05	11
Senior Management (level 13)	01	01	0	0	01
GRAND TOTAL	27	25	02	31	56

TRAINING NEEDS / SKILLS DEVELOPMENT

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

EMPLOYMENT EQUITY AS AT 31 MARCH 2015

OCCUPATIONAL LEVELS	MALE					FEMALE				
	A	C	I	W	TOTAL	A	C	I	W	TOTAL
Top Management	01	0	0	0	01	0	0	0	0	0
Senior/Middle Management (level 9-12)	04	0	03	01	08	02	0	0	0	02
Junior Management (level 6-8)	15	0	02	01	18	18	02	0	01	21
Semi-Skilled and Discretionary Decision Making (level 3-5)	03	0	0	0	03	04	0	0	0	04
Unskilled and defined decision making (level 1-2)	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	23	0	05	02	30	22	02	0	01	26

TERMINATION OF SERVICE AS AT 31 MARCH 2015

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

STRATEGIC PLAN AND PERFORMANCE

STRATEGIC OBJECTIVES		MEASURABLE PERFORMANCE INDICATOR	AUDITED/ACTUAL PERFORMANCE			MEDIUM - TERM TARGETS			
			2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
1	Unlocking an enabling environment conducive to development on Trust land	Number of tenure rights approved by the Board	856	1601	1100	1300	1350	1400	1450
		Number of land management projects approved by the Board	New indicator	4	5	6	7	8	9
2	Effective and efficient asset management services	Land Holding Register maintained on a quarterly basis	4	4	4	4	4	4	4
3	Provide Human Resource Management	Number of HRM / Legal policies developed / reviewed	New indicator	New indicator	0				
4	Support to Traditional Councils in capacity building	Number of TC workshops held on land management issues	23	23	31	45	52	52	55

ANNUAL PERFORMANCE REPORT 2014/15

STRATEGIC OBJECTIVE	MEASURABLE PERFORMANCE INDICATOR	TARGET 14/15	ACTUAL 14/15	VARIANCE
Unlocking an enabling environment conducive to development on Trust land	Number of tenure rights approved by the Board	1200	1100	-100
	Number of land management projects approved by the Board	5	5	0
Effective and efficient asset management services	Land Holding Register maintained on daily basis	4	4	0
Provide Human Resources Management	Number of HRM / Legal policies developed / reviewed	5	0	-5
Support to Traditional Councils in capacity building	Number of TC workshops held on land management issues	43	31	-12

INTERNAL CONTROL ENVIRONMENT

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

RISK MANAGEMENT

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

INTERNAL AUDIT

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

During the financial year under review the Board retained Morar Inc. to perform the Internal Audit function.

REPORT OF THE AUDIT COMMITTEE

We are pleased to present our report for the year ended 31 March 2015.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

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

During the current year four meetings were held.

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

AUDIT COMMITTEE'S RESPONSIBILITY

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

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

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

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

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

EVALUATION OF FINANCIAL STATEMENTS

The Audit Committee has:

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

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

B.S Stobie
Chairperson
31 July 2015

PART B: ANNUAL FINANCIAL STATEMENTS



Pictured here are iNkosi Zikhali, iNkosi Tembe and iNkosi Nxumalo during the Annual General Meeting of the Tembe Traditional Council Bursary Scheme. The amount handed over was for disbursements made on behalf of the Tembe Traditional Council during the period under review.

STATEMENT OF BOARD'S RESPONSIBILITY

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

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

The financial statements set out on page 40 to 71 were approved by the Board members on the 22 May 2015 and signed on its behalf by the Chairperson of the Board.

GENERAL INFORMATION

Members of the Ingonyama Trust Board as at 31 March 2015 :

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

AUDITORS:

Auditor - General

BANKERS:

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

REGISTERED OFFICE:

65 Trelawney Road
Pietermaritzburg
3201

P.O. Box 601
Pietermaritzburg
3200

Tel: 033 846 9900
Fax: 033 386 2528

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements for the year ended 31 March 2015 were approved by the Board on 22 May 2015.



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

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

REPORT ON THE FINANCIAL STATEMENTS

INTRODUCTION

1. I have audited the financial statements of the Ingonyama Trust Board set out on pages 40 to 68, which comprise the statement of financial position as at 31 March 2015, the statement of financial performance, statement of changes in net assets, and statement of cash flows for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

ACCOUNTING AUTHORITY'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR-GENERAL'S RESPONSIBILITY

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

BASIS OF QUALIFIED OPINION

INVESTMENT PROPERTY

6. The entity did not recognise the land held to earn rental or for capital appreciation in accordance with the requirements of GRAP 16 Investment Property, by recognising it at fair value as at the date of acquisition. I did not determine the correct fair value of land as it was impracticable to do so.

PROPERTY PLANT AND EQUIPMENT

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

ROYALTY REVENUE

8. Royalties received by the entity from the mining operators were incorrectly recognised as revenue by the entity, which is contrary with the requirements of GRAP 9 Revenue from exchange transactions. Consequently, royalty revenue was overstated by R898 581 (2014: R872 171) and the payables to South African Revenue Services (SARS) were understated by the same amounts. Additionally, the accumulated surplus as at 31 March 2013 was overstated by R13,80 million and the payables to SARS were understated by the same amount.

PROVISIONS

9. The entity recognised a provision for distribution to beneficiaries which was not in accordance with GRAP 19 Provisions, contingent liabilities and contingent assets, as the entity did not have a present obligation. Consequently, provisions were overstated and accumulated surplus was understated by R194,1 million (2014: R169,5 million) respectively. Additionally, expenditure was overstated by R29,1 million (2014: R29,1 million).

QUALIFIED OPINION

10. In my opinion, except for the effects of the matters described in the basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Ingonyama Trust Board as at 31 March 2015 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the PFMA.

EMPHASIS OF MATTER

11. I draw attention to the matter below.

MATERIAL IMPAIRMENTS

12. As disclosed in note 24 to the financial statements, material impairments to the amount of R6,0 million (2014: R3,4 million) were incurred as a result of the annual review of the recovery of trade debtors.

ADDITIONAL MATTER

13. I draw attention to the matter below.

UNAUDITED SUPPLEMENTARY SCHEDULES

14. The supplementary information set out on pages 69 to 71 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

15. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

PREDETERMINED OBJECTIVES

16. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for objective 1: unlocking an enabling environment conducive to development on Trust land on page 27, objective 2: effective and efficient asset management services on page 27, objective 3: provide human resource management on page 27 as well as objective 4: support to traditional council in capacity building on page 27 presented in the annual performance report of the entity for the year ended 31 March 2015.
17. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
18. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).
19. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
20. I did not identify any material findings on the usefulness and reliability of the reported performance information for the unlocking an enabling environment conducive to development on trust land, effective and efficient asset management services, provide human resource management and support to traditional council in capacity building objectives.

ADDITIONAL MATTERS

21. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected objectives, I draw attention to the following matters:

ACHIEVEMENT OF PLANNED TARGETS

22. Refer to the annual performance report on page 27 for information on the achievement of the planned targets for the year.:

UNAUDITED SUPPLEMENTARY INFORMATION

23. The supplementary information set out on page 69 to 71 does not form part of the annual performance report and is presented as additional information. I have not audited this schedule and, accordingly, I do not report thereon.

COMPLIANCE WITH LEGISLATION

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

ANNUAL FINANCIAL STATEMENTS

25. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1)(b) of the PFMA. Material misstatements of disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements of non-current assets, liabilities, net assets, revenue and expenditure resulted in the financial statements receiving a qualified audit opinion.

PROCUREMENT AND CONTRACT MANAGEMENT

26. Goods and services of a transaction value above R500 000 were procured without inviting competitive bids, as required by treasury regulations 16A6.1. Deviations were not approved by the accounting authority even though it was not impractical to invite competitive bids, in contravention of treasury regulation 16A6.4.

INTERNAL CONTROL

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

LEADERSHIP

28. The accounting authority did not adequately exercise its oversight responsibilities with regards to the implementation and monitoring of internal controls for financial reporting and compliance with legislation.

FINANCIAL MANAGEMENT

29. A system established by the accounting authority for monitoring compliance with laws and regulations relating to supply chain management, as well as full compliance with the SA Standards of GRAP was inadequate.

GOVERNANCE

30. A risk assessment conducted by the entity was inadequate as it did not fully address matters relating to financial reporting and compliance with legislation.

Auditor-General



PIETERMARITZBURG
29 JULY 2015

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

1. Investment Property and Property Plant and Equipment

The Auditor General's comments' regarding this matter is noted.

This land was not acquired at a cost and vested to the Trust in terms of the Ingonyama Trust Act. The GRAP reporting requirements were introduced subsequent to the vesting of land to the Ingonyama Trust and funding requirements were not taken into account by Treasury before the Trust was requested to report in terms of GRAP standards.

We are certainly mindful of complying with accounting standards in the best interest of fair disclosure, however, the enormous cost of valuing the 2.8 million hectares compels the Trust to utilize its committed financial resources on expenditure which has no material benefit to its communities.

We are certain that these funds can be put to better use in terms of Government's plan of food security and poverty alleviation.

The Board is considering an alternative method of valuing the land, the methodology of which will be first verified to be acceptable by the Auditor General and the office of the Accountant General. The Trust will approach the Department for funding of this exercise.

In the Interim the Trust is also seeking an exemption from National Treasury not to value the land.

2. Royalty Revenue

We take note of the Auditor General's comment on this matter.

The Board confirms that the Trust has lost significant royalty income over the past three years to the state and this has negatively impacted on the funds available to beneficiary communities.

The Communities are rightful owners of these funds, which is held in Trust on their behalf. The Board will engage with communities advising them of the consequences of the Royalty Act.

The Board is of the view that these funds be retained by the Trust; as the Trust was created for the benefit of communities and 90 % of these funds accrue to the beneficiary communities.

The Board requests the AG to advise that in terms of which statute that the Trust must now hand over funds relating to prior years and also the scope of the Auditor General in auditing and commenting on prior year's figures.

3. Provisions

The Board places on record that it is concerned that after a decade the Auditor General reports that funds accrued to beneficiaries cannot be distinctly “ring fenced” and disclosed as available for community use.

The Ingonyama Trust financial regulations sets out the reason for the obligation to hold funds on behalf of communities.

The ITB financial regulation is clear whereby it clearly emphasises that not more than 10 % of income be used for operational expenditure.

It is common knowledge that the 90% has to be for a specific purpose linked to the mandate of the Trust.

Placing all the funds in general accumulated surplus does not fairly depict the true nature of the available funds for beneficiary use.

This would effectively destroy the Trust and frustrate the purpose for which Parliament created the Trust.

The 90 % funds are not voted funds but are funds generated by the Trust for the benefit of communities listed in the schedule of the ITB enabling Act.

In terms of the spirit and purpose of that law, the 90% provision is shown as a separate provision notwithstanding the technical provisions of GRAP.

This would enable the Board, the Minister and his Department and the oversight Portfolio Committee to be always aware of the funds available via the Trust for Rural development.

The Board will also seek a legal opinion on this matter.

4. Procurement and Contract Management

The Board advises that the advertised tender process would have been clearly wasteful expenditure due to the single source procurement, i.e. non-availability of the specific vehicle at other dealerships.

The Trust took reasonable steps in ensuring that three quotations were obtained to avoid unreasonable pricing, and ensured the use of relevant supply chain documentation.

The Board further confirms that there was no misconduct by any employee in terms of supply chain compliance and therefore no investigation was required.

INGONYAMA TRUST BOARD
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

		2015 R	2014 R
Assets	Notes		
Non - current Asset s		45,816,244	44,163,593
Property, Plant and Equipment	3 & 22.1	45,084,012	43,770,668
Heritage Assets	3 & 22.2	160,000	160,000
Intangible Assets	4 & 23	572,232	232,925
Current assets		390,934,415	329,017,711
Receivables	24	205,994,855	149,683,896
Cash and cash equivalents	25	184,939,560	179,333,815
Total Assets		436,750,659	373,181,304
Liabilities			
Current liabilities		308,841,774	262,388,379
Payables	26	16,203,613	12,963,002
Provisions	27	292,638,161	249,425,377
Total liabilities		308,841,774	262,388,379
Net assets		127,908,885	110,792,925
NET ASSETS			
Accumulated surplus		127,908,885	110,792,925
Total net assets		127,908,885	110,792,925

INGONYAMA TRUST BOARD
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2015

		2015 R	2014 R
Revenue	Notes		
Rental Revenue		70,785,638	75,473,809
Permissions to Occupy (Commercial)		9,696	9,696
Leases (includes straight lining income)	11 & 34	70,775,942	75,464,113
Royalty Revenue	6.2.2	898,581	872,171
Other Revenue		18,040,268	20,475,012
Transfer Payment - Department of Rural Development & Land Reform	7	17,294,000	14,500,000
Rates due from lessee		47,819	2,530
Insurance claim		-	9,545
Servitude		698,449	5,962,937
Finance Income		11,357,283	9,243,061
Interest on Bank and Short term investments	6.3.1	10,883,150	8,939,566
Interest on overdue debtors accounts		474,133	303,495
Total revenue		101,081,770	106,064,053
Expenditure		(83,965,810)	(108,646,503)
Trust Fund - Administration and disbursements		(66,605,291)	(94,125,356)
Expenses funded from Transfer Payment funding		(17,360,519)	(14,521,147)
Deficit / Surplus for the year		17,115,960	(2,582,450)

INGONYAMA TRUST BOARD
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2015

	Accumulated Surplus R
Opening balance : 01.04.2013	112,675,304
Adjustments to retained income prior to 2013/2014	700,071
Increase in lease income from lessee prior to 2013/2014	128,599
Increase in (90 %) provision for disbursement of funds due to increase in lease income	(115,739)
Increase in straight lining lease income due to increase in lease income	687,211
Restated surplus for the year	(2,582,450)
Surplus previously reported	(3,835,842)
	1,253,392
Increase in lease income for 2013/2014	313,208
Increase in 90 % provision to beneficiaries due to increase in lease income for 2013/2014	(281,887)
Increase in straight lining income due to increase in lease income	1,253,106
Increase in expenditure due to staff training now correctly recorded in the correct period	(30,000)
Increase in depreciation of furniture and fittings	(1035)
Balance: 01.04.2014	110,792,925
Surplus for the year	17,115,960
Balance : 31.03.2015	127,908,885

INGONYAMA TRUST BOARD
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

		2015 R	2014 R
Cash flows from operating activities	Notes		
Receipts		46,474,695	47,551,005
Services		19,358,874	25,098,306
Transfer payments		17,294,000	14,500,000
Interest Received		9,821,821	7,952,699
Payments		(36,195,699)	(33,988,045)
Suppliers		(19,265,287)	(19,589,949)
Employee costs		(16,930,412)	(14,398,096)
Net cash flows from operating activities	38 (A)	10,278,996	13,562,960
Cash flows from investing activities			
Purchase of plant and equipment including construction costs	38 (B)	(4,733,251)	(6,776,519)
Proceeds from disposal of property, plant & equipment		60,000	461,406
Net cash flows from investing activities		(4,673,251)	(6,315,113)
Increase / (decrease) in cash and cash equivalents		5,605,745	7,247,847
Cash and cash equivalents at beginning of the year		179,333,815	172,085,968
Cash and cash equivalents at end of year	38 (C)	184,939,560	179,333,815

INGONYAMA TRUST BOARD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1. Basis of Preparation

The Annual Financial Statements have been prepared in accordance with effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board.

1.2. Changes in accounting policy and comparability

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

The Trust changes an accounting policy only if the change:

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

1.3. Critical judgements, estimations and assumptions

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

1.3.1. Revenue Recognition

Accounting Policy 6.2 on Revenue from Exchange Transactions and Accounting Policy 6.3 on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the Trust.

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

Revenue from Non-Exchange Transactions is concerned (see Basis of Preparation above). In particular, whether the Trust, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been rendered. The management of the Trust is satisfied that recognition of the revenue in the current year is appropriate.

1.3.2. Financial assets and liabilities

The classification of financial assets and liabilities into categories is based on judgement by management.

1.3.3. Impairment of Financial Assets

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

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

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

1.3.5. Impairment: Write down of PPE and Inventories

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

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 2014 to 31 March 2015 and is solely for the Ingonyama Trust Board.

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

2. Presentation Currency

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

3. Property, Plant and Equipment and Heritage assets

3.1. Property, Plant and Equipment

3.1.1. Initial Recognition

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

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

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

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

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

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

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

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

3.1.2. Subsequent Measurement

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

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

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

3.1.3. Depreciation

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

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

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

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

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

Buildings	25 years
Motor vehicles	5 years
Computer equipment	4 years
Furniture & equipment	6 years
Park home offices	15 years
Finance leased asset	5 years

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

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

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

3.1.4. De-recognition of property, plant and equipment

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

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

3.1.5. Impairment of Non-Cash generating assets

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

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

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

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is

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recognised immediately in surplus or deficit.

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

- to the assets of the unit, pro-rata on the basis of the carrying amount of each asset in the unit.
- The Trust assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

3.2. Heritage assets

3.2.1. Initial Recognition

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations. Heritage assets are recognised at cost by the Trust and will be accounted for in terms of GRAP 104.

In the current year the Trust acquired traditional carpets.

3.2.2. Depreciation

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

3.2.3. De-recognition

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

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

4. Intangible Assets

4.1. Initial Recognition

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

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

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding three years. Development assets are tested for impairment annually, in accordance with GRAP 31.

Intangible assets are initially recognised at cost. Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. Where an intangible asset is acquired at no cost or for a nominal consideration, its cost is its fair value as at the date it is acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary

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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 three years including but not restricted to computer software and website design.

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

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

4.3. De-recognition

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

5. Investment Property

5.1. Initial Recognition

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

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

5.2. Property (land holdings) - other than office accommodation

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

The cost of property, however has not been disclosed as it was not acquired at a price,

but vested in the Trust in terms of the Ingonyama Trust Act.

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

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

6. Revenue Recognition

6.1. General

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

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

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

Revenue from non-exchange transactions refers to transactions where the Trust received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from Exchange transactions comprises of Leases, Royalties, Permissions to Occupy and Other income/(servitudes).

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

6.2. Revenue from Exchange transactions

6.2.1. Leases

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

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

The difference between the straight lining and normal charge has been disclosed in note 35.

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

6.2.2. Royalty Revenue

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

6.2.3. Permissions to Occupy

In September 1998, the then Minister of Land Affairs gave a delegation to the MEC for Traditional and Local Government in Kwazulu- Natal to issue PTO's in respect of residential, agricultural and commercial sites on Ingonyama Trust Land where the extent of land was less than five hectares or the proposed development value was less than R 500,000.00.

Permissions to Occupy were recognised when issued by the Department of Local Government and Traditional Affairs.

This income is based on tariffs set in terms of the Kwazulu Land Affairs Act 11 of 1992. The issuing of new PTO's ceased from 1 April 2007.

6.2.4. Other income

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

6.3. Revenue from Non - Exchange transactions

6.3.1. Finance Income

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

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

7. Government Grants /(Transfer Payments and Receipts)

Income received from conditional grants, donations and funding are recognised as revenue to the extent that the Trust has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

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Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Trust with no future related costs, are recognised in the Statement of Financial Performance in the period in which they become receivable.

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

8. Financial Instruments

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

8.1. Financial Assets - Classification

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

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

In accordance with GRAP 104, the Financial Assets of the Trust are classified as follows into the four categories allowed by this standard Type of Financial Asset Classification in terms of GRAP 104

Short-term Investment Deposits – Call

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

Financial assets at fair value through profit or

loss are financial assets that meet either of the following conditions:

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

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

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

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

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

8.2. Financial Liabilities - Classification

A financial liability is a contractual obligation to deliver cash or another financial asset to another

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entity. The Trust has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Certain Other Creditors;
- Finance lease liability

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

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

8.2.1. Initial and Subsequent Measurement

8.2.1.1. Financial Assets:

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

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

8.2.1.2. Financial Liabilities:

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

8.2.2. Impairment of Financial Assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is

objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

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

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

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

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

With the exception of Available-for-Sale equity instruments, if, in a subsequent period, the

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amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Financial Performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

8.2.3. De-recognition of Financial Assets

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

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

8.2.4. De-recognition of Financial Liabilities

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

8.3. Risks associated with financial instruments

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

8.3.1. Market risk

The fair value of investments are not affected by

market forces as the investment rates are fixed at the investment date over a short term.

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

8.3.2. Credit risk

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

Applicants are usually screened before lease applications are approved.

Debt collection procedures exist for the collection of outstanding payments.

8.3.3. Liquidity risk

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

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

8.3.4. Currency risk

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

8.3.5. Interest rate risk

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

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

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9. Provisions

Provisions are recognised when the Trust has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation.

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

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

10. Employee benefits

10.1. Remuneration and Leave pay

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

The Trust treats its provision for leave pay as an accrual. The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The Trust recognises the expected cost of performance bonuses only when the Trust has a present legal or constructive obligation to make

such payment and a reliable estimate can be made.

10.2. Contributions to a defined Provident fund contribution plan

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

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

10.3. Contributions to a medical aid scheme

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

11. Leases

11.1. The Trust as a Lessee

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

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

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costs are expensed when incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangible assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method.

Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term which in the case of the leased photocopier is five years.

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

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

11.2. *Deferred finance charge asset related to finance lease liability*

The deferred finance charge asset is recognised at the inception of the finance lease as the difference between the leased asset carrying value and the finance lease liability. The deferred finance charge asset is reduced by finance charges over the term of the lease until it is fully utilised.

11.3. *The Trust as a Lessor*

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Trust's net investment in the leases. Finance

lease or installment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Trust's net investment outstanding in respect of the leases or installment sale agreements.

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

12. Value added Tax

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

13. Cash and Cash Equivalents

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

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts. Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

14. Related parties

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

15. Events after reporting date

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

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adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

16. Comparative Information

16.1. Prior year comparatives

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

16.2. Contingent Assets and Contingent Liabilities

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

17. Taxation

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

18. Irregular, fruitless & wasteful expenditure

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

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

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

19. Changes in Accounting Policies, Estimates and Errors

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

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

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

INGONYAMA TRUST BOARD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

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

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

- GRAP 20 - Related party disclosures
- GRAP 32 - Standard of GRAP or service concession arrangements grantor
- GRAP 108 - Statutory Receivables

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

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

21. Property holdings per registration divisions

REGISTRATION DIVISION	2015 HECTARES	CHANGES IN PROPERTY HOLDINGS	2014 HECTARES	HELD AS INVESTMENT PROPERTY	HELD AS PROPERTY
ES	34,564	-	34,564	19	34,564
ET	265,901	-	265,901	440	265,901
FS	115,670	-	115,670	2322	115,670
FT	251,212	8	251,220	8039	251,220
FU	54,107	-	54,107	58	54,107
GS	102,290	-	102,290	179	102,290
GT	492,835	(40,099)	452,736	1150	452,736
GU	651,523	-	651,523	10,342	651,523
GV	79,547	-	79,547	9,027	79,547
HT	25,974	-	25,974	122	25,974
HU	335,626	-	335,626	1,276	335,626
HV	475,616	-	475,616	21,319	475,616
Townships	129	-	129	-	129
TOTAL	2,884,994	(40,091)	2,844,903	54,293	2,844,903

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

The impact of this non-disclosure does not adversely affect the user's opinion on the fairness of the financial statements as Trust property is not held for sale in which case property valuation is required to determine the selling price. Included in the total extent disclosed, 54,293 hectares are leased and therefore reflected as Investment Property.

INGONYAMA TRUST BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

22. Property, Plant and Equipment and Heritage assets

R Cost Phase 1	R Cost Phase 2	R Total cost	R Accumulated depreciation	R Net book value
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22.1. Property, Plant and equipment

Property - office accommodation 65 Trelawney Road

17,488,144	23,871,751	41,359,895	(4,490,983)	36,868,912
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At Cost : Land - 28 January 2009

1,500,000	-	1,500,000	-	1,500,000
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Building at cost and improvements to Property

15,988,144	23,871,751	39,859,895	(4,490,983)	35,368,912
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Buildings - 28 January 2009

1,750,000	-	1,750,000	-	1,750,000
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Add : Expenses capitalised - 2010

33,321	-	33,321	-	33,321
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Add : Restoration and improvement cost - 2011

11,255,150	-	11,255,150	-	11,255,150
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Add : Restoration and improvement cost - 2012

2,595,762	8,674,561	11,270,323	-	11,270,323
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Add : Restoration and improvement cost - 2013

-	11,656,494	11,656,494	-	11,656,494
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Add : Restoration and improvement cost - 2014

352,410	2,206,522	2,558,932	-	2,558,932
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Add : Restoration and improvement cost - 2015

1,501	1,334,174	1,335,675	-	1,335,675
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Construction costs

1,501	1,334,174	1,335,675	-	1,335,675
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Computer equipment

1,696,483	(838,727)	857,756
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Furniture and Equipment

2,715,905	(1,335,112)	1,380,793
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Motor vehicles

7,897,318	(1,920,767)	5,976,551
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53,669,601	(8,585,589)	45,084,012
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Property, Plant and equipment is reconciled as follows:

	carrying value excluding opening residual value	Adjustment of residual value	Acquisitions	disposals during the year	Depreciation	Residual value as at 31 March 2015	Carrying value as at 31 March 2015
Property - office accommodation 65 Trelawney Road	37,102,869	-	1,335,675	-	(1,569,632)	-	36,868,912
Computer equipment	600,374	-	575,088	(1,793)	(315,913)	-	857,756
Furniture and equipment	1,689,124	-	108,043	(696)	(415,678)	-	1,380,793
Motor vehicles	2,330,101	(191,100)	1,230,887	(85,244)	(527,408)	3,219,315	5,976,551
	41,722,468	(191,100)	3,249,693	(87,733)	(2,828,631)	3,219,315	45,084,012

INGONYAMA TRUST BOARD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

Reconciliation of previous years carrying values

	Carrying values including residual value 31.03.2014	less Residual value	carrying value excluding opening residual value
Property - office accommodation 65 Trelawney Road	37,102,869	-	37,102,869
Computer equipment	600,374	-	600,374
Furniture and equipment	1,689,124	-	1,689,124
Motor vehicles	4,378,301	(2,048,200)	2,330,101
	43,770,668	(2,048,200)	41,722,468

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

The Phase 1 building has been depreciated and has been brought into use since June 2011. The phase 2 building has been depreciated and has been brought into use since 9 November 2012. The Board has reviewed the depreciation method ,residual values and useful lives of assets as at 31 March 2015. (refer to note 33 for change in residual values).

22.2. Heritage Assets

	R Cost	R Accumulated Depreciation	R Net Book Value
Traditional Carpet	160,000	-	160,000

No impairment were noted for the year

INGONYAMA TRUST BOARD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

23. Intangible assets

	R Cost	R Accumulated Amortisation	R Net book value
Computer software	1,094,436	(594,188)	500,248
Website design	137,926	(65,942)	71,984
	1,232,362	(660,130)	572,232

Intangible assets are reconciled as follows :

	<u>Carrying value 31.03.2014</u>	<u>Acquisitions</u>	<u>Amortisation</u>	<u>Carrying value 31.03.2015</u>
Computer software	123,298	503,544	(126,595)	500,247
Website design	109,627	-	(37,642)	71,985
	232,925	503,544	(164,237)	572,232

	2015 R	2014 R
The depreciation/amortisation charge is calculated as follows.		
Buildings	1,569,632	1,487,354
Park home offices	-	38,014
Computer equipment	315,913	238,992
Furniture and equipment	415,678	390,540
Motor vehicles	527,408	682,184
Intangible assets - Computer software and website design	164,237	167,015
	<u>2,992,868</u>	<u>3,004,099</u>
Net Depreciation is disclosed as	2,992,868	3,004,099
ITB - Trust fund Income statement (page 69)	2,985,025	2,981,710
Transfer payment funding Income statement (page 70)	7,843	22,389

INGONYAMA TRUST BOARD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

24. Receivables

	2015 R	2014 R
Trade Debtors	12,677,335	7,360,689
Debtors for royalties	125,886	152,616
Leases - actual (non straight lining lease income debtors)	18,579,619	10,640,672
	18,705,505	10,793,288
Less : Provision for doubtful debts	(6,028,170)	(3,432,599)
 Straight lining lease income debtors	 191,138,026	 139,760,318
 Other Receivables		
South African Revenue Services - vat refund	426,675	375,390
Accrued interest	1,061,329	986,867
Rates owing by lessee	573,650	525,831
Electricity Deposit held by Msunduzi Municipality for 65 Trelawney Road	88,000	88,000
Staff medical aid/private usage of telephone and leave pay	15,953	46,916
Refund / purchase price due from service provider for assets purchased	13,887	539,885
	205,994,855	149,683,896

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

25. Cash and cash equivalents

Current Accounts	6,358,452	3,810,403
Call account / fixed deposits	178,578,057	175,520,601
Petty cash	3,051	2,811
	184,939,560	179,333,815

Cash and Cash equivalents are current in nature as fixed deposits mature within four months. The average interest rate during the year was between 6.00 % and 6.50 %. Cash and Cash equivalents were not encumbered/ secured during the year. Included in the fixed deposits and call accounts is an amount of R 194,103,219 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 2015.

INGONYAMA TRUST BOARD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

26. Payables

	2015 R	2014 R
Trade creditors	741,741	1,854,066
Advance payments by debtors	12,321,892	8,155,305
Advance proceeds on property/(land) disposal	2,327,600	2,327,600
Sundry creditor	22,664	21,255
Leave pay accrual	789,716	604,776
	16,203,613	12,963,002

Advance payment by debtors relate to amounts received in advance for leases and PTO's. Advance proceeds on land disposal refers to monies received from municipalities for sites sold but not yet transferred to the municipalities at year end. Leave pay is calculated at year end.

27. Provisions

Funds to be disbursed to beneficiaries (in terms of Board policy)	194,103,219	169,521,452
Unused provisions at beginning of year	169,521,452	144,239,751
Provisions utilised for the year	(4,534,479)	(3,835,109)
	164,986,973	140,404,642
Current year's provisions	29,116,246	29,116,810
	194,103,219	169,521,452
Provision of payment of rates to municipalities	98,534,942	79,903,925
Unused provisions at beginning of year	79,903,925	30,972,848
	79,903,925	30,972,848
Current years provision	18,631,017	48,931,077
	292,638,161	249,425,377

The disbursement of funds provision is not calculated on the straight lining additional lease income of R 51,377,708 - (2014 - R 59,181,350). Time value considerations of provisions have been considered, therefore no amounts have been earmarked to be paid over the long term, also these are driven by requests on an adhoc basis.

INGONYAMA TRUST BOARD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	2015 R	2014 R
28. Board members' gross remuneration	2,789,591	2,537,680
Chairperson - Mr S J Ngwenya	1,113,407	819,778
Basic	848,360	617,604
Backpay	6,322	10,056
Company contributions to uif and skills levy	10,097	7,567
Subtotal	864,779	635,227
Subsistence and Travel reimbursement	248,628	184,551
Advocate W E R Raubenheimer	382,012	392,148
Basic	369,096	369,924
Backpay	3,574	10,930
Company contributions to uif and skills levy	5,547	5,702
Subtotal	378,217	386,556
Subsistence and Travel reimbursement	3,795	5,592
Pastor N B Dinzenza	225,817	235,406
Basic	216,405	216,658
Backpay	2,563	8,023
Company contributions to uif and skills levy	4,039	3,750
Subtotal	223,007	228,431
Subsistence and Travel reimbursement	2,810	6,975
Dr M S Mbatha	161,343	111,708
Basic	139,986	87,454
Backpay	-	3,080
Company contributions to uif and skills levy	1,985	1,532
Subtotal	141,971	92,066
Subsistence and Travel reimbursement	19,372	19,642
Mr B L Shabalala	362,134	298,670
Basic	252,540	207,137
Backpay	1,980	6,210
Company contribution to uif and skills levy	4,304	3,709
Subtotal	258,824	217,056
Subsistence and Travel reimbursement	103,310	81,614
Ms J Bhengu	321,483	58,474
Basic	305,985	51,952
Backpay	1,236	2,448
Company contribution to uif and skills levy	4,262	717
Subtotal	311,483	55,117
Subsistence and travel reimbursement	10,000	3,357

INGONYAMA TRUST BOARD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	2015 R	2014 R
INkosi K W Mathaba	223,395	621,496
Basic	141,096	422,939
Backpay	2,728	8,530
Company contributions to uif and skills levy	1,912	6,042
Subtotal	145,736	437,511
Subsistence and Travel reimbursement	77,659	183,985

29. Gross remuneration of senior managers

	2,451,863	2,240,429
Chief Executive Officer	872,894	882,662
Basic	584,053	569,432
Housing allowance	60,349	65,835
Cash Allowance	132,155	144,170
Travel allowance	84,488	92,169
Telephone	1,777	1,939
Company contributions to uif and skills levy	10,072	9,117
Chief Financial officer (Acted as CEO since 01/06/14)	870,267	678,444
Basic	611,616	469,251
Travel allowance	248,760	201,107
Company contributions to uif and skills levy	9,891	8,086
Manager - Real Estate	708,702	679,323
Basic	700,862	671,290
Company contributions to uif and skills levy	7,840	8 033

30. 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 676,097 (2014 - R 629,293).

31. Events after statement of financial position

The trust is defending an application made by Mandeni Municipality for recovery of rates in the High Court for an amount of R 22 million. This matter is set for 13 August 2015.

This has been disclosed in the financial statements as a provision.

32. Related party transactions

- a) A Land Availability Agreement has been granted to Ketshe Investments CC. Mr S.J Ngwenya, a Board member, is a shareholder of this company.

There is no consideration for Land Availability Agreements in terms of the Board's policy.

- b) A lease agreement was granted to Zwelibanzi Utilities (Pty) Ltd. Mr S. J Ngwenya, a Board member is a shareholder of this company. Rental is payable in terms of the lease agreement.

INGONYAMA TRUST BOARD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	2015 R	2014 R
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33. Change in accounting estimate - Residual value of Motor vehicles

The residual value of motor vehicles has increased by R 191,100 resulting in a change in an accounting estimate.

Future profits will also increase by R 191,100 as the depreciable amount would be decreased thus resulting in lesser depreciation in future years.

34. Lease income and Straight lining of Lease income

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

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

Rental income invoiced as per lease agreements	19,398,234	16,282,763
Rental income as per straight lining method	70,775,942	75,464,113
Increase in net surplus and trade debtor balances for the year	51,377,708	59,181,350

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,	19,960,354	17,573,015
(ii) later than one year and not later than five years, and	78,818,952	69,932,089
(iii) later than five years,	3,063,782,265	2,621,481,667

35. Commitments

(i) not later than one year,	217,800	198,000
(ii) later than one year and not later than five years	-	217,800

INGONYAMA TRUST BOARD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

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36. Correction of prior period error - lease income (non-mining), staff training expenditure and re-classification of heritage assets.

An adjustment has been made to correctly account for lease income for 2013/2014 and prior as the increase in income related to those years

Trade debtors including straight lining debtors balance increased by R 2,382,124, and provisions increased by R 397,626 and accumulated surplus increased by R 1,936,038

	Accumulated Surplus
Opening balance : 01.04.2013	112,675,304
Adjustments to retained income prior to 2013/2014	700,071
Increase in lease income prior to 2013/2014	128,599
increase in (90 %) provision for disbursement of funds due to increase in lease income	(115,739)
Increase in straight lining due to increase in rental income	687,211
Re-stated surplus for the year	(2,582,450)
Surplus previously reported	(3,835,842)
	1,253,392
Increase in lease income for 2013/2014	313,208
Increase in 90 % provision to beneficiaries due to increase in lease income for 2013/2014	(281,887)
Increase in straight lining income due to increase in lease income	1,253,106
Increase in expenditure due to staff training now correctly recorded in the correct period	(30,000)
Increase in depreciation of furniture and fittings	(1,035)
Balance: 01.04.2014	110,792,925

INGONYAMA TRUST BOARD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	2015 R	2014 R
37. Reconciliation of budget surplus with surplus in the statement of financial performance		
Net surplus / (deficit) per the statement of financial performance	17,115,960	(2,582,450)
Adjusted for:		
less : straight lining lease income not budgeted	(51,377,708)	(59,181,350)
Depreciation	2,992,868	3,004,099
Assets written off/loss on disposal	27,732	13,240
Income received in addition to the budget - transfer payment	(46,340)	(16,739)
Actual expenditure less than Budget - transfer payment	(7,613)	(5,650)
Budgeted income not received - ITB own funds	8,042,767	25,435,231
Actual expenditure over Budget - ITB own funds	23,252,334	33,333,619
Net surplus per approved budget	-	-

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

38. Notes to the Cash Flow Statement

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

Surplus / (Deficit)	17,115,960	(2,582,450)
Non-cash movements		
	48,828,955	77,862,852
Depreciation/amortisation	2,992,868	3,004,099
Loss on Asset disposal	27,732	13,240
Increase in provisions	43,212,784	74,212,778
Transfer to accumulated surplus	-	319,614
Increase in provision of doubtful debts	2,595,571	313,121
Increase in payables	3,240,611	(96,002)
Increase in receivables	(58,906,530)	(61,621,440)
Net cash flows from operating activities	10,278,996	13,562,960

INGONYAMA TRUST BOARD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	2015 R	2014 R
	own funds	own funds
(B) Property, Plant and equipment and intangible assets		
During the 2014/2015 year the Trust acquired property, plant and equipment and intangible assets at a cost of R 47,333,251 as follows:		
Property - Office accommodation construction costs	1,335,675	2,558,932
Computer equipment	575,088	280,223
Furniture and equipment	108,043	420,055
Motor vehicles	2,210,901	3,139,749
Intangible assets - computer software/website design	503,544	195,760
Heritage assets	-	181,800
	<u>4,733,251</u>	<u>6,776,519</u>
(C) Cash and cash equivalents		
Cash and cash equivalents included in the cash flow statement comprise the following amounts indicating the financial position:		
Cash on hand and balances with banks	6,361,503	3,813,214
Short-term investments	178,578,057	175,520,601
	<u>184,939,560</u>	<u>179,333,815</u>
The entity had no borrowing facility as at 31 March 2015.		
39. 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	16,203,613	12,963,002
The following balances are exposed to Credit risk		
Consumer / trade debtors	12,677,335	7,360,689
Certain other debts	2,179,494	2,562,889
The following balances are exposed to Interest rate risk		
Investments in fixed deposits	178,578,057	175,520,601
Bank Balances and Cash	6,361,503	3,813,214

INGONYAMA TRUST BOARD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	2015 R	2014 R
40. Irregular expenditure		
Opening Balance	-	-
Add : Irregular expenditure	2,024,576	-
Less : Amount condoned during the year	<u>-</u>	<u>-</u>
Closing Balance	<u><u>2,024,576</u></u>	<u><u>-</u></u>

INGONYAMA TRUST BOARD TRUST FUND DETAILED STATEMENT OF FINANCIAL PERFORMANCE AND BUDGET FOR THE YEAR ENDED 31 MARCH 2015

	Notes	Approved Budget 2 015	Shift of funds & Additional funds	Final Budget 2 015	Actual 2 015	Variance 2 015	Actual 2 014
Revenue							
Permission to Occupy - commercial		9,696	-	9,696	9,696	-	9,696
Leases (including straight lining income)	11 & 34	15,329,922	-	15,329,922	70,775,942	55,446,020	75,464,113
Net rental revenue		15,339,618	-	15,339,618	70,785,638	55,446,020	75,473,809
Royalty revenue		-	-	-	898,581	898,581	872,171
Interest on Bank and Short term investments		9,722,851	-	9,722,851	10,824,474	1,101,623	8,918,419
Servitude/land availability agreements/refund of legal fees		-	-	-	698,449	698,449	5,962,937
Interest on debtors overdue accounts		88,491	-	88,491	474,133	385,642	303,495
Rates due from lessee		12,561	-	12,561	47,819	35,258	2,530
From reserves		20,232,143	-	20,232,143	-	(20,232,143)	-
Insurance claim		-	-	-	-	-	9,545
Total Revenue		45,395,664	-	45,395,664	83,729,094	38,333,430	91,542,906
Total Expenditure							
		40,395,664	-	40,395,664	66,605,291	(26,209,627)	94,125,356
Advertisements		328,230	-	328,230	124,238	203,992	204,362
Bank charges		77,297	-	77,297	65,371	11,926	55,085
Board members' remuneration		1,500,000	-	1,500,000	1,145,269	354,731	854,632
Cleaning repairs & general expenses		434,911	-	434,911	392,921	41,990	237,397
Depreciation/amortisation	23	-	-	-	2,985,025	(2,985,025)	2,981,710
Loss on disposal of assets		-	-	-	27,732	(27,732)	13,240
Legal fees		1,245,050	-	1,245,050	1,161,573	83,477	1,061,150
Maintenance of land tenure information system		200,000	-	200,000	24,098	175,902	296,111
Secretariat administration fees		7,090,080	-	7,090,080	6,212,107	877,973	6,658,964
Rates and municipal charges - office accommodation		511,142	-	511,142	265,447	245,695	261,016
Provision for disbursement of funds to beneficiaries		22,647,168	-	22,647,168	29,116,246	(6,469,078)	29,116,810
Land tenure upgrade and formalisation of settlements		1,050,000	-	1,050,000	289,000	761,000	-
Land identification and management plan/land audits		562,146	-	562,146	-	562,146	-
Increase in provision for doubtful debts		100,000	-	100,000	2,595,571	(2,495,571)	313,121
Staff training		220,500	-	220,500	183,844	36,656	32,203
Cultural events		1,050,000	-	1,050,000	842,363	207,637	77,800
Workshops, roadshows and co - operation agreements		771,750	-	771,750	224,644	547,106	154,246
Rent - Ulundi ITB office		200,000	-	200,000	198,000	2,000	181,500
Human resources and communication strategy		157,500	32,552	190,052	-	190,052	120,667
Provision of rates payable to municipalities for ITB land		431,796	(353,288)	78,508	18,631,017	(18,552,509)	48,931,077
Review and maintenance of policies		157,500	-	157,500	-	157,500	-
External audit fees		78,727	-	78,727	88,200	(9,473)	12,907
Internal Audit Committee members' remuneration		-	145	145	145	-	735
Internal audit fees		220,500	-	220,500	127,640	92,860	95,360
Computer licencing fees		158,657	-	158,657	33,580	125,077	90,200
Stationery and printing		180,000	51,878	231,878	231,878	-	105,753
Travel accomodation and meetings		853,242	250,000	1,103,242	880,813	222,429	1,998,229
Security expenses		-	-	-	-	-	228,058
Telephone expenses		89,790	-	89,790	69,277	20,513	390
Motor vehicle expenses		79,678	18,713	98,391	98,392	(1)	42,633
Bad debt written off		-	-	-	590,900	(590,900)	-
Surplus/(defecit) for the year before capital expenditure		5,000,000	-	5,000,000	17,123,803	12,123,803	(2,582,450)
Capital		5,000,000	-	5,000,000	(4,733,251)	266,749	(6,776,519)
Total budget surplus/variance		-	-	-	-	12,390,552	(9,358,969)

INGONYAMA TRUST BOARD

DEPARTMENTAL / TRANSFER PAYMENT - DETAILED STATEMENT OF FINANCIAL PERFORMANCE AND BUDGET FOR THE YEAR ENDED 31 MARCH 2015

		Approved baseline Budget	Shift of funds	Funding in addition to baseline	Final Budget	Actual 2015	Variance 2015	Actual 2014
Revenue	Notes							
Transfer payments received		17,294,000	-	-	17,294,000	17,294,000	-	14,500,000
Investment income		12,336	-	-	12,336	58,676	46,340	21,147
Total Revenue		17,306,336	-	-	17,306,336	17,352,676	46,340	14,521,147
Total Expenditure		17,306,336	7,613	46,340	17,360,289	17,360,519	(230)	14,521,147
Bank charges		9,764	(9,299)	-	465	465	-	12,154
Board members' remuneration	28	1,178,747	-	-	1,178,747	1,178,747	-	1,197,626
Insurance		360,000	(837)	-	359,163	359,163	-	283,520
Motor vehicle expenses		95,793	(25,596)	-	70,197	70,197	-	189,074
Secretariat administration fees		10,799,001	57,904	46,340	10,903,245	10,903,245	-	7,947,091
Audit Fees - external		666,727	-	-	666,727	666,727	-	311,374
current		-	-	-	-	-	-	311,374
previous years		-	-	-	666,727	-	-	-
Internal Audit Committee members' remuneration		11,026	(3,789)	-	7,237	7,237	-	6,600
Computer software/licencing and maintenance		5,520	-	-	5,520	5,520	-	126,814
Depreciation/amortisation	23	-	-	-	-	7,843	(7,843)	22,389
Stationery & other expenses		240,000	(7,149)	-	232,851	232,851	-	357,765
Travel, accommodation & meeting expenses		2,582,044	2,067	-	2,584,111	2,576,498	7,613	2,506,982
Advertising		-	-	-	-	-	-	10,752
Telephone		171,230	-	-	171,230	171,230	-	248,753
Security expenses		547,508	(1,005)	-	546,503	546,503	-	511,625
Cleaning, repairs and general expenses		341,317	567	-	341,884	341,884	-	348,390
Electricity and water		292,409	-	-	292,409	292,409	-	438,376
Crockery and cutlery		-	-	-	-	-	-	1,862
Asset tagging expenses		5,250	(5,250)	-	-	-	-	-
Surplus for the year before capital expenditure		-	(7,613)	(46,340)	(53,953)	(7,843)	46,110	-

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 69 to pay for expenses.

INGONYAMA TRUST BOARD

CONSOLIDATED DETAILED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2015

		2015	2014
		R	R
Revenue	Notes		
Permission to occupy - commercial		9,696	9,696
Leases (including straight lining income)	11 & 35	70,775,942	75,464,113
Net Rental Revenue		70,785,638	75,473,809
Royalty Revenue		898,581	872,171
Other Revenue		18,040,268	20,475,012
Transfer payment		17,294,000	14,500,000
Rates due from lessee		47,819	2,530
Insurance claim		-	9,545
Servitude/land availability agreements/refund of legal fees		698,449	5,962,937
Finance Income		11,357,283	9,243,061
Interest on Bank and Short term investments		10,883,150	8,939,566
Interest on debtors overdue accounts		474,133	303,495
Total Revenue		101,081,770	106,064,053
Total Expenditure		83,965,810	108,646,503
Advertisements		124,238	215,114
Audit fees		754,927	324,281
current		-	314,529
previous year		754,927	9,752
Internal audit committee members' remuneration		7,382	7,335
Bank charges		65,836	67,239
Bad debts written off		590,900	-
Board members' remuneration	28	2,324,016	2,052,258
Cleaning repairs & general expenses		734,805	585,787
Computer software		39,100	217,014
Depreciation/amortisation	23	2,992,868	3,004,099
Loss on disposal of assets		27,732	13,240
Audit fees- internal		127,640	95,360
Insurance		359,163	283,520
Legal fees		1,161,573	1,061,150
Maintenance of land tenure information system		24,098	296,111
Motor vehicle expenses		168,589	231,707
Stationery and other expenses		464,729	463,518
Secretariat administration fees		17,115,352	14,606,055
Rates and municipal charges - office accommodation		557,856	699,392
Provision for disbursement of funds to beneficiaries		29,116,246	29,116,810
Land identification and management plan/land audits		289,000	-
Increase in provision for doubtful debts		2,595,571	313,121
Staff training		183,844	32,203
Travelling, accommodation and meeting expenses		3,457,311	4,505,211
Cultural events		842,363	77,800
Crockery and Cutlery		-	1,862
Telephone		240,507	249,143
Security expenses		546,503	739,683
Workshops and roadshows		224,644	154,246
Human resources and communication strategy		-	120,667
Provision of rates payable to municipalities for ITB land		18,631,017	48,931,077
Rent - Ulundi ITB office		198,000	181,500
Surplus / (Deficit) for the year		17,115,960	(2,582,450)



PART C :

SCHEDULE TO ITB : BENEFICIARY COMMUNITIES



This picture was taken at Mbongolwane in Eshowe, it illustrates the homesteads and the sugarcane gardens that are planted by Tongaat Hullet in partnership with the members of the communities. These homesteads have since utilised this land for some economic gain to support their livelihoods in the traditional areas.

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

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

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

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

DISTRICT	NAME OF TRADITIONAL COUNCIL / COMMUNITY
	NKOSI / BUHLE – BOMZINYATHI COMMUNITY
MAHLABATHINI	BUTHELEZI
	BUTHELEZI - EMPITHIMPITHINI
	MBATHA
	MPUNGOSE
	NDEBELE
	NOBAMBA COMMUNITY AUTHORITY
	XIMBA
	ZUNGU
MAPHUMULO	ABAKWA CELE
	ABAKWA ZUBANE
	AMAMBEDU / MBEDU
	BOMVU A
	BOMVU W
	EMBO
	GCWENSA
	HLONGWA
	KHABELA
	LUTHULI
	MABOMVINI
	MLAMULA / NYUSWA
	MTHEMBU / SITHOLE
	NTULI / MTULINI
	NDLOVU / MASIHAMBISANE
	NGCOLOSI
	NTANZI
	NTULI / HOHOZA / MKONTO
	QADI
	QWABE
	SITHOLE / MTHEMBU
	ZULU / NODUNGA
MPUMALANGA	DASSENHOEK COMMUNITY AUTHORITY
	EMBO
	FREDVILLE COMMUNITY AUTHORITY
	ILANGA COMMUNITY AUTHORITY
	GCUMISA
	MAPHUMULO
	MDLULI / MANYAVU
	SHANGASE
	XIMBA

DISTRICT	NAME OF TRADITIONAL COUNCIL / COMMUNITY
MSINGA	BASO
	BOMVU
	CHUNU
	MTHEMBU
	NGOME
	QAMU
NDWEDWE	CHILI
	CIBANE
	EMALANGENI / LANGA
	EMBO / KWAKHABAZELA
	INKUMBA / NYUSWA
	HLOPHE
	KHUMALO
	MANGANGA
	MTHEMBU
	NGCOLOSI
	NGONGOMA / MAVELA
	NODWENGU
	PHEPHETHA
	QADI
	QINISELANI MANYUSWA
	QWABE
	SHANGASE
	WOSIYANE
NKANDLA	AMAKHABELA
	BIYELA / AMAHLAYIZENI
	BIYELA / MANGIDINI
	CUBE
	CUNU
	IZIGQOZA
	KHABELA
	KHANYILE / EKUKHANYENI
	KHANYILE / IZINDLOZI
	MAGWAZA
	MBHELE / AMAPUTO
	MPUNGOSE
	NTULI / GODIDE
	NTULI / INGONO
	NXAMALALA
	SIBISI / CWEZI
	XULU
	ZONDI

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

DISTRICT	NAME OF TRADITIONAL COUNCIL / COMMUNITY
UBOMBO	MABASO
	MANUKUZA / JOBE
	MASHABANE
	MNQOBOKAZI
	MYENI / NGWENYA
	MYENZI / NSINDE
	NIBELA
	SIQAKATHA
	QWABE / MAKASA
	ZIKHALI / MBILA
UMBUMBULU	CELE / VUMANGAZI
	EMBO / NKASA ISIMAHLA
	EMBO / TIMUNI
	EMBO / VUMAKWENZA
	LUTHULI / UMNINI TRUST
	MAKHANYA / SOBONAKHONA
	MANGANGENI / VUMAZONKE
	MAPHUMULO
	TOYANA
VULAMEHLO	BELE / QIKO
	CELE
	DUMISA M
	DUMISA N
	EMBO / KHWEZI LOKUSA
	EMBO / UKUTHULA
	MBHELE / KWALEMBE
	NHLANGWINI / SHIYABANYE
	NYUSWA
	ZEMBENI / ZEMBE
VULINDLELA	FUZE
	NXAMALALA
	XIMBA
	ZONDI / INADI
	ZONDI / MPUMUZA

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