

Annual Report

2021 / 2022



INGONYAMA
TRUST BOARD



General information

REGISTERED NAME	:	KwaZulu - Natal Ingonyama Trust Board
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EXTERNAL AUDITORS	:	Auditor General South Africa (AGSA)
BANKERS	:	First National Bank
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Contents

	Page
Chairperson's Foreword	4
CEO's Overview	8
Statement of Responsibility and confirmation of accuracy for the Annual Report	12
Strategic Overview	13
Legislative Mandate	14
Organisational Structure	16
Performance Information	18
Governance	22
The Board	24
Human Resource Management	28
Annual Financial Statements : Ingonyama Trust Board	30 - 70
Annual Financial Statements : Ingonyama Trust	71 - 121



Foreword by the Chairperson

Ingonyama Trust Board 2021/2022 Financial Report

Ordinarily on occasions like these, where one is called upon to comment on the achievements and challenges which an organization has encountered in period of twelve months, it is expected to address that period in monetary gains and losses. This would be so because the organization (entity) would have been allocated funds to achieve certain predetermined objectives.

In the case of Ingonyama Trust, the situation is different. Firstly, Ingonyama Trust is not a public entity in terms of the Public Finance Management Act (PFMA). It does not receive any funding from the State. The Trust was not created to achieve particular objectives of a Department. Instead Ingonyama Trust was created to hold land for the Zulu Nation. The Zulu Nation does not have to account to government for its assets.

One may then ask, why then do we have to do all those things which relate to the PFMA? The answer is simple. In 1997, the government of the day in a democratic state took it upon itself to amend the founding legislation creating Ingonyama Trust. In the process of amendment, it reduced the King (ISILO) into a figurehead who may be summoned to Parliament to account for non-government and unfunded activities.

This was achieved by stripping ISILO of his trustee's powers. These were given to a Board which at the end of the day is a politically appointed body. The Board of which the King is a member is a public entity in terms of the PFMA. It does receive public funds albeit paltry.

The Act as amended which Ingonyama Trust and later on the Board is crafted so badly that it creates enough



lifetime confusion which allows for opportunistic attacks and ongoing criticism that I thought I should address in this brief report. In so doing I wish to deal with the nature and purpose of Ingonyama Trust.

The arrival and settlement of the white community in the Zulu Kingdom brought with it many changes which turned the existing system upside down. It rendered what was formal according to the people informal and that which was foreign formal. In short it subordinated the Kingdom and its systems to the imposed foreign government and its systems. One such system is the land titling, registration and the creation of trusts. The first pilot on this was during the early days of forced removal and the expropriation of land without compensation. At the time, the present day Durban was occupied by the Amathuli Tribe (Clan), who are part of the Zulu Nation under Inkosi Mini. Amathuli were forcibly removed from their land which was then later named after the then Governor, Sir Benjamin D'Urban. They were not compensated and were settled on the South of Durban and that place is to date formally called Mini after its Inkosi at the time of forced removal, although it is popularly known as Umgababa.

In 1858, Umnini Trust was created under Indenture dated 27th May 1858 "for the benefit of the Amathuli Tribe which was removed from Durban" in that year. The Umnini Location, measuring 7,977 acres, was set aside for the occupation of the tribe and was vested in the Trust. Three trustees were appointed viz. the Secretary for Native Affairs and the successors in office (as chairman), Inkosi of the tribe and his successors in that office and an unofficial member.

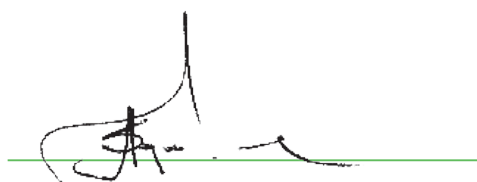
The Zululand Native Trust was finalized in 1909 after the annexation of Zululand in 1887 and 1897. Other subsidiary trusts were linked and subordinated to the Zululand Native Trust. This Trust ultimately consolidated other trusts with restrictions in many instances to protect the Zulu Nation not the individual members as individual title holders thereof.

This Trust has existed throughout history even within the context of the Land Act of 1913 as amended from time to time. Despite the grand apartheid homeland system, and the land ownership always remained in the custodianship of the Zulu Nation. Hence when the KwaZulu Government came to an end, it created Ingonyama Trust, which itself is a reinstatement of the Zulu Native Trust.

The attempts and calls to disestablish Ingonyama Trust should therefore not be oblivious of the historical context. In short Ingonyama Trust is not a Trust that originates during the transition to democracy. It cannot be disestablished without the consent of the beneficiaries and the Trustee, no one else. In this context it does not need the funds from government. Ingonyama Trust owns substantial assets which if properly accessed can be optimally utilized and fair value extracted.

As I write my report I do so with heavy heart because in the year under review the Trust lost its Trustee who was the longest serving Zulu Monarch. For almost fifty years the late King Zwelithini ka Bhekuzulu (may his soul rest in peace) knew exactly what his responsibilities were as the Zulu Monarch and the Sole Trustee. When the Mothlante report was made public in 2017/2018 calling for the disestablishment of the Ingonyama Trust, he noted immediately that the report had crossed the line. He also noted that he can no longer make the decision alone. He called for Imbizo on the 4th July 2018 at Ulundi Stadium. The 4th July is a sacrosanct day to the Zulu Nation. It is the day on which the British in 1879 burnt Ulundi Palace into ashes. They thought the Zulu Nation had perished. It survives to this day. This Imbizo on this day was symbolic of the importance of Ingonyama Trust to the Zulu Nation.

The audit findings in this report among others qualify the Ingonyama Trust with regards to the Municipal property rates. May I say that the rating of the Ingonyama Trust land is hugely flawed. Ingonyama Trust in the main owns land and its improvements built. It is among others for this reason that a dispute was lodged with the Auditor General.

A handwritten signature in black ink, appearing to read 'S J Ngwenya', is written over a horizontal green line.

Mr S J Ngwenya

Chairperson : Ingonyama Trust Board



Chief Executive Officer's Overview

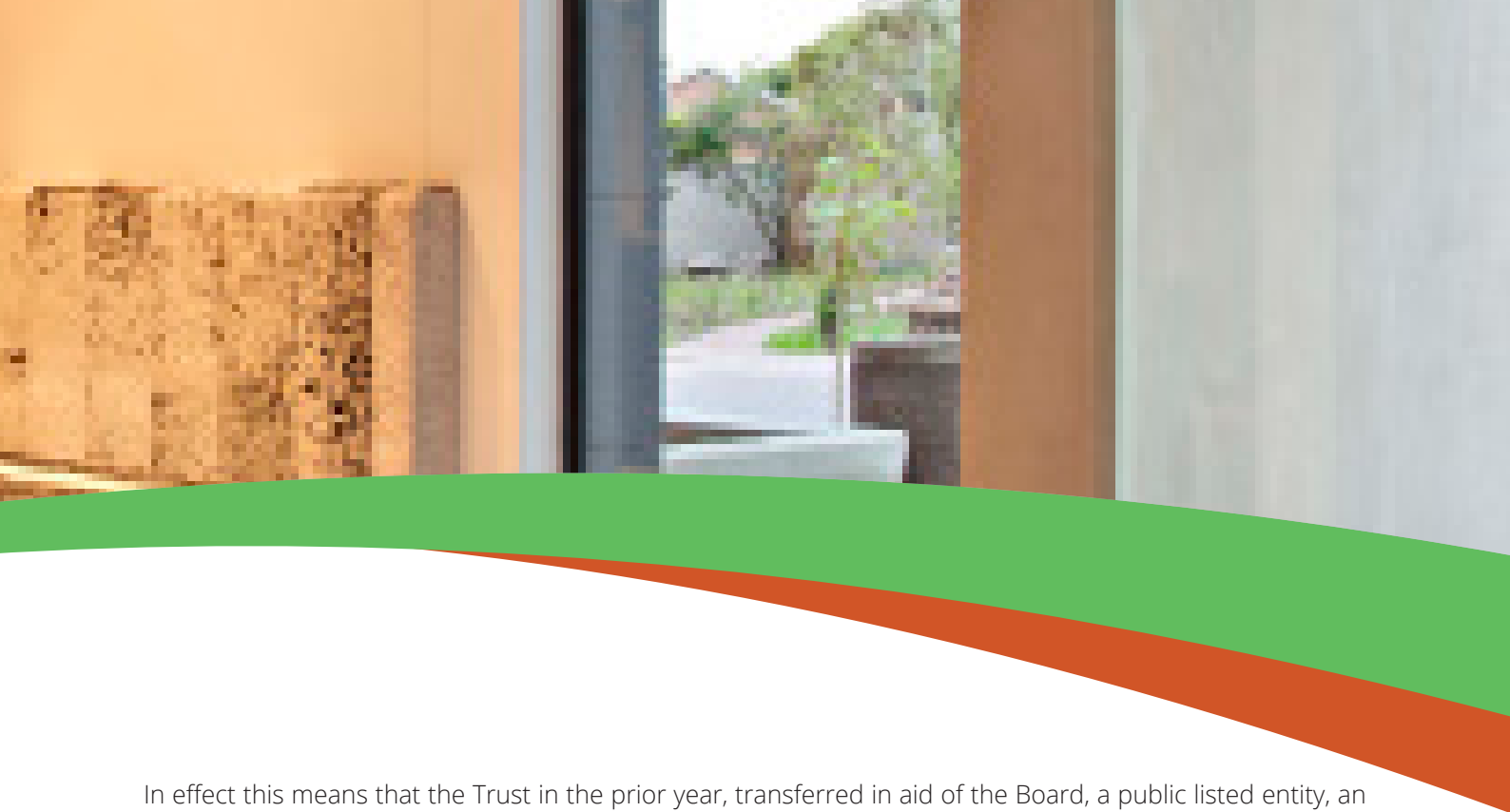
General Financial Review of the Public Entity and spending trends.

Although the Auditor-General Report and Annual Financial Statements in this annual report indicate a sustained improvement in the quality of financial statements and performance information submitted for audit, the Ingonyama Trust Board is nowhere close to a financially viable and sustainable position until such time that the organisation has defined and adopted a clear mandate to allow alignment of objectives and resources.

In the year ended 31 March 2022, the Department of Agriculture, Land Reform and Rural Development made a transfer payment to the Ingonyama Trust Board of an amount of R 23,517 million where the expenses of the entity totalled to R 41,017 million.

The shortfall of R17, 500 million (2021: R22,916 million) relates to operating costs of the entity that are not funded by the department. In the same financial year the Ingonyama Trust earned R55, 5 million (2021: R50, 8 million) in income and had to provide financial assistance to the entity to finance its operations in excess of the 10% envisaged in regulation 10.2 of the Financial Regulations, 1998, issued in terms of the KwaZulu-Natal Ingonyama Trust Act, 1994 (Act No. 3KZ of 1994).

According to Regulation 10.2. of the Ingonyama Trust Financial Regulations an amount not exceeding 10 percent of the Trust income may be utilised for the operational costs of the entity.



In effect this means that the Trust in the prior year, transferred in aid of the Board, a public listed entity, an amount of R 25,158 million for running costs for the financial year ended 31 March 2021.

This trend repeats itself again in the 2022 financial period with the transfer payment to the entity of R 23,517 million (received in 4 equal tranches), operational expenditure of R41,017 million and Trust income earned of R 55,538 million. Operational costs at 10% as per regulations amount to R 5,5 million, which is part of the total of R15,401 million paid to the entity to cover operational expenses in the current year.

Capacity constraints

The organisation has been facing serious capacity constraints in terms of human resourcing over an extended period. This predicament, coupled with the misalignment between the organisation’s mandate and the allocation of financial resources results in a currently financially unviable institution.

SCM processes and systems

A process of supply chain management was in place during the year, although not fully effective. The current year saw the procurement for expenditure relating to goods and services which can be categorized as travel, accommodation, stationary and other services such cleaning services, gardening services, security and maintenance. Of this, management has disclosed R17,414 million (2020: R7,018 million) as irregular expenditure from overspending in accordance with section 53(4) of the PFMA.

No tenders were advertised or approved in the current year and the existing contracts on which expenditure continues to be incurred on have been in existence since before the beginning of this financial year.

No unsolicited bids were received or concluded in the year under review.

Audit Report Matters in the previous year and how they would be addressed.

The Auditor-General continues to find the Ingonyama Trust Board on internal control deficiencies around regular financial reporting, the application of financial reporting framework principles in a constant and accurate manner and compliance with laws and regulations.

Although improvements as noted above have been made in the year under review by the entity, the current control environment still requires further development and maintenance to ensure clean administration as the entity strives for greater accountability and transparency in its affairs.

Non- compliance with laws and regulations as a result of late submission in accordance with section 65 of the Public Finance Management Act (Act 1 of 1999) had a significant impact on prior year audit outcomes reported on by the Auditor-General in the prior year, however, management has put controls in place that

have ensured effective monitoring of compliance with laws and regulations and the monitoring and reporting of irregular expenditure to ensure that this does not occur in the current year. The financial statements under review have been submitted on time in accordance with section 65 of the Public Finance Management Act.

For the entity to be able to design and implement a control environment that is effective and efficient, performance management, financial and compliance monitoring systems have to be put in place.

Events after reporting date

Due to the fact that the Board's mandate is the administration of the Trust and trust land, subsequent events affecting the Trust are more likely to have impact on the functioning of the Board and these need to be carefully considered. The Ingonyama Trust Board as a public entity has not had any significant events after the reporting date in the current year.

Economic Viability.

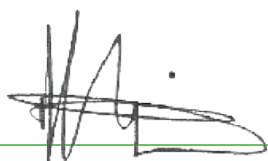
The entity, although operating as a going concern, reflects, in its financial statements a different picture in terms of economic and financial viability. The context of how the entity is funded plays a vital role in the understanding of the economic position that the entity finds itself in in the current year.

The entity's ability to generate surplus funds has weakened over the years. This is as a result of misalignment in the entity's mandate and its operational requirements.

In accordance with its financial trends, the entity has been making deficits and accumulating those deficits, the result of which is a net liability position in the Statement of Changes in Net Assets of R3,369 million as at 31 March 2022.

In the current year, the entity in its Statement of Financial Performance realized a deficit which is mainly attributed to overspending. A surplus of R1,251 million was realized in the prior year, which increases the accumulated deficit from R1,686 million to R3,369 million in the current year.

Cash and Cash equivalents despite the insufficient cash inflows were R286, 000 as at the of the financial year under review.



Mr V Z Mngwengwe
Chief Executive Officer

Statement of responsibility and confirmation of accuracy of the annual report

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

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

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

The annual report has been prepared in accordance with the guidelines on the annual report (August 2021) as issued by National Treasury.

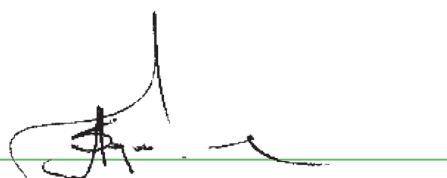
The Annual Financial Statements (Part E) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) standards applicable to the public entity.

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

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

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

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2022.



Mr S J Ngwenya

Chairperson : Ingonyama Trust Board



Strategic Overview

VISION

To become a leader in sustainable communal land management

MISSION

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

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

OUR VALUES

Transparency

Service Excellence

Consultation

Open Communication

Value for Money

Professionalism

Honesty

Integrity

Non - discrimination

Legislative and other mandates

The KwaZulu-Natal Ingonyama Trust Board (commonly referred to as Ingonyama Trust Board) is a Schedule 3A entity, in terms of the Public Finance Management Act, 1999.

CONSTITUTIONAL MANDATE

Since the sole reason for the existence of Ingonyama Trust Board is to administer the affairs of Ingonyama Trust and the trust land, any reference to mandate is inclusive of the mandate of Ingonyama Trust. The Ingonyama Trust is empowered by the KwaZulu-Natal Ingonyama Trust Act No. 3KZ of 1994 (founding Act), as amended, to do all such acts and things as bodies corporate may lawfully do.

The founding Act further provides that the Trust shall, in a manner not inconsistent with the provisions of this Act, be administered for the benefit, material welfare and social well-being of the members of the tribes and communities as contemplated in the KwaZulu Amakhosi and Iziphakanyiswa Act, 1990 (Act No. 9 of 1990), referred to in the second column of the Schedule, established in a district referred to in the first column of the Schedule and the residents of such a district. It consequently follows that the Ingonyama Trust is about land ownership, equitable access to land, human dignity, and legally secured tenure as envisaged in the Constitution.

The governance of Ingonyama Trust land starts with the application of Zulu customary law. In this context, Zulu customary law recognizes Ingonyama (the sole Trustee), to whom all Amakhosi owe allegiance from the time of King Shaka. Below Amakhosi are Izinduna and traditional councillors and then families who are headed by family heads. Furthermore, under Zulu customary law, an individual is either a family head or family inmate. It is, among others, for this reason that land is communally owned. The system of Traditional leadership and therefore customary law is recognized by the South African Constitution. It is thus beyond question that the administration of Ingonyama Trust owned land in terms of Zulu customary law is protected by the Constitution.

LEGISLATIVE MANDATE

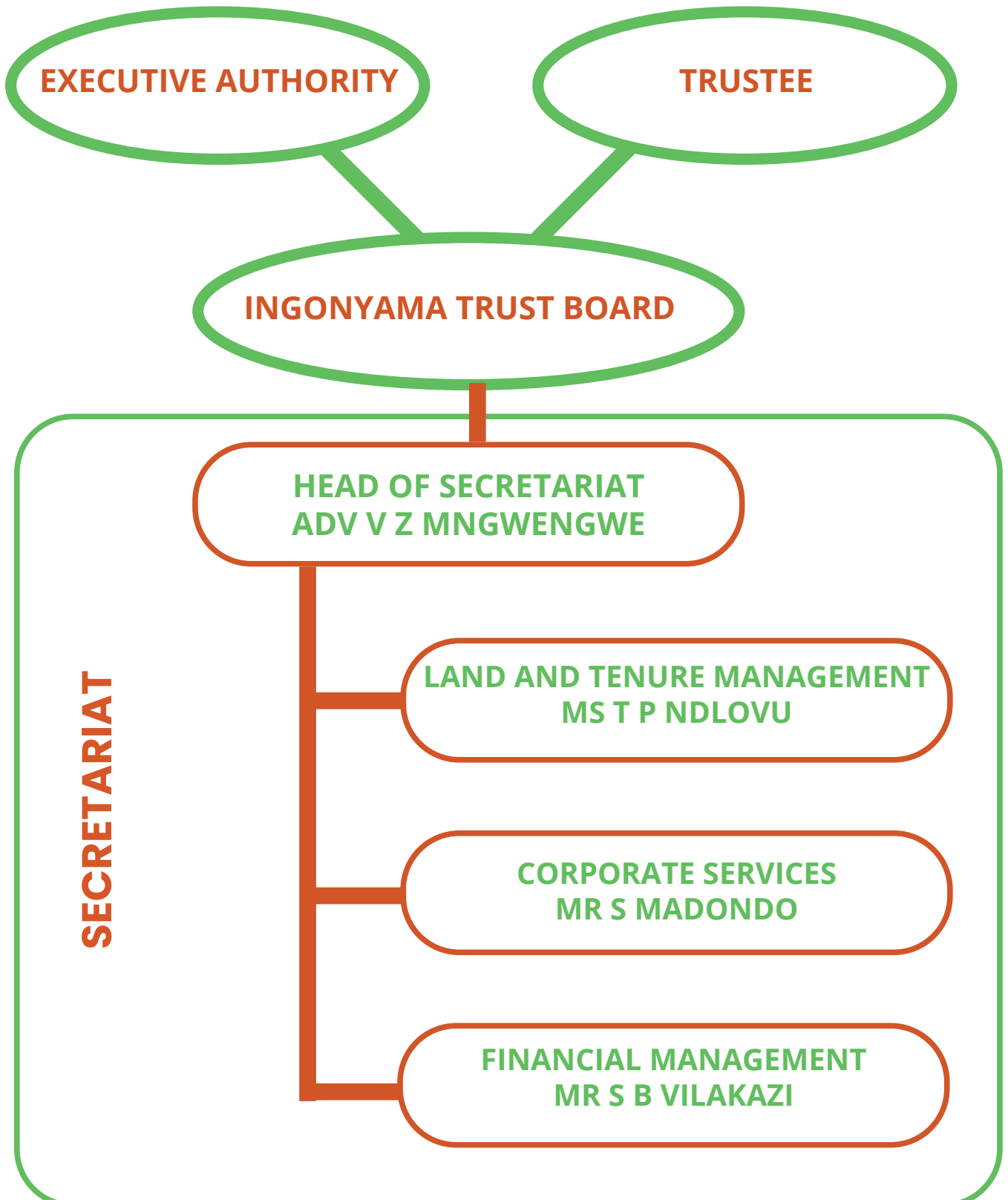
As stated above, the mandate of Ingonyama Trust Board is, in terms of the founding Act, to administer the affairs of Ingonyama Trust and the Trust land. Trust predates the Constitution.

The laws listed below are a combination of laws that provide for specific compliance requirements on an entity like Ingonyama Trust Board and those that impact on land and/or landownership.

Intergovernmental Relations Framework Act No. 13 of 2005
National Environmental Management Act No. 107 of 1998
Public Finance Management Act No. 1 of 1999
Traditional and Khoi-San Leadership Act No. 3 of 2019
Spatial Planning and Land Use Management Act No. 16 of 2013
KwaZulu-Natal Traditional Leadership and Governance Act No. 5 of 2005
Mineral and Petroleum Resources Development Act No. 28 of 2002
Conservation of Agricultural Resources Act No. 43 of 1983
Local Government Municipal System Act No. 32 of 2000
National Forests Act No. 84 of 1998
Local Government; Municipal Property Rates Act No. 6 of 2004
National Water Act No. 36 of 1998
National Veld and Forest Fire Act No. 101 of 1998
KwaZulu-Natal Heritage Act No. 4 of 2008
Fencing Act No. 31 of 1963
World Heritage Convention Act No. 41 of 1999
Mineral and Petroleum Royalty Act No. 28 of 2008
KwaZulu-Natal Roads Act No. 4 of 2001
Deeds Registries Act No. 47 of 1937
Land Survey Act No. 8 of 1997
Interim Protection of Informal Land Rights Act No. 31 of 1996
Restitution of Land Rights Act No. 22 of 1994
KwaZulu Land Affairs Act No. 11 of 1992



Organisational Structure



Part B: Performance Information

Institutional Programme Performance Information

Programme 1 : Administration

Purpose : The purpose of this programme is to provide administrative support to the Board in order to execute and discharge its mandate.

Output indicators	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target	Actual Achievement	Deviation from planned target	Reasons for deviation
Number of relationship agreements signed by the TCs, Government Departments, entities, municipalities, private sector and the Board	New indicator	New indicator	10	10	-	-
Number of traditional councils capacitated	New indicator	0	10	11	+1	More human capacity was made available towards achieving the target
Improved audit opinion of the organisation	New indicator	New indicator	Unqualified audit opinion	Target was achieved	-	-

Output indicators	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target	Actual Achievement	Deviation from planned target	Reasons for deviation
Number of policies approved by the Board	2	0	5	4	-1	The entity doesn't have the technical capacity required to produce the Land Tenure Management Policy. Outsourcing was also not possible due to the unhealthy financial position of the entity. An attempt was made to source capacity from the Department of Agriculture, Land Reform and Rural Development, but the discussion was not concluded until the end of the financial year. As a mitigation plan an alternative approach towards documenting policy positions of the Board on land Tenure Management is being

Institutional Programme Performance Information

Programme 2 : Land and Tenure Management

Purpose : The purpose of this programme is to provide property management, land tenure administration and valuation services to the Board.

Output indicators	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target	Actual Achievement	Deviation from planned target	Reasons for deviation
Number of land tenure rights approved by the Board	1409	3198	1000	390	-610	A High Court judgement in June 2021 prohibited the conclusion of residential and agricultural leases on the Trust land. This resulted in such type of lease applications being put on hold. As a mitigation plan the targets have been reduced.
Number of TCs with human settlement plans	New indicator	0	5	0	-5	Consultation with the TCs took longer than initially anticipated. As a mitigation plan the Board will consider the human settlement plans approved by 4 TCs in the 2022/23 financial year.

Part C :

Governance

Introduction

Corporate governance embodies processes and systems by which public entities are directed, controlled, and held to account. In addition to legislative requirements based on a public entity's enabling legislation, corporate governance about public entities is applied through the precepts of the Public Finance Management Act (PFMA) and run-in tandem with the principles contained in the King's Report on Corporate Governance.

Parliament, the Executive, and the Accounting Authority of the public entity are responsible for corporate governance.

Executive Authority

The Accounting Authority submitted the quarterly financial and non-financial performance reports to the Executive Authority, as per the below submission dates:

1st Quarter - 19 July 2021

2nd Quarter - 07 October 2021

3rd Quarter - 14 January 2022

4th Quarter - 20 April 2022

Portfolio Committees

There were two (2) meetings held between the Accounting Authority and the Portfolio Committee on Agriculture Land Reform and Rural Development for the period under review. The first meeting was for the presentation of the 1st to 3rd Quarter financial and non-financial performance reports. The second meeting was for the presentation of the 4th quarter financial and non-financial performance report.



The Accounting Authority

Introduction

Ingonyama Trust Board is a Schedule 3A public entity and is governed in terms of the Public Finance Management Act (PFMA). In line with its statutory mandate, the Board is responsible for:

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

For operational efficiencies and in line with the Regulations, the Board has established the following governance structures:

Board Committees

- Tenure Board.
- Human Resource and IT Committee.
- Finance and Investment Committee (FINCO).
- Audit Committee.

Management Committees

- MANCO.



The Board

The Board, for the period ended 31 March 2022, is comprised of the following members:



Mr S J Ngwenya Chairperson

Date appointed: 01/04/2001

Education: LLB

Committees: Tenure



Dr N Z Qunta Vice Chairperson

Date appointed: 01/09/2020

Education: PhD Governance, M Com (Econ)

Committees: Tenure, FINCO, Audit, HR & IT Committee Chair



Adv L Zama Member

Date appointed: 01/09/2020

Education: BA. LLB

Committees: Tenure, HR & IT



Inkosi P R Bele

Member

Date appointed: 01/09/2020

Education: Diploma Public Admin, B Admin, Leadership and Good Governance Advanced Certificate (UKZN), MA Public Admin (pending)

Committees: Tenure



Inkosi W T Mavundla

Member

Date appointed: 01/09/2020

Education: B Ed (Hons), Higher Diploma in Public Administration, Leadership and Good Governance Advanced Certificate (UKZN)

Committees: FINCO Chair, HR & IT, Audit, and Tenure



Inkosi S E Shabalala

Member

Date appointed: 01/09/2020

Education: N/A

Committees: Tenure



Inkosi Z T Gumede

Member

Date appointed: 01/09/2020

Education: Btech in Education, Leadership and Good Governance Advanced Certificate (UKZN)

Committees: Tenure

Board Committee meeting statistics

Committee	No of meetings held	No of members	Name of members
Board	20	7	Mr S J Ngwenya Dr N Z Qunta Adv L Zama Inkosi S E Shabalala Inkosi W T Mavundla Inkosi P R Bele Inkosi Z T Gumede
Tenure	8	7	Mr S J Ngwenya Dr N Z Qunta Adv L Zama Inkosi S E Shabalala Inkosi W T Mavundla Inkosi P R Bele Inkosi Z T Gumede
Human Resources and Information Technology	5	7	Dr N Z Qunta Adv L Zama Inkosi W T Mavundla Adv V Z Mngwengwe Mr S Madondo Mr S Vilakazi Ms T Ndlovu
FINCO	4	5	Inkosi W T Mavundla Dr N Z Qunta Adv V Z Mngwengwe Mr S Vilakazi

Board Members Remuneration

Name	Remuneration	Other allowance	Other re-imbursements	Total
Mr S J Ngwenya	1,634	-	307	1,941
Dr N Z Qunta	362	-	32	394
Adv L Zama	-	-	-	-
Inkosi S E Shabalala	279	-	114	393
Inkosi W T Mavundla	268	-	98	366
Inkosi P R Bele	245	-	76	321
Inkosi Z T Gumede	236	-	156	392
Total	3,024	-	783	3,807

Internal Audit

Section 51(1)(a)(ii) of the Public Finance Management Act (PFMA) requires entities to set up a system of internal audit under the control and direction of an audit committee complying with and operating in accordance with regulations and instructions prescribed in terms of sections 76 and 77.

In the prior year the entity had retained the services of Kaizen DDS JV as Internal Auditors, however the contract came to an end and could no longer be retained. The objective of internal audit is the review of the effectiveness and efficiency of internal controls as designed and implemented by management. No internal audit services were available in the period under review.

No forensic investigations were initiated or conducted in the current period under review.

Audit Committee

In compliance with section 51(1)(a)(ii) of the PFMA and section 76 and 77 of the same Act, the entity has an Audit Committee which was established to serve as an independent governance structure whose function is to provide an oversight role on the systems of internal control, risk management and governance.

To execute its duties effectively, the committee is required to meet regularly during the year to review internal audit reports and other financial or operational reports as submitted by management.

The previous chairperson of the audit committee, Mr Khuzwayo resigned on 27 July 2021. The current chairperson of the Audit Committee was appointed on 1 April 2022. Although his appointment covered a period outside the period of review, the Audit Committee did sit to consider the financial statements and the report of the Auditor General before it was considered by the Board.

There were no meetings held during the current period under review.

Part D : Human Resource Management

Overview of HR matters at the public entity

The Human Resources department is responsible for ensuring effective implementation of HR policies & procedures within the organisation in line with organisational strategies as follows:

- Ensure that training and development is coordinated and implemented in line with organizational strategies,
- Provides direction and oversight for staff employment and proactive assistance to both employees and supervisors on the interpretation and implementation of policies and procedures,
- Renders occupational health and safety and promote employee wellness services,
- Promote harmonious labour relations in the workplace.

Human Resources priorities for the year under review

During the period under review there were three priorities for the Human Resources department, namely:

- Development of HR Policies,
- Development of a new organogram,
- Signing of Recognition Agreement with NEHAWU.

Personnel Cost by salary band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Senior Management	6,938	23%	5	1,388
Professional qualified	3,351	11%	4	838
Skilled	17, 689	58%	42	421
Semi skilled	2,463	8%	10	246
Unskilled	-	-	-	-
TOTAL	30 441	100%	61	499

Employment and vacancies

Programme/ activity/objective	2020/2021 No. of Employees	2020/2021 Approved Posts	2021/2022 No. of Employees	2021/2022 Vacancies	% of vacancies
	60	60	60	0	0

Programme/ activity/objective	2020/2021 No. of Employees	2020/21 Approved Posts	2021/2022 No. of Employees	2021/2022 Vacancies	% of vacancies
Senior Management	4	4	0	0	0
Professional qualified	4	4	0	0	0
Skilled	42	42	0	0	0
Semi-skilled	10	10	0	0	0
Unskilled	0	0	0	0	0
TOTAL	60	60	0	0	0

Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Senior Management	3	1	0	4
Professional qualified	4	0	0	4
Skilled	42	0	0	42
Semi skilled	10	0	0	10
Unskilled	0	0	0	0
TOTAL	59	1	0	60

Part E : Financial Information

Audited Annual Financial Statements Ingonyama Trust Board

General Information

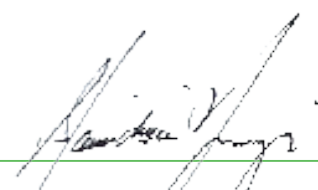
Country of incorporation and domicile	South Africa
Nature of business and principal activities	Land administration
Board members	Mr S J Ngwenya (chairperson) Dr Z Qunta Adv L Zama Inkosi W T Mavundla Inkosi P R Bele Inkosi Z T Gumede Inkosi S E Shabalala Mr V Z Mngwengwe - resigned on 19 July 2021
Business Address	65 Trelawney Road Southgate Pietermaritzburg 3201
Bankers	First National Bank
Auditors	Auditor General of South Africa

Index

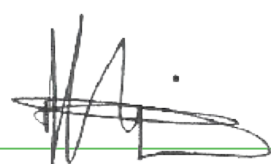
The reports and statements set out below comprise the audited annual financial statements presented to the parliament:

	Page
Accounting Authority's Responsibilities and Approval	33
Report of the Auditor General to Parliament on Ingonyama Trust Board	34
Statement of Financial Position	38
Statement of Financial Performance	39
Statement of Changes in Net Assets	40
Cash Flow Statement	41
Statement of Comparison of Budget and Actual Amounts	42
Accounting Policies	43 - 57
Notes to the Audited Annual Financial Statements	58 - 70

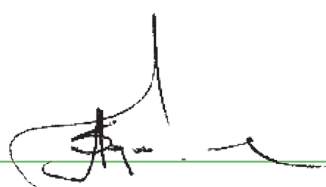
The audited annual financial statements set out on pages 38 to 70, which have been prepared on the going concern basis, were approved by the Board on 31 July 2022 and were signed on its behalf by:



Mr S B Vilakazi
Chief Financial Officer



Mr V Z Mngwengwe
Chief Executive Officer



Mr S J Ngwenya
Chairperson : Ingonyama Trust Board

Accounting Authority's Responsibilities and Approval

The members are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the audited annual financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the audited annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors were engaged to express an independent opinion on the audited annual financial statements and was given unrestricted access to all financial records and related data.

The audited annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The audited annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

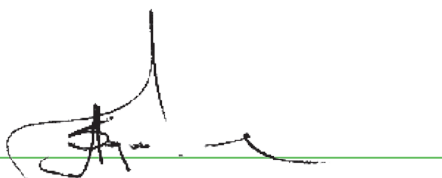
The members acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the members of the board sets standards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

The members are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the audited annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The members have reviewed the entity's cash flow forecast for the year to 31 March 2023 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The audited annual financial statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of its operations.

Although the members of the board are primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors once audited.



Mr S J Ngwenya

Chairperson : Ingonyama Trust Board

Report of the Auditor – General to Parliament on Ingonyama Trust Board

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the Ingonyama Trust Board set out on pages 38 to 70, which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Ingonyama Trust Board as at 31 March 2022, and its financial performance and cash flows for the year then ended 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).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material uncertainty relating to going concern

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
7. I draw attention to note 23 to the financial statements, which indicates that the entity incurred a net loss of R1,68 million during the year ended 31 March 2022 and, as of that date the entity's current liabilities exceeded its total assets by R3,37 million. This significantly contributes to going concern uncertainty. These conditions, along with other matters as set forth in note 23, indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern.

Emphasis of matter

8. I draw attention to the matter below. My opinion is not modified in respect of this matter.
Restatement of corresponding figures
9. As disclosed in note 18 to the financial statements, the corresponding figures for 31 March 2021 were restated as a result of errors in the financial statements of the entity at, and for the year ended, 31 March 2022.

Responsibilities of the accounting authority for the financial statements

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

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

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

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

Introduction and scope

14. In accordance with the Public Audit Act of South Africa, 2004 (Act No.25 of 2004)(PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
15. My procedures address the usefulness and reliability of the reported performance information, which must be based on the entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for programme 2: land and tenure management presented in the entity's annual performance report on pages 21 for the year ended 31 March 2022.
17. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
18. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme.

Other matter

19. I draw attention to the matter below.

Achievement of planned targets

20. Refer to the annual performance report on pages xx to xx for information on the achievement of planned targets for the year and management's explanations provided for the under achievement of targets.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and scope

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

Annual financial statements

23. 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 misstatement of expenditure identified by the auditors in the submitted financial statements was corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

24. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R17,41 million as disclosed in note 21 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by overspending on employee costs and not following proper procurement processes.
25. Expenditure was incurred in excess of the approved budget, in contravention of section 53(4) of the PFMA.

Consequence management

26. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular and fruitless and wasteful expenditure as required by section 51(1)(e)(iii) of the PFMA. This was because investigations into irregular and fruitless and wasteful expenditure were not performed.

Procurement and contract management

27. Some of the goods and services were procured without obtaining at least three written price quotations in accordance with Treasury Regulation 16A6.1, paragraph 3.3.1 of Practice Note 8 of 2007/08, and paragraph 3.2.1 of Supply Chain Management instruction note 2 of 2021/22. Similar non-compliance was also reported in the prior year.
28. Some of the quotations were accepted from prospective suppliers who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by Treasury Regulation 16A8.4 and paragraph 4.1.2 of Practice Note 7 of 2009/10. Similar non-compliance was also reported in the prior year.

29. Some of the contracts were extended or modified without the approval of a properly delegated official as required by section 44 of the PFMA and Treasury Regulations 8.2.1 and 8.2.2.

Other information

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

Internal control deficiencies

34. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
35. Leadership did not effectively monitor compliance with laws and regulations. This is evidenced by the occurrence of non-compliance findings and repetition of findings. Action plans were also not adequately monitored for progress in addressing issues raised by the external auditors in the prior years.

Other reports

36. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
37. An independent consultant investigated an allegation of misappropriation of the Ingonyama Trust's assets implicating the employees of the Ingonyama Trust Board, at the request of the accounting authority, which covered the period 1 April 2017 to 31 March 2019. The investigation was concluded on 29 November 2021. However, there were certain corrections required to be made to the report. The corrections were in progress at the date of this auditor's report.

Auditor-general



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Pietermaritzburg
30 July 2022

Statement of Financial Position as at 31 March 2022

	Note (s)	2022 R '000	2021 Restated R '000
Assets			
Current Assets			
Prepayments	6	-	6
Cash and cash equivalents	3	280	1 993
		280	1 999
Non-Current Assets			
Property, plant and equipment	4	286	5
Total Assets		566	2 004
Liabilities			
Current Liabilities			
Payables from exchange transactions	7	3 935	3 690
Total Liabilities		3 935	3 690
Net Assets		(3 369)	(1 686)
Accumulated loss		(3 369)	(1 686)
Total Net Assets		(3 369)	(1 686)

Statement of Financial Performance

	Note (s)	2022 R '000	2021 Restated R '000
Revenue			
Revenue from exchange transactions			
Transfer funds received - Ingonyama Trust Financial Regulation 10(2)		5 450	4 940
Other income - Ingonyama Trust		9 951	19 218
Interest received		42	9
Total revenue from exchange transactions		15 443	24 167
Revenue from non-exchange transactions			
Transfer funds received - Department of Agriculture, Land Reform and Rural Development		23 517	22 192
Donation received (at fair value)		373	-
Total revenue from non-exchange transactions		23 890	22 192
Total revenue	9	39 333	46 359
Expenditure			
Employee costs	11	(28 982)	(30 261)
Depreciation and amortisation		(86)	(3)
General Expenses	17	(11 949)	(14 844)
Total expenditure		(41 017)	(45 108)
(Deficit)/ surplus for the year		(1 684)	1 251

Statement of Changes in Net Assets

	Note (s)	Accumulated loss R '000	Total net assets R '000
Balance at 01 April 2020		(2 937)	(2 937)
Changes in net assets			
Surplus for the year		1 251	1 251
Total changes		1 251	1 251
Opening balance as previously reported		(1 512)	(1 512)
Prior year adjustments		(173)	(173)
Restated* Balance at 01 April 2021 as restated*		(1 685)	(1 685)
Changes in net assets			
Deficit for the year		(1 684)	(1 684)
Total changes		(1 684)	(1 684)
Balance at 31 March 2022		(3 369)	(3 369)

Cash Flow Statement as at 31 March 2022

	Note (s)	2022 R '000	2021 Restated R '000
Cash flows from operating activities			
Receipts			
Transfer payment received - DALRRD		23 517	22 192
Payment received - Ingonyama Trust		14 248	24 550
Other receipts		434	-
Interest income		42	9
		<u>38 241</u>	<u>46 751</u>
Payments			
Cash paid for employee costs		(28 570)	(28 855)
Property, plant and equipment		(11 385)	(15 873)
		<u>(39 995)</u>	<u>(44 728)</u>
Net cash flows from operating activities	20	(1 714)	(2 023)
Net increase/(decrease) in cash and cash equivalents		(1 714)	(2 023)
Cash and cash equivalents at the beginning of the year		1 994	29
Cash and cash equivalents at the end of the year	3	280	1 994

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R '000	R '000	R '000	R '000	R '000	
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Transfer funds received - Ingonyama Trust financial regulation 10.2	-	-	-	5 450	5 450	22.1
Other income - Ingonyama Trust	-	-	-	9 951	9 951	22.2
Interest received - bank	-	-	-	42	42	22.3
Total revenue from exchange transactions	-	-	-	15 443	15 443	
Revenue from non-exchange transactions						
Transfer payment received - Department of Agriculture, Land Reform and Rural Development	23 517	-	23 517	23 517	-	
Donation received (at fair value)	-	-	-	373	373	22.4
Total revenue from non-exchange transactions	23 517	-	23 517	23 890	373	
Total revenue	23 517	-	23 517	39 333	15 816	
Expenditure						
Employee costs	(23 517)	-	(23 517)	(28 982)	(5 465)	22.5
Depreciation and amortisation	-	-	-	(86)	(86)	22.6
General Expenses	-	-	-	(11 949)	(11 949)	22.5
Total expenditure	(23 517)	-	(23 517)	(41 017)	(17 500)	
Deficit for the year	-	-	-	(1 684)	(1 684)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	(1 684)	(1 684)	

Accounting Policies

	Note (s)	2022 R '000	2021 R '000
1. Presentation of Audited Annual Financial Statements			
The audited annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999). These audited annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand. A summary of the significant accounting policies, which have been consistently applied in the preparation of these audited annual financial statements, are disclosed below. These accounting policies are consistent with the previous period.			
1.1 Presentation currency			
These audited annual financial statements are presented in South African Rand, which is the functional currency of the entity.			
1.2 Going concern assumption			
These audited annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.			
1.3 Materiality and comparative figures			
Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions. Where material accounting errors which relate to prior year have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparative are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as practicable and the prior year comparative are restated accordingly.			
1.4 Significant judgements and sources of estimation uncertainty			
In preparing the audited annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the audited annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the audited annual financial statements. Significant judgements include:			

Accounting Policies

	Note (s)	2022 R '000	2021 R '000
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1.4 Significant judgements and sources of estimation uncertainty (continued)

Depreciation

Depreciation recognised on property, plant and equipment is determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on board's estimation of the asset's condition, expected condition at the end of the period of use, its current use, expected future use and the entity's expectations about the availability of finance to replace the asset at the end of its useful life. In evaluating how the condition and use of assets informs the useful life and residual value board considers the impact of technology and minimum service requirements of the assets.

Impairment of non-financial assets

In testing for, and determining the value-in-use of non-financial assets, the board is required to rely on the use of estimates about the asset's ability to continue to generate cash flows (in the case of cash-generating assets).

1.5 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition. Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Subsequent to initial recognition, items of property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

Depreciation is calculated on the depreciable amount using the straight -line method over the estimated useful life of the asset. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciable amount is determined after taking into account an assets residual value, where applicable.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Accounting Policies

	Note (s)	2022 R '000	2021 R '000
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1.5 Property, plant and equipment (continued)

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight-line	15 -30 years
Computer equipment	Straight-line	3 - 10 years

The depreciable amount of an asset is allocated on a straight line basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements.

1.6 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Accounting Policies

	Note (s)	2022 R '000	2021 R '000
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1.6 Intangible assets (continued)

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential.

Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight-line	12 years

Accounting Policies

	Note (s)	2022 R '000	2021 R '000
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1.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at amortised cost.

Accounting Policies

	Note (s)	2022 R '000	2021 R '000
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1.7 Financial instruments (continued)

Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Derecognition

Financial assets

The entity de-recognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e., when the obligation specified in the contract is discharged, cancelled, expires or waived.

Accounting Policies

	Note (s)	2022 R '000	2021 R '000
1.7 Financial instruments (continued)			
An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.			
The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a nonexchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).			
Presentation			
Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.			
Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.			
1.8 Leases			
A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.			
Operating leases - lessee			
Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.			
1.9 Prepayments			
Prepaid expenses are cash paid amounts that represents costs incurred from which a service or benefits is expected to be derived or liability.			
The future write-off period of the incurred cost will normally be determined by the period of benefit covered by the prepayment. When the period arrives to which a prepaid cost relates the costs will be treated as a period cost for the period in question. Normally such prepaid costs will be written off based on the lapse of time and receipt of services rendered/ goods received.			
1.10 Employee benefits			
Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.			
- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or - the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.			

Accounting Policies

	Note (s)	2022 R '000	2021 R '000
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1.10 Employee benefits (continued)

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cell phones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

Accounting Policies

	Note (s)	2022 R '000	2021 R '000
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1.10 Employee benefits (continued)

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Termination benefits

The entity recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The entity is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum:

- the location, function, and approximate number of employees whose services are to be terminated
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.11 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Accounting Policies

	Note (s)	2022 R '000	2021 R '000
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1.11 Revenue from exchange transactions (continued)

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.12 Revenue from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

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

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Accounting Policies

	Note (s)	2022 R '000	2021 R '000
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1.12 Revenue from non-exchange transactions (continued)

Services in-kind

The entity recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the entity's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the entity disclose the nature and type of services in-kind received during the reporting period.

The significance of the services in-kind on the entity's operations and/or service delivery objectives determines whether the entity recognises services in-kind as an asset and revenue. It should recognise those services in-kind when they meet the definition of an asset and satisfy the criteria for recognition.

Services in-kind include services provided by individuals to entities and the right to use assets in a non-exchange transaction. These services meet the definition of an asset because the entity controls a resource from which future economic benefits or service potential is expected to flow to the entity. These assets and revenue are, in most instances, immediately consumed or used and a transaction of equal value is also recognised to reflect the consumption or usage of these services in-kind.

1.13 Fruitless and wasteful expenditure

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

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.14 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) The PFMA; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is required with the exception of updating the note to the financial statements.

Accounting Policies

	Note (s)	2022 R '000	2021 R '000
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1.14 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.15 Cash and cash equivalents

Cash for reporting purposes will include cash in the bank and any petty cash.

Cash equivalents will consist primarily of term deposits, and all other highly liquid investments with a maturity of twelve months or less. Cash equivalents are stated at cost.

The following should be excluded from the cash and cash equivalents line in the financial statements reported in current assets:

- Cash subject to restrictions that prevents its use within the next year; and
- Cash appropriated for other than its current purposes unless such cash offsets a current liability

Cash is estimated at fair value

1.16 Expense recognition

The entity reports its expenses on the accrual basis, meaning when the expenses are incurred, not when they are paid.

Expenses are incurred when goods are received and services are rendered, whether or not an invoice has been received or payment has been made.

The policy exists to ensure adherence with GRAP, to promote consistent accounting treatment across the entity, and to ensure the operating results of the entity are not misstated as a result of expenses unrecorded or recorded improperly.

1.17 Related parties

Where the entity has had related party transactions during the period covered by the financial statements, it discloses the nature of the related party transaction during the period covered by the financial statements. The nature, information about those related party transactions and outstanding balances including commitment.

Accounting Policies

	Note (s)	2022 R '000	2021 R '000
1.17 Related parties (continued)			
A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.			
Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.			
Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the ventures).			
Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.			
Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.			
Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.			
Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the entity.			
The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.			
Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its audited annual financial statements.			

1.18 Prior period errors and changes in accounting estimates

Prior year error:

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that;

- was available when financial statements of these periods were authorised for issue, and
- could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors may include the effects of mathematical mistakes, mistakes in applying accounting policies, oversight or misinterpretation of facts, and fraud.

Material prior period error are retrospectively corrected by:

- restating the comparative amounts for the prior period presented in which the error occurred
- If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

Accounting Policies

	Note (s)	2022 R '000	2021 R '000
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1.18 Prior period errors and changes in accounting estimates (continued)

Changes in accounting estimates:

As a result of uncertainties inherent in delivering services, conducting trading or other activities, many items in financial statements cannot be measured with precision but can only be estimated. The use of reasonable estimates is an essential part of the preparation of financial statements and does not undermine their reliability. An estimate may need revision if changes occur in the circumstances on which the estimates was based or as a result on new information or more experience. By its nature, the revision of an estimates does not relate to prior periods and is not the correction of an error.

The effect of a change in accounting estimate shall be recognised prospectively by including it in surplus or deficit in:

- The period of the change, if the change affects that period only; or
- The period of the change and future periods, if the change affects both.

1.19 Contingent liabilities and assets

Contingent liabilities:

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly in the control of the entity; or

A present obligation that arises from past events that is not recognised because;

- It is not probable that an out flow of resources and embodying economic benefits will be required to settle the obligation; or
- The amount of the obligation cannot be measured with sufficient reliability.
- The contingent liability is recognised awaiting the outcome of legal action or dispute between the two parties.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

Contingent assets:

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

An entity shall not recognise a contingent asset;

Where an inflow of economic benefits or service potential is probable, an entity shall disclose a brief description of the nature of the contingent assets at the reporting date, and , where practicable, an estimate of their financial effect, measured using the principles set out for provisions.

1.20 Payable from exchange transactions

A liability is a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential. Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Liabilities from exchange transactions will be recognised if:

- it is probable that any future economic benefit or service potential associated with the item will flow from the entity; or
- The item has cost or value that can be measured reliably.

Accounting Policies

	Note (s)	2022 R '000	2021 R '000
1.21 Commitments			
Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.			
Disclosures are required in respect of unrecognised contractual commitments.			
Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:			
- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services).			
1.22 Events after reporting date			
Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:			
- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and - those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).			
The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.			
The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.			
1.23 Budget information			
Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.			
General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.			
The approved budget covers the fiscal period from 01/04/2021 to 31/03/2022.			
The budget for the economic entity includes all the entities approved budgets under its control.			
The audited annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.			
Variance of 10% and above are considered material and are explained in the notes to the annual financial statements.			

Notes to the Audited Annual Financial Statements

	Note (s)	2022 R '000	2021 R '000
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2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2022 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
- GRAP 25 (as revised 2021): Employee Benefits	01 April 2009	Unlikely there will be a material impact
- Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2009	Unable to reliably estimate the impact
- GRAP 104 (amended): Financial Instruments	01 April 2025	Unlikely there will be a material impact
- iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact
- GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	Not expected to impact results but may result in additional disclosure
- GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Not expected to impact results but may result in additional disclosure

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand (Petty Cash)	9	2
Bank balances - FNB current account	271	1 991
	280	1 993

The entity has the following bank accounts

Account number / description	Bank statement balances	Cash book balances
	31/03/22	31/03/21
FNB Current account - 62007837620	271	1 991

4. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Furniture and fixtures	45	(42)	3	45	(40)	5
Computer equipment	388	(105)	283	21	(21)	-
Total	433	(147)	286	66	(61)	5

Notes to the Audited Annual Financial Statements

	Note (s)	2022 R '000	2021 R '000
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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - March 2022

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	5	-	(2)	3
Computer equipment	-	367	(84)	283
	5	367	(86)	286

Reconciliation of property, plant and equipment - March 2021

	Opening balance	Depreciation	Total
Furniture and fixtures	7	(2)	5
Computer equipment	1	(1)	-
	8	(3)	5

5. Intangible assets

	2022			2021		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	47	(47)	-	47	(47)	-

Intangible assets relate to finance and asset management modules. Although these intangibles have been fully amortised, the entity maintains them functioning through support and maintenance. It is management's intention to replace these modules as soon as funds for procurement are available in the entity.

The useful life of intangible assets have been reviewed in the current year.

6. Prepayments

Add: prepayments during the year	-	6
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An amount of R0 (2021: R6 412) was prepaid for data of management's cell phones.

7. Payables from exchange transactions

Trade payables	437	1 046
Accrued leave pay	1 445	1 995
Accrued expenses	2 053	649
	3 935	3 690

Notes to the Audited Annual Financial Statements

	Note (s)	2022 R '000	2021 R '000
8. Financial instruments disclosure			
Categories of financial instruments			
Financial assets - March 2022			
	At amortised cost	Total	
Cash and cash equivalents	280	280	
Financial liabilities - March 2022			
	At amortised cost	Total	
Payables from exchange transactions	2 491	2 491	
Financial assets - March 2021			
	At amortised cost	Total	
Cash and cash equivalents	1 994	1 994	
Financial liabilities - March 2021			
	At amortised cost	Total	
Payables from exchange transactions	1 694	1 694	
None of the financial assets are impaired.			
9. Revenue			
Transfer funds received - Ingonyama Trust Financial Regulation 10(2)	5 450	4 940	
*Other income - Ingonyama Trust	9 951	19 218	
Interest received - Bank	42	9	
Transfer funds received - DALRRD	23 517	22 192	
Donation received (at fair value)	373	-	
	39 333	46 359	
The amount included in revenue arising from exchanges of goods or services are as follows:			
Transfer funds received - Ingonyama Trust financial regulation 10.2	5 450	4 940	
Other income - Ingonyama Trust	9 951	19 218	
Interest received - Bank	42	9	
	15 443	24 167	

Notes to the Audited Annual Financial Statements

	Note (s)	2022 R '000	2021 R '000
9. Revenue (continued)			
The amount included in revenue arising from non-exchange transactions is as follows:			
Transfer funds received - DALRRD		23 517	22 192
Donation received (at fair value)		373	-
		23 890	22 192

*The amount relates to amounts paid in excess of the 10% as permissible in accordance with Financial Regulation 10(2). These amounts are remitted by the Trust in order to eliminate further shortfalls in revenue.

10. Auditors' remuneration

External audit fees	1 428	760
Internal audit fees	345	653
	1 773	1 413

External audit fees (Auditor-General) amounted to R1, 428 million (2021: R760 090).

Internal audit fees amounted to R344 955 (2021: R653 161).

11. Employee related costs

Basic salaries	26 848	27 162
Bonuses	-	190
Medical aid contributions	588	488
Unemployment insurance fund	240	212
Skills development levy	279	177
Leave pay provision charge	(331)	520
Provident fund contributions	1 155	1 442
Overtime	167	41
Union fee payments	36	29
	28 982	30 261

12. Operating lease

Minimum lease payments due:

- Due within 1 year	167	125
- Due within 2 - 5 years	241	45
	408	170

The above amounts are due in future years due to contractual obligations. Operational leases relate to service level agreements.

Notes to the Audited Annual Financial Statements

	Note (s)	2022 R '000	2021 R '000
13. Commitments			
Authorised future operational expenditure Already contracted for but not provided for			
- Due within 1 year		348	1 245
- Due within 2 - 5 years		14	166
		362	1 411
Total operational commitments			
Already contracted for but not provided for		362	1 411

Commitments disclosures are made for all unrealised contractual commitments including those that relate to routine, steady and state business of the entity. These are all aggregated above except for commitments relating to salary commitments.

14. Related parties

Relationships

INGONYAMA TRUST

A related party transaction exists between the Ingonyama Trust Board and the Ingonyama Trust. The Ingonyama Trust Board administers the affairs of the Ingonyama Trust and Trust land. The Ingonyama Trust Board is partially funded by the State and the shortfall of R15,4 million in transfer payment funding for the current year was paid for by the Ingonyama Trust. In administering the Trust, the Ingonyama Trust Board incurs operational and administrative expenditure noted in the statement of financial performance. The Ingonyama Trust, which is regulated by the financial and administrative regulations to the Act, mainly incurs expenditure on the core business "land management". The Ingonyama Trust Board is the employer, therefore employee costs are reflected in the books of the Ingonyama Trust Board.

DEPARTMENT OF AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT (DALRRD)

The Ingonyama Trust Board is a public entity under the Department of Agriculture, Land Reform and Rural Development as such certain services between the Department of Agriculture, Land Reform and Rural Development and the entity are rendered and are not at arm's length. These have been disclosed below:

Notes to the Audited Annual Financial Statements

	Note (s)	2022 R '000	2021 R '000
14. Related parties (continued)			
Related party transactions			
Transfers received from Ingonyama Trust			
Transfer funds received - Ingonyama Trust Financial Regulation 10(2)		5 450	4 940
Transfer funds received - Other		8 798	17 610
Services paid by other on behalf of Ingonyama Trust Board			
Services paid by Ingonyama Trust		1 153	1 608
Services paid by the Department of Agriculture, Land Reform and Rural Development		3 502	-
Transfer received from Department of Agriculture, Land Reform and Rural Development			
Transfer funds received - DALRRD		23 517	22 192
Services paid by Ingonyama Trust Board on behalf of others			
Services paid for Ingonyama Trust		(1 041)	(2 711)
Remuneration of management			
Board Members' Fees			
2022 - March			
	Board members' fees	Total	
Name			
Mr S.J Ngwenya - Chairperson	1 634	1 634	
Dr N.Z Qunta - Vice chairperson	362	362	
Inkosi P.R Bele	245	245	
Inkosi Z.T Gumede	236	236	
Inkosi S.E Shabalala	279	279	
Inkosi W.T Mavundla	268	268	
	3 024	3 024	
2021 - March			
	Board members' fees	Total	
Name			
Mr S.J Ngwenya - Chairperson	1 817	1 817	
Dr N.Z Qunta - Vice chairperson	207	207	
Adv W.E.R Raubenheimer	185	185	
Mr B.L Shabalala	171	171	
Inkosi P.R Bele	493	493	
Inkosi Z.T Gumede	369	369	
Inkosi S.E Shabalala	293	293	
Inkosi W.T Mavundla	687	687	
	4 222	4 222	

Notes to the Audited Annual Financial Statements

Figures in Rand thousand

14. Related parties (continued)

Management class: Executive management March 2022

Name	Basic salary	Other short term employee benefits	Post employment benefits	Acting allowance	Total
*Mr V.Z Mngwengwe - Chief Executive Officer	1 016	163	137	-	1 316
Ms T.P Ndlovu - Head of Land Management Services	1 462	17	-	-	1 479
Mr S.E Madondo - Head Corporate Services	1 031	12	112	-	1 155
Mr S.E Gabela - Acting CEO/ Head of Supply Chain Management	1 250	10	-	68	1 328
*Mr S.B Vilakazi - Chief Financial Officer	635	492	2 76	256	1 459
*Ms S Ellis - Acting Head of Land Management Services	87	2	-	112	201
	5 481	696	325	436	6 938

March 2021

Name	Basic salary	Bonuses	Other short term employee benefits	Post employment benefits	Termination benefits	Acting allowance	Total
Mr S.E Gabela - Acting Chief Executive Officer	1 152	-	10	98	-	136	1 396
Mr B.L Mkhwanazi - CEO	1 242	-	8	146	127	-	1 523
Mr S.E Madondo - Manager Corporate Services	905	-	7	97	-	-	1 009
Ms T.P Ndlovu - Head of Land Management Services	1 463	-	10	-	-	-	1 473
Ms S Ellis - Acting Head of Land Management Services	512	20	11	109	-	677	1 329
Mr A Mia - Chief Financial Officer	1 101	-	8	-	-	-	1 109
	6 375	20	54	450	127	813	7 839

*Mr VZ Mngwengwe was appointed as CEO from 19 July 2021.

*Mr SB Vilakazi has been seconded from the Department of Agriculture, Land Reform and Rural Development from 1 May 2021 as the Chief Financial Officer.

*Ms S Ellis acted as Head of Land Management Services for April - May 2021.

Notes to the Audited Annual Financial Statements

	Note (s)	2022 R '000	2021 R '000
15. Fruitless and wasteful expenditure			
Opening balance as previously reported		55	26
Add: expenditure identified - current		-	29
		55	55
Hiring of mobile fridge from the 13 June 2019 - 16 July 2019 amounting to R25 875 for financial year ended 2019/20.			
Procurement of walk-in Sanitising booth for COVID-19 compliance amounting to R29 087 for financial year ended 2020/21.			
16. Contingents			
Contingent assets			
Municipal services deposit amounting to R88 000 (2021: R88 000) is held by local municipality (Msunduzi municipality). The deposit shall be retained by the municipality until the municipal account has been closed, whereupon it will be applied to any amount owing in terms of any charges from municipality. The balance remaining shall be returned to the entity.			
17. General expenses			
Accounting fees		-	338
Auditors remuneration		1 773	1 413
Bank charges		17	16
Cleaning		664	511
Consulting and professional fees		-	579
Entertainment		96	-
General expenses other		26	-
Printing and stationery		397	184
Security		1 112	1 080
Telephone and fax		481	652
Travel and accommodation		1 556	1 057
Electricity and water		851	847
Operating lease expense		129	262
Board members' expense		3 806	5 173
Audit committee members' fees		-	21
Other expense - Ingonyama Trust		1 041	2 711
		11 949	14 844

Notes to the Audited Annual Financial Statements

	Note (s)	2022 R '000	2021 R '000	
18. Prior-year adjustments				
Statement of financial position				
2021				
	Note	As previously reported	Correction of error	Re-stated
Accumulated surplus		1 512	173	1 685
Accrued leave pay	7	(1 846)	(149)	(1 995)
Accrued expenses	7	(624)	(24)	(648)
		(958)	-	(958)

An amount of R149 337 for accrued leave was not recognised in the previous financial year. This has been corrected as a prior year error.

An amount of R24 489 for accrued expenses relating to printing and stationery, operating lease and internal audit committee members' fees was not recognised in the previous financial year. This has been corrected as a prior year error.

Statement of financial performance 2021

	Note	As previously reported	Correction of error	Reclassification	Re-stated
Printing and stationery	17	169	15	-	184
Operating lease expenses	17	257	5	-	262
Audit committee fees	17	17	4	-	21
Auditor's remuneration	17	2 205	(1 445)	653	1 413
Internal audit fees	17	653	-	(653)	-
Other expenses - Ingonyama Trust	17	-	1 445	-	1 445
Leave pay provision	11	371	149	-	520
Surplus for the year		3 672	173	-	3 845

An amount of R15 281 for printing and stationery was previously understated. This has been corrected as a prior year error.

An amount of R4 467 for operating lease expenses was understated.

An amount of R4 128 for Internal audit committee fees was previously understated. This has been corrected as a prior year error.

An amount of R653 161 was previously classified as internal audit fees and has been correctly re-classified as Auditor's remuneration.

An amount of R149 337 for accrued leave was not recognised in the previous financial year. This has been corrected as a prior year error.

An amount of R1, 445 million was previously classified as Auditor's remuneration and has been correctly re-classified as Other expenses - Ingonyama Trust.

Notes to the Audited Annual Financial Statements

		Note (s)	2022 R '000	2021 R '000
18. Prior-year adjustments (continued)				
Disclosure				
	Note	As previously reported	Correction of error	Re-stated
Board members' fees	17	4 123	99	4 222
Transfer funds received - other	14	19 218	(1 608)	17 610
Payables from exchange transactions - Financial liabilities	8	1 668	26	1 694
Services paid by Ingonyama Trust on behalf of others		-	(2 711)	(2 711)
Surplus for the year		25 009	(4 194)	20 815

An amount of R99 160 for Board members' fees was understated. This has been corrected as a prior year error. The following individual board members disclosure was affected:

- Mr S.J Ngwenya understated by R50 004.
- Mr B.L Shabalala understated by R2 597.
- Inkosi P.R Bele understated by R23 690.
- Inkosi Z.T Gumede understated by R22 869.

An amount of R1, 608 million was incorrectly disclosed as additional transfer funds received from Ingonyama Trust (other). This amount is related to services paid for by Ingonyama Trust on behalf of Ingonyama Trust Board.

An amount of R2, 711 million was omitted from the related party disclosure note. This amount is related to services paid on behalf of Ingonyama Trust.

19. Risk management

Liquidity risk

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The entity manages its liquidity risk through ongoing review of future commitments and the budgeting process which monitors spending against available resources.

The table below analyses the entity's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 March 2022

	Less than 1 year
Financial liabilities	2 491

Notes to the Audited Annual Financial Statements

	Note (s)	2022 R '000	2021 R '000
19. Risk management (continued)			
At 31 March 2021			Less than 1 year
Financial liabilities			1 694
The entity does not hold any derivative financial liabilities.			
Credit risk			
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.			
Financial assets which potentially subject the Ingonyama Trust Board to risk of non-performance and thereby subject to credit risk consist mainly on cash and cash equivalents.			
The ITB limits its treasury counter party exposure by dealing with well established institutions approved by National Treasury and its exposure is constantly monitored.			
Financial assets exposed to credit risk at year end were as follows:			
At 31 March 2022	Gross amount	Impairments	Carrying amount
Cash and cash equivalents	280	-	280
At 31 March 2021	Gross amount	Impairments	Carrying amount
Cash and cash equivalents	1 994	-	1 994
Market risk			
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in material prices. Market risk comprises of three types of risks: currency risk, interest rate risk and other price risk.			
None of the financial instruments in the current year were impacted by market risk.			
None of the financial instruments in the current year were interest bearing.			
20. Cash (used in) generated from operations			
(Deficit) surplus		(1 684)	1 251
Adjustments for:			
Depreciation and amortisation		86	3
Other non-cash items - fair value		(373)	-
Changes in working capital:			
Receivables from exchange transactions		-	6
Prepayments		6	(6)
Cash on hand		7	-
Payables from exchange transactions		244	769
		(1 714)	2 023

Notes to the Audited Annual Financial Statements

	Note (s)	2022 R '000	2021 R '000
21. Irregular expenditure			
Opening balance as previously reported		12 194	5 176
Add: Irregular Expenditure - current		17 414	7 018
Closing balance		29 608	12 194

The irregular expenditure amounting to R17, 414 million (2021: R7, 018 million) in the current year relates to overspending of employee costs and general expenses which is in contravention with section 53(4) of the PFMA.

Although all general expenditure is irregular as a result of non-compliance with section 53(4) of the PFMA, there are some transgressions on the same expenditure relating to non-compliance with supply chain management prescripts.

22. Budget differences

Material differences between budget and actual amounts

Variance of 10% and above are considered material and are explained below:

22.1 Transfer funds received – Ingonyama Trust (100%)

The amount of R5, 450 million relates to portion of income received from the Trust in administering the Trust and trust land. In the current year this was not budgeted for due to the fact that a request for additional funding was routed to the Department of Agriculture, Land Reform and Rural Development and at year end was still under deliberation between the Department of Agriculture, Land Reform and Rural Development and the Ingonyama Trust Board.

22.2 Other income – Ingonyama Trust (100%)

The amount of R9, 951 million relates to the additional income received from the Trust due to insufficiency of allocation from the Department of Agriculture, Land Reform and Rural Development and 10% allowable in accordance with Financial Regulation 10(2). This amount was not budgeted for due to the same reason as in note 22.1 above.

22.3 Interest received (100%)

Due to cash flow utilisation trends in the Ingonyama Trust Board, no interest has been budgeted for. Monies received from the Department of Agriculture, Land Reform and Rural Development as part of the annual allocation are utilised as soon as they are received and therefore there is no realistic expectation that substantial amounts of interest will accrue to the entity due to cash constraints.

Notes to the Audited Annual Financial Statements

	Note (s)	2022 R '000	2021 R '000
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22. Budget differences (continued)

22.4 Donations received (at fair value) (100%)

The fair value increase is as a result of a donation of laptops from the Department of Agriculture, Land Reform and Rural Development in the current year on request by the entity management as the Department of Agriculture, Land Reform and Rural Development is still deliberating on the transfer payment funding increase to the entity.

22.5 Employee cost and general expenses (74%)

Overspending on the expenditure including compensation of employees and general expenditure is due to inadequate funding of Board activities by the Department of Agriculture, Land Reform and Rural Development. In the current year the entity began engaging with the Department of Agriculture, Land Reform and Rural Development on increasing allocation to the entity and these discussions were still ongoing at year end.

22.6 Depreciation (100%)

All items of PPE were expected to have reached the end of their useful lives and therefore depreciation complete. However due to lack of funds to acquire new assets, the Department of Agriculture, Land Reform and Rural Development donated computer equipment to the entity which resulted in an unplanned increase in depreciation relating to computer equipment.

23. Going concern

We draw user's attention to the fact that as at 31 March 2022, the entity accumulated a deficit of R3, 369 million (2021: R1, 686 million) and that the entity's total liabilities exceed its assets by R3, 369 million. The entity incurred a loss of R1, 684 million in the current year. The entity's current ratio is 0.07:1.

The audited annual financial statements have been prepared on the basis that the entity continues to be a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The entity is expected to continue as a going concern as it is expecting financial support or funding from the Ingonyama Trust and the Department of Agriculture, Land Reform and Rural Development to continue operations.

Part E : Financial Information

Audited Annual Financial Statements Ingonyama Trust Board

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Land Management
Trustee	His Majesty the King
Business Address	65 Trelawney Road Southgate Pietermaritzburg 3201 P.O. Box 601 Pietermaritzburg 3201
Bankers	First National Bank
Auditors	Auditor General of South Africa

Index

The reports and statements set out below comprise the audited annual financial statements presented to the parliament:

	Page
Accounting Authority's Responsibilities and Approval	74
Report of the Auditor General to Parliament on Ingonyama Trust Board	75
Statement of Financial Position	78
Statement of Financial Performance	79
Statement of Changes in Net Assets	80
Cash Flow Statement	81
Statement of Comparison of Budget and Actual Amounts	82
Accounting Policies	83 - 94
Notes to the Audited Annual Financial Statements	95 - 121

Accounting Authority's Responsibilities and Approval

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

This amendment involved changes to all sections of the Act by way of the KwaZulu-Natal Ingonyama Trust Amendment Act No 9 of 1997. Importantly this Act established the Trust Board appointed by the then Minister of land affairs following a consultative process with the KZN Premier – in – Executive Council and the Chairperson of the KZN House of Traditional Leaders. The King remains the sole Trustee and he (or his nominee) chairs the Board. The 1997 Amendment Act also excluded application of private trust legislation to the Ingonyama Trust.

As it is well settled law, the assets of the Trust vest on the Trustee. This remains the position of Ingonyama Trust. This current position places Ingonyama (Isilo/ the King) to be in the same position which he occupies under Zulu customary law.

The effect of these amendments among others was the creation of a Board which is a separate and independent legal entity. The members of the Board are not trustees but appointed by the Minister responsible for land currently Department of Agriculture, Land Reform and Rural Development.

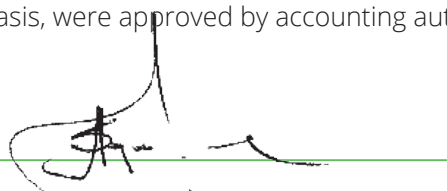
The function of the Board is to administer the affairs of the Ingonyama Trust and Trust land. This is a unique situation since trusts are ordinarily controlled by boards of trustees. The Annual Financial Statements of the Board is dealt with elsewhere. These Annual Financial Statements relate to the Ingonyama Trust. There remains an ongoing discussion as to how Ingonyama Trust should be audited.

There are instances where there are no listed beneficial tribes, and in such a case the Trustee has a discretion in consultation with the Board with regards to the identity of the beneficiaries. The Trust does not receive any funding from the state. Neither is the Trust a business entity. Its income is derived from tenure administration. This notwithstanding, the AGSA choose to audit Ingonyama Trust as a business entity.

The Annual Financial Statements have been prepared in accordance with Generally Recognised Accounting Practice and in a manner required by the Ingonyama Trust Act, Act 3 of 1994 and Treasury regulation 14 which reads as follows: -

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

The audited annual financial statements set out on page 78, which have been prepared on the going concern basis, were approved by accounting authority on 09 September 2022 and were signed on its behalf by:



Mr S J Ngwenya

Chairperson : Ingonyama Trust Board

Report of the Auditor – General to Parliament on Ingonyama Trust

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Qualified opinion

1. I have audited the financial statements of the Ingonyama Trust set out on pages 78 to 121, which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budgeted and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effect of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Ingonyama Trust as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the KwaZulu-Natal Ingonyama Trust Act, 1994 (Act No. 3 of 1994) (KITA).

Basis for qualified opinion

General expenditure: Municipal property rates

3. The trust did not fully record expenditure in accordance with SA Standard of GRAP 1, Presentation of financial statements. Municipal property rates relating to land owned by the trust was not recognised in the financial statements, as required by the standard. Consequently, total expenditure and current liabilities are understated. I was not able to determine the full extent of the municipal property rates expenditure and payable amounts for the current and prior years as it was impracticable to do so. There was also a resultant impact on the deficit for the period and on the accumulated surplus.
Contingent liabilities
4. The trust incorrectly disclosed contingent liabilities for municipal property rates which was not in accordance with SA Standard of GRAP 19, Provisions, contingent liabilities and contingent assets. The municipal property rates relating to the land owned by the trust should have been recognised as an expense instead of been disclosed in the financial statements as a contingent liability. Consequently, contingent liabilities as disclosed in note 21 to the financial statements was misstated by R85, 36 million (2021: R62, 67 million) and expenditure and payables were understated by the same amount.
Investments in controlled entities
5. As disclosed in note 6 to the financial statements, the Ingonyama Trust has not consolidated its subsidiary Ingonyama Holdings (Pty) Ltd that was formed during 2019, as the subsidiary did not prepare financial statements. This investment has only been accounted for on the cost basis without preparing consolidated financial statements as required by SA Standards of GRAP 35, Consolidated financial statements. Had Ingonyama Holdings (Pty) Ltd been consolidated, many elements in the financial statements would have been materially affected. The effects on the financial statements due to the failure to consolidate have not been determined.

Context for the opinion

6. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.

7. I am independent of the trust in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matter

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

Restatement of corresponding figures

10. As disclosed in note 23 to the financial statements, the corresponding figures for 31 March 2021 were restated as a result of errors in the financial statements of the trust, at and for the year ended 31 March 2022.

Responsibilities of the accounting authority for the financial statements

11. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the KITA, 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.
12. In preparing the financial statements, the accounting authority is responsible for assessing the trust's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the trust or to cease operations, or has no realistic alternative but to do so.

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

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

Performance information reporting

15. The Trust is not required to prepare a report on its performance against predetermined objectives, as it does not fall within the ambit of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) and such reporting is not required in terms of the KITA.

Report on the audit of compliance with legislation

Introduction and scope

16. In accordance with the Public Audit Act of South Africa, 2004 (Act No.25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the trust's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

17. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

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

Internal control deficiencies

22. I considered internal control relevant to my audit of the financial statements and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion.
23. Leadership did not effectively review the requirements of the financial reporting framework in order to provide oversight and ensure full and proper implementation thereof in the financial statements of the Trust and its subsidiary. This was due to inadequate steps taken to prevent prior year findings from re-occurring and not preparing consolidated financial statements.

Other reports

24. I draw attention to the following engagement conducted which had, or could have, an impact on the matters reported in the trust's financial statements, compliance with applicable legislation and other related matters. This report did not form part of my opinion on the financial statements.

An independent consultant was appointed at the request of the accounting authority to investigate allegations of misappropriation of the Trust's assets implicating the employees of the Ingonyama Trust Board. The investigation covered the period 1 April 2017 to 31 March 2019 and was concluded on 29 November 2021. However, there were certain corrections required to be made to the report.

The corrections were in progress at the date of this auditor's report.

Auditor-general



Auditing to build public confidence

**Pietermaritzburg
7 September 2022**

Statement of Financial Position as at 31 March 2022

	Note (s)	2022 R '000	2021 Restated R '000
Assets			
Current Assets			
Loans to controlled entities	9	31 000	-
Receivables from exchange transactions	11	25 722	27 528
Other receivables from exchange transactions	12	912	1 441
Investments - other	10	44 491	40 298
Cash and cash equivalents	13	130 184	140 153
		232 309	209 420
Non-Current Assets			
Investment property	8	156 844	156 844
Property, plant and equipment	3	2 988 215	2 990 519
Intangible assets	5	4	32
Heritage asset	7	15 988	15 988
Investments in controlled entities	6	10 000	10 000
		3 171 051	3 173 383
Total Assets		3 403 360	3 382 803
Liabilities			
Current Liabilities			
Payables from exchange transactions	14	38 933	28 826
Bank overdraft	13	19	-
		38 952	28 826
Total Liabilities		38 952	28 826
Net Assets		3 364 408	3 353 977
Accumulated surplus		3 364 408	3 353 977
Total Net Assets		3 364 408	3 353 977

Statement of Financial Performance

	Note (s)	2022 R '000	2021 Restated R '000
Revenue			
Revenue from exchange transactions			
Lease revenue	15	39 491	39 876
Other income	15	6 148	3 649
Dividend income	15	971	-
Interest on overdue debtors accounts	15	572	725
Interest received on bank and short term investments	15	8 356	6 596
Total revenue from exchange transactions		55 538	50 846
Expenditure			
Depreciation and amortisation		(3 275)	(4 239)
Impairment loss	11	(24 206)	(41 125)
Funds paid to Ingonyama Trust Board - FR 10(2)	18	(5 450)	(4 940)
Funds paid to Ingonyama Trust Board and other	18	(9 951)	(19 218)
General Expenses	16	(17 324)	(19 303)
Total expenditure		(60 206)	(88 825)
(Deficit)/ surplus for the year		(4 668)	(37 979)

Statement of Changes in Net Assets

	Note (s)	2022 R '000	2021 Restated R '000
Balance at 01 April 2020		3 391 956	3 391 956
Changes in net assets			
Deficit for the year		(37 979)	(37 979)
Total changes		(37 979)	(37 979)
Restated* Balance at 01 April 2021		3 369 076	3 369 076
Changes in net assets			
Deficit for the year		(4 668)	(4 668)
Total recognised income and expenses for the year		(4 668)	(4 668)
Total changes		(4 668)	(4 668)
Balance at 31 March 2022		3 364 408	3 364 408

Cash Flow Statement

	Note (s)	2022 R '000	2021 Restated R '000
Cash flows from operating activities			
Receipts			
Lease revenue receipts		56 686	63 037
Interest income		4 735	7 507
Transfers receipts - Bank accounts		23 431	-
Other receipts		456	2 186
		85 308	72 730
Payments			
Cash paid to suppliers and others		(26 321)	(25 386)
Transfer of funds to Ingonyama Trust Board		(14 248)	(22 550)
Transfer payments to bank accounts		(23 248)	-
		(63 817)	(47 936)
Net cash flows from operating activities	17	21 491	24 794
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(479)	(206)
Purchase investment - Controlled entities		-	(10 000)
Purchase of investment - Other		-	(40 000)
		(479)	(50 206)
Net cash flows from investing activities			
Cash flows from financing activities			
Loans to controlled entities		(31 000)	-
Net cash flows from financing activities		(31 000)	-
Net increase/(decrease) in cash and cash equivalents		(9 988)	(25 412)
Cash and cash equivalents at the beginning of the year		140 153	165 565
Cash and cash equivalents at the end of the year	13	130 165	140 153

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	% Variance	Reference/ Note
	R '000	R '000	R '000	R '000	R '000		
Statement of Financial Performance							
Revenue							
Revenue from exchange transactions							
Lease revenue	75 339	-	75 339	39 491	(35 848)	48%	25.1
Other income	3 884	-	3 884	6 148	2 264	83%	25.2
Dividend income	-	-	-	971	971	100%	25.3
Interest on overdue accounts	-	-	-	572	572	100%	25.4
Interest received from banks and short term investments	-	-	-	8 356	8 356	100%	25.5
Total revenue from exchange transactions	79 223	-	79 223	55 538	(23 685)	-	-
Expenditure							
Depreciation	-	-	-	(3 275)	(3 275)	100%	25.6
Impairment loss	-	-	-	(24 206)	(24 206)	100%	25.7
Transfer funds paid to Ingonyama Trust Board - FR 10 (2)	-	-	-	(5 450)	(5 450)	100%	25.8
Transfer funds paid to Ingonyama Trust Board other	-	-	-	(9 951)	(9 951)	100%	25.9
General Expenses	(242 510)	-	(242 510)	(17 324)	225 186	93%	25.10
Total expenditure	(242 510)	-	(242 510)	(60 206)	182 304		
Deficit for the year	(163 287)	-	(163 287)	(4 668)	158 619		
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(163 287)	-	(163 287)	(4 668)	158 619		

Accounting Policies

1. Presentation of Audited Annual Financial Statements

The audited annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board.

These audited annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these audited annual financial statements, are disclosed below.

1.1 Presentation currency

These audited annual financial statements are presented in South African Rand, which is the functional currency of the trust.

1.2 Going concern assumption

These audited annual financial statements have been prepared on the basis expectation that the trust will continue to operate as a going concern for at least the next 12 months.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the audited annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the audited annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the audited annual financial statements. Significant judgements include:

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the trust; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.4 Property, plant and equipment (continued)

Accounting Policies

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land		Indefinite
Buildings	Straight-line	25 years
Furniture and fixtures	Straight-line	12 years
Motor vehicles	Straight-line	5 years
IT equipment	Straight-line	3-5 years
Agricultural machinery and equipment	Straight-line	6 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

The trust assesses at each reporting date whether there is any indication that the trust expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the trust revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The trust separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 3).

1.5 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the trust or from other rights and obligations.

1.5 Intangible assets (continued)

Accounting Policies

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the trust; and
- the cost or fair value of the asset can be measured reliably.

The trust assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential.

Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight-line	3-5 year
Website design	Straight-line	3-5 year

The trust discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 5).

1.6 Ingonyama Trust Land

Accounting Policies

Ingonyama Trust land refers to all land held by Ingonyama as Trustee for the benefit and material welfare of the tribes and communities.

Recognition:

Legislation or similar means governs the ownership, custodianship and/or the use of land in the organisations that apply the Standard of GRAP as a financial reporting framework.

The following situations outlined in legislation or similar means, may have an impact on the recognition and derecognition of land:

- (a) an organisation may be required to act as the custodian of the land;
- (b) an organisation may be the legal owner of the land;
- (c) an organisation may be required to use the land or may be granted a right to use the land to meet its service delivery objectives; or
- (d) restrictions may be imposed on an organisation in relation to the transfer of the land.

The definition of an asset is met when the resource is controlled by the organisation as a result of past events and from which future economic benefits or service potential is expected to flow to the organisation. To satisfy the recognition criteria, it should be probable that future economic benefits or service potential associated with the item will flow to the organisation, and the cost or fair value of the item can be measured reliably.

An organisation must control the resource. Control of the resource is evidenced by the organisation's ability to use the resource, or direct other parties to use it, so as to benefit from the future economic benefits or service potential embodied in the resource.

The principle of substance over form acknowledges that the substance of transactions or other events is not always consistent with that which is apparent from their legal form. Legal ownership is one method to demonstrate control of land, but the ability to generate future economic benefits or the right to service potential, may exist without legal ownership of land.

Control is evidenced by the rights and obligations arising from a binding arrangement.

A binding arrangement is an arrangement that confers enforceable rights and obligations on the parties to the arrangement as if it were in the form of a contract. It includes rights from contracts or other legal rights and can be evidenced in several ways:

- (a) A contract concluded between the parties;
- (b) Legislation, supporting regulations or similar means including, but not limited to laws, regulation, policies, decisions concluded by authorities such as cabinet, executive committees, boards, municipal councils and ministerial orders (referred to as legislation or similar means for purposes of this Interpretation); or
- (c) Through operation of law, including common law.

A binding arrangement is often, but not always, in writing, in the form of a contract or documented discussions between the parties.

Control of land is evidenced by the following criteria:

- (a) legal ownership; and/or
- (b) the right to direct access to land, and to restrict or deny the access of others to land.

At each reporting date, an organisation needs to assess whether there are any changes to the binding arrangement that may impact its assessment of control.

Legal Ownership:

Legal ownership refers to the owner being the registered title deed holder of the land. Legal ownership also arises where the land is transferred from the legal owner to another organisation or party, through legislation or similar means.

1.6 Ingonyama Trust Land (continued)

Accounting Policies

In the absence of an organisation demonstrating that it has granted the right to direct access to and restrict or deny access of others to the land to another organisation, the legal owner controls the land as it retains the right to direct access to land, and to restrict or deny the access of others to land.

The right to direct access to land, and to restrict or deny the access of others to land.

In assessing whether the rights that have been granted to an organisation in a binding arrangement result in control of the land, it is important to distinguish between substantive rights and protective rights. Only substantive rights are considered in assessing whether an organisation controls land.

- Substantive rights grant the organisation the ability to make decisions about, and benefit from, certain rights and assets, such as how to use the land to provide services, and when to dispose of the land, to whom and at what price. For the right to be substantive, the holder of the right must have the present ability to exercise that right.
- Protective rights serve to protect particular rights or assets in the public sector, and often require that specific approval be obtained to undertake certain transactions or in making key decisions. As the reason for granting an organisation a protective right is merely to protect the rights of the holder without giving it power over the land to which the right relates, an organisation needs to consider whether it has a substantive right for purposes of assessing control of the land.

The binding arrangement concluded between the parties to the arrangement may impose conditions or restrictions on an acquirer of land. These conditions and restrictions result in a protective right for the seller or transferor of the land. When these conditions and restrictions are breached by the acquirer, the protective right may become a substantive right, and the seller or transferor should re-assess, at the time of the breach, whether they control land by applying the criteria in paragraph 16. If the organisation concludes that it controls land after applying these criteria, it recognises the land as an asset in its financial statements.

An organisation needs to apply judgement to determine whether it has a substantive or a protective right by considering all facts and circumstances to make the assessment.

If one organisation has the right to direct access to, and restrict or deny the access of others to land while another is the legal owner of land, substance over form determines that the land is controlled by the organisation that has the right to direct access to land, and to restrict or deny the access of others to land.

Recognition of land:

Where the organisation concludes that it controls land after applying the criteria, the land is recognised as an asset in the statement of financial position in accordance with the applicable Standard of GRAP.

Derecognition of land:

If the organisation concludes that it does not control land, but land is currently recognised as an asset in its statement of financial position, the land is derecognised. Land is derecognised as an asset from the statement of financial position in accordance with the applicable Standard of GRAP.

Disclosure:

Where an organisation is not the legal owner or the custodian of land appointed in terms of legislation but assesses that it controls land, the following disclosures shall be provided:

- (a) the carrying value of land that is recognised in accordance with the applicable Standard of GRAP; and
- (b) key judgements made and assumptions applied to conclude that it controls land.

Where an organisation is the legal owner, or the custodian of land appointed in terms of legislation, but concludes that it does not control land, the organisation shall disclose key judgements made and assumptions applied to conclude that it does not control land.

The disclosures above may be made in total, individually, and for groups of land that provide relevant information to the users of the financial statements for accountability and decision-making purposes.

1.7 Heritage assets

Accounting Policies

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.

Recognition

The trust recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the trust, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairment

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

Derecognition

The trust derecognises heritage asset 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 derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.8 Investments in controlled entities

An investment entity is an entity that obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services, that has the purpose of investing funds solely for returns from capital appreciation, investment revenue, and which measures and evaluates the performance of substantially all of its investments on a fair value basis.

Separate financial statements are those presented by the trust, in which the trust could elect to account for its investments in controlled entities, joint ventures and associates either at cost, in accordance with the GRAP Standard on Financial Instruments or using the equity method as described in the accounting policies on Investments in Associates and Joint ventures.

In the trust's separate financial statements, investments in controlled entities are carried at cost;

1.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

1.9 Financial instruments

Accounting Policies

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

1.10 Receivables from exchange transactions

Recognition

The trust recognises receivables from exchange transactions as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The trust initially measures receivables from exchange transactions at their transaction amount.

Subsequent measurement

The trust measures receivables from exchange transactions after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Accrued interest

Where the trust levies interest on the outstanding balance of receivables from exchange transactions, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on receivables from exchange transactions is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Impairment losses

The trust assesses at each reporting date whether there is any indication that a receivable from exchange transactions, or a group of receivables exchange transaction, may be impaired.

In assessing whether there is any indication that a receivable from exchange transaction, or group of receivables from exchange transaction, may be impaired, the trust considers, as a minimum, the following indicators:

Accounting Policies

1.10 Receivables from exchange transactions (continued)

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).

If there is an indication that a receivable from exchange transaction, or a group of receivables from exchange transaction, may be impaired, the trust measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the receivable from exchange transaction, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, a trust considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the receivables from exchange transaction, or group of receivables from exchange transaction, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a receivable from exchange transaction is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the receivable from exchange transaction or group of receivables from exchange transaction exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

1.11 Leases

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Operating leases - lessor

A more accurate systematic basis that is more representative of the time pattern in which benefits derived from a lease is diminished stage of completion is a better basis for the recognition of operating lease revenue. The stage of completion associated with the provision of leased services on Ingonyama Land is a more representative basis.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue. Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.12 Discontinued Operations

Discontinued operation is a component of a trust that has been disposed of and:

- represents a distinguishable activity, group of activities or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a distinguishable activity, group of activities or geographical area of operations; or

Accounting Policies

1.12 Discontinued Operations (continued)

- is a controlled trust acquired exclusively with a view to resale.

A component of a trust is the operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the trust.

1.13 Impairment of non-cash-generating assets

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The trust assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the trust estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Recognition and measurement

An impairment loss is recognised immediately in surplus or deficit.

1.14 Provisions and contingencies

A provision is a liability of uncertain timing or amount.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 21.

1.15 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and

1.16 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the trust receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Notes to the Audited Annual Financial Statements

	2022 R '000	2021 R '000
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1.16 Revenue from exchange transactions (continued)

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the trust has transferred to the purchaser the significant risks and rewards of ownership of the goods
- the trust retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the trust; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the trust;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by surveys of work performed.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the trust, and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Notes to the Audited Annual Financial Statements

	2022 R '000	2021 R '000
1.16 Revenue from exchange transactions (continued)		
Dividends or similar distributions are recognised, in surplus or deficit, when the trust's right to receive payment has been established.		
Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.		
1.17 Cash and cash equivalents		
Cash for reporting purposes will include cash in the bank and any petty cash.		
Cash equivalents - to be included on the cash line in the financial statements - will consist primarily of term deposits, and all other highly liquid investments with a maturity of twelve months or less. Cash equivalents are stated at cost.		
The following should be excluded from the cash and cash equivalents line in the financial statements reported in current assets:		
- Cash subject to restrictions that prevent its use within the next year; and		
- Cash appropriated for other than its current purposes unless such cash offsets a current liability.		
- Cash is measured at fair value.		
1.18 Expense recognition		
The entity reports its expenses on the accrual basis, meaning when the expenses are incurred, not when they are paid.		
Expenses are incurred when goods are received and services are rendered, whether or not an invoice has been received or payment has been made.		
The policy exists to ensure adherence with GRAP, to promote consistent accounting treatment across the entity, and to ensure the operating results of the entity are not misstated as a result of expenses unrecorded or recorded improperly.		
1.19 Comparative figures		
Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.		
1.20 Related parties		
A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.		
Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.		
Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the ventures).		
Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.		
The trust is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the trust to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.		

Notes to the Audited Annual Financial Statements

	2022 R '000	2021 R '000
1.21 Payables from exchange transactions		
A liability is a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential.		
Liabilities from exchange transactions will be recognised if:		
- it is probable that any future economic benefit or service potential associated with the item will flow from the entity; and - The item has a cost or value that can be measured reliably.		
As part of the process of maintaining the accounting records in conformity with Generally Recognised Accounting Practice, once a transaction or obligating event has taken place, the liability shall be recorded in the accounting records.		
This will normally occur upon the earlier of receipt of the invoice or delivery of services/goods.		
1.22 Budget information		
The approved budget covers the fiscal period from 01/04/2021 to 31/03/2022.		
The budget for the economic entity includes all the entities approved budgets under its control.		
The audited annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.		
2. New standards and interpretations		
2.1 Standards and interpretations effective and adopted in the current year		
In the current year, the trust has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:		
Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
- Directive 14: The application of Standards of GRAP by Public Entities that apply IFRS® Standards	01 April 2021	The impact is not material.

Notes to the Audited Annual Financial Statements

2.2 Standards and interpretations issued, but not yet effective

The trust has not applied the following standards and interpretations, which have been published and are mandatory for the trust's accounting periods beginning on or after 01 April 2022 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
- Guideline: Guideline on Accounting for Landfill Sites	01 April 2009	Unlikely there will be a material impact
- iGRAP 7 (as revised 2021): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2009	Unlikely there will be a material impact
- Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2009	Unlikely there will be a material impact
- GRAP 104 (amended): Financial Instruments	31 March 2022	Unlikely there will be a material impact
- iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact
- GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	Not expected to impact results but may result in additional disclosure
- GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Not expected to impact results but may result in additional disclosure

Notes to the Audited Annual Financial Statements

3. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accu- mulated deprecia- tion	Carrying value	Cost / Valuation	Accumu- lated deprecia- tion	Carrying value
Land	2 965 915	-	2 965 915	2 964 488	-	2 964 488
Buildings	25 450	(8 954)	16 496	25 450	(7 936)	17 514
Furniture and fixtures	4 190	(2 625)	1 565	3 778	(2 309)	1 469
Motor vehicles	8 571	(4 610)	3 961	12 184	(5 867)	6 317
Computer equipment	2 466	(2 376)	90	2 399	(2 191)	208
Agricultural machinery and equipment	5 465	(5 277)	188	5 465	(4 942)	523
Total	3 012 057	(23 842)	2 988 215	3 013 764	(23 245)	2 990 519

Reconciliation of property, plant and equipment - March 2022

	Opening balance	Additions	Disposals	Deprecia- tion	Total
Land	2 964 488	1 427	-	-	2 965 915
Buildings	17 514	-	-	(1 018)	16 496
Furniture and fixtures	1 469	412	-	(316)	1 565
Motor vehicles	6 317	-	(964)	(1 392)	3 961
Computer equipment	208	68	-	(186)	90
Agricultural machinery and equip- ment	523	-	-	(335)	188
	2 990 519	1 907	(964)	(3 247)	2 988 215

Reconciliation of property, plant and equipment - March 2021

	Opening balance	Additions	Deprecia- tion	Total
Land	2 964 488	-	-	2 964 488
Buildings	18 532	-	(1 018)	17 514
Furniture and fixtures	1 569	199	(299)	1 469
Motor vehicles	7 516	-	(1 199)	6 317
Computer equipment	718	7	(517)	208
Agricultural machinery and equipment	1 434	-	(911)	523
	2 994 257	206	(3 944)	2 990 519

Notes to the Audited Annual Financial Statements

3. Property, plant and equipment (continued)

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Repairs and maintenance	94	180
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4. Ingonyama Trust Land

Land	2 965 915	2 964 488
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Due to the unique nature of the Trust, the land has been split into two main categories, being, Ingonyama Trust Land that is within the control of the Trust, and Ingonyama Trust land that is legally held by the Ingonyama as Trustee and not wholly within the control of the Trust.

Land that is legally held by Ingonyama as Trustee and is not within the proclaimed jurisdiction of any Traditional Authority or Community Authority is in direct control of the Trust due to the absence of restrictions on such land. On land which is not within the jurisdiction of any Traditional Authority or Community Authority the Trust has the right to direct access to land, and to restrict or deny access of others to land. The carrying value is disclosed above in note 3 - Property, plant and equipment R2, 966 billion (2021: R2, 964 billion) and consist of approximately 250 755 hectares (2021: 250 755 hectares)

The Ingonyama as Trustee is the custodian of land as appointed in terms of the KwaZulu Ingonyama Trust Act. Due to the nature of restrictions imposed by section 2(5) of the KwaZulu Ingonyama Trust Act neither the Ingonyama Trustee or the Trust has the right to direct access to land, and to restrict or deny the access of others to land.

Land that is within the jurisdiction of traditional authorities or community authorities has been detailed below per authority:

Traditional/ Community Authority Land Register

Traditional/ Community Authorities	District	Local Municipality	Extent (ha)
AbakwaCele	Ilembe	Maphumulo	5 153,82
AbakwaMagwaza	Ilembe	Ndwedwe	-
Amabhedu	Ilembe	Maphumulo	3 557,47
Cele	Ilembe	Ndwedwe	5 153,09
Chili	Ilembe	Ndwedwe	1 123,39
Cibane	Ilembe	Ndwedwe	862,60

Notes to the Audited Annual Financial Statements

4. Ingonyama Trust Land (continued)

Traditional/ Community Authorities	District	Local Municipality	Extent (ha)
Emalangen/ Langa	Ilembe	Ndwedwe	5 470,25
Embo	Ilembe	Maphumulo	1 935,64
Fuze	Ilembe	KwaDukuza	-
Gcwensa	Ilembe	Ndwedwe	5 670,79
Hlongwa	Ilembe	Maphumulo	3 439,15
Hlophe	Ilembe	Ndwedwe	861,27
Inkumba Nyuswa	Ilembe	Ndwedwe	17 080,00
Khumalo	Ilembe	Ndwedwe	651,80
Luthuli	Ilembe	Maphumulo	1 790,26
Mabomvini	Ilembe	Maphumulo	18 040,00
Macambini	Ilembe	Mandeni	1 254,00
Mathonsi	Ilembe	Mandeni	6 610,96
Mathonsi	Ilembe	KwaDukuza	-
Mavela	Ilembe	Ndwedwe	4 223,92
Mkhonto	Ilembe	Maphumulo	25 570,00
Mlamula	Ilembe	Ndwedwe	12 480,27
Ngcolosi	Ilembe	Maphumulo	9 716,32
Nodunga	Ilembe	Maphumulo	5 931,78
Nyuswa/Nodwengu	Ilembe	Ndwedwe	5 984,97
Qadi	Ilembe	Maphumulo	4 198,61
Qwabe	Ilembe	Maphumulo	6 930,02
Qwabe	Ilembe	Ndwedwe	967,62
Shangase	Ilembe	Ndwedwe	6 060,22
Sikhonyana	Ilembe	Mandeni	8 317,36
Vumazonke	Ilembe	Ndwedwe	1 218,47
Wosiyane	Ilembe	Ndwedwe	5 947,70
Zubane	Ilembe	Maphumulo	3 641,52
Amaphuthu	King Cetshwayo	Nkandla	4 664,48
Bangindoda	King Cetshwayo	Umlalazi	14 580,00
Bhejane	King Cetshwayo	Umhlathuze	2 638,24
Bhekeshowe	King Cetshwayo	Umlalazi	8 049,19
Biyela/Mangidini	King Cetshwayo	Nkandla	1 529,00
Chube	King Cetshwayo	Nkandla	15 495,50
Chwezi	King Cetshwayo	Nkandla	7 380,16
Cunu	King Cetshwayo	Nkandla	11 350,00
Dube	King Cetshwayo	Umhlathuze	5 890,44

Notes to the Audited Annual Financial Statements

4. Ingonyama Trust Land (continued)

Traditional/ Community Authorities	District	Local Municipality	Extent (ha)
Ekukhanyeni	King Cetshwayo	Nkandla	10 256,10
Godide	King Cetshwayo	Nkandla	13 100,00
Izigqoza	King Cetshwayo	Nkandla	5 456,91
Izindlozi	King Cetshwayo	Nkandla	4 224,37
Khabela	King Cetshwayo	Nkandla	11 070,48
Kholweni	King Cetshwayo	Umlalazi	1 942,01
Khoza	King Cetshwayo	Umlalazi	6 945,64
Madlebe	King Cetshwayo	Umhlathuze	6 711,16
Magwaza	King Cetshwayo	Nkandla	10 645,71
Mahlayizeni	King Cetshwayo	Nkandla	8 195,31
Mambuka	King Cetshwayo	Ntambanana	5 060,57
Mhlana	King Cetshwayo	Mbonambi	51 740,00
Mkhwanazi	King Cetshwayo	Umhlathuze	4 420,05
Mombeni	King Cetshwayo	Umlalazi	12 760,00
Mondi	King Cetshwayo	Umlalazi	1 394,08
Mpungose	King Cetshwayo	Nkandla	5 997,53
Mpungose	King Cetshwayo	Nkandla	7 593,29
Mpungose	King Cetshwayo	Umlalazi	18 280,00
Mvuzane	King Cetshwayo	Umlalazi	8 768,14
Mzimela	King Cetshwayo	Umlalazi	474,44
Ndlangubo	King Cetshwayo	Umlalazi	4 715,88
Ngono	King Cetshwayo	Nkandla	21 470,00
Ntembeni	King Cetshwayo	Mthonjaneni	12 400,00
Ntuli	King Cetshwayo	Umlalazi	33 330,00
Yanguye	King Cetshwayo	Mthonjaneni	10 380,00
Nxamalala	King Cetshwayo	Nkandla	4 457,00
Nzuza	King Cetshwayo	Umlalazi	-
Obizo	King Cetshwayo	Ntambanana	4 905,72
Obuka	King Cetshwayo	Ntambanana	50 720,00
Shange	King Cetshwayo	Umlalazi	12 660,00
Somopho	King Cetshwayo	Ntambanana	9 941,06
Xulu	King Cetshwayo	Nkandla	3 923,69
Zondi	King Cetshwayo	Nkandla	4 523,90
Yanguye	King Cetshwayo	Mthonjaneni	10 380,00
Nxamalala	King Cetshwayo	Nkandla	4 457,00
Nzuza	King Cetshwayo	Umlalazi	-

Notes to the Audited Annual Financial Statements

4. Ingonyama Trust Land (continued)

Traditional/ Community Authorities	District	Local Municipality	Extent (ha)
Obizo	King Cetshwayo	Ntambanana	4 905,72
Obuka	King Cetshwayo	Ntambanana	50 720,00
Shange	King Cetshwayo	Umlalazi	12 660,00
Somopho	King Cetshwayo	Ntambanana	9 941,06
Xulu	King Cetshwayo	Nkandla	3 923,69
Zondi	King Cetshwayo	Nkandla	4 523,90
Zulu King Cetshwayo	King Cetshwayo	Umlalazi	-
Buthelezi	Zululand	Ulundi	2 188,19
Buthelezi/Mpithimpithi	Zululand	Ulundi	46 970,00
Dlamini	Zululand	Phongola	2 778,93
Hlahlindlela	Zululand	Abaqulusi	26 050,99
Mandlakazi	Zululand	Nongoma	130 800,00
Mbatha	Zululand	Ulundi	12 800,00
Mpungose	Zululand	Ulundi	15 916,81
Msibi	Zululand	Phongola	7 064,09
Mthethwa	Zululand	Dumbe	-
Ndebele	Zululand	Ulundi	6 726,92
Nobamba	Zululand	Ulundi	14 053,85
Ntshangase	Zululand	Phongola	21 644,12
Simelane	Zululand	Dumbe	7 836,38
Ximba	Zululand	Ulundi	29 790,00
Zulu/Khambi	Zululand	Abaqulusi	742,54
Zulu/Matheni	Zululand	Nongoma	23 200,00
Zungu	Zululand	Ulundi	32 011,38
Zulu/Usuthu	Zululand	Nongoma	63 320,00
Amacala Gwala	Harry Gwala	Ingwe/NDZ	2 783,33
Amakhuze	Harry Gwala	Ingwe/NDZ	24 690,00
Amakhuze	Harry Gwala	Ubuhlebezwe	2 621,02
Amangwane	Harry Gwala	Ingwe/NDZ	2 473,36
Amaqadi	Harry Gwala	Ingwe/NDZ	-
Dlamini/Bhidla	Harry Gwala	Ingwe/NDZ	7 801,81
Dlamini/Vusathina Ma-Zulu	Harry Gwala	Ubuhlebezwe	565,49
Dunge	Harry Gwala	Ubuhlebezwe	-
Ikhwezi Lokusa	Harry Gwala	Ubuhlebezwe	4 393,25
Isibonelo Esihle	Harry Gwala	Ingwe/NDZ	1 214,01

Notes to the Audited Annual Financial Statements

4. Ingonyama Trust Land (continued)

Traditional/ Community Authorities	District	Local Municipality	Extent (ha)
Madzikane/Bhaca	Harry Gwala	Ingwe/NDZ	4 534,73
Nyuswa	Harry Gwala	Ubuhlebezwe	2 554,47
Nyuswa	Harry Gwala	Ubuhlebezwe	2 554,47
Shiyabanye	Harry Gwala	Ubuhlebezwe	1 088,94
Sizanani	Harry Gwala	Ingwe/NDZ	8 614,07
Sizwehlanguani	Harry Gwala	Ubuhlebezwe	82,09
Ukuthula	Harry Gwala	Ubuhlebezwe	1 780,65
Vezokuhle	Harry Gwala	Ingwe/NDZ	695,43
Vukani	Harry Gwala	Ubuhlebezwe	5 511,69
Vumukwenza	Harry Gwala	Ubuhlebezwe	3 633,58
Zashuke	Harry Gwala	Ingwe/NDZ	6 226,22
Batlokoa	Umgungundlovu	Impendle	970,36
Embo/Timuni	Umgungundlovu	Richmond	1 319,55
Embo/Vumukwenza	Umgungundlovu	Richmond	8 962,29
Esiphahleni	Umgungundlovu	Richmond	1 825,12
Gcumisa	Umgungundlovu	Umshwathi	17 340,00
Inadi	Umgungundlovu	Umshwathi	444,72
Inadi	Umgungundlovu	Umngeni	541,13
Isimahla	Umgungundlovu	Richmond	588,08
Macala	Umgungundlovu	Umkhambathi	829,62
Mafunze	Umgungundlovu	Umsunduzi	5 262,73
Maphumulo	Umgungundlovu	Umkhambathi	3 837,51
Masihambisane	Umgungundlovu	Umshwathi	1 835,84
Mdluli/Manyavu	Umgungundlovu	Umkhambathi	4 605,13
Mthuli	Umgungundlovu	Umshwathi	3 054,20
Ntanzu	Umgungundlovu	Umshwathi	3 142,50
Nxamalala	Umgungundlovu	Impendle	15 640,00
Nxamalala	Umgungundlovu	Umsunduzi	879,14
Nxamalala	Umgungundlovu	Umngeni	298,32
Vumindaba	Umgungundlovu	Richmond	2 225,88
Ximba Umgungundlovu	Umgungundlovu	Umsunduzi	547,54
Zondi/Inadi	Umgungundlovu	Umsunduzi	7 959,34
Zondi/Mpumzu	Umgungundlovu	Umsunduzi	6 864,41
Abambo	Uthukela	Mbabazane	4 421,81
AmaChunu	Uthukela	Indaka	180,87

Notes to the Audited Annual Financial Statements

4. Ingonyama Trust Land (continued)

Traditional/ Community Authorities	District	Local Municipality	Extent (ha)
Amahlubi	Uthukela	Mbabazane	4 336,66
Amangwane	Uthukela	Okhahlamba	75 224,76
Amangwe	Uthukela	Mbabazane	21 604,47
Amazizi	Uthukela	Okhahlamba	17 092,24
Dlamini	Uthukela	Mbabazane	2 569,04
Ingwe	Uthukela	Indaka	5 056,20
Mabaso	Uthukela	Indaka	2 675,97
Mabaso	Uthukela	Mbabazane	3 499,10
Mbhense	Uthukela	Indaka	110,09
Mhlungwini	Uthukela	Mbabazane	7 961,80
Mthembu	Uthukela	Indaka	16 468,45
Nxumalo	Uthukela	Indaka	209,78
Sigweje	Uthukela	Indaka	5 018,41
Sithole	Uthukela	Indaka	14 661,75
AbakwaHlabisa	Umkhanyakude	Hlabisa	13 251,36
Jobe	Umkhanyakude	Jozini	10 033,41
Mabaso	Umkhanyakude	Umhlabuyalingana	32 770,89
Mathenjwa	Umkhanyakude	Jozini	39 584,78
Mdletshe	Umkhanyakude	Hlabisa	37 376,72
Mngomezulu	Umkhanyakude	Jozini	24 876,52
Mnqobokazi	Umkhanyakude	Big Five	8 295,15
Mpembeni	Umkhanyakude	Hlabisa	11 189,69
Mpukunyoni	Umkhanyakude	Hlabisa	79 417,86
Mshabane	Umkhanyakude	Umhlabuyalingana	27 879,62
Myeni/ Ntsinde	Umkhanyakude	Jozini	14 813,96
Ngwenya	Umkhanyakude	Big Five	13 149,33
Nibela	Umkhanyakude	Big Five	9 168,95
Nyawo	Umkhanyakude	Jozini	40 655,95
Qwabe/Makhasa	Umkhanyakude	Big Five	6 387,47
Siqakatha	Umkhanyakude	Jozini	3 247,95
Tembe	Umkhanyakude	Umhlabuyalingana	198 396,26
Zikhali/Mbila	Umkhanyakude	Umhlabuyalingana	22 208,97
Bekani	Ugu	Umzumbe	898,22
Cele	Ugu	Umdoni	2 855,93
Cele K	Ugu	Umzumbe	11 948,04

Notes to the Audited Annual Financial Statements

			2022 R '000	2021 R '000
4.	Ingonyama Trust Land (continued)			
	Traditional/ Community Authorities	District	Local Municipality	Extent (ha)
	Cele P	Ugu	Umzumbe	11 150,00
	Cele/Vukuzithathe	Ugu	Ezinqoleni	7 470,81
	Dumisa	Ugu	Umzumbe	6 634,04
	Hlongwa	Ugu	Umzumbe	2 306,59
	Jabulani	Ugu	Muziwabantu	488,35
	Jali/Nhlangano	Ugu	Muziwabantu	8 954,82
	KwaFodo	Ugu	Umzumbe	7 349,24
	Lushaba	Ugu	Hibiscus	207,71
	Maci /Isibonda	Ugu	Ugu Muziwabantu	20 820,00
	Zembeni	Ugu	Vulamehlo	742,88
	Madlala	Ugu	Hibiscus	2 978,67
	Maphumulo	Ugu	Vulamehlo	4 601,95
	Mbhele	Ugu	Vulamehlo	6 142,53
	Mbhele	Ugu	Umzumbe	5 770,35
	Mbotho	Ugu	Muziwabantu	599,79
	Mvundla	Ugu	Hibiscus	3 783,48
	Ndelu	Ugu	Umzumbe	4 319,10
	Nhlangwini	Ugu	Umzumbe	8 140,28
	Nkumbini	Ugu	Ezinqoleni	9 917,86
	Nsimbini	Ugu	Hibiscus	3 324,20
	Nyavini	Ugu	Umzumbe	4 366,14
	Nzimakwe	Ugu	Hibiscus	4 111,51
	Qiko	Ugu	Vulamehlo	3 242,46
	Qiniselani /Manyuswa	Ugu	Ezinqoleni	7 671,71
	Qoloqolo	Ugu	Umzumbe	5 326,97
	Qwabe N	Ugu	Umzumbe	991,92
	Qwabe P	Ugu	Umzumbe	1 494,52
	Thulini	Ugu	Umzumbe	8 103,37
	Toyana	Ugu	Vulamehlo	10 246,28
	Xolo	Ugu	Hibiscus	15 490,00
	Cele/Vumengazi	Ethekwini	Ethekwini Metro	6 524,98
	Dasenhoek	Ethekwini	Ethekwini Metro	1 051,05

Notes to the Audited Annual Financial Statements

			2022 R '000	2021 R '000
4.	Ingonyama Trust Land (continued)			
	Traditional/ Community Authorities	District	Local Municipality	Extent (ha)
	Embo/Ilanga	Ethekwini	Ethekwini Metro	1 199,08
	Embo/Kwakhabazela	Ethekwini	Ethekwini Metro	1 833,94
	Fredville	Ethekwini	Ethekwini Metro	42,50
	Isimahla	Ethekwini	Ethekwini Metro	7 174,84
	Mangangeni	Ethekwini	Ethekwini Metro	788,51
	Maphephetheni	Ethekwini	Ethekwini Metro	7 856,38
	Maphumulo	Ethekwini	Ethekwini Metro	281,23
	Ngqolosii	Ethekwini	Ethekwini Metro	5 270,90
	Qadi	Ethekwini	Ethekwini Metro	10 349,51
	Qiniselani Manyuswa	Ethekwini	Ethekwini Metro	4 639,51
	Shangase	Ethekwini	Ethekwini Metro	4 315,08
	Sobonakhon/Makhan- ya	Ethekwini	Ethekwini Metro	1 553,68
	Toyane	Ethekwini	Ethekwini Metro	383,02
	Umnini	Ethekwini	Ethekwini Metro	3 636,84
	Ximba	Ethekwini	Ethekwini Metro	6 277,48
	AbakwaCele	Umzinyathi	Umvoti	4 677,70
	Amakhabela	Umzinyathi	Umvoti	24 383,97
	Baso	Umzinyathi	uMsinga	8 290,46
	Bomvu	Umzinyathi	uMsinga	46 554,84
	Mthembu	Umzinyathi	uMsinga	19 121,64
	Bomvu	Umzinyathi	Umvoti	11 433,61
	Ngome	Umzinyathi	uMsinga	366,20
	Chunu	Umzinyathi	uMsinga	35 520,43
	Ntombela	Umzinyathi	Unquthu	7 288,00
	Hlatshwayo	Umzinyathi	Unquthu	8 957,00
	Qamu	Umzinyathi	uMsinga	60 776,34
	Khiphinkunzi	Umzinyathi	Unquthu	16 387,06
	Sithole	Umzinyathi	Unquthu	15 214,85
	Makhabelai	Umzinyathi	Umvoti	7 512,16
	Sithole/Mthembu	Umzinyathi	Umvoti	5 155,58
	Mangwe/Buthanani	Umzinyathi	Unquthu	8 650,23
	Zondi Umzinyathi	Umzinyathi	Unquthu	4 220,34

Notes to the Audited Annual Financial Statements

		2022 R '000	2021 R '000
Traditional/ Community Authorities	District	Local Municipality	Extent (ha)
Mangweni	Umzinyathi	Unquthu	1 020,00
Zondo	Umzinyathi	Unquthu	8 565,00
Mbokodwebomvu	Umzinyathi	Unquthu	8 070,67
Zulu/Emandleni	Umzinyathi	Unquthu	27 898,28
Molefe Umzinyathi	Umzinyathi	Unquthu	54 601,78
Zulu/Usuthu U	Umzinyathi	Unquthu	16 070,00
Buhlebomzinyathi	Majuba	Danhouser/Newcastle	18 762,14
Gule/Nyanyadu	Majuba	Danhouser	2 489,45

5. Intangible assets

	2022			2021		
	Cost / Valuation	Accumu- lated amortisa- tion and accumu- lated impair- ment	Carrying value	Cost / Valuation	Accumu- lated amortisa- tion and accumu- lated impair- ment	Carrying value
Website design	138	(138)	-	138	(138)	-
Computer software	1 302	(1 298)	4	1 302	(1 270)	32
Total	1 440	(1 436)	4	1 440	(1 408)	32

	Opening balance	Amortisation	Total
Computer software	32	(28)	4

Reconciliation of intangible assets - 2021

	Opening balance	Amortisation	Total
Website design	27	(27)	-
Computer software	299	(267)	32
	326	(294)	32

Notes to the Audited Annual Financial Statements

2022
R '0002021
R '000

Reconciliation of intangible assets - 2022

None of the intangible assets have been impaired in the current financial year.

6. Investments in controlled entities Interest in other entities

Name	Jurisdic- tion	Determi- nation of owner- ship interest	% ownership interest 2022	% ownership interest 2021	Carrying amount 2022	Carrying amount 2021
Ingonyama Holding (Pty) Ltd	100%	100%	100%	100%	10 000	10 000

The financial statements presented are separate financial statements of Ingonyama Trust. Although the Trust is not exempt from GRAP 35.05, the entity has not received financial statements for consolidation from Ingonyama Holdings. This is a departure from the requirements of GRAP 34 and 35, the financial statements presented here are presented in accordance with GRAP 34 para 09 and 10.

The investment relates to acquisition and capital contribution of Ingonyama Holding (Pty) Ltd, a company formed on 29 November 2019 as a controlled entity of the Ingonyama Trust at cost.

7. Heritage asset

	2022			2021		
	Cost / Valuation	Accumu- lated impair- ment losses	Carrying value	Cost / Valuation	Accumu- lated impair- ment losses	Carrying value
Historical buildings	15 988	-	15 988	15 988	-	15 988

Reconciliation of heritage assets 2022

	Opening balance	Total
Historical buildings	15 988	15 988

Reconciliation of heritage assets 2021

	Opening balance	Total
Historical buildings	15 988	15 988

Notes to the Audited Annual Financial Statements

	2022 R '000	2021 R '000
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Heritage assets are initially measured at cost. The property described as Sans Souci House at 65 Trelawney road, Southgate being of a historical and architectural interest was gazetted as a national monument on 16 July 1982.

8. Investment property

	2022			2021		
	Cost / Valuation	Accumu- lated deprecia- tion	Carrying value	Cost / Valuation	Accumu- lated deprecia- tion	Carrying value
Land	156 844	-	156 844	156 844	-	156 844

8. Investment property (continued)

Reconciliation of investment property - 2022

	Opening balance	Total
Land	156 844	156 844

Reconciliation of investment property - 2021

	Opening balance	Total
	156 844	156 844

Details of property

Investment properties relate to all properties (Land) that are not within the jurisdiction of any Traditional Authority or Community Authority and are either properties held to earn rental or for capital appreciation or both, rather than for:

- use in the production or supply of goods and services or for administrative purposes; or
- sale in the ordinary course of operations.

Investment properties include land held for long term capital appreciation; land held currently for an undetermined future use. All properties that are within the jurisdiction of the Traditional Council or Community Authority are considered as owner occupied.

Investment properties are carried at cost and land is not depreciated.

Notes to the Audited Annual Financial Statements

	2022 R '000	2021 R '000
9. Loan to controlled entity		
Loan to Ingonyama Holdings	31 000	-
The amount of R31 million (2021: R0) relates to loans advanced to Ingonyama Holdings (Pty) Ltd, an entity controlled by Ingonyama Trust.		
10. Investments		
Investments		
Investments in Equities (Local)	29 743	12 439
Investments in Unit Trusts	3 180	16 277
Investments in Equities (Foreign)	11 568	11 582
	<u>44 491</u>	<u>40 298</u>
10. Investments (continued)		
The investment is comprised of a diversified portfolio with Sanlam, the investment is a call investment and has no specified maturity period. The portfolio includes:		
- Investments in Local Equities at amortised cost - Investments in Foreign Equities at fair value - Investments in Unit Trusts at cost and - A cash element at cost.		
These are carried at fair value, cost and amortised cost based on the nature of investment and availability of market information.		
11. Receivables from exchange transactions		
Trade receivables	25 722	27 528
Receivables carrying amount		
Receivables from exchange transactions	150 483	128 083
Impairment of receivables from exchange transactions	(124 761)	(100 555)
	<u>25 722</u>	<u>27 528</u>

Notes to the Audited Annual Financial Statements

	2022 R '000	2021 R '000
11. Receivables from exchange transactions (continued)		
Receivables from exchange transactions age analysis		
Current	9 919	8 981
30 days	(318)	(2 557)
60 days	(1 292)	(46)
90 days	(626)	(199)
Over 120 days	142 800	121 904
	150 483	128 083
Impairment of receivables from exchange transactions		
Over 120 days	(124 761)	(100 555)
Reconciliation of impairment of receivables from exchange transactions		
Opening balance	100 555	59 430
Current impairment	25 272	42 386
Payment during current year	(985)	(1 057)
Subsequent payments	(81)	(204)
	124 761	100 555
12. Other receivables from exchange transactions		
Advance payment for purchases of land - Umlazi	-	1 427
Sundry debtors	912	14
	912	1 441
Other receivables from exchange transactions age analysis		
Current	912	1 441

Other receivables from exchange transactions are not past due or impaired.

Notes to the Audited Annual Financial Statements

	2022 R '000	2021 R '000
13. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances - call accounts	63 115	82 659
Bank balances - Short-term deposits	57 004	55 052
Bank balances - current account	10 047	2 442
	130 166	140 153
Current assets	130 184	140 153
Current liabilities	(19)	-
	130 165	140 153

13. Cash and cash equivalents (continued)

The entity had the following bank accounts and investments

Account number / description

	Bank statement balances	
	31 March 2022	31 March 2021
ABSA Investment Account	9 629	21 738
Investec Bank	57 004	55 052
FNB - Current account	10 065	2 264
FNB - Daily call deposit	86	9 641
Nedbank Investment	49	45
Standard Bank Investment	53 351	51 235
FNB - Mineral Account	19	178
Total	130 203	140 153

14. Payables from exchange transactions

Debtors with credit balance	33 939	23 514
SARS - Value added Tax	3 412	2 803
Sundry creditors	21	21
Trade payables	309	1 251
Unallocated cash	1 252	1 237
	38 933	28 826

Notes to the Audited Annual Financial Statements

	2022 R '000	2021 R '000
15. Revenue from exchange transactions		
Lease revenue	39 491	39 876
Other income	6 148	3 649
Dividend received	971	-
Interest received on overdue accounts	572	725
Interest received on bank and short-term investment	8 356	6 596
	55 538	50 846
16. General expenses		
Advertising	48	209
Agricultural project expenses	1 121	1 055
Auditors' remuneration	1 172	1 445
Bad debts written off	14	-
Bank charges	40	37
Cleaning	94	304
Commission paid	21	-
Communication expenses	584	923
Consulting, professional and legal fees	2 752	3 263
Consumables	15	-
Donations	-	40
Entertainment	8	-
IT expenses	272	289
Insurance	676	679
Land tenure management and planning	2 232	1 641
Motor vehicle expenses	168	176
Printing and stationery	2	-
Repairs and maintenance	134	180
Trust disbursement expenses	7 971	8 736
Workshops	-	326
	17 324	19 303

Notes to the Audited Annual Financial Statements

	2022 R '000	2021 R '000
17. Cash generated from operations		
Deficit	(4 668)	(37 979)
Adjustments for:		
Depreciation and amortisation	3 275	4 239
Impairment loss	24 206	41 125
Other non-cash items	(13 763)	(41 423)
Changes in working capital:		
Receivables from exchange transactions	1 806	51 937
Other receivables from exchange transactions	529	(1 427)
Payables from exchange transactions	10 106	7 579
Value Added Tax - receivables	-	743
	21 491	24 794
18. Transfer funds paid to Ingonyama Trust Board		
Transfer funds paid to Ingonyama Trust Board - FR 10(2)	5 450	4 940
Transfer funds paid to Ingonyama Trust Board - other	8 798	17 610
Other expenses incurred for Ingonyama Trust Board	1 152	1 608
	15 400	24 158

An amount not exceeding 10% of the Trust income may be utilised for the operational costs of the Accounting Authority (Ingonyama Trust Board), being costs reasonably incurred by the Accounting Authority, including ordinary administrative costs, to achieve the objectives of the Act.

Due to insufficient funds allocated by the Department of Agriculture, Land Reform and Rural Development, the Ingonyama Trust Board received an additional transfer of R8, 798 million (2021: R17, 610 million) in the current year and services rendered or paid for amounting to R1, 152 million (2021: 1, 608 million).

Notes to the Audited Annual Financial Statements

	2022 R '000	2021 R '000
19. Financial instruments disclosure		
Categories of financial instruments		
2022		
Financial assets		
Financial liabilities		
	At amortised cost	Total
Payables from exchange transactions	4 994	4 994
Bank overdraft	19	19
	5 013	5 013

19. Financial instruments disclosure (continued)		
2021		
Financial assets		
Financial liabilities		
	At amortised cost	Total
Payables from exchange transactions	5 312	5 312

20. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
- Due within 1 year	81	165
- Due within 2 - 5 years	104	121
	185	286

Commitments relates to operating and capital commitments due in future periods. The future commitments detailed above are either non-cancellable or are only cancellable at a significant cost.

21. Contingencies

Litigation is in process against the Ingonyama Trust relating to disputes around land (boundaries, evictions, rates etc.) and other legal matters. The total quantifiable litigation before the courts is R7, 880 million (2021: R4, 999 million) and the remainder of the litigation could not be quantitatively measured for financial impact.

Notes to the Audited Annual Financial Statements

	2022 R '000	2021 R '000
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21. Contingencies (continued)

The Ingonyama Trust is currently in court regarding litigation relating to the CA-SAC case. The high court on 11 June 2021 handed down judgement stating that the Ingonyama Trust acted unlawfully and in violation of the Constitution by concluding residential leases with persons who are the true owners of the land. The Ingonyama Trust was ordered to reimburse whatever monies were paid in relation to these leases.

After the judgement was handed down, the Ingonyama Trust Board made a decision to appeal the High Court judgement on 5 July 2021. The noting of an appeal if done in accordance with court rules, suspends the operation and execution of the order pending the decision of the appeal or application for leave. The application for leave to appeal the court decision was granted on 02 May 2022.

Municipal property rates:

There is uncertainty about the rating of Ingonyama Trust land. This is evidenced amongst others; by the fact that of the 44 municipalities only 27 are invoicing Ingonyama Trust for the municipal property rates. Even these municipalities do not follow the provisions rating as required by Municipal Property Rates act. 17 Municipalities are not rating Ingonyama Trust for municipality rates at all. As a result, this has led to a legal impasse. Among others the provincial Department of Cooperative and Governance of Traditional Affairs has taken it upon itself to facilitate a discussion between Ingonyama Trust Board and all the municipalities with a view of finding a lasting solution to the matter. Therefore, as a prudent measure a contingent liability of R85, 364 million (2021: R62, 674 million) has been disclosed.

22. Related parties

Relationships

INGONYAMA TRUST BOARD:

A related party transaction exists between the Ingonyama Trust Board and the Ingonyama Trust. The Ingonyama Trust Board administers the affairs of the Ingonyama Trust and Trust land. The Ingonyama Trust Board is partially funded by the State and the shortfall of R15, 400 million (2021: R24, 158 million) for the current year was paid for by the Ingonyama Trust. In administering the Trust, the Ingonyama Trust Board incurs operational and administrative expenditure noted in the statement of financial performance.

Notes to the Audited Annual Financial Statements

	2022 R '000	2021 R '000
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22. Related parties (continued)

DEPARTMENT OF AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT:

The Ingonyama Trust is a statutory trust administered by Ingonyama Trust Board, whose Board is appointed by and in consultation with the Minister of the Department of Agriculture, Land Reform and Rural Development. The minister is the executive authority of the administration body of the ITB administers the affairs of the trust and trust land.

TRADITIONAL AUTHORITIES AND COMMUNITY AUTHORITIES:

The land that the Trust administers falls within/ under the jurisdiction of traditional authorities and communities as contemplated in the KwaZulu Amakhosi and Iziphakanyiswa Act of 1990. The trust holds this land in accordance with section 2 of the KwaZulu Natal Ingonyama Trust Act of 1994.

The Traditional Authorities comprises of members of the tribes and communities referred to in the second column of the schedule.

Control over the underlying asset of the Trust has already been established in note 5. Although the Traditional Authorities do not have control over the Trust, the rights given to them in accordance with the KwaZulu-Natal Ingonyama Trust Act of 1994 results in Traditional Authorities ability to participate in the financial and operational policy decisions of the Trust, through approval of rights to land within their jurisdiction. The extent of this land has been disclosed in the note relating to Ingonyama Trust land.

INGONYAMA HOLDINGS (PTY) LTD:

Ingonyama Holdings (Pty) Ltd is a controlled entity of Ingonyama Trust. The company was incorporated on 29 November 2019 via resolution of the Board as a commercial wing of the Trust.

Related party transactions

Transfer funds paid by Ingonyama Trust to Ingonyama Trust Board/

Disbursements

Transfer funds paid - Ingonyama Trust Financial Regulations 10(2)	(5 450)	(4 940)
Transfer funds paid - others	(8 798)	(17 610)
Disbursement to Trustee	(4 720)	(4 446)
Disbursement to beneficiaries/ Traditional Authorities	(3 251)	(4 290)

Notes to the Audited Annual Financial Statements

	2022 R '000	2021 R '000
22. Related parties (continued)		
Services paid by Ingonyama Trust Board on behalf of Ingonyama Trust		
Services paid by Ingonyama Trust Board	1 041	1 266
Services paid by Ingonyama Trust on behalf of Ingonyama Trust Board		
Services paid by Ingonyama Trust	(1 152)	(1 608)
Ingonyama Holdings (Pty) Ltd		
Loan to Ingonyama Holdings (Pty) Ltd	(31 000)	-

23. Prior-year adjustments

Statement of financial position

2021

	Note	As previously reported	Correction of error	Restated
Receivables from exchange transactions	11	28 270	(742)	27 528
Investments in controlled entities	6	-	10 000	10 000
Investment property	8	-	156 844	156 844
		28 270	166 102	194 372

An amount of R742 342 relating to receivables from exchange transactions was incorrectly disclosed as interest on overdue accounts in the prior year. This has been corrected in the current year.

An investment in a controlled entity was omitted by error in the Statement of Financial Position in the prior year. This has been corrected in the current year.

An amount of R156, 844 million relating to Investment property was not recognised in the prior year. This has been corrected in the current year.

Notes to the Audited Annual Financial Statements

		2022 R '000	2021 R '000
23. Prior-year adjustments (continued)			
Statement of financial performance			
2021	Note	Correc- tion of error	Restat- ed
Auditor's remuneration	16	1 445	1 445
Other Income - ITB	15	(1 445)	(1 445)
		-	-

An amount of R1 445 million for Auditor's remuneration and other income - ITB was previously omitted. This has been corrected as a prior year error.

Disclosure 2021

	Note	As previ- ously reported	Correc- tion of error	Reclassifi- cation	Restated
FNB - Mineral account	13	-	-	178	178
FNB - Current account	13	2 442	-	(178)	2 264
Disbursement to beneficiaries/ Traditional councils	22	-	4 290	-	4 290
Services paid by Ingonyama Trust on behalf of Ingonyama Trust Board	22	-	1 608	-	1 608
Financial Instruments (financial assets)	19	28 270	(742)	-	27 528
Credit risk (receivables from ex- change transactions)	24	28 270	(742)	-	27 528
Contingent liability (Municipal property rates)	21	379 954	-	(317 280)	62 674
		438 936	4 414	(317 280)	126 070

An amount of R1, 608 million for services paid by Ingonyama Trust on behalf of Ingonyama Trust Board was omitted in the prior year.

An amount of R178 393 relating to a bank account (minerals) was incorrectly consolidated with the current account.

An amount of R4, 290 million relating to Traditional council and beneficiary payments was made in the prior year.

Notes to the Audited Annual Financial Statements

	2022 R '000	2021 R '000
23. Prior-year adjustments (continued)		
An amount of R742 372 relating interest on overdue accounts incorrectly charged and has been corrected.		
An amount of R317, 280 million relating to municipal property rates was incorrectly disclosed as a contingent liability.		
24. Risk management		
Liquidity risk		
Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.		
The table below analyses the trust's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.		
At 31 March 2022		Less than 1 year
Payables from exchange transactions		4 994
Bank overdraft		19
At 31 March 2021		Less than 1 year
Payable from exchange transactions		5 312
Credit risk		
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.		
Financial assets which potentially subject to the risk of non-performance and thereby subject to credit risk consist of mainly on cash and cash equivalents, Investments and receivables from exchange transactions as per GRAP 104.		
The entity limits its treasury counter party exposure by dealing with well established institutions and its exposure is constantly monitored.		

Notes to the Audited Annual Financial Statements

	2022 R '000	2021 R '000
24. Risk management (continued) At 31 March 2022	Less than 1 year Between 1 - 5 years Carrying amount	
Receivable from exchange transactions	25 722	- 25 722
Other receivable from exchange transactions	912	- 912
	Gross amount Impairments Carrying amount	
Cash and cash equivalents	130 184	- 130 184
Investments	44 491	- 44 491
Loans to controlled entities	31 000	- 31 000
At 31 March 2021	Less than 1 year Between 1 - 5 years Carrying amount	
Receivable from exchange transactions	27 528	- 27 528
Other receivable from exchange transactions	1 441	- 1 441
	Less than 1 year Impairments Less than 1 year	
Cash and cash equivalents	140 153	- 140 153
Investments at fair value	40 298	- 40 298

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

The entity is exposed to interest rate fluctuations on past due debtors and thus changes in the interest rate will result in changes in future cash flows expected from these financial instruments. For debtors that are past due and impaired, refer to note 11 and note 12.

Notes to the Audited Annual Financial Statements

	2022 R '000	2021 R '000
24. Risk management (continued)		
Interest rate risk		
Interest rate risk arises on interest-bearing financial instruments recognised in the statement of financial position. None of the financial instruments in the current year were interest bearing.		
25. Budget differences		
Material differences between budget and actual amounts		
Variances of 10% and above are considered material and are explained below:		
25.1 Lease revenue		
New leases during the year had been approved at tenure committee level, however lease agreements have not been signed-off by both parties resulting in delays in billing.		
25.2 Other Income		
Unplanned compensation and interest on servitudes was received during the year.		
25.3 Dividend received		
Dividends received was not budgeted for.		
25.4 Interest on overdue accounts		
Interest on overdue debtors' accounts is a non- cash item and has not been budgeted for. This results from debtors who are past due.		
25.5 Interest received from banks and short-term investments		
Interest income was not budgeted for due to uncertainty in the performance of investments. This was impacted by changes in interest rates and improvement in economic markets.		
25.6 Depreciation		
Depreciation being a non- cash item was not budgeted for in the year.		

Notes to the Audited Annual Financial Statements

	2022 R '000	2021 R '000
25. Budget differences (continued)		
25.7 Impairment loss		
Impairment loss being a non- cash item was not budgeted for in the year.		
25.8 Transfer funds paid to Ingonyama Trust Board - FR 10(2)		
Transfer of 10% funds to the ITB was not budgeted for in the year as the actual amount to be transferred is determined on actual revenue generated by the Trust.		
25.9 Transfer funds paid to Ingonyama Trust Board		
Transfer of other funds to the ITB was not budgeted for. Due to the uncertainty, shortfall of the transfer payment funding, and insufficient funding from the Department, Trust funds had to be transferred to the Board to aid operations.		
25.10 General expenses		
Under spending of general expenses is mainly due to the non-payment of municipal rates as discussions with municipalities on the applicability of rates had not been concluded.		



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