



INGONYAMA
TRUST BOARD



ANNUAL REPORT 2023

01 April 2022 – 31 March 2023

KWAZULU-NATAL INGONYAMA TRUST BOARD ANNUAL REPORT 2022/2023

RP341/2023

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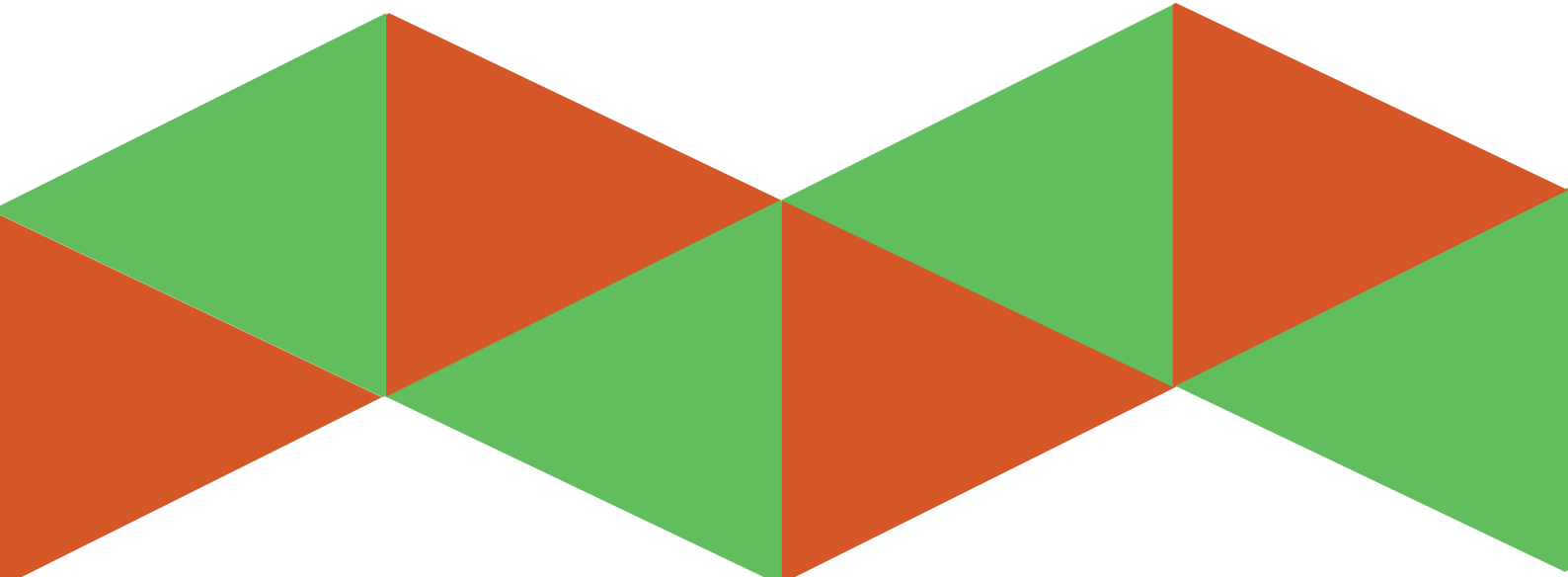
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PART A GENERAL INFORMATION

Public entity's general Information

Country of incorporation and domicile	South Africa
Registered name of the Public Entity	KwaZulu - Natal Ingonyama Trust Board
Registration number	Established in terms of Section 2 of the KwaZulu - Natal Ingonyama Trust Act, 1994
Nature of business and principal activities	Land administration
Registered Office Address	65 Trelawney Road, Southgate, Pietermaritzburg, 3201
Registered Postal Address	P. O. Box 601 Pietermaritzburg, 3201
Email address	info@ingonyamatrust.org.za
Website address	www.ingonyamatrust.org.za
Bankers	First National Bank
External Auditors information	Auditor General of South Africa Town Bush Office Park 460 Town Bush Road Montrose, Pietermaritzburg, 3201

List of Abbreviations

AGSA	Auditor General of South Africa
AFS	Annual Financial Statements
MEC	Member of Executive Council
BBBEE	Broad Based Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
GRAP	Generally Recognised Accounting Practice
PFMA	Public Finance Management Act
TR	Treasury Regulations
MTEF	Medium Term Expenditure Framework
SMME	Small Medium and Micro Enterprises
SCM	Supply Chain Management
CA	Community Authority
TA	Traditional Authority
TC	Traditional Council

Foreword by the Chairperson



Introduction

In this report, we embark on a profound journey that transcends mere numbers and statistics. Although this annual report covers the organisations activities until 31 March 2023, as the Ingonyama Trust Board, we find ourselves at a pivotal juncture, and it is with profound respect and deep emotion that we pay homage to the late Prince Mangosuthu Buthelezi, the Traditional Prime Minister of the Zulu Nation, a visionary instrument in the establishment of the Ingonyama Trust. His unwavering dedication to the Zulu Nation's right to self-determination serves as a beacon of inspiration for us all.

Prince Mangosuthu Buthelezi, also known as uMntwana wakwa Phindangene, exemplified resilience, and his legacy will forever be a guiding light for this Board. We accept the responsibility to carry forward his legacy, ensuring that the Ingonyama Trust fulfils its noble purpose: to administer the land for the benefit, social welfare, and material well-being of its beneficiaries.

Our journey began on May 21, 2023, when the current Board was appointed, succeeding the previous one whose term concluded in November 2022. This transition was orchestrated in compliance with the law, through consultations with key stakeholders, including Ingonyama, His Majesty King Misuzulu kaZwelithini, the Premier of KwaZulu-Natal, and the Chairperson of the House of Traditional and Koi-San leaders in KwaZulu-Natal.

Comprising eight dedicated members and led by myself as the Chairperson and Advocate Linda Zama as Vice-Chairperson, our Board brings diverse skills and extensive leadership experience to the table. I have complete confidence in their capabilities and the leadership they will provide to the Ingonyama Trust and its beneficiaries.

Overview of Public Entity

The Ingonyama Trust has matured over nearly three decades, aligning itself with the progression of our constitutional democracy. We believe that our mandate is inherently socio-economic, necessitating the development of a strategic approach that resonates with our beneficiaries. To achieve this, we recognize the imperative of fostering transparent communication and building relationships rooted in shared values and objectives through necessary stakeholder engagements and capacitation.

As we navigate this transitional phase, our commitment remains unwavering. While the past reporting period saw some challenges, including unmet output indicators attributed to organizational instability, we believe the Ingonyama Trust's mandate remains crucial to the well-being of the Zulu Nation.

One of our top priorities is to establish robust systems that ensure continuity regardless of changes in governance or management structures, minimizing disruptions that could impact our beneficiaries.

Strategic Relationships

We recognize the importance of collaboration in fulfilling our mandate, and thus, we plan to engage with various stakeholders, including government institutions, civil society, social institutions, and the private sector. Our stakeholder engagement strategy will outline our commitment to building and strengthening relationships that serve the greater good of our beneficiaries on Ingonyama Land.

Key stakeholders, such as the Provincial House of Traditional and Koi-San leadership, provincial government departments, and Amakhosi, play pivotal roles in our quest to fulfill our legislative mandate. We will maintain a close partnership with the Minister of Agriculture, Land Reform, and Rural Development.

Furthermore, we acknowledge the vital role that His Majesty, King Misuzulu ka Zwelithini plays in unifying institutions with a common goal of beneficiary development on Ingonyama Land. Periodic meetings with His Majesty are planned to nurture this crucial relationship.

Challenges

The financial challenges that have persisted are acknowledged. We are committed to the development of strategies to begin rectification in the first year of our term. Addressing organizational structuring issues and improving compliance with laws and regulations especially those concerning irregular expenditure, are amongst our top priorities.

The entity has made significant strides in financial reporting, including the ring-fencing of beneficiary funds for transparency and accountability. However, the gap between required and available skills and other resources remains a challenge, and we are dedicated to bridging this divide through comprehensive change management processes.

Acknowledgements

I extend my heartfelt appreciation to the dedicated members of the Ingonyama Trust Board management and our committed staff, who have persevered through less than ideal circumstances during the reporting year. Your renewed commitment to excellence, exemplified by an unqualified auditor's report, is commendable.

I also express gratitude to the outgoing Board for their valuable contributions during their tenure. To the current Board, our journey ahead is filled with strategic input, providing leadership and direction, and ensuring the development of a forward-thinking organization equipped to navigate change and uncertainty with ease, grace and high-achievement for Ingonyama Trust beneficiaries.



Chairperson of the Board
iNkosi T. N. Mzimela
6 October 2023

Chief Executive Officer's Overview



General Financial Review of the Public Entity and spending trends

In the year under review, the Auditor-General report and annual financial statements in this annual report indicate that the entity continues to improve in the quality of financial statements that are produced and submitted for audit. The entity also continues to sustain improvement in the reporting of performance information submitted for audit. Although the entity continues to improve in these areas, the Ingonyama Trust is nowhere close to being a financially viable and sustainable entity until such time that the organisation has defined and adopted a clear mandate to allow alignment of objectives and resources. Although the entity is getting closer to its goal of alignment, resources to implement various change initiatives to achieve this alignment are an impediment to organisational success.

Although some important strides have been made, factors such as governance, systems and other resources (including financial and otherwise) have been a major contributor the slow rate of overall improvement within the organisation.

In the year ended 31 March 2023, the Department of Agriculture, Land Reform and Rural Development made a transfer payment to the Ingonyama Trust Board of an amount of R 24, 391 million where the expenses of the entity totalled to R 38,475 million resulting in a shortfall of R14, 084 million.

The shortfall of R14, 084 million (2022: R17,500 million) relates to operating costs of the entity that are not funded by the department. In the same financial year the Ingonyama Trust earned R71,7million (2021: R83, 0 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. 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 17,500 million for running costs for the financial year ended 31 March 2022. This trend repeats itself again in the 2023 financial period.

Capacity constraints

The organisation has been facing serious capacity constraints in terms of human resourcing over an extended period with the main contributor to these constraints being a mismatched workforce that results in skills gap . This predicament, coupled with the misalignment between the organisation's mandate and the allocation of financial resources results in operational ineffectiveness and a currently financially unstable institution. With the appointment of the new board in May 2023, the aim of management in the short term is to re-engineer the organisations model to allow better organisational alignment which will promote the improvement of organisation effectiveness.

SCM processes and systems

A process of supply chain management was in place during the year, although not fully effective as a result of the capacity constraints mentioned above. 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, R nil (2022: R17, 414 million) in the current year of the irregular expenditure results from overspending of the budget in accordance with section 53(4) of the PFMA and R1, 253 million resulting for various non-compliance with SCM prescripts.

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

Although the entity improved in areas relating to internal control deficiencies around regular financial reporting, the application of financial reporting framework principles in a constant and accurate manner, the Auditor-General of South Africa continues to find the entity on issues relating to compliance with legislation around the following areas:

- Expenditure management - irregular expenditure
- Procurement and contract management – irregular expenditure and
- Consequence management – irregular expenditure.

Improvements as noted above have been made in the year under review by the entity in the area of annual financial statement preparation, 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.

In the current year some of the contracts that resulted in on going irregular expenditure were terminated and new service providers appointed in relation to cleaning and security services on a short term basis. No tenders were advertised or approved in the current year due to financial constraints. No unsolicited bids were received or concluded in the year under review.

Management have ensured effective monitoring of compliance with laws and regulations in relation to overspending on the budget and has improved the monitoring and reporting of irregular expenditure to ensure its continued reduction. This has positively contributed to the 92% reduction (2022: increase of 60%) of incurred irregular expenditure in the year under review.

The financial statements were submitted in accordance with section 55 of the Public Finance Management Act.

Plans for the future to address financial challenges

The finalisation of the appointment of a new board allows a review of the business model of the organisation including the review of the financial and funding model between Ingonyama Trust Board and Ingonyama Trust. This review will allow for development of a financial model where Ingonyama Trust is able to build capacity to enable unlocking of new revenue streams and resolution of capacity challenges. This coupled with improved governance within the entity should allow for gradual investment in the capacity of the organisation.

Events after reporting date

On 21 May 2023, the Minister of Agriculture, Land Reform and Rural Development appointed a new accounting authority. The Ingonyama Trust and Ingonyama Trust Board as an organisation had no other 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 continues to play a vital role in the understanding of the economic position that the entity continues to find itself in.

The entity's ability to generate surplus funds has improved during the year under review and this can be attributed to improved financial and budget management. However the misalignment in the entity's mandate and its operational requirements still contributes negatively to organisational effectiveness.

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 R464 thousand (2022: R3,369 million) as at 31 March 2023. It is important to note that the deficits have been declining year on year as a result of improved financial management.

In the current year, the entity in its Statement of Financial Performance realized a surplus. This surplus allows for the reduction of the accumulated deficit from R3, 369 million to R464 thousand in the current year denoting a improvement in the entities financial position.

Cash and Cash equivalents despite the insufficient cash inflows were R2, 349 million (2022: R280 thousand) as at the end of the financial year under review.



Chief Executive Officer
Mr V. Z. Mngwengwe
6 October 2023

Statement of responsibility and confirmation of accuracy of the annual report

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

All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by 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 as issued by National Treasury.

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

The previous Accounting Authority term ended in November 2022 and new members have been appointed with effect from 21 May 2023.

Although the current Board was not in service as at the end of the period under review, the Accounting Authority is of the opinion that, based on the representations made and on the information and explanations given by management, the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements and this annual report. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against misstatement.

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 and the Trust for the financial year ended 31 March 2023.



Chief Executive Officer
Mr V. Z. Mngwengwe
6 October 2023



Chairperson of the Board
iNkosi T. N. Mzimela
6 October 2023

Strategic Overview

Vision

To become a leader in communal land management.

Mission

To contribute to the improvement of the quality of life of the tribes and 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 tribes and communities on land administered by Ingonyama Trust Board on behalf of the Trust.

Values

- Value for money
- Consultation
- Courtesy
- Redress
- Service Standard
- Information
- Transparency
- Openness
- Access

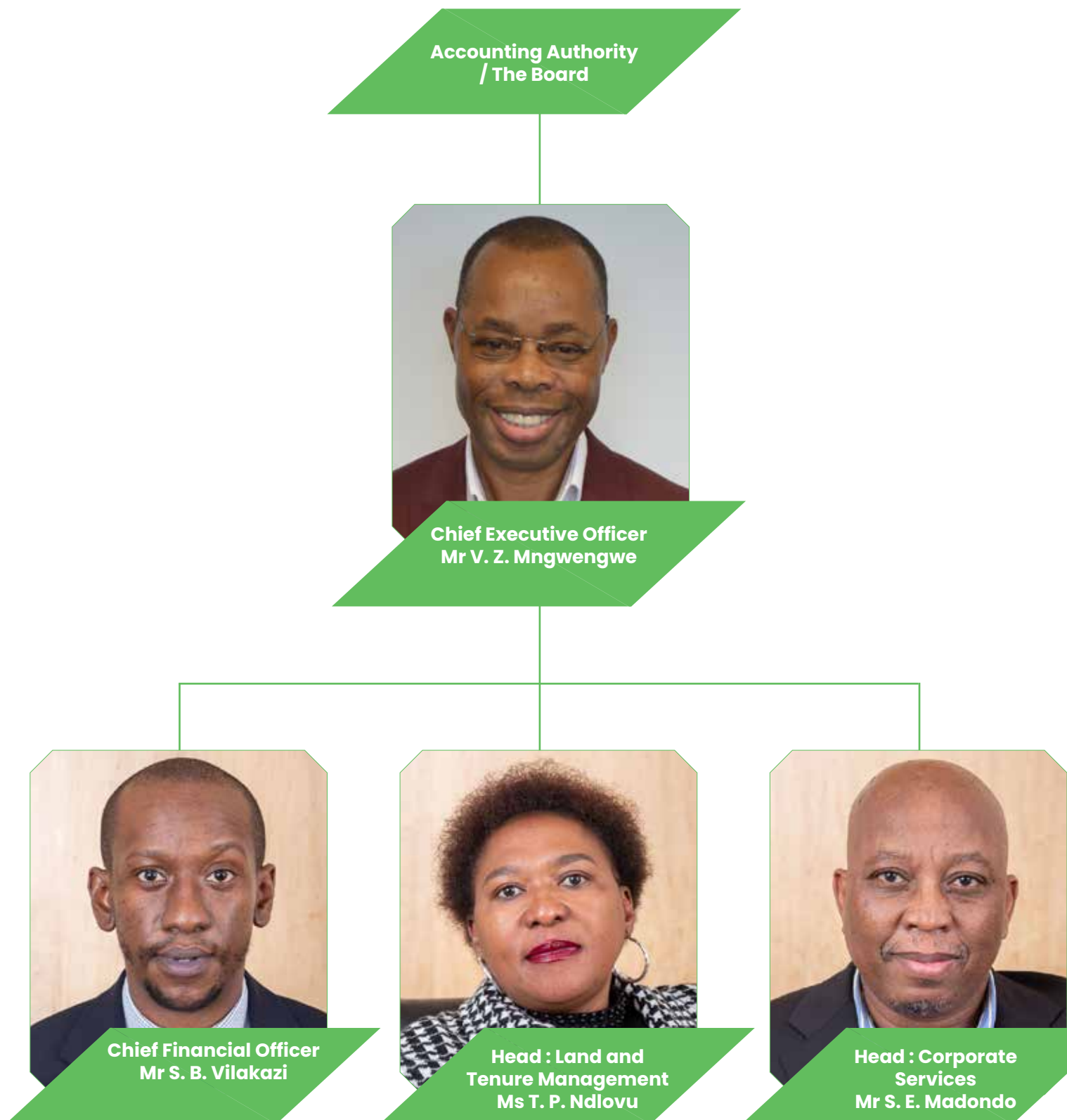
Legislative Mandate

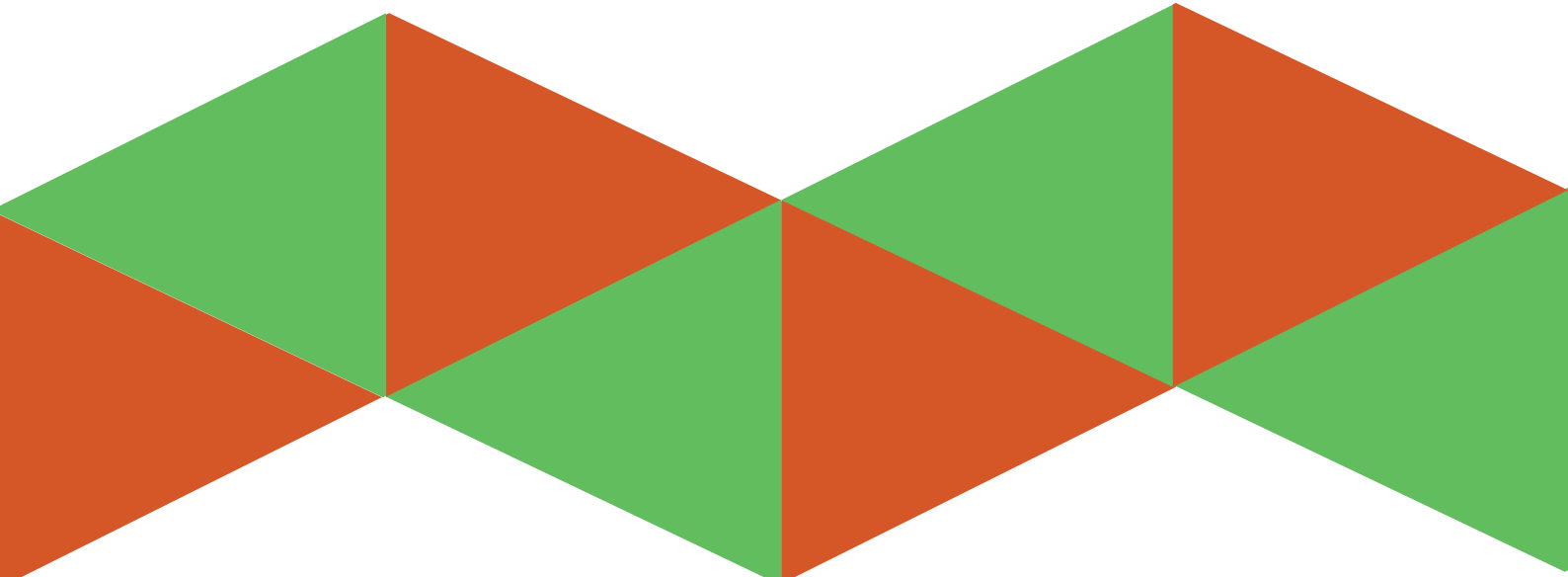
The KwaZulu-Natal Ingonyama Trust Board (commonly referred to as Ingonyama Trust Board) is a schedule 3A entity, whose mandate is to administer the affairs of the Trust and the trust land.

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.

Organisational Structure





PART B PERFORMANCE INFORMATION

PERFORMANCE INFORMATION

Auditors report: Predetermined Objective

The AGSA currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material misstatement identified and corrected being reported under the Other Matters heading in the Auditor's Report.

Refer to page 52 of the annual report for the Auditor's Report, published in Part E: Financial Information.

Overview of Performance

Service Delivery Environment

The Ingonyama Trust Boards is created to administer the affairs of the Ingonyama Trust and trust land while Ingonyama Trust was established to play a critical socio economic role which is found in its mandate as detailed in the KwaZulu-Natal Ingonyama Trust Act 3KZ of 1994. The act provides that the Trust shall be administered for the benefit, material welfare and social well-being of members of tribes and communities living on Ingonyama land.

The mandate is wide and is not limited to current activities of the Trust. However, due to various challenges in the past decades, including those of governance, funding and structuring of the organisation, the entity has not been very effective in achieving this mandate.

The activities of the organisation have however been limited to those activities that can be performed given the constraints that existed in the year under review and include:

- Ensuring secure tenure rights on Ingonyama Trust Land,
- Management of beneficiary funds, and
- Other land administration activities.

In the year under review the entity's focus remained on the confirmation of tenure rights for various beneficiaries in order to unlock benefit and welfare to communities and residents. There was also increased emphasis on resolution of audit related issues, the improvement of audit outcomes and building of relationship with beneficiaries through capacitation of traditional and community authorities.

It is important to mention that in the year under review, the entity underwent various changes including a period of vacancy of the accounting authority as its term came to an end in November 2022. This had a major impact on the achievement of various outputs that were set.

The entity aims to improve its processes which impact beneficiaries however there is a need for a review and alignment of organisational objectives with the mandate of the Trust. This will enable the incoming board to create a relationship between the entity's mandate, organisational outputs, the organisational structure and resources available to achieve the said objectives.

The relationship between the Board, its beneficiaries and other stakeholders plays a crucial role in ensuring that the Trust and its accounting authority have a pulse on the needs of the beneficiaries. There are extensive efforts required through various stakeholder engagements to improve these relationship. These relationships are also crucial because they aid, through collaboration with various public and private sector stakeholders, in the achievement of the mandate.

The financial challenges in this entity continue to cause a bottleneck and create restrictions between what is aimed and what can be achieved. It is therefore important to determine exactly what kind of resources,

financial or otherwise are required to perform functions.

The appointment of the new board on 21 May 2023 by the Minister of Agriculture, Land Reform and Rural Development allows for the rigorous review of organisational models so as to craft a new era of operation going forward.

Organisational Environment

Due to continued financial challenges and in an attempt to eliminate operational deficits, the Accounting Authority made a decision in September 2022 to revert back to an organogram that was approved for implementation in 2009/2010. This saw 9 employees on contract being terminated, resulting in a 15% reduction in the number of employees.

In October 2022, the Vice-Chairperson of the Board resigned and the term for the rest of the Board ended in November 2022. The term of the chairperson of the Board also came to an end on 31 March 2023. The Board vacancies created a large vacuum in the organisational environment as the Ingonyama Trust Board had not delegated any of the Board functions to management. This contributed to the difficulty in achievement of performance objectives.

Key policy development

It is important to mention that before the end of its term, the accounting authority did confirm that its mandate is aligned to that of the Trust and thus the Boards mandate cannot be found outside the requirement to administer the trust and trust land for the benefit, material welfare and social well-being of beneficiaries.

This has the impact of allowing the legislative mandate to form the core of the business objectives of the accounting authority and the entity.

Progress towards achievement of institutional impacts and outcomes

Ingonyama Trust is structured into two programmes:

Programme 1: Administration

Programme 2: Land and Tenure Management

Refer to page 21 - 28 for more information on each programme and performance targets.

Programme 1: Administration

Outcome 1 of programme 1 is improved corporate governance and service excellence. The entity did not achieve any of the 2 targets.

Outcome 2 is an unqualified external audit opinion by the Auditor-General of South Africa and this target was achieved.

Outcome 3 is improved stakeholder relationships which was not achieved since there was no Accounting Authority to approve the stakeholder engagement strategy.

Programme 2: Land and Tenure Management

This programme has a single outcome, 'improved security of tenure', with 4 performance targets. The entity overachieved on 1 performance target relating to capacitation of traditional councils. It also achieved on the target of updating of immovable asset register and didn't achieve the two remaining targets relating to the number of land tenure rights and human settlement plans approved by the Board.

Performance Information

Programme 1 : Administration

Purpose of the programme

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

Programme Structure

The administration programme comprises of the following:

- Board,
- Office of the Chief Executive Officer,
- Corporate Services,
- Financial services.

Annual and MTEF targets : Outcomes, Outputs, Performance indicators and actual achievements

Outcome	Outputs	Output indicator	Actual Achievement			Planned Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target	Comments on deviation
			2019/2020	2020/2021	2021/2022				
Improved corporate governance and service excellence	Management action plan for external and internal audit implemented	% of external audits management action plan implemented	New indicator	New indicator	100%	100%	61%	-39%	The remaining audit findings require capacitation of various business units in a manner that promotes the design and implementation of adequate internal controls in SCM, IT and HRM. The Board decided to implement the Employee Performance Management Policy in phases, however the substantial delay was occasioned by the non-signing of the policy. The non-existence of the Board since December 2022 also resulted in the stagnation of decisions. The entity did not have internal audit throughout the financial year and thus no audits were conducted.
		% of internal audits management action plan implemented	New indicator	New indicator	100%	100%	0	-100%	

Outcome	Outputs	Output indicator	Actual Achievement			Planned Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target	Comments on deviation
			2019/2020	2020/2021	2021/2022				
Unqualified external audit opinion	Unqualified external audit opinion	Unqualified external audit opinion	New indicator	Unqualified external audit opinion	Unqualified external audit opinion	Unqualified external audit opinion	N/A	N/A	
Stakeholder relations improved	Stakeholder engagement strategy approved	Stakeholder engagement strategy approved.	New indicator	New indicator	Stakeholder Engagement Strategy approved	Stakeholder Engagement Strategy approved	N/A	N/A	The Stakeholder engagement strategy was drafted but could not be processed as there was no Board to consider and approve it.

Performance Information

Programme 1 : Administration

Linking performance with budgets

Programme / activity / objective	2022/2023			2021/2022		
	Budget (in millions)	Actual Expenditure (in millions)	(Over)/Under Expenditure (in millions)	Budget (in millions)	Actual Expenditure (in millions)	(Over)/Under Expenditure (in millions)
Administration	43,949	38,475	5,474	23,517	40,996	(17,449)

Performance Information

Programme 2 : Land and Tenure Management

Purpose of the programme

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

Programme Structure

The administration programme comprises of the following:

- Provision of tenure rights,
- Maintenance of Land Tenure Information System,
- Capacity building to Traditional Councils,
- Human settlement plans.

Annual and MTEF targets : Outcomes, Outputs, Performance indicators and actual achievements

Outcome	Outputs	Output indicator	Actual Achievement			Planned Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target	Comments on deviation
			2019/2020	2020/2021	2021/2022				
Improved security of tenure	Secured Tenure Rights on Ingonyama Trust land	Number of Tenure Rights approved by the Board	1 409	600	390	800	253	-547	This is a demand driven target. A High Court judgment 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, which then reduced the numbers of applications being processed as applications received were lesser than expected. This was further affected by few Tenure meetings during the financial year.

Annual and MTEF targets : Outcomes, Outputs, Performance indicators and actual achievements

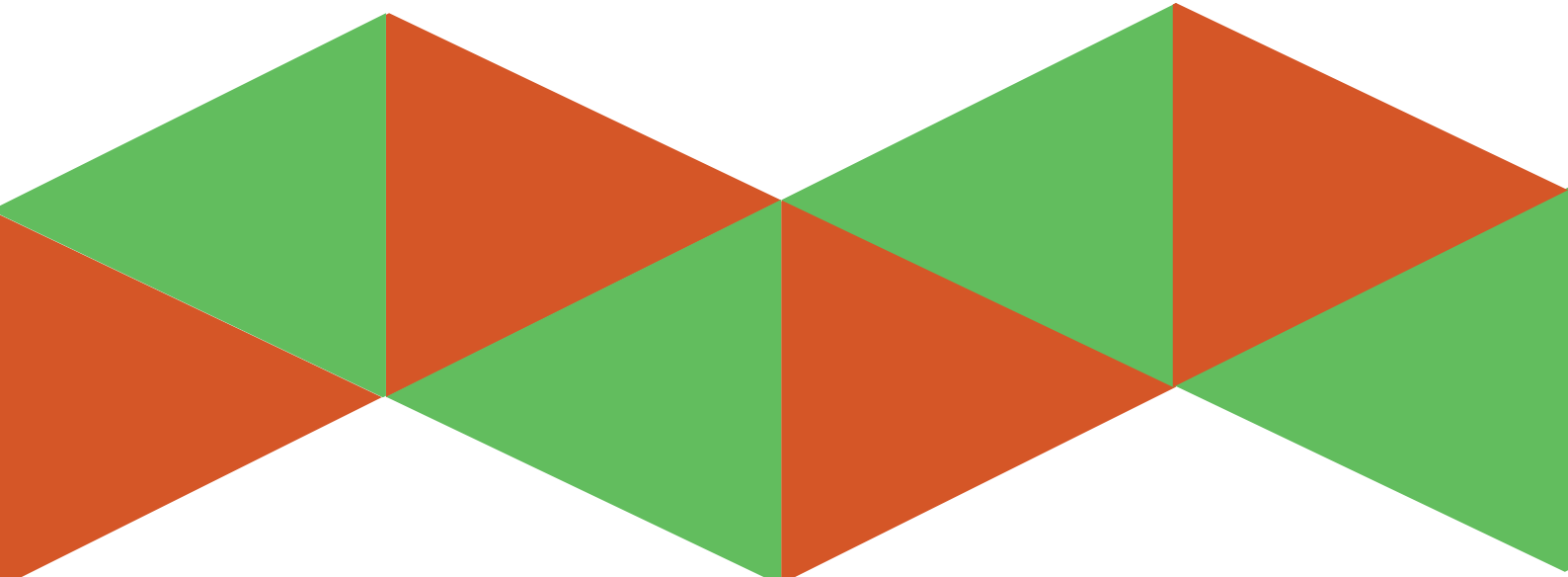
Outcome	Outputs	Output indicator	Actual Achievement			Planned Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target	Comments on deviation
			2019/2020	2020/2021	2021/2022				
Improved security of tenure	Immovable Asset Register Maintained	Number of quarterly updates to the Immovable Asset register	4	-	-	4	4	N/A	N/A
	Capacity Building to Traditional Councils provided	Number of Traditional Councils exposed to capacity building	6	6	-	24	26	+2	Some TCs which are located in close proximity that also had similar dynamics were grouped together. These were Mavuso with Msibi; and Ndlangamandla with Ntshangase
	Human settlement plans approved	Number of Human Settlement Plans approved by the Board	-	5	5	6	0	-6	The Board sought to review the business process during implementation and therefore moved the target to the last quarter. There were then no Board meetings to consider the matter.

Performance Information

Programme 2 : Land and Tenure Management

Linking Performance with budgets

Programme / activity / objective	2022/2023			2021/2022		
	Budget (in millions)	Actual Expenditure (in millions)	(Over)/Under Expenditure (in millions)	Budget (in millions)	Actual Expenditure (in millions)	(Over)/Under Expenditure (in millions)
Land and Tenure management	35,745	122,37	(86,392)	242,510	79,193	163,317



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

Portfolio Committees

The portfolio committee exercises oversight over the service delivery performance of the public entity and as such, reviews the performance information contained in quarterly and annual reports.

There were 5 meetings held between Ingonyama Trust Board and the Portfolio Committee on Agriculture, Land Reform and Rural Development during the period under review. The first two meetings were to present and discuss the 2023/2024 annual performance plan. The following two meetings were for the quarterly report and one for the annual report presentation to the committee.

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	- 26 July 2022
2nd Quarter	- 24 October 2022
3rd Quarter	- 7 February 2023
4th Quarter	- 20 April 2023

The Accounting Authority

The Board is the accounting authority of the Ingonyama Trust. The Board constitutes a fundamental base for the application of corporate governance principles in the organisation and as a result, its effectiveness and efficiency reflects in part on the performance of the entity. The members are all non-executive so as to ensure independent and objectivity in decision-making.

The Board has an absolute responsibility for the performance of the organisation and is fully accountable for such performance. The Board also provides strategic direction to the organisation.

The role of the Board is as follows:

- It holds the absolute responsibility for the performance of the public entity and the Trust,
- It retains full and effective control over the public entity and the Trust to the extent allowed by legislation,

- It has to ensure that the public entity and the Trust complies with all applicable laws, regulations and government policies,
- It has unrestricted access to information of the public entity and the Trust,
- It formulates, monitors, reviews corporate strategy, major plans of action, risk policy annual budgets and business plans,
- It manages potential conflict of interest, and
- Ensures compliance with Section 51 of the Public Finance Management Act 1 of 1999.

Board Committees

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

Management Committees

- Management Committee (MANCO).

The Board, for the period ended 31 March 2023, is comprised of the following members:

Name	Designation (In terms of the Board Structure)	Date appointed	Date resigned / Date of term ended	Other Committees or Task Teams
Mr S J Ngwenya	Chairperson	01/04/2001	31/03/2023	Tenure Committee
Dr N Z Qunta	Vice Chairperson	01/09/2020	Resigned 31/10/2022	Tenure Committee, FINCO, HR & IT
Adv L Zama	Member	01/09/2020	30/11/2022	Tenure Committee, HR & IT
Inkosi P R Bele	Member	01/09/2020	30/11/2022	Tenure Committee
Inkosi W T Mavundla	Member	01/09/2020	30/11/2022	FINCO, Tenure Committee
Inkosi S E Shabalala	Member	01/09/2020	30/11/2022	Tenure Committee
Inkosi Z T Gumede	Member	01/09/2020	30/11/2022	Tenure Committee

Board committee meeting statistics

Committee	No of meetings held	No of members	Name of members
Board	24	7	Mr S J Ngwenya Dr N Z Qunta Adv L Zama Inkosi P R Bele Inkosi W T Mavundla Inkosi S E Shabalala Inkosi Z T Gumede
Tenure	5	7	Mr S J Ngwenya Dr N Z Qunta Adv L Zama Inkosi P R Bele Inkosi W T Mavundla Inkosi S E Shabalala Inkosi Z T Gumede
Human Resources and Information Technology	3	3	Dr N Z Qunta Adv L Zama Inkosi W T Mavundla
FINCO	2	2	Dr N Z Qunta Inkosi W T Mavundla

Remuneration of Board members

Remuneration of Board members is determined by Minister in consultation with the Minister of Finance which provide for all inclusive flexible remuneration packages for members. The rates determined are sitting fees and are exclusive of payments in respect of traveling. Members in the employ of the state are not eligible to be remunerated.

Name	Remuneration	Other allowance	Other re-imbursments	Total
Mr S J Ngwenya	929	-	177	1 106
Dr N Z Qunta	245	-	25	270
Adv L Zama	-	-	-	-
Inkosi P R Bele	299	-	91	396
Inkosi W T Mavundla	215	-	92	307
Inkosi S E Shabalala	271	-	112	303
Inkosi Z T Gumede	164	-	123	287
Total	2 123	-	620	2 743

Risk Management

The Ingonyama Trust Board has approved a risk management policy that articulates the entity's risk management philosophy and enforces the implementation of risk management processes within the entity.

The entity, annually conducts risk assessment to determine the effectiveness of its risk management strategy and to enable it to review existing risks and identify new emerging risks that require mitigation.

The Board, in the period under review did not have an established Risk Management Committee as it absorbed the function of risk management itself, however the audit committee (although not fully capacitated) did provide advises to the entity on issues relating to risk management.

Although the finalisation and approval of the risk management policy for the entity was the first step in the right direction, the implementation of policies and standard operating procedures require capacitation of the entity to a point where functions such as risk management can be performed independently and reported on in accordance with governance practices. The entity is currently working on capacitation of the entity to allow for the performance of these functions on behalf of the Accounting Authority.

The Board



iNkosi T. N. Mzimela - Chairperson



Advocate L.C. Zama - Vice - Chairperson



iNkosi M. I. Tembe - Board Member

The Board



Dr T. Dlamini - Board Member



Ms N. Zulu - Board Member



Mr N. D. Matamela - Board Member



iNkosi P. B. Molefe - Board Member

The Board



Inkosi S. N. Mkhize - Board Member



Ms L. del Grande - Board Member

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.

The entity did not have an internal audit in the year 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. The Audit Committee's role is advisory in nature and does not constitute any executive powers.

Its objectives are:

- Review of the effectiveness of the internal control systems,
- Assessment of the effectiveness of internal audit,
- Review of the risk areas of the entity's operations to be covered in the scope of internal and external audits,
- Ensure the adequacy, reliability and accuracy of financial information provided by management and other users of such information,
- Do address and provide guidance and oversight on any accounting and auditing concerns identified as a result of internal and external audits,
- Review the entity's compliance with legal and regulatory provisions
- Review the activities of the internal audit function, including its annual work programme, co-ordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations; and
- Where relevant, the independence and objectivity of the external auditors.

The Committee mainly makes recommendations to the Accounting Authority and has authority to investigate matters within its powers.

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

Attendance of audit committee meetings by audit committee members:

The Audit Committee comprises of three (3) members. There were five (5) meetings held during the current year and the attendance was as follows:

Name	Qualifications	No of meetings attended	Date appointed	Date resigned / Date of term ended	Constituency
Mr E. Sithole	BCom	5	01/04/2022	-	Chairperson
Dr N. Z. Qunta	PhD	4	01/04/2022	31/10/2022	Member
iNkosi W. T. Mavundla	BEd (hons)	4	01/04/2022	30/11/2022	Member

Audit Committee Report

We are pleased to submit our report for the financial year concluded on March 31, 2023.

Audit Committee Responsibility

This report, in accordance with Regulations 27 (1)(10)(b) of the Public Finance Management Act (PFMA), outlines the responsibilities and actions of the Audit Committee during the review period.

Composition and Capacity of the Audit Committee

Throughout the fiscal year under review, the Ingonyama Trust Board's Audit Committee faced a challenge in terms of its full constitution and operational capacity, which consequently hindered its ability to fully adhere to the stipulations set forth in section 51(1)(a)(ii) of the Public Finance Management Act and Treasury Regulation 27.1. As of March 31, 2023, the committee was comprised solely of the Chairperson.

Additionally, the absence of an internal audit function throughout the year significantly impeded the audit committee's operational effectiveness, as internal audit plays a pivotal role within the committee's framework.

The committee was unable to adopt appropriate terms of reference, due to the absence of internal audit and disruptions in the constitution of the Accounting Authority.

Effectiveness of Internal Controls

Due to the lack of internal audit resources, no internal audits were conducted to assess the efficacy of the internal control environment. Consequently, the audit committee was unable to fulfil its mandated duty of reviewing the effectiveness of internal audit, as stipulated by Treasury regulations.

Areas pertaining to financial management, particularly the management of expenses, beneficiary funds, and instances of irregular expenditure, are a source of concern. If not appropriately managed, these areas could potentially lead to solvency and liquidity challenges that would adversely affect operations, in addition to the non-compliance issues reported by the Auditor-General.

The absence of an internal audit function is a matter of substantial concern, reflecting upon the Accounting Authority's approach to governance and internal controls. Immediate intervention by the accounting authority is warranted.

In- Year Management and Monthly/ Quarterly Reporting

The Ingonyama Trust Board duly submitted quarterly reports to the Executive Authority and the National Treasury, in accordance with the PFMA's requirements.

Evaluation of Annual Financial Statements

Due to the committee's incomplete composition by year-end, the audit committee was unable to perform a comprehensive review of the Annual Financial Statements. However, management presented these statements to the Chairperson, who subsequently made recommendations to the Board.

Auditors Report

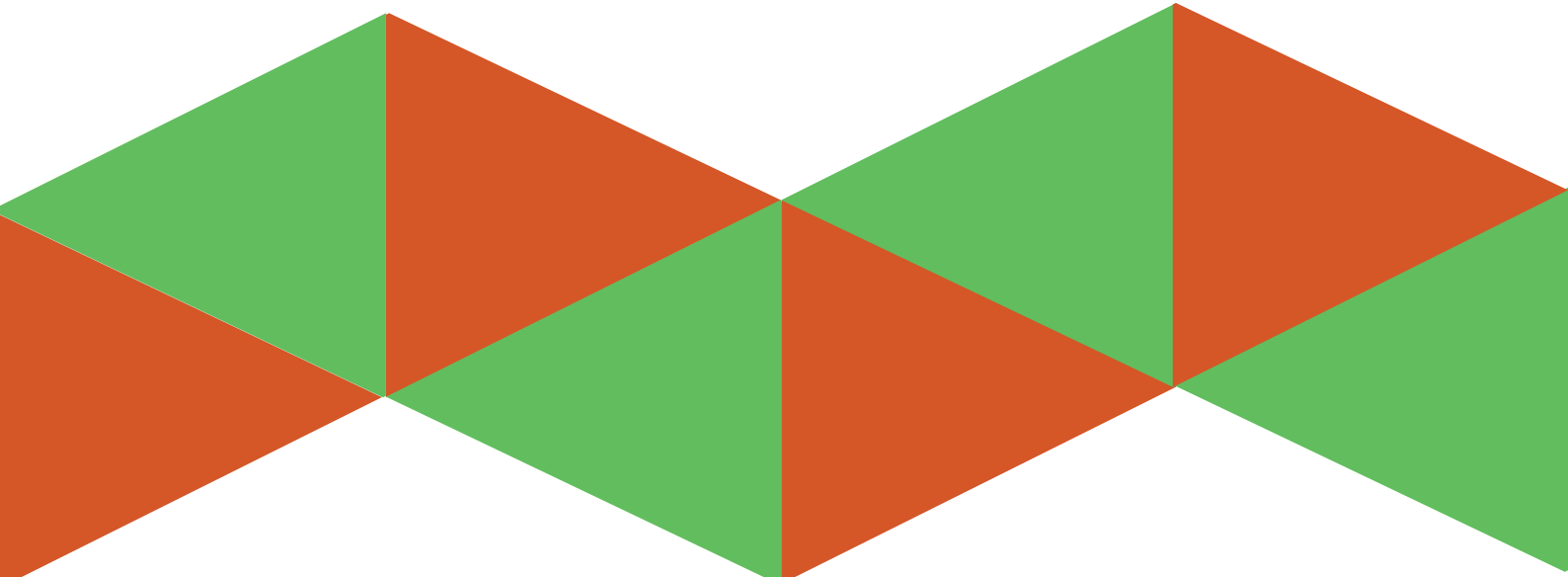
The Auditor-General assessed the internal controls relevant to the audit of financial statements, reported performance information, and compliance with applicable legislation. Notably, no significant deficiencies in internal controls were identified on preparation of financial statements were noted.

In the Auditor-General's professional judgment, the financial statements accurately present, in all material respects, the financial position of the Ingonyama Trust Board and Ingonyama Trust as of March 31, 2023, as well as its financial performance and cash flows for the year ending on that date, in accordance with Generally Recognized Accounting Practices (GRAP) and the provisions of the Public Finance Management Act 1 of 1999 (PFMA).

Sincerely,



Mr. Erick Nsikayezwe Sithole
Chairperson of the Audit Committee
Ingonyama Trust Board



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 achievements for the year under review

Approved Policies

In the period under review the Board approved three policies as follows:

Employee Performance Policy

- To provide an integrated framework in terms of which employee performance should be planned, monitored, measured, recognised, and rewarded to improve service delivery.

Sexual Harassment Policy

- The purpose of this policy is to ensure that all employees are aware of and can thus avoid any behaviour that may constitute sexual harassment,
- Provide guidelines on and a framework for dealing with incidents of sexual harassment,
- Promote a safe and secure work environment in which the dignity of all persons is respected and which is free from sexual harassment.

Leave Management Policy

- The purpose of the leave policy is to regulate all types of leave at Ingonyama Trust Board.

Termination of service due to Operational Requirements

In the period under review, 13 employees left the organisation based on operational requirements.

Personnel Cost by programme / activity / objective

Programme/ activity/ objective	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Programme 1 - Total Support Staff	38 475	15 746	41%	33	477
Programme 2 - Tenure Staff	122 137	11 123	9%	25	445
Total	160 612	26 869	50%	58	463

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	5 748	21%	4	1 437
Professional qualified	2 503	9%	4	626
Skilled	12 648	47%	40	316
Semi - skilled	5 970	23%	10	597
Total	26 869	100%	58	463

Employment and vacancies

Programme/ activity/ objective	2021/2022 No. of employees	2022/2023 Approved Posts	2022/2023 No. of Employees	2022/2023 Vacancies	% of vacancies
Programme 1 - Total Support Staff	33	33	33	-	-
Programme 2 - Tenure Staff	25	25	25	-	-
Total	58	58	58	-	-

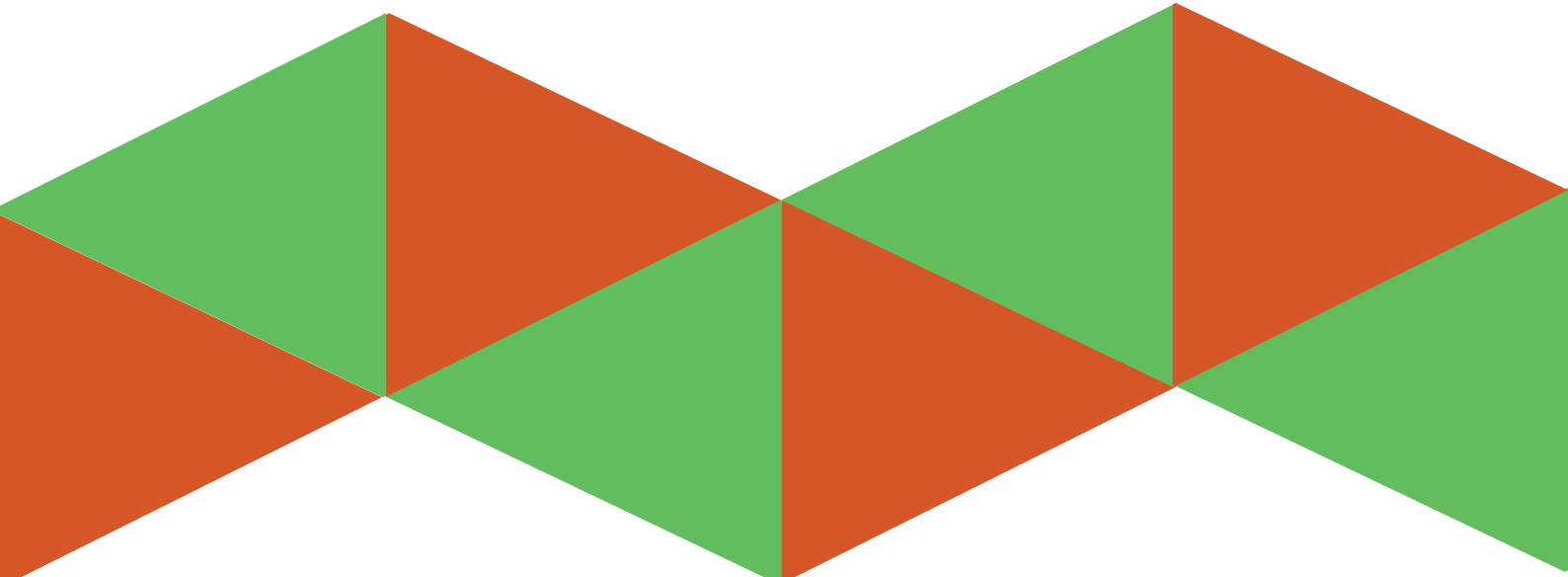
Programme/ activity/ objective	2021/2022 No. of employees	2022/2023 Approved Posts	2022/2023 No. of Employees	2022/2023 Vacancies	% of vacancies
Senior Management	4	4	4	-	-
Professional qualified	4	4	4	-	-
Skilled	40	40	30	10	17%
Semi - skilled	10	10	6	4	7%
Total	58	58	44	14	24%

Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at the end of the period
Senior Management	4	-	-	4
Professional qualified	4	-	-	4
Skilled	40	-	10	30
Semi - skilled	10	-	4	6
Total	58	-	14	44

Reason for staff leaving

Reason	Number	% of total no. of staff leaving
Retirement	1	2%
Other	13	22%
Total	14	24%



PART E FINANCIAL INFORMATION

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Land administration
Board members	iNkosi T.N Mzimela Adv L.C Zama iNkosi S.N Mkhize iNkosi P.B Molefe Dr T. Dlamini Mr D. Matamela Ms N. Zulu Ms L. del Grande iNkosi M.I Tembe

The previous Board term concluded in December 2022. The Minister of Agriculture, Land Reform and Rural Development appointed a new Board on 21 May 2023.

Business address	65 Trelawney Road Southgate Pietermaritzburg 3201
Bankers	First National Bank
Auditors	Auditor General of South Africa (AGSA)

Index

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

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The audited annual financial statements set out on pages 58 to 99, which have been prepared on the going concern basis, were approved by the Board on 31 May 2023.

Accounting Authority's Responsibilities and Approval

The Board is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is 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 are being engaged to express an independent opinion on the audited annual financial statements and have been 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 judgments and estimates where necessary.

The Board acknowledges 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 Board to meet these responsibilities, the board member set 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 reflects unwavering integrity.

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 endeavors to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The previous Board term ended in December 2022 and a new Board of members has been appointed on 21 May 2023.

Although the current Board was not in service as at the end of the financial period under consideration, the Board is of the opinion that, based on the representations done and on the information and explanations given by management, the system of internal control of the board 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.

The members have reviewed the entity's cash flow forecast and budget for the year to 31 March 2024 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 at least the next 12 months.

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.



Chairperson of the Board
iNkosi T. N. Mzimela

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 60 to 101, which comprise the statement of financial position as at 31 March 2023, 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 2023 and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (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 responsibilities of the auditor-general 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.

Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Contingent liability

7. With reference to note 16 to the financial statements, the entity is the defendant in a labour dispute. The settlement of this matter depends on the decision of the Labour Court given that the commissioner is of the view that the CCMA has no jurisdiction. As at 10 March 2023, the matter was referred to the Labour Court and awaits the court's decision.

Report of the Auditor General to Parliament on Ingonyama Trust Board

On 25 May 2023, the employees are seeking the review and set aside of the commissioner's decision made on 10 March 2023 based on the fact that the commission has full jurisdiction to arbitrate on the matter. The estimated settlement is at R2,09 million (2022: R0) as at 31 March 2023.

Restatement of corresponding figures

8. As disclosed in note 18 to the financial statements, the corresponding figures for 31 March 2022 were restated as a result of errors in the financial statements of the entity at, and for the year ended, 31 March 2023.

Other matter

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

National Treasury Instruction No. 4 of 2022/2023: PFMA Compliance and Reporting Framework

10. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4) (a) and (c) of the PFMA, which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure.

Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 21 to the financial statements.

The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of Ingonyama Trust Board. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the auditees.

11. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Report of the Auditor General to Parliament on Ingonyama Trust Board

Responsibilities of the accounting authority for the financial statements

12. 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.
13. 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.

Responsibilities of the auditor-general for the audit of the financial statements

14. 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.
15. 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

16. In accordance with the Public Audit Act of South Africa (Act No.25 of 2004) (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
17. I selected the following material performance indicators related to Programme 2: Land and tenure management presented in the annual performance report for the year ended 31 March 2023. I selected those indicators that measure the entity's performance on its primary mandated functions and that is of significant national, community or public interest.

Report of the Auditor General to Parliament on Ingonyama Trust Board

- Number of tenure rights approved by the board
- Number of traditional councils exposed to capacity buildings
- Number of human settlement plans approved by the board

18. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the entity's planning and delivery on its mandate and objectives.

19. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned objectives
- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there are adequate supporting evidence for the achievements reported and for the reasons provided for any over or underachievement of targets.

20. I performed the procedures for the purpose of reporting material findings only.

21. I did not identify any material findings on the reported performance information for the selected material performance indicators.

Other matter

22. I draw attention to the matter below.

Achievement of planned targets

23. The annual performance report includes information on reported achievements against planned targets and provides explanations for over and under achievements.

Report of the Auditor General to Parliament on Ingonyama Trust Board

Report on compliance with legislation

24. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the entity's compliance with legislation.
25. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
26. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
27. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Expenditure management

28. Effective and appropriate steps were not taken to prevent irregular expenditure 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 continued use of expired contracts without National Treasury approval.
29. Effective and appropriate steps were not taken to prevent fruitless and wasteful expenditure as disclosed in note 21 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The fruitless and wasteful expenditure was caused by penalties and interest charged from SARS due to late payment of PAYE.

Procurement and contract management

30. 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. Similar non-compliance was also reported in the prior year.

Report of the Auditor General to Parliament on Ingonyama Trust Board

31. Some of the goods and services of a transaction value of R2 000 but not exceeding R1 000 000 were procured without following quotation process and deviations were not approved by the accounting officer and it was practical to follow quotation process, as required by Treasury Regulation 16A6.1, paragraph 3.2.1 of NTI 02 of 2021/22, paragraph 4.1 of NTI 03 of 2021/22 and TR 16A6.4. Similar non-compliance was also reported in the prior year.

Consequence management

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

Other information in the annual report

33. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and the selected material indicators in the scoped-in programme presented in the annual performance report that has been specifically reported on in this auditor's report.
34. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
35. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
36. I did not receive the other information prior to the date of this auditor's report. 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.

Report of the Auditor General to Parliament on Ingonyama Trust Board

Internal control deficiencies

37. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
38. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.
39. The accounting authority did not set the tone at the top and drive a culture of accountability and commitment to effective oversight on compliance with laws and regulations. This is evidenced by repeat findings on compliance matters.



Pietermaritzburg
31 July 2023

Statement of financial position as at 31 March 2023

	Note(s)	2023 R '000	2022 Restated R '000
Assets			
Current Assets			
Receivables from exchange transactions	6	16	3
Cash and cash equivalents	3	2 349	280
		2 365	283
Non-Current Assets			
Property, plant and equipment	4	162	286
Total Assets		2 527	569
Liabilities			
Current Liabilities			
Payables from exchange transactions	8	2 003	3 949
Provisions	7	988	-
		2 991	3 949
Total Liabilities		2 991	3 949
Net Assets		(464)	(3 380)
Accumulated deficit		(464)	(3 380)
Total Net Assets		(464)	(3 380)

Statement of financial performance

	Note(s)	2023 R '000	2022 Restated R '000
Revenue			
Revenue from exchange transactions			
Transfer funds received - Ingonyama Trust Financial Regulation 10(2)		6 920	6 239
Other income - Ingonyama Trust		9 958	9 161
Other income		21	-
Interest received		100	45
Total revenue from exchange transactions		16 999	15 445
Revenue from non-exchange transactions			
Transfer revenue			
Transfer funds received - Department of Agriculture, Land and Rural Development		24 391	23 517
Donation received (at fair value)		-	373
Total revenue from non-exchange transactions		24 391	23 890
Total revenue	10	41 390	39 335
Expenditure			
Employee related costs	12	(26 869)	(28 982)
Depreciation and amortisation		(124)	(86)
General expenses	17	(11 482)	(11 898)
Total expenditure		(38 475)	(40 966)
Surplus (deficit) for the year		2 915	(1 631)

Statement of Changes in Net Assets

	Accumulated surplus / deficit R '000	Total net assets R '000
Opening balance as previously reported	(1 738)	(1 738)
Adjustments		
Prior year adjustments 18	(11)	(11)
Balance at 01 April 2021 as restated*	(1 749)	(1 749)
Changes in net assets		
Deficit for the year	(1 631)	(1 631)
Total changes	(1 631)	(1 631)
 Restated* Balance at 01 April 2022	 (3 379)	 (3 379)
Surplus for the year	2 915	2 915
Total changes	2 915	2 915
Balance at 31 March 2023	(464)	(464)

Cash Flow Statement

	Note(s)	2023 R '000	2022 Restated R '000
Cash flows from operating activities			
Receipts			
Transfer payment received - DALRRD		24 391	23 517
Payment received - Ingonyama Trust		15 516	14 248
Interest income		87	42
Other receipts		21	434
		40 015	38 241
Payments			
Cash paid for employee costs		(26 773)	(28 570)
Cash paid to suppliers and others		(11 385)	(11 173)
		(37 946)	(39 955)
Net cash flows from operating activities	20	2 069	(1 714)
Net increase/(decrease) in cash and cash equivalents		2 069	(1 714)
Cash and cash equivalents at the beginning of the year		280	1 994
Cash and cash equivalents at the end of the year	3	2 349	280

Statement of Comparison of Budget and Actual Amounts

INGONYAMA TRUST BOARD PART E : FINANCIAL INFORMATION AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023						
	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	4 940	-	4 940	6 920	1 980	22.1
Other income - Ingonyama Trust	-	-	-	9 958	9 958	22.2
Other income	-	-	-	21	21	22.3
Interest received - bank	-	-	-	100	100	22.4
Total revenue from exchange transactions	4 940		4 940	16 999	12 059	
Revenue from non-exchange transactions						
Transfer payment received - Department of Agriculture, Land Reform and Rural Development	24 391	-	24 391	24 391	-	
Total revenue	29 331	-	29 331	41 390	12 059	
Expenditure						
Employee costs	(30 757)	-	(30 757)	(26 869)	3 888	22.5
Depreciation and amortisation	-	-	-	(124)	(124)	22.6
General expenses	(13 192)	-	(13 192)	(11 482)	1 710	22.7
Total expenditure	(43 949)	-	(43 949)	(38 475)	5 474	
Deficit for the year	(14 618)	-	(14 618)	2 915	17 533	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(14 618)	-	(14 618)	2 915	17 533	

Accounting Policies

	Note(s)	2023 R '000	2022 Restated R '000
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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.

Accounting Policies

	Note(s)	2023 R '000	2022 Restated R '000
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1.3 Materiality and comparative figures (continued)

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 judgments 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 judgment 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 judgment include:

Depreciation

Depreciation recognised on property, plant and equipment is determined with reference to the useful lives and residual values of the underlying assets. 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.

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.

Accounting Policies

	Note(s)	2023 R '000	2022 Restated R '000
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1.5 Property, plant and equipment (continued)

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.

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.

Accounting Policies

	Note(s)	2023 R '000	2022 Restated R '000
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1.5 Property, plant and equipment (continued)

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 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.

Accounting Policies

	Note(s)	2023 R '000	2022 Restated R '000
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1.6 Financial instruments (continued)

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

Accounting Policies

	Note(s)	2023 R '000	2022 Restated R '000
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1.6 Financial instruments (continued)

- 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.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

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.

Accounting Policies

	Note(s)	2023 R '000	2022 Restated R '000
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1.6 Financial instruments (continued)

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.

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 non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Accounting Policies

	Note(s)	2023 R '000	2022 Restated R '000
1.6 Financial instruments (continued)			
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.			
1.7 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.			
1.8 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.			
1.9 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			

Accounting Policies

	Note(s)	2023 R '000	2022 Restated R '000
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1.9 Employee benefits (continued)

- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

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.

Accounting Policies

	Note(s)	2023 R '000	2022 Restated R '000
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1.9 Employee benefits (continued)

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:

- 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.

Accounting Policies

	Note(s)	2023 R '000	2022 Restated R '000
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1.9 Employee benefits (continued)

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.

1.10 Provisions

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

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.

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.

Accounting Policies

	Note(s)	2023 R '000	2022 Restated R '000
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1.11 Revenue from exchange transactions (continued)

Measurement

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

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.

Accounting Policies

	Note(s)	2023 R '000	2022 Restated R '000
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1.12 Revenue from non-exchange transactions (continued)

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 criterias, 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.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

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.

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.

Accounting Policies

	Note(s)	2023 R '000	2022 Restated R '000
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1.12 Revenue from non-exchange transactions (continued)

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 the 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 or that is not in accordance with a requirement of any applicable legislation, including-

- a) The PFMA; or

Accounting Policies

	Note(s)	2023 R '000	2022 Restated R '000
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1.14 Irregular expenditure (continued)

- 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 procurement procedures in that provincial government.

National Treasury instruction No.4 of 2022/2023 which was issued in terms of section 51(1) (b)(ii) and 57(c) of the PFMA requires the following (effective from 3 January 2003):

Expenditure recognised as irregular expenditure is expenditure that must have been recognised in the statements of financial performance or a liability recognised in the statement of financial position. The earlier of an invoice or payment will trigger irregular expenditure for these transactions.

Irregular expenditure is recorded in the financial statements disclosure when incurred and confirmed. This relates to irregular expenditure incurred in the current financial year within a one year comparative.

Irregular expenditure for the previous financial year (comparative amounts) must be recognised in the period in which they occurred as follows:

- a) Irregular expenditure incurred and confirmed in the previous financial year.
- b) Irregular expenditure that was under assessment in the previous financial year and confirmed in the current financial year; and
- c) Irregular expenditure that was not discovered in the previous financial year and identified and confirmed in the current financial year.
- d) Irregular expenditure payments relating to multi-year contracts that was not condoned or removed.

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:

Accounting Policies

	Note(s)	2023 R '000	2022 Restated R '000
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1.15 Cash and cash equivalents (continued)

- Cash subject to restrictions that prevents its use within the next year; and
- Cash appropriated for other that its current purposes unless such cash offset 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 misstatement 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.

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).

Accounting Policies

	Note(s)	2023 R '000	2022 Restated R '000
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1.17 Related parties (continued)

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.

Accounting Policies

	Note(s)	2023 R '000	2022 Restated R '000
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1.18 Prior period errors and changes in accounting estimates (continued)

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.

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;

Accounting Policies

	Note(s)	2023 R '000	2022 Restated R '000
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1.19 Contingent liabilities and assets (continued)

- 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)	2023 R '000	2022 Restated R '000
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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

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.

Accounting Policies

	Note(s)	2023 R '000	2022 Restated R '000
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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 01/04/2022 to 31/03/2023.

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

	2023 R '000	2022 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 2023 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
- GRAP 25 (as revised): Employee Benefits		
- iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction		
- GRAP 104 (as revised): Financial Instruments		
- iGRAP 21: The Effect of Past Decisions on Materiality		
- GRAP 1 (amended): Presentation of Financial Statements 01 April 2023		
Unlikely there will be a material impact		

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand - petty cash	3	9
Bank balances	2 346	271
	2 349	280

The entity had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	2023	2022	2022	2022
FNB Current account - 62007837620	2 346	271	2 346	271

Notes to the Audited Annual Financial Statements

	2023 R '000	2022 R '000
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4. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	45	(44)	1	45	(42)	3
Computer equipment	388	(227)	161	388	(105)	283
Total	433	(271)	162	433	(147)	286

Reconciliation of property, plant and equipment - March 2023

	Opening balance	Depreciation	Total
Furniture and fixtures	3	(2)	1
Computer equipment	283	(122)	161
	286	(124)	162

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

Notes to the Audited Annual Financial Statements

				2023	2022		
				R '000	R '000		
5.	Intangible assets						
		2023			2022		
		Cost / Valuation	Accumu- lated amortisa- tion and accumulat- ed impairment	Carrying value	Cost / Valuation	Accumu- lated amortisa- tion and accumulat- ed impairment	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.

Reconciliation of intangible assets - Disclosure

6. Receivables from exchange transactions

Interest receivables	16	3
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7. Provisions

Reconciliation of provisions - Disclosure

	Opening balance	Additions	Total
Board member's remuneration	-	988	988

The provision pertains to outstanding fees for Board members that remain unclaimed as of 31 March 2023. On this date, Mr. Ngwenya was terminated as the Board chairperson of the Ingonyama Trust Board. Board members receives remuneration for their services as the Accounting Authority, in accordance with the rates set by the National Treasury.

Notes to the Audited Annual Financial Statements

	2023 R '000	2022 R '000
7. Provisions (continued)		
Despite the expectation that Board members submit monthly claims for compensation, Mr. Ngwenya has not made a claim since September 2022. Considering that he served as the Board chairperson until 31 March 2023, it is anticipated that he will submit a claim. However, the timing of the outflow from settling his fees cannot be determined due to his lack of claims since September 2022, despite the monthly submission requirement.		
The estimated amount is based on Mr. Ngwenya's previous claims, adjusted to account for the impact of Board meetings, as the Board was dismissed in December 2022.		
8. Payables from exchange transactions		
Trade payables	28	438
Accrued leave pay	1 200	1 445
Accrued expense	775	2 066
	2 003	3 949
9. Financial instruments disclosure		
Categories of financial instruments		
Financial assets - March 2023		
	At amortised cost	Total
Cash and cash equivalents	2 349	2 349
Financial liabilities - March 2023		
	At amortised cost	Total
Payables from exchange transactions	1 763	1 763
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	2 503	2 503
None of the financial assets are impaired.		

Notes to the Audited Annual Financial Statements

	2023 R '000	2022 R '000
10. Revenue		
Transfer funds received - Ingonyama Trust Financial Regulation 10(2)	6 920	6 239
*Other Income - Ingonyama Trust	9 958	9 161
Other income	21	-
Interest received	100	45
Government grants & subsidies	24 391	23 517
Donation received (at fair value)	-	373
	41 390	39 335
 The amount included in revenue arising from exchanges of goods or services are as follows:		
Transfer received - DALRRD	6 920	6 239
Other income - Ingonyama Trust	9 958	9 161
Other income	21	-
Interest received	100	45
	16 999	15 445
 The amount included in revenue arising from non-exchange transactions is as follows:		
Transfer revenue		
Transfer funds received - DALRRD	24 391	23 517
Donation received (at fair value)	-	373
	24 391	23 890
 11. Auditors' remuneration		
External audit fees	1 681	1 428
Internal audit fees	-	345
	1 681	1 773

External audit fees (Auditor-General) amounted to R1,681 million (2022: 1,428 million). Internal audit fees amounted to R0 (2022: R344 944).

Notes to the Audited Annual Financial Statements

	2023 R '000	2022 R '000
12. Employee related costs		
Basic salaries	24 365	26 848
Medical aid contributions	632	588
Leave pay provision charge	25	(331)
Overtime payments	81	167
Provident fund contributions	912	1 155
Skill development levy	255	279
Severance package	340	-
Unemployment insurance fund	223	240
Union fee payments	36	36
	26 869	28 982
13. Operating lease		
Minimum lease payments due:		
- Due within 1 year	121	167
- Due within 2 - 5 years	141	241
	262	408
The above amounts are due in future years due to contractual obligations. Operational leases relate to service level agreements for photocopying machines.		
14. Commitments		
Authorised future operational expenditure		
Already contracted for but not provided for		
- Due within 1 year	192	348
- Due within 2 - 5 years	17	14
	209	362
Total commitments		
Authorised operational expenditure	209	362

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.

Notes to the Audited Annual Financial Statements

	2023 R '000	2022 R '000
15. Related parties		
Relationships		
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 R16,9 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:		
Related party transactions		
Transfer received from Ingonyama Trust		
Transfer funds received - Ingonyama Trust Financial Regulation 10(2)	6 920	6 239
Transfer funds received - Other	8 596	8 009
Services paid by other on behalf of Ingonyama Trust Board		
Services paid by Ingonyama Trust	1 362	1 153
Services paid by Department of Agriculture, Land Reform and Rural Development	3 534	3 502

Notes to the Audited Annual Financial Statements

	2023 R '000	2022 R '000
15. Related parties (continued)		
Transfer received from Department of Agriculture, Land Reform and Rural Development		
Transfer funds received - DALRRD	24 391	23 517
Services paid by Ingonyama Trust Board on behalf of others		
Services paid for Ingonyama Trust	(1 093)	(1 041)
Remuneration of management Board Members' Fees March - 2023		
	Fees for services as a member of management	Total
Name		
Mr S.J Ngwenya - Chairperson	929	929
Dr N.Z Qunta - Vice chairperson	245	245
Inkosi P.R Bele	299	299
Inkosi Z.T Gumede	164	164
Inkosi S.E Shabalala	271	271
Inkosi W.T Mavundla	215	215
	2 123	2 123
March - 2022		
	Fees for services as a member of management	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

Figures in Rand thousand

15. Related parties (continued) Management class: Executive management March - 2023

Name	Basic salary	Other short term employee benefits	Post employment benefits	Total
Mr V.Z Mngwengwe - Chief Executive Officer	1 446	228	194	1 868
Ms T.P Ndlovu - Head of Land Management Services	1 463	17	-	1 480
Mr S.E Madondo - Head Corporate Services	965	102	17	1 084
Mr S.E Gabela - Manager Performance and Evaluation	1 250	15	-	1 265
Mr S.B Vilakazi - Chief Financial Officer	757	873	91	1 721
	5 881	1 235	302	7 418

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	76	256	1 459
*Ms S Ellis - Acting Head of Land Management Services	87	2	-	112	201
	5 481	696	325	436	6 938

*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

	2023 R '000	2022 R '000
16. Contingents		
Contingent assets		
Municipal services deposit amounting to R88 0000 (2022: 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.		
Contingent liabilities		
The termination of 10 employees fixed term contracts is currently under dispute where the employees are contending that their fixed term contracts were terminated while there was a reasonable expectation for continuation of employment. This according to them amounted to an unfair labour practice in accordance with section 186(1)(b) of the Labour Relations Act 66 of 1995.		
As at 31 March 2023, the matter was referred by the Commission to the Labour Court on the basis that the Commission for Mediation and Arbitration (CCMA) does not have jurisdiction to provide relief on the matter.		
The settlement of this matter depends on the decision of the Labour Court given that the Commissioner is of the view that the CCMA has no jurisdiction in this matter. As at 10 March 2023, the matter was referred to Labour court and awaits the court's decision.		
Subsequent events		
On 25 May 2023, the employees are seeking the review and set aside of the Commissioners decision made on 10 March 2023 based on the fact that the Commission has full jurisdiction to arbitrate the matter and that 9 of the 10 employees be reinstated retrospectively with back pay from the date of termination.		
The estimate of settlement is based on the 9 employees salary payments the month preceding the termination of contracts for 9 employees and is R2,095 million (2022: R0).		

Notes to the Audited Annual Financial Statements

	2023 R '000	2022 R '000
17. General expenses		
Auditors remuneration	1 681	1 773
Audit committee members remuneration	16	-
Bank charges	16	17
Board member's remuneration and expenses	3 731	3 806
Catering	85	96
Cleaning	650	664
Electricity and water	914	851
General expenses other	9	26
Interest and penalties	190	-
Operating lease expenses	305	129
Other expenses - Ingonyama Trust	1 093	1 041
Printing and stationery	161	346
Security expense	1 127	1 112
Telephone and fax	431	481
Travel and accommodation	1 073	1 556
	11 482	11 898

18. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position March - 2022	Note	As previously reported	Correction of error	Restated
Receivables from exchange transactions	6	-	3	3
Payables from exchange transactions	8	(3 936)	(13)	(3 949)
Accumulated deficit		1 686	62	1 748
		(2 250)	52	(2 198)

Interest receivable and interest payable were not accrued in the correct period. These items have been corrected accordingly.

Notes to the Audited Annual Financial Statements

		2023 R '000	2022 R '000	
18.	Prior-year adjustments			
Statement of financial performance March - 2022	Note	As previously reported	Correction of error	Restated
Transfer funds received - Ingonyama Trust Financial Regulation 10(2)	10	5 450	789	6 239
Other income - Ingonyama Trust	10	9 950	(789)	9 161
Printing and stationery	17	398	(52)	346
Surplus for the year		15 798	(52)	15 746

The error in revenue recognition was caused by the delay in processing and finalising lease extensions for lessees that are already in occupation.

Because of the late finalisation of leases revenue for periods of occupation where no lease is in place was not recognised although lessees were in occupation. This lease income has been adjusted for and impacts the 10% receivable by the Board in accordance with Regulation 10(2).

Printing and stationery has been reduced by R52 thousand as it relates to the 2020-21 financial year.

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.

Notes to the Audited Annual Financial Statements

	2023 R '000	2022 R '000
19. Risk management (continued)		
At 31 March 2023		Less than 1 year
Financial liabilities		1 763
At 31 March 2022		Less than 1 year
Financial liabilities		2 503

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 established institution 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 2023	Gross amount	Impair- ments	Carrying amount
Cash and cash equivalents	2 349	-	2 349
At 31 March 2022	Gross amount	Impair- ments	Carrying amount
Cash and cash equivalents	280	-	280

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.

Notes to the Audited Annual Financial Statements

	2023 R '000	2022 R '000
20. Cash generated from (used in) operations		
Surplus (deficit)	2 915	(1 631)
Adjustments for:		
Depreciation and amortisation	124	86
Movements in provisions	988	-
Other non-cash items	-	(438)
Changes in working capital:		
Receivables from exchange transactions	(13)	(3)
Prepayments	-	6
Cash on hand	-	7
Payables from exchange transactions	(1 945)	259
	2 069	(1 714)
21. Irregular expenditure, fruitless and wasteful expenditure		
Current: irregular expenditure	1 253	17 414
Current: fruitless and wasteful expenditure	190	13
Closing balance	1 443	17 427

The irregular expenditure amounting to R0 (2022: R17,414 million) relates to general expenses which is in contravention with section 53(4) of the PFMA. Included in the R17,414 million are SCM transgression which are reflected below.

Irregular expenditure amounting to R55 thousand (2022: R76 thousand) in the current year relates to procurement without obtaining declaration of interest.

Irregular expenditure amounting to R829 thousand (2022: R1, 978 million) in the current year relates to continued use of contracts without national treasury approval.

Deviation from normal procurement processes on appointment of service provider for provision of cleaning services resulting in award to a bidder other than the highest scoring bidder on 80/20 preference point system resulted in irregular expenditure of R369 thousand (2022: R109 thousand).

Due to late payment of PAYE the entity received penalties and interest from SARS resulting in fruitless and wasteful expenditure of R190 thousand (2022: R13 thousand).

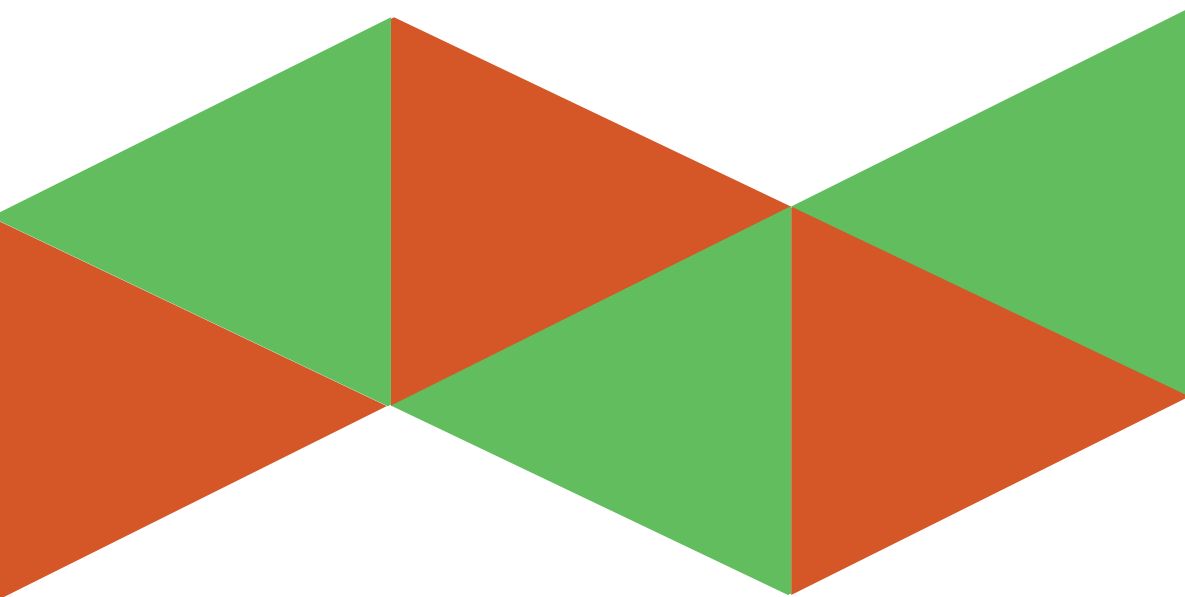
Non-compliance with the PPPFA in relation with minimum number of advertisement days amounting to R0 (2022: R522 thousand).

Notes to the Audited Annual Financial Statements

	2023 R '000	2022 R '000
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 (29%)		
The Ingonyama Trust transfers 10% of its actual income to the Ingonyama Trust Board to supplement the operational costs of the Board.		
The actual income of the Trust exceeded the budgeted income, therefore an increase of R1,98 million has been noted.		
22.2 Other income - Ingonyama Trust (100%)		
No provision was made in the budget of the Board for the transfer of funds from the Trust exceeding the 10% transfer.		
22.3 Other receipts (100%)		
The Board received a refund for staff training costs incurred in the prior year, which was not budgeted for in 2022/23.		
22.4 Interest received (100%)		
Due to the better management of expenditure and cash the Board was able to achieve a higher yield on its cash resources than anticipated.		
22.5 Employee costs (14%)		
The Board terminated the services of contract employees resulting in a decrease in actual expenditure as compared to the budget.		
22.6 Depreciation (100%)		
No provision for depreciation was made in the Budget for 2022/23.		
22.7 General expenses (13%)		
Due to lack of adequate transfer payment funding from the state, the Board had to limit its operational expenditure.		
A saving arose in the following expenditure items -		
- The appointment of internal audit was delayed and the Board was dismissed in December 2022, resulting in less than anticipated spending in the Board.		

Notes to the Audited Annual Financial Statements

	2023 R '000	2022 R '000
22. Budget differences (continued)		
- Telephone		
- Staff training		
23. Going concern		
We draw user's attention to the fact that as at 31 March 2023, the entity accumulated a deficit of R464 thousand (accumulated deficit in 2022: R3, 370 million). The entity incurred a profit of R2, 915 million in the current year. The entity's current ratio is 1.26:1. 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.		
24. Service in-kind		
The Ingonyama Trust Board received the services of a Chief Financial Officer who is an employee of the Department of Agriculture, Land Reform and Rural Development. The CFO is utilised by Ingonyama Trust on a secondment basis. GRAP 23.99 requires that if the service in kind doesn't satisfy the criteria for recognition, the entity shall disclose the nature and types of services in kind. The nature and types of services incurred by the Department of Agriculture, Land Reform and Rural Development are as follows: - Remuneration - Accommodation costs - Subsistence and travel costs		



PART F
FINANCIAL INFORMATION
AUDITED FINANCIAL STATEMENTS INGONYAMA TRUST

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Land management
Board members	iNkosi T.N Mzimela Adv L.C Zama iNkosi S.N Mkhize iNkosi P.B Molefe Dr T. Dlamini Mr D. Matamela Ms N. Zulu Ms L. del Grande iNkosi M.I Tembe

The previous Board term concluded in December 2022. The Minister of Agriculture, Land Reform and Rural Development appointed a new Board on 22 May 2023.

Business address	65 Trelawney Road Southgate Pietermaritzburg 3201
Bankers	First National Bank
Auditors	Auditor General of South Africa (AGSA)

Index

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

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The audited annual financial statements set out on pages 110 to 168, which have been prepared on the going concern basis, were approved by the Board on 28 July 2023.

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 a sole Trustee. This was by way of KwaZulu-Natal Ingonyama Trust Act 3KZ 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 Agriculture, Land Reform and Rural Development 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 the application of private trust legislation to the Ingonyama Trust.

The KwaZulu Natal Ingonyama Trust Board is tasked with the responsibility of administering the Trust and Trust land. The Trust is administered for the benefit, material welfare and social well-being of the members of the tribes and communities.

The previous Board term ended in December 2022 and a new Board of members has been appointed on 21 May 2023.

Although the current Board was not in service as at the end of the financial period under consideration, the Board is of the opinion that, based on the representations done and on the information and explanations given by management, the system of internal control of the board 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.

This report is prepared during a transition period with a new Board which was in place as at 22 May 2023. This Board is still going to develop its strategic plan to further its economic mandate in terms of the Act. The approach of the current Board is to increase operational efficiency and improve amongst other things the financial position of the trust. These interventions will assist in achieving the mandate as articulated in the Act. This Board moving forward is dedicated to ensuring that it improves the areas under amaKhosi and that the communities benefit from the development brought about by the Trust.

The Annual Financial Statements have been prepared in accordance with Generally Accepted Accounting Practice and in a manner required by the Financial Regulations to the Act. The audited financial statements set out on page 110 to 168, which have been prepared on the going concern basis, were approved by the accounting authority on 28 July 2023 and we signed on its behalf by:



Chairperson of the Board
iNkosi T. N. Mzimela

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 110 to 168, which comprise the statement of financial position as at 31 March 2023, 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, except for the effect of the matters described in the basis for qualified opinion section of the auditor's report, the financial statements present fairly, in all material respects, the financial position of the Ingonyama Trust as at 31 March 2023, 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

Investment in controlled entities

3. As disclosed in note 12 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.

Loan to controlled entity

4. Adequate processes were not in place to measure the loan to controlled entity as disclosed in note 7 to the financial statements in accordance with Generally Recognised Accounting Practice (GRAP) 104, Financial Instruments. Loan to controlled entity was not discounted and there was no assessment for impairment. I was unable to determine the full extent of the impairment on loan to controlled entity as it was impracticable to do so.

Context for opinion

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

Report of the Auditor General to Parliament on Ingonyama Trust

6. 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.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matters

8. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

9. As disclosed in note 26 to the financial statements, the corresponding figures for 31 March 2022 were restated as a result of errors in the financial statements of the entity at, and for the year ended, 31 March 2023.

Material impairments – trade debtors

10. As disclosed in note 3 to the financial statements, material impairments –trade debtors of R25,89 million (2022: R24, 21 million) was incurred as a result of no allocation of resources to the finance department to collect receivables

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.

Report of the Auditor General to Parliament on Ingonyama Trust

Responsibilities of the auditor-general 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.

Report on compliance with legislation

15. In accordance with the Public Audit Act of South Africa (Act No.25 of 2004) (PAA) and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the trust's compliance with legislation.
16. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
17. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
18. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

19. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements and the auditor's report.
20. My opinion on the financial statements and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

Report of the Auditor General to Parliament on Ingonyama Trust

21. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
22. 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

23. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
24. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion included in this report.
25. The accounting authority did not set the tone at the top and drive a culture of accountability and commitment to effective oversight on compliance with laws and regulations. This is evidenced by material non-compliance with SA Standards of GRAP.

Material irregularities

26. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit.

Material irregularities in progress

27. I identified a material irregularity during the audit and notified the accounting authority, as required by material irregularity regulation 3(2). By the date of this auditor's report, the response of the accounting authority was not yet due. This material irregularity will be included in next year's auditor's report.



Pietermaritzburg
03 October 2023

Statement of financial position as at 31 March 2023

	Note(s)	2023 R '000	2022 Restated R '000
Assets			
Current Assets			
Receivables from exchange transactions	3	15 725	33 613
Other receivables from exchange transactions	4	192	1 290
Cash and cash equivalents	5	153 922	130 161
Investments - other	6	50 109	44 491
Loan to controlled entity	7	41 000	41 000
		260 948	250 555
Non-Current Assets			
Property, plant and equipment	8	2 986 129	2 988 215
Intangible assets	9	-	4
Heritage asset	10	15 988	15 988
Investment property	11	156 844	156 844
		3 158 961	3 161 051
Total Assets		3 419 909	3 411 606
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	13	52 186	38 990
Provisions - Municipal rates	15	110 766	85 358
Provisions - Beneficiaries disbursements	16	211 408	186 967
Bank overdraft	5	-	19
		374 360	311 334
Total Liabilities		374 360	311 334
Net Assets		3 045 549	3 100 272
Accumulated surplus		3 045 549	3 100 272
Total Net Assets		3 045 549	3 100 272

Statement of financial performance

	Note(s)	2023 R '000	2022 Restated R '000
Revenue			
Revenue from exchange transactions			
Lease revenue	17	10 353	8 323
Other income	17	2 560	6 148
Dividend income	17	1 498	971
Interest on overdue debtors accounts	17	822	572
Interest received on bank and short term investments	17	12 460	8 434
Gain on disposal of asset		-	264
Total revenue from exchange transactions		27 693	24 712
Expenditure			
Depreciation and amortisation	8&9	(2 039)	(3 262)
Impairment loss	3&8	(25 894)	(24 206)
Loss on disposal of assets	17	(34)	-
Rates expenditure	18	(25 408)	(26 889)
Funds paid to Ingonyama Trust Board - FR 10(2)	21	(6 926)	(6 234)
Funds paid to Ingonyama Trust Board and other	21	(9 952)	(9 166)
General expenses	19	(9 358)	(9 436)
Total expenditure		(79 611)	(79 193)
Deficit for the year		(51 918)	(54 481)

Statement of Changes in Net Assets

	Accumulated surplus / deficit R '000	Total net assets R '000
Opening balance as previously reported	3 369 076	3 369 076
Adjustments		
Correction of errors	(214 323)	(214 323)
Balance at 01 April 2021	3 154 753	3 154 753
Deficit for the year	(54 481)	(54 481)
Total changes	(54 481)	(54 481)
Opening balances as previously reported	3 100 272	3 100 272
Adjustment	(2 805)	(2 805)
Restated* Balance at 01 April 2022	3 097 467	3 097 467
Changes in net assets		
Deficit for the year	(51 918)	(51 918)
Balance at 31 March 2023	3 045 549	3 045 549

*See Note 26

Cash Flow Statement

	Note(s)	2023 R '000	2022 R '000
Cash flows from operating activities			
Receipts			
Lease revenue receipts		67 845	56 686
Interest income		7 786	4 735
Transfers receipts - Bank accounts		3 807	23 431
Other receipts		1 069	456
		80 507	85 308
Payments			
Cash paid to beneficiaries, suppliers and others		(38 313)	(26 321)
Transfer of funds to Ingonyama Trust Board		(15 516)	(14 248)
Transfer payments to bank accounts		(3 807)	(23 248)
		(57 636)	(63 817)
Net cash flows from operating activities	20	22 871	21 491
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(3)	(479)
Proceeds from sale of property, plant and equipment	8	912	-
Net cash flows from investing activities		909	(479)
Cash flows from financing activities			
Loans to controlled entity		-	(31 000)
Net cash flows from financing activities		-	(31 000)
Net increase/(decrease) in cash and cash equivalents		23 780	(9 988)
Cash and cash equivalents at the beginning of the year		130 142	140 130
Cash and cash equivalents at the end of the year	5	153 922	130 142

Statement of Comparison of Budget and Actual Amounts

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	% Vari- ance	Refer- ence / Note
	R '000	R '000	R '000	R '000	R '000		
Statement of Financial Performance							
Revenue							
Revenue from exchange transactions							
Lease revenue	43 966	-	43 966	10 353	(33 613)	21%	28.1
Other income	1 142	-	1 142	2 560	1 418	124%	28.2
Dividend income	-	-	-	1 498	1 498	100%	28.3
Interest on overdue accounts	653	-	653	822	169	26%	28.4
Interest received from banks and short term investments	6 926	-	6 926	12 460	5 534	80%	28.5
Total revenue from exchange transactions	52 687	-	52 687	27 693	(24 994)		
Expenditure							
Depreciation	-	-	-	(2 039)	(2 039)	100%	28.6
Impairment loss	-	-	-	(25 894)	(25 894)	100%	28.7
Transfer funds paid to Ingonyama Trust Board - FR 10(2)	-	-	-	(6 926)	(6 926)	100%	28.8
Transfer funds paid to Ingonyama Trust Board other	-	-	-	(9 952)	(9 952)	100%	28.8
General Expenses	(16 942)	-	(16 942)	(9 358)	(7 584)	45%	28.9
Rates expenditure	-	-	-	(25 408)	(25 408)	100%	28.10
Total expenditure	(16 942)	-	(16 942)	(79 577)	(62 635)		
Operating deficit	35 745	-	35 745	(152 884)	(87 629)		
Loss on disposal of assets and liabilities	-	-	-	(34)	(34)	100%	
Deficit for the year	35 745	-	35 745	(51 918)	(87 663)		
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	35 745	-	35 745	(51 918)	(87 663)		

Accounting Policies

	Note(s)	2023 R '000	2022 Restated R '000
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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

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

Accounting Policies

	Note(s)	2023 R '000	2022 Restated R '000
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1.4 Property, plant and equipment (continued)

- 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.

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.

Accounting Policies

	Note(s)	2023 R '000	2022 Restated R '000
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1.4 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
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 8).

1.5 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

Accounting Policies

	Note(s)	2023 R '000	2022 Restated R '000
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1.5 Investment property (continued)

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

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the trust, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

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

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

Item	Useful life
Property - land	Indefinite
Property - Buildings	25 years

Accounting Policies

	Note(s)	2023 R '000	2022 Restated R '000
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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 trust or from other rights and obligations.

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.

Accounting Policies

	Note(s)	2023 R '000	2022 Restated R '000
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1.6 Intangible assets (continued)

- 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 9).

Accounting Policies

	Note(s)	2023 R '000	2022 Restated R '000
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1.7 Ingonyama Trust Land

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:

Accounting Policies

	Note(s)	2023 R '000	2022 Restated R '000
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1.7 Ingonyama Trust Land (continued)

- (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.

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.

Accounting Policies

	Note(s)	2023 R '000	2022 Restated R '000
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1.7 Ingonyama Trust Land (continued)

- 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.

Accounting Policies

	Note(s)	2023 R '000	2022 Restated R '000
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1.7 Ingonyama Trust Land (continued)

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.

1.8 Heritage assets

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.

Accounting Policies

	Note(s)	2023 R '000	2022 Restated R '000
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1.8 Heritage assets (continued)

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).

1.9 Investments in controlled entities

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

Accounting Policies

	Note(s)	2023 R '000	2022 Restated R '000
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1.9 Investments in controlled entities (continued)

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.

1.10 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.

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.

Accounting Policies

	Note(s)	2023 R '000	2022 Restated R '000
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1.10 Financial instruments (continued)

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.

1.11 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:

Accounting Policies

	Note(s)	2023 R '000	2022 Restated R '000
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1.11 Receivables from exchange transactions (continued)

- 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:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent or by the debtors age. (ie debtors above 120 days present a collection difficulty and are usually impaired due to this reason).
- 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.

Accounting Policies

	Note(s)	2023 R '000	2022 Restated R '000
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1.11 Receivables from exchange transactions (continued)

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.

1.12 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.

Accounting Policies

	Note(s)	2023 R '000	2022 Restated R '000
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1.12 Leases (continued)

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.

1.13 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

Provisions are recognised when:

- the trust has a present obligation as a result of a past event;

Accounting Policies

	Note(s)	2023 R '000	2022 Restated R '000
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1.14 Provisions and contingencies (continued)

- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.
- a provision is a liability of uncertain timing or amount.

A provision is a liability of uncertain timing or amount.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of an activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 24.

Accounting Policies

	Note(s)	2023 R '000	2022 Restated R '000
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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 the following criteria is met:

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

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.

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;

Accounting Policies

	Note(s)	2023 R '000	2022 Restated R '000
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1.16 Revenue from exchange transactions (continued)

- 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.

Accounting Policies

	Note(s)	2023 R '000	2022 Restated R '000
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1.16 Revenue from exchange transactions (continued)

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. 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.

Accounting Policies

	Note(s)	2023 R '000	2022 Restated R '000
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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.

Accounting Policies

	Note(s)	2023 R '000	2022 Restated R '000
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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 01/04/2022 to 31/03/2023.

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 and are presented here in accordance with GRAP 24 for information purposes and are not a scoped requirement for Ingonyama Trust in accordance with GRAP 24.

Notes to the Audited Annual Financial Statements

	2023 R '000	2022 R '000
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:		
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 2023 or later periods:		
Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
- Guideline: Guideline on Accounting for Landfill Sites	01 April 2025	Unlikely there will be a material impact
- iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2025	Unlikely there will be a material impact
- Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2025	Unlikely there will be a material impact
- GRAP 104 (as revised): 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

Notes to the Audited Annual Financial Statements

	2023 R '000	2022 R '000
3. Receivables from exchange transactions		
Trade receivables	15 725	33 613
Receivables carrying amount		
Receivables from exchange transactions	166 360	158 374
Impairment of receivables from exchange transactions	(150 635)	(124 761)
	15 725	33 613
Receivables from exchange transactions age analysis		
Current	4 990	17 810
30 days	7 653	(318)
60 days	(313)	(1 292)
90 days	(285)	(626)
Over 120 days	154 315	142 800
	166 360	158 374
Impairment of receivables from exchange transactions		
Over 120 days	(150 635)	(124 761)
Reconciliation of impairment of receivables from exchange transactions		
Opening balance	124 761	100 555
Current impairment	30 255	26 272
Payments during current year	(2 897)	(1 985)
Subsequent payments	(1 484)	(81)
	150 635	124 761

Notes to the Audited Annual Financial Statements

	2023 R '000	2022 R '000
4. Other receivables from exchange transactions		
Accrued interest	192	101
Sundry debtors	-	1 189
	192	1 290

Other receivables from exchange transactions age analysis

Current	192	1 290
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Other receivables from exchange transactions are not past due or impaired.

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances - call accounts	66 667	63 092
Bank balances - short-term deposits	60 368	57 004
Bank balances - current account	26 887	10 046
	153 922	130 142
Current assets	153 922	130 161
Current liabilities	-	(19)
	153 922	130 142

The trust had the following bank accounts

Bank statement balances

Account number / description	2023	2022
ABSA investment account - 9357924841	10 039	9 606
Investec bank - 1100462587500	60 368	57 004
FNB current account - 62004600038	26 773	10 065
FNB daily call deposit - 62004634326	91	86
Nedbank investment - 03/7881013397	-	49
Standard bank investment - 258582588-001	56 537	53 351
FNB mineral account - 62009929269	114	(19)
Total	153 922	130 142

Notes to the Audited Annual Financial Statements

	2023 R '000	2022 R '000
6. Investments		
Investments in equities (local)	29 622	29 743
Investments in unit Trusts	860	3 180
Investments in equities (foreign)	13 359	11 568
Investments in governments bonds	6 268	-
	50 109	44 491

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
- Investments in government bonds at amortised cost.

These are carried at fair value, cost and amortised cost based on the nature of investment and availability of market information.

7. Loan to controlled entity

Loan to Ingonyama Holdings (Pty) Ltd	41 000	41 000
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The amount of R41 million (2022: R41 million) relates to loan advanced to Ingonyama Holdings (Pty) Ltd, an entity controlled by Ingonyama Trust.

Notes to the Audited Annual Financial Statements

	2023 R '000			2022 R '000		
8. Property, plant and equipment	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	2 965 915	-	2 965 915	2 965 915	-	2 965 915
Furniture and fixtures	4 113	(2 925)	1 188	4 190	(2 625)	1 565
Motor vehicles	8 571	(5 069)	3 502	8 571	(4 610)	3 961
Computer equipment	2 444	(2 411)	33	2 466	(2 376)	90
Agricultural machinery and equipment	5 052	(5 039)	13	5 052	(4 864)	188
Total	3 011 545	(25 416)	2 986 129	3 011 644	(23 429)	2 988 215

Reconciliation of property, plant and equipment - March 2023

	Opening balance	Additions	Disposals	Deprecia- tion	Impair- ment loss	Total
Land	2 965 915	-	-	-	-	2 965 915
Buildings	16 496	-	-	(1 018)	-	15 478
Furniture and fixtures	1 565	-	(33)	(323)	(21)	1 188
Motor vehicles	3 961	-	-	(459)	-	3 502
Computer equipment	90	3	-	(60)	-	33
Agricultural machinery and equipment	188	-	-	(175)	-	13
Total	2 988 215	3	(33)	(2 035)	(21)	2 986 129

Notes to the Audited Annual Financial Statements

	2023 R '000	2022 R '000			
8. Property, plant and equipment (continued)					
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 equipment	523	-	(13)	(322)	188
Total	2 990 519	1 907	(977)	(3 234)	2 988 215

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	-	134
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9. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulat- ed amorti- sation	Carrying value	Cost / Valuation	Accumulat- ed amorti- sation	Carrying value
Website design	138	(138)	-	138	(138)	-
Computer software	1 302	(1 302)	-	1 302	(1 298)	4
Total	1 440	(1 440)	-	1 440	(1 436)	4

Reconciliation of intangible assets - March 2023

	Opening balance	Amortisa- tion	Total
Computer software	4	(4)	-

Reconciliation of intangible assets - March 2022

	Opening balance	Amortisa- tion	Total
Computer software	32	(28)	-

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

Notes to the Audited Annual Financial Statements

	2023 R '000	2022 R '000
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10. Heritage asset

	2023			2022		
	Cost / Valuation	Accumulat- ed impair- ment	Carrying value	Cost / Valuation	Accumulat- ed impair- ment	Carrying value
Historical buildings	15 988	-	15 988	15 988	-	15 988

Reconciliation of heritage assets - March 2023

	Opening balance	Total
Historical buildings	15 988	15 988

Reconciliation of heritage assets - March 2022

	Opening balance	Total
Historical buildings	15 988	15 988

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.

11. Investment property

	2023			2022		
	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

Reconciliation of investment property - March 2023

	Opening balance	Total
Land	156 844	156 844

Reconciliation of investment property - March 2022

	Opening balance	Total
	156 844	156 844

Notes to the Audited Annual Financial Statements

	2023 R '000	2022 R '000
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11. Investment property (continued)

Details of property

Investment property 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 property is carried at cost and land is not depreciated.

12. Investments in controlled entity

Name	Jurisdiction	Determination of ownership interest	% ownership interest 2023	% ownership interest 2022	Carrying amount 2023	Carrying amount 2022
Ingonyama Holdings (Pty) Ltd - Issued	RSA	100%	100%	100%	R100.00	R100.00

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 (Pty) Ltd. 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 of shares in Ingonyama Holdings (Pty) Ltd, a company formed on 29 November 2019 as a controlled entity of the Ingonyama Trust.

Authorised share capital

Ingonyama Holdings (Pty) Ltd has 1000 authorised shares of which 100 are issued and held by Ingonyama Trust making up 100% of the issued share capital.

Notes to the Audited Annual Financial Statements

	2023 R '000	2022 R '000
13. Trade and other payables from exchange transactions		
Trade payables	62	391
Debtors with credit balance	45 028	33 939
Unallocated cash	3 015	1 227
SARS - Value added Tax	2 979	3 412
Sundry creditors	21	21
Sundry accruals	1 081	-
	52 186	38 990
14. Ingonyama Trust Land		
Land	2 965 915	2 965 915

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 restrict or deny access to the land. The carrying value is disclosed above in note 8 - Property, plant and equipment R2,966 billion (2022: R2,966 billion) and consist of approximately 250 755 hectares (2022: 250 755 hectares).

The Ingonyama as Trustees 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.

Notes to the Audited Annual Financial Statements

Figures in Rand thousand

14. Ingonyama Trust Land (continued)

Traditional/ Community Authority Land Register

Traditional/ Community Authorities	District	Local Municipality	Extent (ha)	Traditional/ Community Authorities	District	Local Municipality	Extent (ha)
AbakwaCele	Ilembe	Maphumulo	5 153,82	Buhleбомzinyathi	Majuba	Danhausser/ Newcastle	18 762,14
AbakwaMagwaza	Ilembe	Ndwedwe	-	Gule/Nyanyadu	Majuba	Danhausser	2 489,45
Amabhedu	Ilembe	Maphumulo	3 557,47	Amaphuthu	King Cetshwayo	Nkandla	4 664,48
Cele	Ilembe	Ndwedwe	5 153,09	Bangindoda	King Cetshwayo	Umlalazi	14 580,00
Chili	Ilembe	Ndwedwe	1 123,39	Bhejane	King Cetshwayo	Umlathuze	2 638,24
Cibane	Ilembe	Ndwedwe	862,60	Bhekeshowe	King Cetshwayo	Umlalazi	8 049,19
Emalangen/ Langa	Ilembe	Ndwedwe	5 470,25	Biyela/Mangidini	King Cetshwayo	Nkandla	1 529,00
Embo	Ilembe	Maphumulo	1 935,64	Chube	King Cetshwayo	Nkandla	15 495,50
Fuze	Ilembe	KwaDukuza	-	Chwezi	King Cetshwayo	Nkandla	7 380,16
Gwensa	Ilembe	Ndwedwe	5 670,79	Cunu	King Cetshwayo	Nkandla	11 350,00
Hlongwa	Ilembe	Maphumulo	3 439,15	Dube	King Cetshwayo	Umlathuze	5 890,44
Hlophe	Ilembe	Ndwedwe	861,27	Ekukhanyeni	King Cetshwayo	Nkandla	10 256,10
Inkumba Nyuswa	Ilembe	Ndwedwe	17 080,00	Godide	King Cetshwayo	Nkandla	13 100,00
Khumalo	Ilembe	Ndwedwe	651,80	Izigqoza	King Cetshwayo	Nkandla	5 456,91
Luthuli	Ilembe	Maphumulo	1 790,26	Izindlozi	King Cetshwayo	Nkandla	4 224,37
Mabomvini	Ilembe	Maphumulo	18 040,00	Khabela	King Cetshwayo	Nkandla	11 070,48
Macambini	Ilembe	Mandeni	1 254,00	Kholweni	King Cetshwayo	Umlalazi	1 942,01
Mathonsi	Ilembe	Mandeni	6 610,96	Khoza	King Cetshwayo	Umlalazi	6 945,64
Mathonsi	Ilembe	KwaDukuza	-	Madlebe	King Cetshwayo	Umlathuze	6 711,16
Mavela	Ilembe	Ndwedwe	4 223,92	Magwaza	King Cetshwayo	Nkandla	10 645,71
Mkhonto	Ilembe	Maphumulo	25 570,00	Mahlayizeni	King Cetshwayo	Nkandla	8 195,31

Notes to the Audited Annual Financial Statements

Figures in Rand thousand

14. Ingonyama Trust Land (continued)

Traditional/ Community Authority Land Register

Traditional/ Community Authorities	District	Local Municipality	Extent (ha)	Traditional/ Community Authorities	District	Local Municipality	Extent (ha)
Mlamula	Ilembe	Ndwedwe	12 480,27	Mambuka	King Cetshwayo	Ntambanana	5 060,57
Ngcolosi	Ilembe	Maphumulo	9 716,32	Mhlana	King Cetshwayo	Mbonambi	51 740,00
Nodunga	Ilembe	Maphumulo	5 931,78	Mkhwanazi	King Cetshwayo	Umlathuze	4 420,05
Nyuswa/Nodwengu	Ilembe	Ndwedwe	5 984,97	Mombeni	King Cetshwayo	Umlalazi	12 760,00
Qadi	Ilembe	Maphumulo	4 198,61	Mondi	King Cetshwayo	Umlalazi	1 394,08
Qwabe	Ilembe	Maphumulo	6 930,02	Mpungose	King Cetshwayo	Nkandla	5 997,53
Qwabe	Ilembe	Ndwedwe	967,62	Mpungose	King Cetshwayo	Nkandla	7 593,29
Shangase	Ilembe	Ndwedwe	6 060,22	Mpungose	King Cetshwayo	Umlalazi	18 280,00
Sikhonyana	Ilembe	Mandeni	8 317,36	Mvuzane	King Cetshwayo	Umlalazi	8 768,14
Vumazonke	Ilembe	Ndwedwe	1 218,47	Mzimela	King Cetshwayo	Umlalazi	474,44
Wosiyaane	Ilembe	Ndwedwe	5 947,70	Ndlangubo	King Cetshwayo	Umlalazi	4 715,88
Zubane	Ilembe	Maphumulo	3 641,52	Ngono	King Cetshwayo	Nkandla	21 470,00
Buthelezi	Zululand	Ulundi	2 188,19	Ntembeni	King Cetshwayo	Mthonjaneni	12 400,00
Buthelezi/Mpithimpithi	Zululand	Ulundi	46 970,00	Ntuli	King Cetshwayo	Umlalazi	33 330,00
Dlamini	Zululand	Phongola	2 778,93	Nxamalala	King Cetshwayo	Nkandla	4 457,00
Hlahlindlela	Zululand	Abaqulusi	26 050,99	Nzuza	King Cetshwayo	Umlalazi	-
Mandlakazi	Zululand	Nongoma	130 800,00	Obizo	King Cetshwayo	Ntambanana	4 905,72
Masidla	Zululand	Phongola	22 390,00	Obuka	King Cetshwayo	Ntambanana	50 720,00
Mbatha	Zululand	Ulundi	12 800,00	Shange	King Cetshwayo	Umlalazi	12 660,00
Mpungose	Zululand	Ulundi	15 916,81	Somopho	King Cetshwayo	Ntambanana	9 941,06
Msibi	Zululand	Phongola	7 064,09	Xulu	King Cetshwayo	Nkandla	3 923,69
Mthethwa	Zululand	Dumbe	-	Yanguye	King Cetshwayo	Mthonjaneni	10 380,00
Ndebele	Zululand	Ulundi	6 726,92	Zondi	King Cetshwayo	Nkandla	4 523,90
Nobamba	Zululand	Ulundi	14 053,85	Zulu	King Cetshwayo	Umlalazi	-

Notes to the Audited Annual Financial Statements

Figures in Rand thousand

14. Ingonyama Trust Land (continued)

Traditional/ Community Authority Land Register

Traditional/ Community Authorities	District	Local Municipality	Extent (ha)	Traditional/ Community Authorities	District	Local Municipality	Extent (ha)
Ntshangase	Zululand	Phongola	21 644,12	Amacala Gwala	Harry Gwala	Ingwe/NDZ	2 783,33
Simelane	Zululand	Dumbe	7 836,38	Amakhuze	Harry Gwala	Ingwe/NDZ	24 690,00
Ximba	Zululand	Ulundi	29 790,00	Amakhuze	Harry Gwala	Ubuhlebezwe	2 621,02
Zulu/Khambi	Zululand	Abaqulusi	742,54	Amangwane	Harry Gwala	Ingwe/NDZ	2 473,36
Zulu/Matheni	Zululand	Nongoma	23 200,00	Amaqadi	Harry Gwala	Ingwe/NDZ	-
Zulu/Usuthu	Zululand	Nongoma	63 320,00	Dlamini/Bhidla	Harry Gwala	Ingwe/NDZ	7 801,81
Zungu	Zululand	Ulundi	32 011,38	Dlamini/Vusathina MaZulu	Harry Gwala	Ubuhlebezwe	565,49
Batlokoa	Umgungundlovu	Impendle	970,36	Dunge	Harry Gwala	Ubuhlebezwe	-
Embo/Timuni	Umgungundlovu	Richmond	1 319,55	Ikhwezi Lokusa	Harry Gwala	Ubuhlebezwe	4 393,25
Embo/Vumukwenza	Umgungundlovu	Richmond	8 962,29	Isibonelo Esihle	Harry Gwala	Ingwe/NDZ	1 214,01
Esiphahleni	Umgungundlovu	Richmond	1 825,12	Madzikane/Bhaca	Harry Gwala	Ingwe/NDZ	4 534,73
Gcumisa	Umgungundlovu	Umslwathi	17 340,00	Nyuswa	Harry Gwala	Ubuhlebezwe	2 554,47
Inadi	Umgungundlovu	Umslwathi	444,72	Shiyabanye	Harry Gwala	Ubuhlebezwe	1 088,94
Inadi	Umgungundlovu	Umgweni	541,13	Sizanani	Harry Gwala	Ingwe/NDZ	8 614,07
Isimahla	Umgungundlovu	Richmond	588,08	Sizwehlanganani	Harry Gwala	Ubuhlebezwe	82,09
Macala	Umgungundlovu	Umkhambathi	829,62	Ukuthula	Harry Gwala	Ubuhlebezwe	1 780,65
Mafunze	Umgungundlovu	Umsunduzi	5 262,73	Vezokuhle	Harry Gwala	Ingwe/NDZ	695,43
Maphumulo	Umgungundlovu	Umkhambathi	3 837,51	Vukani	Harry Gwala	Ubuhlebezwe	5 511,69
Masihambisane	Umgungundlovu	Umslwathi	1 835,84	Vumukwenza	Harry Gwala	Ubuhlebezwe	3 633,58
Mdluli/Manyavu	Umgungundlovu	Umkhambathi	4 605,13	Zashuke	Harry Gwala	Ingwe/NDZ	6 226,22
Mthuli	Umgungundlovu	Umslwathi	3 054,20	Abambo	Uthukela	Mbabazane	4 421,81
Ntanzi	Umgungundlovu	Umslwathi	3 142,50	AmaChunu	Uthukela	Indaka	180,87
Nxamalala	Umgungundlovu	Impendle	15 640,00	Amahlubi	Uthukela	Mbabazane	4 336,66
Nxamalala	Umgungundlovu	Umsunduzi	879,14	Amangwane	Uthukela	Okhahlamba	75 224,76
Nxamalala	Umgungundlovu	Umgweni	298,32	Amangwe	Uthukela	Mbabazane	21 604,47

Notes to the Audited Annual Financial Statements

Figures in Rand thousand

14. Ingonyama Trust Land (continued)

Traditional/ Community Authority Land Register

Traditional/ Community Authorities	District	Local Municipality	Extent (ha)	Traditional/ Community Authorities	District	Local Municipality	Extent (ha)
Vumindaba	Umgungundlovu	Richmond	2 225,88	Amazizi	Uthukela	Okhahlamba	17 092,24
Ximba	Umgungundlovu	Umsunduzi	547,54	Dlamini	Uthukela	Mbabazane	2 569,04
Zondi/Inadi	Umgungundlovu	Umsunduzi	7 959,34	Ingwe	Uthukela	Indaka	5 056,20
Zondi/Mpumuza	Umgungundlovu	Umsunduzi	6 864,41	Mabaso	Uthukela	Indaka	2 675,97
AbakwaHlabisa	Umkhanyakude	Hlabisa	13 251,36	Mabaso	Uthukela	Mbabazane	3 499,10
Jobe	Umkhanyakude	Jozini	10 033,41	Mbhense	Uthukela	Indaka	110,09
Mabaso	Umkhanyakude	Umkhanyakude	32 770,89	Mhlungwini	Uthukela	Mbabazane	7 961,80
Mathenjwa	Umkhanyakude	Jozini	39 584,78	Mthembu	Uthukela	Indaka	16 468,45
Mdletshe	Umkhanyakude	Hlabisa	37 376,72	Nxumalo	Uthukela	Indaka	209,78
Mngomezulu	Umkhanyakude	Jozini	24 876,52	Sigweje	Uthukela	Indaka	5 018,41
Mngobokazi	Umkhanyakude	Big Five	8 295,15	Sithole	Uthukela	Indaka	14 661,75
Mpembeni	Umkhanyakude	Hlabisa	11 189,69	Bekani	Ugu	Uzumbhe	898,22
Mpukunyoni	Umkhanyakude	Hlabisa	79 417,86	Cele	Ugu	Umdoni	2 855,93
Mshabane	Umkhanyakude	Umkhanyakude	27 879,62	Cele K	Ugu	Uzumbhe	11 948,04
Myeni/ Ntsinde	Umkhanyakude	Jozini	14 813,96	Cele P	Ugu	Uzumbhe	11 150,00
Ngwenya	Umkhanyakude	Big Five	13 149,33	Cele/Vukuzithathe	Ugu	Ezinqoleni	7 470,81
Nibela	Umkhanyakude	Big Five	9 168,95	Dumisa	Ugu	Uzumbhe	6 634,04
Nyawo	Umkhanyakude	Jozini	40 655,95	Hlongwa	Ugu	Uzumbhe	2 306,59
Qwabe/Makhasa	Umkhanyakude	Big Five	6 387,47	Jabulani	Ugu	Muziwabantu	488,35
Siqakatha	Umkhanyakude	Jozini	3 247,95	Jali/Nhlangano	Ugu	Muziwabantu	8 954,82
Tembe	Umkhanyakude	Umkhanyakude	198 396,26	KwaFodo	Ugu	Uzumbhe	7 349,24
Zikhali/Mbila	Umkhanyakude	Umkhanyakude	22 208,97	Lushaba	Ugu	Hibiscus	207,71

Notes to the Audited Annual Financial Statements

Figures in Rand thousand

14. Ingonyama Trust Land (continued)

Traditional/ Community Authority Land Register

Traditional/ Community Authorities	District	Local Municipality	Extent (ha)	Traditional/ Community Authorities	District	Local Municipality	Extent (ha)
Maci /Isibonda	Ugu	Muziwabantu	20 820,00	Zembeni	Ugu	Vulamehlo	742,88
Madlala	Ugu	Hibiscus	2 978,67	Cele/Vumengazi	Ethekeini	Ethekeini Metro	6 524,98
Maphumulo	Ugu	Vulamehlo	4 601,95	Dasenhoeck	Ethekeini	Ethekeini Metro	1 051,05
Mbehele	Ugu	Vulamehlo	6 142,53	Embo/Ilanga	Ethekeini	Ethekeini Metro	1 199,08
Mbehele	Ugu	Umzumbe	5 770,35	Embo/Kwakhazela	Ethekeini	Ethekeini Metro	1 833,94
Mbotho	Ugu	Muziwabantu	599,79	Fredville	Ethekeini	Ethekeini Metro	42,50
Mvundla	Ugu	Hibiscus	3 783,48	Isimahla	Ethekeini	Ethekeini Metro	7 174,84
Ndelu	Ugu	Umzumbe	4 319,10	Mangangeni	Ethekeini	Ethekeini Metro	788,51
Nhlangwini	Ugu	Umzumbe	8 140,28	Maphephetheni	Ethekeini	Ethekeini Metro	7 856,38
Nkumbini	Ugu	Ezinqoleni	9 917,86	Maphumulo	Ethekeini	Ethekeini Metro	281,23
Nsimbini	Ugu	Hibiscus	3 324,20	Ngcolosi	Ethekeini	Ethekeini Metro	5 270,90
Nyavini	Ugu	Umzumbe	4 366,14	Qadi	Ethekeini	Ethekeini Metro	10 349,51
Nzimakwe	Ugu	Hibiscus	4 111,51	Qiniselani Manyuswa	Ethekeini	Ethekeini Metro	4 639,51
Qiko	Ugu	Vulamehlo	3 242,46	Shangase	Ethekeini	Ethekeini Metro	4 315,08
Qiniselani/Manyuswa	Ugu	Ezinqoleni	7 671,71	Sobonakhona/Makhanya	Ethekeini	Ethekeini Metro	1 553,68

Notes to the Audited Annual Financial Statements

Figures in Rand thousand

14. Ingonyama Trust Land (continued)

Traditional/ Community Authority Land Register

Traditional/ Community Authorities	District	Local Municipality	Extent (ha)	Traditional/ Community Authorities	District	Local Municipality	Extent (ha)
Qoloqolo	Ugu	Umzumbe	5 326,97	Toyane	Ethekwini	Ethekwini Metro	383,02
Qwabe N	Ugu	Umzumbe	991,92	Umnini	Ethekwini	Ethekwini Metro	3 636,84
Qwabe P	Ugu	Umzumbe	1 494,52	Ximba	Ethekwini	Ethekwini Metro	6 277,48
Thulini	Ugu	Umzumbe	8 103,37	AbakwaCele	Umzinyathi	Umvoti	4 677,70
Toyana	Ugu	Vulamehlo	10 246,28	Amakhabela	Umzinyathi	Umvoti	24 383,97
Xolo	Ugu	Hibiscus	15 490,00	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
Makhabela	Umzinyathi	Umvoti	7 512,16	Sithole/Mthembu	Umzinyathi	Umvoti	5 155,58
Mangwe/Buthanani	Umzinyathi	Unquthu	8 650,23	Zondi	Umzinyathi	Unquthu	4 220,34
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	Unquthu	54 601,78	Zulu/Usuthu	Umzinyathi	Unquthu	16 070,00

Notes to the Audited Annual Financial Statements

	2023 R '000	2022 R '000
15. Provisions - Municipal rates		
Reconciliation of provisions - municipal rates - 2023		
	Opening Balance	Increase Total
Municipal rates	85 358	25 408 110 766
Reconciliation of provisions - municipal rates - 2022		
	Opening Balance	Increase Total
Municipal rates	58 469	26 889 85 358

The determination of the provision for rates is based on the application of the Municipal Property Rates Act 6 of 2004 and results in the recognition of rates as a provision based on properties where Ingonyama Trust is defined to have in their holding a “property” and Ingonyama Trust is defined to be holding that property as a “owner”.

This naturally excludes all other properties that do not meet the definition of property for the purposes of Ingonyama Trust Board.

Due to the fact that there was a dispute with regards to the measurement of the liability for rates with municipalities, the entity is currently involved in a project with various municipalities in an effort to align and standardize the levying of rates by municipalities on all Ingonyama Land.

This involves the identification of the 4 categories of properties as defined in the Act and identifying who the owner is.

The amount that has been presented as provision for municipal rates relates to those properties that the Ingonyama Trust has assessed to be properties for the purposes of the Act and owned by the Ingonyama Trust in accordance with the definition of owner in the act. The amount is based on the statement provided by the municipality for Ingonyama Trust property in its area at reporting date.

Due to the previous dispute and current project to align there has been no payment of rates in the past, the timing of the payment is uncertain and dependent the completion and roll out of the alignment project.

Notes to the Audited Annual Financial Statements

	2023 R '000	2022 R '000
16. Provision - beneficiaries disbursement		
Opening balance	186 967	158 961
Add: Income	44 050	35 977
Less: Disbursements	(19 609)	(7 971)
Closing balance	211 408	186 967

The Ingonyama Trust holds land in trust to be administered for the benefit, material welfare and social well-being of members of tribes and communities.

A provision is a liability of uncertain timing or amount. Liabilities are defined as present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity resources embodying economic benefits or service potential.

Obligating events are events that create a legal or constructive obligation that results in an entity having no realistic alternative to settling that obligation. A legal obligation is an obligation that derives from:

- (a) A contract (through its explicit or implicit terms)
- (b) Legislation or
- (c) Other operation of law.

A constructive obligation is an obligation that derives from an entity's actions where:

- (a) by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities; and
- (b) as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

The Ingonyama Trust currently has a disbursement policy (approved 6 November 2015), the policy's objective is to set policy guidelines for the distribution of income generated through leases in line with the objectives of the Board. The policy has been used to establish a pattern of past practice where beneficiaries (through a TC) request for funds generated through leases within their traditional authority boundaries.

Notes to the Audited Annual Financial Statements

	2023 R '000	2022 R '000
16. Provision - beneficiaries disbursement (continued)		
The nature of the obligation is such that because disbursements are done on request, the entity has a constructive obligation where funds are available to make the necessary disbursement as requested by either the TC, iNkosi or the Trustee subject to policy limits. Because the disbursements are based on request, the entity cannot determine the timing of the outflow of the future economic benefit and service potential. The amount is based on the best available estimates given cash received, allocated to the various TC's, amaKhosi and the Trustee.		
17. Revenue from exchange transactions		
Lease revenue	10 353	8 323
Other income	2 560	6 148
Dividend received	1 498	971
Interest received on overdue accounts	822	572
Interest received on bank and short-term investment	12 460	8 434
	<u>27 693</u>	<u>24 448</u>
18. Rates Expenditure		
Rates expenditure	<u>25 408</u>	<u>26 889</u>

Notes to the Audited Annual Financial Statements

	2023 R '000	2022 R '000
19. General expenses		
Advertising	78	47
Agricultural project expenses	1 165	1 086
Auditors remuneration	1 459	1 172
Bad debts written off	-	14
Bank charges	20	40
Cleaning	301	93
Commission paid	-	21
Consulting, professional and legal fees	2 336	2 752
Consumables	-	15
Entertainment	-	8
Insurance	610	676
IT expenses	257	272
Land tenure management and planning	82	124
Motor vehicle expenses	312	168
Printing and stationery	-	2
Repairs and maintenance	-	134
Communication expenses	-	626
Travel	39	-
Workshops	2 699	2 186
	9 358	9 436
20. Cash generated from operations		
Deficit	(51 918)	(54 481)
Adjustments for:		
Depreciation and amortisation	2 039	3 262
Gain (loss) on disposal of assets	34	(264)
Impairment loss	25 894	24 206
Movements in provisions	49 849	272 325
Other non-cash items	(9 335)	(204 577)
Changes in working capital:		
Receivables from exchange transactions	(7 986)	(30 291)
Other receivables from non-exchange transactions	1 098	(151)
Trade and other payables from exchange transactions	13 196	11 462
	22 871	21 491

Notes to the Audited Annual Financial Statements

	2023 R '000	2022 R '000
21. Transfer funds paid to Ingonyama Trust Board		
Transfer paid to Ingonyama Trust Board - FR 10(2)	6 926	5 450
Transfer paid to Ingonyama Trust Board - other	8 590	8 798
Other expenses incurred for Ingonyama Trust Board	1 362	1 152
	16 878	15 400

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 reasonable incurred by the Accounting Authority, including ordinary administration costs, to achieve the objective 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 from Ingonyama Trust amounting to R8,590 million (2022: R8,798 million) in the current year and services rendered or paid for amounting to R1,362 million (2022: R1,152 million).

22. Financial instruments disclosure

Categories of financial instruments

Disclosure

Financial assets

	At fair value	At amortised cost	At cost	Total
Loan to controlled entity	-	41 000	-	41 000
Trade and other receivables from exchange transactions	-	166 360	-	166 360
Other receivables from non-exchange transactions	-	192	-	192
Cash and cash equivalents	-	153 922	-	153 922
Investments in equity and other instruments	13 359	35 890	860	50 109
	13 359	397 364	860	411 583

Notes to the Audited Annual Financial Statements

		2023 R '000		2022 R '000
22. Financial instruments disclosure (continued)				
Financial liabilities				
		At amortised cost		Total
Trade and other payables from exchange transactions		7 158		7 158
2022				
Financial assets				
	At fair value	At amortised cost	At cost	Total
Loan to controlled entity	-	41 000	-	41 000
Trade and other receivables from exchange transactions	-	158 374	-	158 374
Other receivables from non-exchange transactions	-	1 290	-	1 290
Cash and cash equivalents	-	130 142	-	130 142
Investments in equity and other instruments	11 568	29 743	3 180	44 491
	11 568	360 549	3 180	375 297
Financial liabilities				
		At amortised cost		Total
Trade and other payables from exchange transactions		5 051		5 051
Bank overdraft		19		19
		5 070		5 070
23. Commitments				
Authorised capital expenditure				
Already contracted for but not provided for				
- Due within 1 year		108		81
- Due within 2 - 5 years		143		104
		251		185

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.

Notes to the Audited Annual Financial Statements

	2023 R '000	2022 R '000
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24. Contingencies

Litigation is in process against the Ingonyama Trust relating to disputes around legal matters. The total quantifiable litigation before the courts is R7, 785 million (2022: R7, 880 million) and the remainder of the litigation could not be quantitatively measured for financial impact. The Ingonyama Trust is currently in court regarding litigation relating to the CASAC case. The high court on 11 June 2021 handed over 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 and is currently in the Constitutional Court.

25. Related parties

Relationships

INGONYAMA TRUST BOARD:

A related party relationship exist 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 R16, 878 million (2022: R15, 400 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.

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.

Notes to the Audited Annual Financial Statements

	2023 R '000	2022 R '000
25. Related parties (continued)		
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 14. 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 with 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 the 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)	(6 926)	(6 234)
Transfer funds paid - other	(8 590)	(8 014)
Disbursement to Trustee	(6 232)	(4 720)
Disbursement to beneficiaries/ Traditional Authorities	(13 376)	(3 251)
Services paid by Ingonyama Trust Board on behalf of Ingonyama Trust		
Services paid by Ingonyama Trust Board	1 093	1 041
Services paid by Ingonyama Trust on behalf of Ingonyama Trust Board		
Services paid by Ingonyama Trust	(1 362)	(1 152)
Related party balances		
Ingonyama Holdings (Pty) Ltd		
Loan to Ingonyama Holdings (Pty) Ltd	(41 000)	(41 000)

Notes to the Audited Annual Financial Statements

	2023 R '000	2022 R '000
25. Related parties (continued)		
Provision for beneficiary disbursement		
Community beneficiaries	(190 153)	(163 565)
AmaKhosi	(19 173)	(17 900)
Trustee	(2 082)	(5 502)

26. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

2022

	Note	As previously reported	Correction of error	Restated
Agricultural machinery and equipment - cost	8	5 465	(413)	5 052
Agricultural machinery and equipment - Accumulated depreciation	8	(5 277)	413	(4 864)
Investment in controlled entity	12	10 000	(10 000)	-
Loan to controlled entity	7	31 000	10 000	41 000
Receivables from exchange transactions	3	150 483	7 891	158 374
Sundry debtor	3	912	277	1 189
Provision - Municipal rates	15	-	(85 358)	(85 358)
Provision - beneficiaries disbursements	13	-	(186 967)	(186 967)
Unallocated cash	13	(1 252)	25	(1 227)
Accrued interest	4	-	101	101
ABSA investment account	5	9 629	(23)	9 606
Accumulated surplus		(3 369 076)	214 323	(3 154 753)
Payable from exchange transactions		(306)	(85)	(391)
		(3 168 422)	49 816	(3 218 238)

The derecognition of an amount of R413 thousand relating to agricultural equipment costs for a tractor that was damaged on 22 April 2021 in an accident was incorrectly omitted in the period in which it occurred. The item of PPE is being derecognised in the 2021/2022 financial year with its relating accumulated depreciation to indicate the event of it being damaged beyond repair. Subsequently insurance proceeds were received from the insurance in the 2022/2023 financial amount of R277 thousand.

Notes to the Audited Annual Financial Statements

	2023 R '000	2022 R '000
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26. Prior-year adjustments (continued)

In accordance with shareholder agreement between Ingonyama Trust and Ingonyama Holdings, on date of signature of shareholder agreement it is noted that Ingonyama Trust will advance to the Ingonyama Holding the Ingonyama Trust loan. Other than the trust loan, any additional funding received by Ingonyama Holdings should be determined by the Board. None of the advances made to Ingonyama Holdings relate to capital contributions and will be repaid as it forms part of the Ingonyama Trust loan. In the prior year an amount of R10 million was incorrectly accounted as investment.

The board finalised its negotiations of new leases and lease renewals for existing telecommunication leases in the current year. As a result of these late reviews and approvals rental income of the prior year's amounting to R7, 891 million was not recorded in the prior year and this has impact on revenue figures and related figures such as disbursements relating to the Ingonyama Trust Board.

In the prior years the entity has been involved in disputes with municipalities on how rates are being levied on Ingonyama Trust land, the rates amount owing billed by municipalities has always been disclosed as a contingent liability given the that the dispute had not been resolved.

In the current year, the entity assessed liability for rates to be R85, 358 million (2022: R58, 469 million) in accordance with the Municipal Property Rates Act 6 of 2004 and corrected the presentation of municipal rates in the financial statements to reflect a increase in provisions and increase in the rates expense of R26, 889 million in the statement of financial performance.

Rates on Ingonyama Trust land are levied based on the Municipal Property Rates Act 6 of 2004.

In accordance with the Act, when levying rates, a municipality must, levy rates on all rateable's property in its area. A rate levied by a municipality on a property must be paid by the owner of the property.

Because rates levied are done so on a property and must be paid by the owner, the term property and the term owner is defined for the purposes of the applying the Act and the assessment has been performed to align to these definitions.

Notes to the Audited Annual Financial Statements

	2023 R '000	2022 R '000
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26. Prior-year adjustments (continued)

For the purposes of the act, “property” means-

- (a) immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;
- (b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
- (c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or
- (d) public service infrastructure;

For the purposes of the act, “owner” means-

- (a) in relation to a property referred to in paragraph (a) of the definition of “property”, means a person in whose name ownership of the property is registered;
- (b) in relation to a right referred to in paragraph (b) of the definition of “property”, means a person in whose name the right is registered.
- (bA) in relation to a time sharing interest contemplated in the Property Time-sharing Control Act, 1983 (Act No. 75 of 1983), means the management association contemplated in the regulations made in terms of section 12 of the Property Timesharing Control Act, 1983, and published in Government Notice R327 of 24 February 1984;
- (bB) in relation to a share in a share block company, the share block company as defined in the Share Blocks Control Act, 1980 (Act No. 59 of 1980);
- (bC) in relation to buildings, other immovable structures and infrastructure referred to in section 17 (1) (f), means the holder of the mining right or the mining permit;
- (c) in relation to a land tenure right referred to in paragraph (c) of the definition of “property”, means a person in whose name the right is registered or to whom it was granted in terms of legislation; or
- (d) in relation to public service infrastructure referred to in paragraph (d) of the definition of “property”, means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of “publicly controlled”.

The Ingonyama Trust holds land in trust to be administered for the benefit, material welfare and social well-being of members of tribes and communities.

The Ingonyama Trust currently has a disbursement policy (approved 6 November 2015), the policy’s objective is to set policy guidelines for the distribution of income generated through leases and other sources in line with the objectives of the Board.

Notes to the Audited Annual Financial Statements

	2023 R '000	2022 R '000
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26. Prior-year adjustments (continued)

The policy has been used to establish a pattern of past practice where beneficiaries (through a TC) request for funds generated through leases within their traditional authority boundaries which creates a constructive obligation.

The nature of the obligation is such that because disbursements are done on request, the entity has a constructive obligation where funds are available to make the necessary disbursement as requested by either the TC, iNkosi or the Trustee.

In the prior periods an error occurred where despite the existence of the disbursement policy all income from leases was recognised as revenue despite the existence of a liability for income generated from land within TC boundaries. The correction has been effected on the earliest possible period to adjust 2021/2022 financial year income and adjust provisions with the correct amounts R186, 967 million.

Statement of financial performance

	Note	As previously reported	Correction of error	Restated
Lease revenue	17	(39 491)	31 168	(8 323)
Gain on disposal of assets	17	-	(264)	(264)
Municipal rates	19	-	26 889	26 889
Trust disbursements	19	7 971	7 971	-
Depreciation - Agricultural machinery and equipments	8	-	-	-
Transfer funds paid ITB - FR 10.2	25	5 450	784	6 234
Transfer other - Ingonyama Trust Board	25	8 798	(784)	8 014
Surplus for the year		(17 272)	49 822	32 550

An amount of R784 000 relating to Transfer funds paid ITB - FR 10.2 and Transfer other -Ingonyama Trust Board has been corrected as a prior year error due an increase in lease revenue.

The Ingonyama Trust in the past has accounted for all income received as revenue despite the existence of the disbursement policy since 2015. This included revenue received from land within traditional authority boundaries. This is incorrect as these monies received are received for the benefit of beneficiaries residing on Ingonyama Land and thus accrue to them.

Notes to the Audited Annual Financial Statements

	2023 R '000	2022 R '000
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26. Prior-year adjustments (continued)

This is incorrect because an obligation exists for the Trust to disburse these funds received from land within Traditional Authority boundaries to beneficiaries for their use and thus the Ingonyama trust has a constructive obligation with regards to funds received by the Trust.

From the definitions it is clear that the Trust has a constructive obligation to disburse on request any funds generated through leases to a TC, iNkosi or the Trust based on the disbursement policy.

The impact of the liability has been limited to the financial periods presented as it is impractical to determine period specific effects in relation to periods preceding the financial year 2021/2022 due to unavailability of a system of recording and allocation receipts on per traditional authority.

GRAP 3.47 states that when it is impracticable to determine period specific effects of an error on comparative information, the entity shall restate the opening balances of assets and liabilities and net assets for the earliest period for which retrospective restatement is practicable. The figures have been restated from the 2021/2022 opening balances of assets, liabilities and net assets (accumulated surpluses).

Disclosure

	Note	As previously reported	Correction of error	Restated
Financial instruments (Financial assets - Trade receivables)	22	33 613	124 761	158 374

The financial asset disclosure erroneously took into account impairment figures for Trade receivables from exchange transactions in the prior year, this has been corrected above.

27. 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.

Notes to the Audited Annual Financial Statements

	2023 R '000	2022 R '000
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27. Risk management (continued)

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 2023	Less than 1 year
Payables from exchange transactions	7 158

At 31 March 2022	Less than 1 year
Payable from exchange transactions	5 051
Bank overdraft	19

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.

At 31 March 2023	Less than 1 year	Between 1 - 5 years	Carrying amount
Receivable from exchange transactions	166 360	-	166 360
Other receivable from exchange transactions	192	-	192
	Gross amount	Impair- ments	Carrying amount
Cash and cash equivalents	153 922	-	153 922
Investments	50 109	-	50 109
Loan to controlled entity	41 000	-	41 000

Notes to the Audited Annual Financial Statements

	2023 R '000	2022 R '000
27. Risk management (continued)		
At 31 March 2022		
	Less than 1 year	Between 1 - 5 years
Receivable from exchange transactions	158 374	-
Other receivable from exchange transactions	1 290	-
	Less than 1 year	Impairments
Cash and cash equivalents	130 161	-
Investments	44 491	-
Loan to controlled entity	41 000	-

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instruments 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.

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.

28. Budget differences

Material differences between budget and actual amounts

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

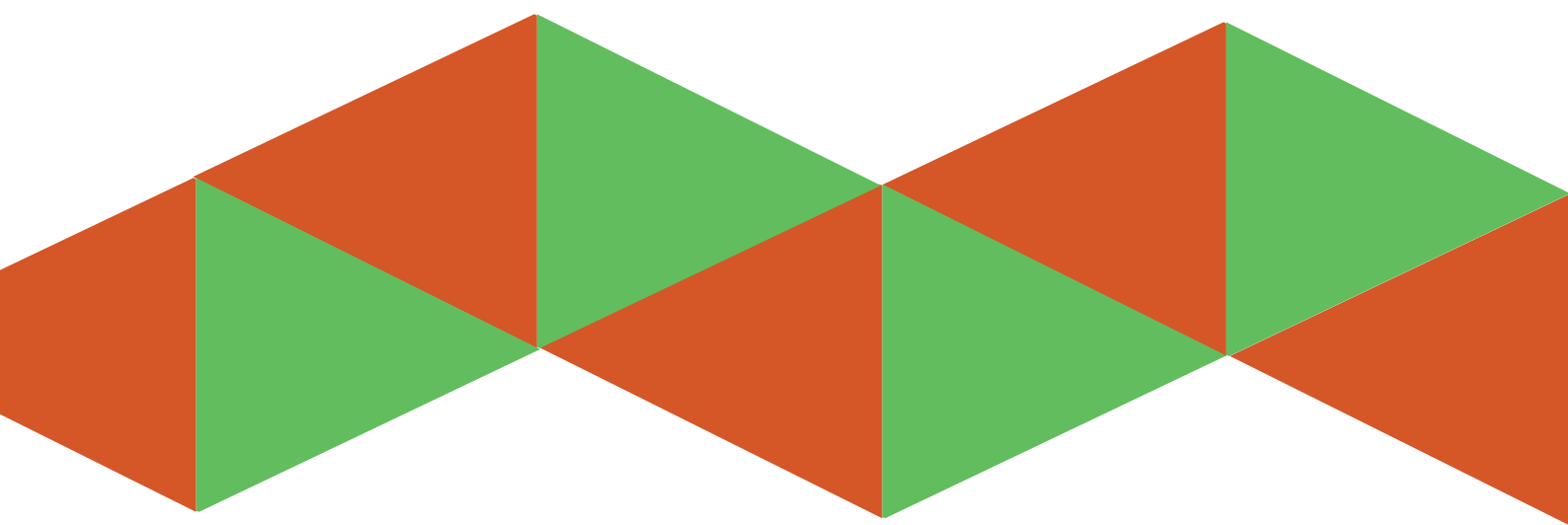
28.1 Lease revenue

The decrease is due to a correction of error in the treatment of lease revenue, actual revenue was only recognised from non-traditional council land, with exclusion of revenue from traditional council land. The budgeted amount included revenue from TC and non-TC land.

Notes to the Audited Annual Financial Statements

	2023 R '000	2022 R '000
28.2 Other income		
The Increase was due to servitude compensation and refund of legal fees which were not budgeted for in 2022/2023.		
28.3 Dividend received		
Dividend income was not budgeted for 2022/2023 and is based on market performance by investments held with Sanlam.		
28.4 Interest on overdue accounts		
Increase in interest on overdue accounts is due to increase in interest rates that are unplanned.		
28.5 Interest received from banks and short term investments		
The increase is due to receiving higher bank interest rates which are not budgeted for.		
28.6 Depreciation		
Depreciation results from systematic use of assets over time. This is not budgeted for.		
28.7 Impairment loss		
Impairment is a function of collection and in the current year no resources at Ingonyama Trust have been allocated to the finance department and collection of receivables. This requires capacity and has resulted in continuous ageing of trust receivables.		
28.8 Transfer funds paid to Ingonyama Trust Board - FR 10(2)		
This transfer to the Board was not budgeted for the current year. The Board's term ended before they could complete the restructuring resulting in funds being required for additional Board income.		
28.9 General expense		
The increase is mainly due to stricter spending practices in order to realise savings, also no new projects were undertaken.		
28.10 Rates expenditure		
A rate provision has been made, however this was not budgeted for in the current year.		

[illegible]



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