



ANNUAL

REPORT

2025 - 2026



INGONYAMA
TRUST

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PART A

GENERAL INFORMATION





Public Entity's Information

Country of incorporation and domicile	South Africa
Registered Name	KwaZulu-Natal Ingonyama Trust
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	PO Box 601 Pietermaritzburg, 3201
Email address	hello@ingonyamatrust.org.za
Website	www.ingonyamatrust.org.za
Bankers	First National Bank
External Auditor	Auditor-General of South Africa Town Bush Office Park 460 Town Bush Road Montrose, Pietermaritzburg, 3201





Foreword by the Vice-Chairperson



Linda Zama
Vice-Chairperson

On behalf of the Board, it is my privilege to present the Ingonyama Trust Annual Report for the 2025/26 financial year.

This report reflects the Board’s commitment to providing ethical leadership, effective oversight and responsible stewardship of the resources entrusted to the institution. It also provides an account of the progress made in administering Ingonyama Trust land for the benefit, material welfare and social well-being of beneficiary communities.

During the year under review, the Board continued to guide the institution through an operating environment characterised by increasing demand for land administration services, community-development support, improved governance, regulatory compliance and sustainable investment. Against this background, the institution recorded important achievements while

also confronting financial, operational and governance challenges that require continued attention.

The Board welcomes the unqualified audit opinion on the Ingonyama Trust Board, with no material misstatements and the prior-year findings on performance information resolved. The qualification on the Ingonyama Trust has narrowed from three matters to one, relating to Ingonyama Holdings (Pty) Ltd. These improvements demonstrate the value of strengthened review controls, better supporting evidence and closer oversight of organisational performance.

We also note the continued reduction in irregular expenditure, which decreased to R33 thousand during the year under review. However, the Auditor-General again raised a material finding concerning consequence management. Investigations into historical irregular



expenditure and fruitless and wasteful expenditure were not completed within the required period. The Board acknowledges the seriousness of this matter and has directed that the outstanding investigations and consequence-management processes be prioritised, monitored and concluded.

The year also produced encouraging service-delivery results. The average turnaround time for compliant beneficiary-disbursement requests improved to nine days against a target of 14 days. Lease-income collection reached 124 per cent of the amount invoiced against a target of 90 per cent. A total of 71 Traditional Councils received capacity-building support against a target of 50, while 318 beneficiaries received educational assistance against an annual target of 50. This included approximately 300 learners participating in an 18-month Coding and Robotics Programme.

These achievements demonstrate the institution's ability to deliver meaningful results for beneficiaries when its resources, systems and partnerships are properly aligned.

The approval of the revised organisational structure was another important milestone. The appointment of key executives, including the Chief Financial Officer, Head of Corporate Services and Senior Legal Officer, strengthened leadership capacity and created a foundation for improved accountability and operational delivery. The Board will continue overseeing the implementation of the approved structure and the filling of critical vacancies.

Notwithstanding this progress, the institution remains affected by structural funding and capacity constraints. The widening gap between the administrative and assurance obligations placed on the public entity and the funding available to execute its mandate cannot be addressed through operational efficiencies alone. The Board will continue engaging the Department of Land Reform and Rural Development and National Treasury regarding an appropriate and sustainable funding framework.

The compromised server environment experienced during the reporting period also affected communication and certain land-administration processes, including the turnaround time for concluding lease agreements.

The Board has emphasised the importance of strengthening information and communications technology governance, cybersecurity, business continuity and records management.

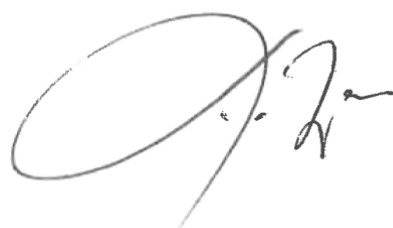
Looking ahead, the Board's priorities include resolving outstanding audit findings, strengthening consequence management, implementing the approved organisational structure, improving institutional capacity and modernising land-administration systems. The institution must also continue expanding beneficiary engagement and creating an enabling environment for responsible investment on Ingonyama Trust land.

Our strategic direction is firmly focused on translating the potential of Trust land into sustainable economic opportunities. This requires credible partnerships among the Ingonyama Trust, amaKhosi and Traditional Councils, beneficiary communities, government, municipalities, development finance institutions and the private sector. Investment must be commercially sustainable, socially responsible and structured to produce lasting benefits for the communities for whom the land is held.

On behalf of the Board, I extend our appreciation to His Majesty King Misuzulu kaZwelithini, the Honourable Minister and the Department of Land Reform and Rural Development. I also thank amaKhosi, Traditional Councils, beneficiary communities, Parliament, the Auditor-General of South Africa and all our strategic partners for their contribution during the year.

I further acknowledge the Acting Chief Executive Officer, executive management and all employees for their commitment and resilience. The progress recorded in this Annual Report is the result of their collective effort.

The Board remains committed to sound governance, transparency and responsible leadership. We will continue working to ensure that the administration of Ingonyama Trust land contributes meaningfully to rural development, economic participation and the improved well-being of beneficiary communities.



Linda Zama

Vice-Chairperson

Date : 29 September 2026

Chief Executive Officer's Overview



Siyamdumisa Vilakazi
Acting Chief Executive Officer

Last year I explained that land is not merely an asset to be administered, but a living inheritance — one that carries memory, dignity and possibility. I called the work of restoring balance, justice and our shared humanity *imvuselelo yezizwe*. That remains the philosophy of this institution.

What this year has demanded is the harder and less poetic work: building the machinery that turns the philosophy into a transaction, a lease, a bursary, a road, a job. Much of that machinery is now in place. Some of it is not yet working as it must, and the figures in this overview show precisely where.

A vision that cannot be executed is a form of comfort, not of leadership. This year we chose execution.

What has struck me most in building *Imvuselelo* is how readily *amaKhosi* have risen to the task. Where we anticipated caution, we found custodians who understood immediately that this was not encroachment on their authority but an invitation to exercise it more fully — over land use planning, over the skills pipeline in their *izigodi*, over what regeneration should actually look like on the ground they know better than any consultant. The relationship we have cultivated with traditional leadership since 2023 has not been a courtesy. It has been deliberate, and it is beginning to yield fruit: forums that once exchanged grievances now exchange plans.

I want to be direct about what we believe. We believe in effective collaboration — with government departments, with *amaKhosi*, with *izizwe*, with the private sector where its interests align with our beneficiaries'. But collaboration is not the same as waiting for consensus that will never arrive. Where partners have shown themselves more interested in relevance than in results, we have not been afraid to take the journey alone with *amaKhosi* and *izizwe* directly. That will remain our posture. This institution answers first to the people who hold rights in this land.

Where relationships have been sound, they have produced results. Where they have been governed by personal interest, they have produced delay — and delay is a cost our beneficiaries cannot keep absorbing.

None of this is the destination. It is the beginning. The entire architecture of *Imvuselelo* — the regional skills trajectories, the institutional partnerships, the re-engineering of how this Trust operates — exists for one reason: to elevate the position of Trust beneficiaries, from people to whom land is administered to people for whom land finally works. This year we begin to build that machinery. The years ahead are about what that machinery delivers into people's hands.

I invite every one, every genuine partner in government and the private sector, to take this journey with us. The door is open. But we will not wait at it indefinitely.

Two numbers frame the year. The Ingonyama Trust distributed R61.259 million to beneficiary communities and amaKhosi during the year under review — 26.4 per cent more than the R48.471 million distributed in the prior year, and the highest amount the institution has ever placed in the hands of those it exists to serve. In the same year, the Ingonyama Trust recognised an impairment loss of R23.729 million against debtors who did not pay, bringing the provision against its lease book to 81.6 per cent of the amounts owed to it.

Those two numbers describe the institution accurately. It is transferring more value to communities than ever before, from a revenue base it is failing to collect. Fixing the second is how we sustain the first.

Basis and Scope of this Report

This Annual Report presents the audited annual financial statements of both the Ingonyama Trust and the Ingonyama Trust Board for the year ended 31 March 2026. It follows the practice established in prior years of publishing the land-holding entity and the administering body in a single volume, so that users are able to see the whole institution rather than one part of it.

Readers should keep in view the distinction between the three entities named in this report, because the conflation of them remains a persistent source of public misunderstanding:

- the Ingonyama Trust is the land-holding entity established by the KwaZulu Legislative Assembly under the KwaZulu-Natal Ingonyama Trust Act 3 of 1994, with His Majesty the King as sole Trustee. The land is vested in the Trust and the economic benefits derived from it accrue to the members of the tribes and communities concerned. It holds approximately 3 million hectares of land across the province;
- the Ingonyama Trust Board was established by the 1997 Amendment Act and is appointed by the Minister of Land Reform and Rural Development in consultation with His Majesty the King, the KwaZulu-Natal Premier-in-Executive Council and the Chairperson of the KwaZulu-Natal House of Traditional Leaders. It administers the affairs of the Ingonyama Trust and Trust land, and is the listed public entity for the purposes of the Public Finance Management Act; and
- Ingonyama Holdings (Pty) Ltd is a company incorporated in 2019 whose governance is in dispute, whose financial records the Ingonyama Trust has been unable to obtain, which does not form part of the operating ecosystem of the Ingonyama Trust, and which is not controlled by the

Board of the Ingonyama Trust.

The two entities are audited separately and on different statutory bases. The Ingonyama Trust Board is audited under the Public Finance Management Act and reports on its performance against predetermined objectives and on compliance with legislation. The Ingonyama Trust is audited under the KwaZulu-Natal Ingonyama Trust Act and is not required to comply with the Public Finance Management Act; the Auditor-General accordingly reports only on its financial statements, and no annual performance report is required of it. Where this overview refers to revenue, expenditure, assets and liabilities, it names the entity concerned.

The annual report of the Ingonyama Trust Board for the year under review was tabled separately in Parliament, in compliance with section 55 of the Public Finance Management Act, because the audit of the Ingonyama Trust was concluded on 29 September 2026 — 30th being the last day on which the Board's report could lawfully be tabled. Late tabling would have constituted material non-compliance and would in turn have affected the 2027/28 audit outcome. This volume brings the two back together, as they should be read.

General Financial Review and Spending Trends

The Ingonyama Trust — overall result

The Ingonyama Trust generated total revenue of R119.785 million during the year, against R151.439 million in the restated prior year — a decline of 20.9 per cent. Total expenditure rose by 36.8 per cent, from R54.360 million to R74.346 million. The surplus before disbursement to beneficiaries was R45.439 million, against R97.079 million in the prior year.

Revenue

The decline in revenue is concentrated in a single line. Lease revenue fell by R33.944 million, from R121.472 million to R87.528 million, a reduction of 27.9 per cent. Every other revenue stream held or improved: interest on bank and short-term investments rose 22.0 per cent to R16.761 million, the fair value gain on the managed investment portfolio rose 37.4 per cent to R7.653 million, dividend income rose 8.5 per cent to R2.011 million, and interest charged on overdue debtors' accounts rose 33.6 per cent to R1.144 million. Non-lease revenue of R32.257 million now represents 26.9 per cent of the Ingonyama Trust's total income.

The movement is explained by a single non-recurring item in the prior year. The 2024/25 lease revenue

included a negotiated settlement with Vodacom in respect of mast towers on Trust land amounting to R41 million inclusive of value-added tax, which did not recur in the year under review. Measured against budget, lease revenue was in fact R5.649 million ahead of the approved figure of R81.879 million, and total revenue exceeded budget by R17.826 million. The year-on-year decline is therefore a movement against an exceptional prior year, not a shortfall against plan, and the underlying lease book performed ahead of expectation.

Expenditure

Total expenditure rose by R19.986 million. Two lines account for almost all of it.

First, the impairment loss on trade and other receivables rose from R16.279 million to R23.729 million. That is dealt with separately below, because it is not an ordinary operating cost but a measure of revenue the institution earned and did not collect.

Secondly, general expenses rose by R9.840 million, or 70.9 per cent, from R13.872 million to R23.712 million. Two items within that line account for R8.922 million — 90.7 per cent — of the increase, and both are directly attributable to identifiable work.

Travel rose from R1.548 million to R6.433 million. The increase is substantially the cost of the Strategic Engagement Forum held at the Inkosi Albert Luthuli International Convention Centre in December 2025, at which the Ingonyama Trust hosted and met the costs of some 600 amaKhosi and their Traditional Councils. That expenditure is properly classified as travel and accommodation, but it is not administrative overhead in any ordinary sense. It is the cost of convening the institution's principal stakeholders in one room, and it is the foundation on which the engagement described later in this overview was built.

Consulting, professional and legal fees rose from R3.804 million to R7.841 million. The increase reflects the volume of adversarial and recovery work the institution carried during the year: the recovery process in relation to Ingonyama Holdings (Pty) Ltd, the Hammersdale litigation, the forensic investigation instituted through the Office of the State Attorney, the litigation arising from the attempted dissolution of the Board, and a review application concerning the Board's appointment. Almost none of that expenditure arises from the ordinary administration of Trust land. It arises from defending the institution and from pursuing money that belongs to beneficiaries.

Employee related costs rose 6.8 per cent to R13.350 million, reflecting the continued phased reallocation of costs by function under which employees of the Land Management Services unit — the core operational

function of the Ingonyama Trust — are recognised in the financial statements of the Ingonyama Trust rather than those of the Ingonyama Trust Board. The contribution paid to the Ingonyama Trust Board under Financial Regulation 10(2) rose 23.9 per cent to R9.340 million, representing 7.8 per cent of the Trust's total revenue.

Debtors and the impairment of the lease book

The most serious operational finding in these financial statements is not in the audit report. It is in Note 4.

Of R246.502 million owed to the Ingonyama Trust at year end, R237.191 million — 96.2 per cent — had been outstanding for more than 120 days. Under the expected credit loss model adopted on 1 April 2025, that ageing profile requires an allowance of R201.055 million, or 81.6 per cent of the book. The charge for the year of R23.729 million is equivalent to 19.8 per cent of the Ingonyama Trust's total revenue.

Put plainly: for every five rand of revenue the Ingonyama Trust recognised this year, roughly one rand was written off as uncollectable. That is money owed by lessees for the use of land held in trust for communities, and it is money that would otherwise have been distributed to those communities. There is no framing of that figure that makes it acceptable.

The one genuine improvement during the year is in the speed of collection: the debtor collection period fell from 245 days to 182 days, and gross receivables fell by 6.5 per cent. The Auditor-General acknowledges the improvement while recording, correctly, that collection difficulties remain and that a substantial portion of outstanding debt is unlikely to be recovered.

We have since acted on this directly. A dedicated debtors management function has been established and resourced as the first operational commitment arising from the audit, and it is already producing results. Its performance will be reported in the next annual report in terms of amounts recovered and the movement in the impairment provision, not in terms of activity undertaken.

Disbursement to beneficiaries

The purpose of the Ingonyama Trust is to hold land for the benefit, material welfare and social well-being of the members of the tribes and communities concerned. The disbursement figures are therefore the closest thing the institution has to a measure of whether it is doing its job.

Actual disbursements rose 26.4 per cent, from R48.471 million to R61.259 million, of which R60.232 million

went to beneficiaries and Traditional Authorities and R1.026 million to the Trustee. Disbursements exceeded the current-year allocation, drawing the accumulated provision down from R216.571 million to R200.753 million. In other words, the institution released more to communities during the year than it set aside, which is the correct direction for a provision that exists to be spent rather than held.

A provision of R200.753 million nonetheless remains undisbursed. That balance represents funds set aside for distribution to communities through Traditional and Community Authorities upon request. The rate at which it is released depends on the rate at which requests are received, supported and approved, and the institution carries an obligation to make that process simpler and better understood rather than to hold the balance as evidence of prudence.

Financial position and liquidity

The balance sheet of the Ingonyama Trust is strong and was strengthened during the year on the measures that matter most for resilience. Cash and cash equivalents rose 9.0 per cent to R217.222 million and the managed investment portfolio rose 15.2 per cent to R68.162 million, giving liquid resources of R285.384 million. Net cash generated from operating activities was R21.674 million, nearly double the prior year's R11.089 million. The solvency ratio improved from 6.98 to 7.25, and the creditor payment period improved from 92 days to 87 days. Net assets stand at R1.731 billion against total assets of R2.008 billion.

Budget performance

The Ingonyama Trust ended the year R17.826 million ahead of budget on revenue and R16.483 million below budget on expenditure.

The Ingonyama Trust Board — overall result

The Ingonyama Trust Board recorded total revenue of R32.318 million against total expenditure of R31.823 million, producing a surplus of R495 thousand, compared with a restated surplus of R466 thousand in 2024/25. Revenue grew by 9.4 per cent and expenditure by 9.5 per cent. Net assets increased from R179 thousand to R672 thousand. The Auditor-General assessed the financial health of the Ingonyama Trust Board as good.

The Ingonyama Trust Board has no revenue of its own. It is funded by a transfer payment appropriated through the Department of Land Reform and Rural Development and, in terms of Ingonyama Trust Financial Regulation 10(2), by a contribution from the Ingonyama Trust of up to ten per cent of Trust income, applied to meet the shortfall between the departmental transfer and the actual cost of

administering the Trust. During the year the Board recognised its full entitlement of R9.340 million but drew less than that in cash, leaving a receivable of R1.261 million from the Ingonyama Trust at year end. The surplus of R495 thousand is the difference between the entitlement the regulation allows and what the institution actually spent.

We regard that as the right way to operate. Every rand drawn under Financial Regulation 10(2) is a rand taken from the income of the Ingonyama Trust and therefore, in substance, from the beneficiary communities. The institution should draw what it needs and no more.

The direction of the funding mix is the most important trend in the Board's statements. The departmental transfer of R22.847 million represents 70.7 per cent of total revenue and grew by 4.5 per cent; the contribution from the Ingonyama Trust represents 28.9 per cent and grew by 23.9 per cent. The share of the administrative cost of Trust land borne by the Trust — and therefore, in substance, by beneficiary communities — continues to rise while the share borne by the State declines. This is precisely the outcome that section 4 of the KwaZulu-Natal Ingonyama Trust Act was intended to prevent, in that it places responsibility for the administrative expenses of the Ingonyama Trust Board on the Department. The Board has raised this consistently and continues to do so.

Within the Board's expenditure, employee related costs of R18.990 million represent 59.7 per cent of the total. Governance and assurance — auditors' remuneration of R3.366 million, Board members' expenses of R3.140 million, Board meetings and related expenditure of R1.212 million and Audit Committee remuneration of R43 thousand — together amount to R7.761 million, or 24.4 per cent of total expenditure. Close to one rand in every four spent by the Ingonyama Trust Board was spent on being governed and being audited. We record this without complaint about the necessity of assurance, but it is an honest statement of what an administrative allocation of R22.847 million can and cannot carry. It is also not sufficient: the Auditor-General records that the internal audit function was unable to perform evaluations of controls relating to the safeguarding of assets during the year because of budget constraints. An institution that cannot fund the assurance it is required to obtain has a funding problem, not merely a control problem.

Notwithstanding that pressure, the Ingonyama Trust Board increased its investment in people. Training and development rose from R144 thousand to R611

thousand, and bursaries from R35 thousand to R437 thousand. Cash coverage of fixed monthly expenditure fell from 0.6 months to 0.3 months, approximately eleven days, and property, plant and equipment closed the year at a carrying value of nil.

The two entities read together

Taken together, the Ingonyama Trust paid out R70.599 million during the year — R61.259 million to beneficiaries, and R9.340 million to fund the administration of Trust land through the Ingonyama Trust Board — against total revenue of R119.785 million. The remainder was absorbed by the operating costs of managing a 3 million hectare land portfolio, by municipal rates, and by the impairment of amounts that lessees did not pay.

The structural conclusion is as follows. The amount available for distribution to communities is a function of three things: how much lease revenue is contracted, how much of it is collected, and how much of the balance is consumed by administration that the State ought to be funding. The institution has direct control over the second, growing influence over the first, and an unresolved argument with the Department about the third.

Capacity Constraints and Challenges

The unresolved position of Ingonyama Holdings (Pty) Ltd

The single largest constraint on the institution remains the position of Ingonyama Holdings (Pty) Ltd. The Ingonyama Trust has been unable to obtain the accounting records or annual financial statements of that company, which has never submitted audited financial statements since its incorporation in 2019. Consolidated financial statements could not therefore be prepared, and the audit opinion on the Ingonyama Trust is qualified for that reason.

The Board has consistently disputed the finding on which that qualification rests. Its position is that it does not control Ingonyama Holdings, and that even if control were established in law, consolidation would be impracticable while the company withholds the records required to consolidate it. The difference between the institution and the Auditor-General is therefore one of legal interpretation rather than of fact: both accept that the records have not been produced. That dispute has now been finalised through the available audit channels without the finding being changed, and the institution is pursuing other action.

The consequences extend well beyond the audit opinion. The Ingonyama Trust's loan to Ingonyama

Holdings has been fully impaired: given the loss of effective control and the absence of reliable financial information, the recoverable amount cannot be reliably determined and no future economic benefits can presently be substantiated. Notwithstanding the impairment, the shareholder has resolved to institute legal action to determine the legitimacy of the use of the funds and to pursue any recoveries, which would be recognised as a reversal of the impairment. The R41 million loan is also under investigation by the Directorate for Priority Crime Investigations, which commenced in January 2023 and remains in progress.

The institution has not abandoned recovery and continues to pursue it through various legal processes.

Vacancies and skills

High vacancy rates exist across all of the key divisions of the institution — finance, land management services, corporate services and community development support — with acting appointments in key positions. The office of Chief Executive Officer changed hands during the year, the Chief Financial Officer position is held on an interim basis, and two members of the Accounting Authority, Mr D.N. Matemela and Dr T. Dlamini, resigned on 28 February and 12 March 2026 respectively.

Vacancies have become the operating reality in this organisation, and they explain why remediation that ought to have been concluded within a year has taken longer. Discontinuity at accounting authority and executive level costs institutional memory, defers decisions, and concentrates an unreasonable burden on the officials who remain. The underspend of R9.616 million against the Ingonyama Trust's employee cost budget is the financial expression of those vacancies. It is not a saving. It is work that was not done.

Legacy governance matters

The institution has continued to carry the cost of legacy governance matters that pre-date the current Board. Beyond the Ingonyama Holdings matter, approximately R30.51 million arising from the sale of Trust land at Hammersdale was transferred to non-Trust accounts on the instruction of the former Chairperson without Board approval. The Ingonyama Trust obtained a favourable High Court judgment confirming that the funds were improperly diverted and are recoverable; the opposing parties have approached the Supreme Court of Appeal for leave to appeal, and the matter remains contingent pending that outcome. Governance remediation measures have been implemented following the incident, including strengthened approval

controls over land disposals, enhanced oversight over the receipt and transfer of funds, and restrictions on unilateral authority by office bearers.

The institution also continues to co-operate in all legal respects with the forensic investigation instituted by the Executive Authority and conducted through the Office of the State Attorney. The Board has, on more than one occasion and by formal resolution, requested that the terms of reference of that investigation be extended to periods prior to the current Board's assumption of office, on the basis that an investigation confined to the tenure of the Board that inherited the matters under review cannot establish how those matters arose. That request has not been acceded to. The Board records its position, and its continued co-operation, without further comment while the process remains under way.

The capacity cost of this work is real and is visible in the accounts. It is the principal driver of the increase in consulting, professional and legal fees, and it is performed by the same small complement of officials responsible for the ordinary administration of Trust land.

Clarity of mandate among stakeholders

A less quantifiable but equally consequential constraint is the continuing confusion among stakeholders regarding the respective roles of the Ingonyama Trust and the Ingonyama Trust Board, and the conflation of both with Ingonyama Holdings (Pty) Ltd. This has real financial consequences: it complicates engagement with funders and investors, it invites misdirected criticism, and it consumes executive time in correction rather than delivery. Addressing it has been a deliberate priority, through sustained engagement with the KwaZulu-Natal Provincial House of Traditional and Khoi-San Leaders, Portfolio Committees, Traditional and Community Authorities, and public and private sector institutions.

Discontinued Key Activities and Activities to be Discontinued

No key activities of the Ingonyama Trust or the Ingonyama Trust Board were discontinued during the year under review, and no activities have been identified for discontinuation.

New and Proposed Key Activities

The year marked the point at which the institution moved from stabilisation to construction. Five new activities were initiated, each directed at the same objective: increasing the income the Ingonyama Trust generates from land, and the share of it that reaches

communities.

The launch of Project Imvuselelo

The first and most consequential of these was the launch of Project Imvuselelo, the re-engineering of how this institution operates under the philosophy of Vula Umhlaba. Imvuselelo is not a programme bolted onto the existing organisation; it is the architecture within which everything else described below sits. It runs from a fifty-year regional skills trajectory mapped across the Trust's land regions, developed with university partners, through to the institutional partnerships and the operational re-engineering required to deliver it.

Its purpose is singular: to elevate the position of Trust beneficiaries from people to whom land is administered to people for whom land finally works. The response of amaKhosi to that invitation during the year has been the clearest evidence that the institution is on the right ground.

The Rural Economy Development and Investment Indaba

The institution convened its inaugural Rural Economy Development and Investment Indaba at the Inkosi Albert Luthuli International Convention Centre in Durban on 30 September and 1 October 2026, bringing together institutional investors, capital markets participants, development finance institutions, commercial banks, infrastructure investors, government and, critically, amaKhosi and Traditional Council leadership, with a target attendance of 500 delegates of whom 300 are traditional leaders.

The purpose is not ceremonial. It is to test, in the presence of the capital markets and of the communities concerned, whether the difficulty in attracting quality investment onto Trust land is a problem of transaction structure or a problem of perception — and to address whichever it proves to be. The programme is conducted in English and isiZulu with live interpretation, because a conversation about the economic future of Trust land that the holders of that land cannot follow is not a conversation worth convening.

The Investor Relations Desk and digital deal room

The institution has begun establishing an Investor Relations Desk as a single point of contact for the investor community, responsible for transparency in investor relations, market reporting, and reporting on beneficiary and community impact. It is supported by a digital deal room providing an audit trail through the approval workflow to sign-off, which assembles for

each land parcel the Traditional Council support letter, zoning certificate, environmental authorisation status and lease template, so that every prospective investor works from the same information set.

The financial logic is direct. The principal cause of failed or protracted transactions on Trust land is asymmetry and delay in information, not an absence of interest. Reducing the time and cost of establishing what may be done on a given parcel improves contracted lease revenue, which is the first of the three levers identified above.

Entity structuring and the terms on which land is brought to market

The Board is considering an entity-structuring framework under which the communities would, in selected transactions, take a shareholding position in a special purpose vehicle rather than the institution confining itself to leasing land alone. A rental stream captures a fraction of the value that Trust land makes possible; an equity position captures a share of the value created upon it. The framework requires careful design so that risk — labour disputes, asset underperformance, third-party liability — is ring-fenced away from core operations, and it requires Board approval before implementation.

Community development support

The Community Development Support function has been established and mandated as the institution's primary instrument for delivering community and rural development, with a defined set of levers rather than an open-ended brief, accompanied by longer-horizon work on a regional skills trajectory across the institution's land regions developed with university partners.

Requests for the Roll-Over of Funds

The Ingonyama Trust Board did not request the roll-over of any funds in respect of the 2025/26 financial year. Both transfer payments were received and applied in full, there was no unspent portion of the transfer payment received from the Department of Land Reform and Rural Development, and the Auditor-General confirmed that the entity held no unspent conditional grants at year end. The Ingonyama Trust is not funded by appropriation and the roll-over of funds is not applicable to it.

Unsolicited Bid Proposals

No unsolicited bid proposals were concluded by the Ingonyama Trust or the Ingonyama Trust Board during the year under review.

Supply Chain Management Processes and Systems

A supply chain management system was in place throughout the year and operated consistently. The Auditor-General reported no material non-compliance on procurement and contract management for either entity, identified no fraud risk factors, and identified no findings on conflict of interest or on audit limitations in procurement.

Ingonyama Trust Board — irregular, fruitless and wasteful expenditure (R'000)

	2025/26	2024/25	2023/24
Irregular expenditure incurred	33	71	204
Fruitless and wasteful expenditure incurred	72	8	–
Closing balance	105	79	204

Source: Audited Annual Financial Statements of the Ingonyama Trust Board, Note 19, and the Annual Report 2024/25.

Irregular expenditure disclosed by the Ingonyama Trust Board for the year amounted to R33 thousand, against R71 thousand in 2024/25 and R204 thousand in 2023/24 — a reduction of 54 per cent year on year and 84 per cent over two years, bringing it to approximately one tenth of one per cent of the Board's total expenditure. The amount arose from a single deviation from normal procurement processes.

We record that trend because it is real and the supply chain management unit earned it. The Auditor-General raised a material finding that effective and appropriate steps were not taken to prevent this expenditure, and the cause is not obscure: requisitions were submitted too late for three written price quotations to be obtained. That is a failure of planning discipline, not a limitation of the system, and it is within our power to correct.

Fruitless and wasteful expenditure increased from R8 thousand to R72 thousand, comprising mostly of interest paid to the South African Revenue Service. Neither amount is material to the financial statements.

Audit Outcomes and Measures Taken to Address Audit Matters

The Ingonyama Trust — a qualified opinion on one remaining matter

The Ingonyama Trust received a qualified audit opinion. The qualification arises from a single matter: the Ingonyama Trust has not consolidated Ingonyama

Holdings (Pty) Ltd. The Auditor-General concluded that the Ingonyama Trust controls the subsidiary and should therefore have consolidated it in accordance with GRAP 35, and was further unable to obtain sufficient appropriate audit evidence for the financial information of Ingonyama Holdings because that information was not available. The effects on the surplus or deficit and on accumulated surplus have not been determined, as it was impracticable to do so.

In the prior year the qualification rested on three matters: the non-consolidation of Ingonyama Holdings, land valued at R1.15 billion controlled by Traditional Authorities and incorrectly accounted for as property, plant and equipment, and land valued at R121.65 million similarly accounted for as investment property. The two land matters have been resolved. One matter remains, and it is the one the institution cannot resolve unilaterally, because it turns on records held by a company that will not produce them.

Management recorded a considered disagreement with the finding, and we record it here because users are entitled to understand the position rather than simply to be told there was a dispute. The Ingonyama Trust is the registered holder of 100 per cent of the shares in Ingonyama Holdings. Management's position is that shareholding alone does not establish control under GRAP 35; that prolonged governance disputes, the denial of access to accounting records and financial information, the absence of annual financial statements since incorporation, and the inability to direct or participate in the company's strategic, operational and financial decision-making meant that the Trust did not have the practical ability to exercise substantive power over Ingonyama Holdings at 31 March 2026 or in preceding periods; and that the control assessment must therefore consider whether the Trust's rights were substantive and practically exercisable rather than relying on legal ownership alone. Management further holds that, even on the Auditor-General's view of control, consolidation was impracticable in the absence of the underlying records.

The Auditor-General reached a different conclusion and has closed the matter. The institution has accordingly resolved to institute legal action. The objective is not to win an argument about an accounting standard. It is to obtain the records, recover what belongs to beneficiaries, and remove this matter from the audit report.

The audit report contains an emphasis of matter drawing attention to the impairment loss of R23.73 million on trade and other receivables recognised as a result of the non-collectability of debtors. An emphasis of matter does not modify the opinion; it directs users

to a disclosure the Auditor-General considers fundamental to understanding the financial statements. It is properly placed.

The audit report also draws attention, under other reports, to the investigation by the Directorate for Priority Crime Investigations concerning the R41 million loan granted to Ingonyama Holdings, which commenced in January 2023, covers the period 2020/21 to 2021/22 and relates to a criminal investigation into the financial affairs of the subsidiary. That investigation was still in progress at the date of the audit report.

The Ingonyama Trust Board — unqualified with findings

The Ingonyama Trust Board received an unqualified audit opinion with findings, the same overall classification as the prior year, with movement in both directions.

Financial statements and performance reporting

The Auditor-General identified no material misstatements in the financial statements submitted for audit and no significant internal control deficiencies in financial recordkeeping or financial statement preparation, for a second consecutive year. An emphasis of matter draws attention to the restatement of the corresponding figures for 31 March 2025 as a result of prior-year errors.

The material findings raised on the annual performance report in 2024/25 have been resolved. The Auditor-General identified no material findings on the reliability or presentation of the reported performance information for the selected indicators, no material misstatements in the reported performance information submitted for audit, and no findings on the completeness of the indicators used for planning and reporting. The improvement is specifically attributed to improvements in the quality of the supporting schedules submitted for audit, which is the direct result of the review controls introduced during the year.

Consequence management and expenditure management

Two material compliance findings stand against the Ingonyama Trust Board. On consequence management, the Auditor-General was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who incurred irregular or fruitless and wasteful expenditure, because investigations into that expenditure were still under way at year end.

On expenditure management — a new finding and a regression

effective and appropriate steps were not taken to prevent the irregular and the fruitless and wasteful expenditure disclosed in the financial statements.

The measures now in place are as follows. The Loss Control Committee has met twice in the first quarter of the 2026/27 financial year and Internal Audit has been engaged to expedite the investigations so that matters are assessed objectively and determination assessments concluded.

We will report against this in the next annual report by number of instances cleared, not by activity undertaken.

Outlook and Plans to Address Financial Challenges

The plans below are ordered by the size of the financial consequence, not by ease of execution.

Recovering what is owed

The Ingonyama Trust impaired R23.729 million during the year and holds R237.191 million of gross receivables more than 120 days overdue. That is the largest recoverable value in the institution. The newly established debtors management function will be consolidated and extended, enforcement of lease agreements strengthened, long-outstanding accounts prioritised, and credit control policies reviewed. Progress will be reported quarterly to the Board and reviewed quarterly by the Audit Committee.

Resolving the position of Ingonyama Holdings (Pty) Ltd

The recovery process will be prosecuted, the legal action now resolved upon will be instituted, and oversight of the Directorate for Priority Crime Investigations process maintained through the Trust's legal representatives. The objective is to remove this matter from the audit report, and to recover what can be recovered for the beneficiaries whose money it was.

Re-baselining the funding of the Ingonyama Trust Board

The engagement with National Treasury and the Department of Land Reform and Rural Development to re-baseline the funding framework of the Ingonyama Trust Board continues. The object is to give effect to section 4 of the KwaZulu-Natal Ingonyama Trust Act, which places responsibility for the administrative expenses of the Board on the Department. The case is made by the figures in this overview: a departmental transfer growing at 4.5 per cent against a Trust contribution growing at 23.9 per cent; governance and assurance consuming 24.4 per cent of the Board's

expenditure; eleven days of cash coverage; an asset base carried at nil with no replacement provision; and an internal audit function unable to complete its programme for want of budget.

Growing and diversifying the income of the Ingonyama Trust

The Investor Relations Desk, the digital deal room, the entity-structuring framework and the Indaba are all directed at increasing contracted lease revenue and, in selected transactions, at capturing a share of the value created on Trust land rather than a rental alone. The performance of the managed investment portfolio during the year — a fair value gain of R7.653 million and dividend income of R2.011 million on a portfolio of R68.162 million — demonstrates that the institution can steward capital well when it has capital to steward.

Structure, capacity and the cost of people

The Board approved a new organisational structure on 30 March 2026. Filling it substantively is the precondition for everything else in this section, and it remains contingent on the outcome of the re-baselining exercise.

Closing the audit findings and building the control environment

The audit action plan will carry specific, measurable and time-bound targets, with action taken where progress is unsatisfactory. A risk register will be developed and maintained, which will in turn allow the internal audit unit to prepare its rolling three-year strategic plan. The information technology governance framework and strategic plan, outstanding for more than three years, will be approved.

Beneficiary engagement

The next cycle will take the institution directly to the communities it serves, through structured engagement with Traditional and Community Authorities. The purpose is twofold: to explain plainly what the Ingonyama Trust and the Ingonyama Trust Board are and are not, and to make the process of requesting and receiving disbursements simpler and better understood, so that the R200.753 million held in provision reaches the communities for whom it is held.

Events After the Reporting Date

No adjusting events occurred after the reporting date requiring adjustment to the annual financial statements of either entity.

No events after the reporting date are disclosed in the financial statements of the Ingonyama Trust. Recovery action has nonetheless continued: on 15 July 2026 the Finance and Investment Committee resolved that recovery of the R41 million advanced to Ingonyama Holdings (Pty) Ltd should be pursued and that liquidation proceedings should be instituted; and on 3 August 2026 attorneys were instructed to recover all money advanced by the Trust. The institution also convened its inaugural Rural Economy Development and Investment Indaba on 30 September and 1 October 2026.

Economic Viability

Both entities continue to operate as going concerns, and the Auditor-General identified no events or conditions casting significant doubt on the ability of either to continue as a going concern. The financial health of both the Ingonyama Trust and the Ingonyama Trust Board was assessed as good.

The Ingonyama Trust is financially stable from a balance sheet perspective, with assets of R2.008 billion significantly exceeding liabilities of R276.941 million, a solvency ratio of 7.25 and liquid resources of R285.384 million. It carries no borrowings. Its viability is not in question.

Its earnings quality is. Revenue fell 20.9 per cent, expenditure rose 36.8 per cent, and 81.6 per cent of the amounts owed to the institution are provided against as uncollectable. An institution with a strong balance sheet and a weak income statement can sustain itself for a long time; it cannot grow what it distributes. Since the amount distributed to communities is the measure by which this institution should be judged, earnings quality is the constraint that matters.

The Ingonyama Trust Board is solvent and well controlled in its financial reporting, but thinly resourced: net assets of R672 thousand, cash coverage of approximately eleven days, negative operating cash flows for a second consecutive year, and productive assets carried at nil. Its viability rests entirely on the departmental transfer and the Financial Regulation 10(2) contribution, and not at all on its own resources. Until the funding framework is corrected, that will remain the case.

Acknowledgements and Appreciation

I extend my sincere appreciation to the staff of the Ingonyama Trust and the Ingonyama Trust Board. This has been a year of transition at every level of the institution, carried out under public scrutiny, with high vacancy rates across every key division and with

resources that do not match the demands placed on the organisation. That the institution nonetheless resolved two of the three matters that qualified its audit opinion, cleared the material findings on performance reporting, reduced irregular expenditure for a third consecutive year, and distributed more to communities than in any previous year, is the work of those officials.

I record my gratitude to the Accounting Authority under the leadership of His Majesty the King, the sole Trustee of the Ingonyama Trust, and to the Vice-Chairperson, Advocate Linda Zama, and the members of the Board. The Board has held a demanding line during difficult year(s) and has done so on principle rather than on convenience. I thank in particular the members who concluded their service during the year for their contribution.

I acknowledge the KwaZulu-Natal Provincial House of Traditional and Khoi-San Leaders for the openness with which it has engaged the institution and for creating the space in which a shared understanding of the mandate can be rebuilt. I thank the National Treasury, the Portfolio Committee, the Audit Committee and Internal Audit for their engagement during the year.

Most of all I thank amaKhosi, the Traditional and Community Authorities, and izizwe who live on and from this land. The institution exists for you and answers to you. The work ahead is considerable and the pace of it will test everyone's patience, including our own. I ask only that it be judged by whether the lives of people on Trust land are measurably better at the end of it, because that is the only standard by which it ought to be judged.



Siyamdumisa Vilakazi
Acting Chief Executive Officer
Ingonyama Trust
Date: 29 September 2026

Statement of Responsibility and Confirmation of the Accuracy of the Annual Report

To the best of our knowledge and belief, we confirm that:

All information and amounts disclosed in the annual report are consistent with the Annual Financial Statements audited by the Auditor-General of South Africa.

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

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

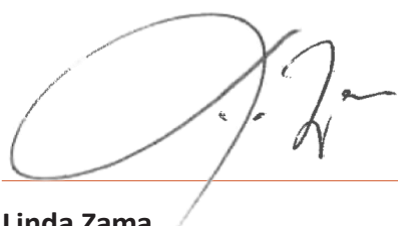
The Annual Financial Statements contained in Parts F and G have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) applicable to the public entity and the Trust.

The Accounting Authority is responsible for establishing and implementing a system of internal control designed to provide reasonable assurance regarding the integrity and reliability of performance information, Human Resources information and Annual Financial Statements.

The external auditors have been engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the annual report fairly presents the operations, performance information, Human Resources information and financial affairs of the public entity and the Trust for the financial year ended 31 March 2026.


Siyamdumisa Vilakazi
Acting Chief Executive Officer
Date : 29 September 2026


Linda Zama
Vice-Chairperson
Date : 29 September 2026

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 the Ingonyama Trust Board on behalf of the Trust.

Values

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

Legislative Mandate

Ingonyama Trust Board

The KwaZulu-Natal Ingonyama Trust Board, commonly referred to as the Board, is a Schedule 3A public entity mandated to administer the affairs of the Ingonyama Trust and Trust land. As the Board's sole purpose is to administer the affairs of the Trust and Trust land, any reference to the Board's mandate includes the mandate of the Trust.

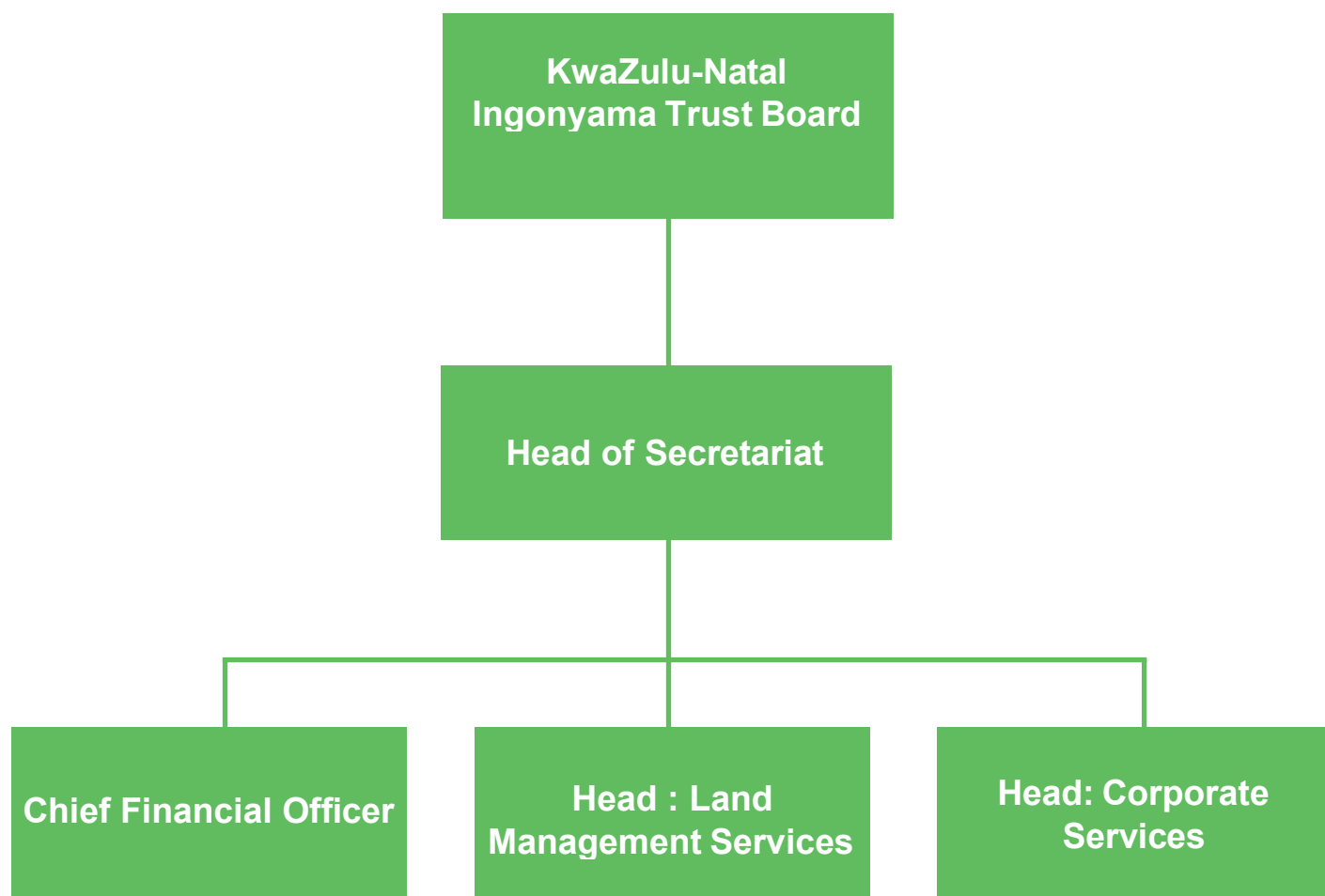
Ingonyama Trust

The Ingonyama Trust is empowered by the KwaZulu-Natal Ingonyama Trust Act, 1994 (Act No. 3KZ of 1994), as amended ('the founding Act'), to perform all such acts and functions as a body corporate may lawfully perform.

The founding Act further provides that the Trust shall, in a manner not inconsistent with the provisions of the Act, be administered for the benefit, material welfare and social well-being of the members of the tribes and communities contemplated in the KwaZulu Amakhosi and Iziphakanyiswa Act, 1990 (Act No. 9 of 1990), referred to in the second column of the Schedule and established in a district referred to in the first column of the Schedule, as well as the residents of such a district.

This provision underpins the broad land administration and socio-economic mandate of the Ingonyama Trust and the Ingonyama Trust Board in its capacity as the administrator of the Trust.

Ingonyama Trust Organisational Structure





PART B

PERFORMANCE INFORMATION



Auditor-General's Report: Predetermined Objectives

In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, the Auditor-General of South Africa (AGSA) is responsible for auditing and reporting on the usefulness and reliability of the reported performance information against predetermined objectives for selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

The AGSA selected the following material performance indicators related to Programme 2: Land Management Services presented in the annual performance report for the year ended 31 March 2026.

- % of compliant land tenure rights applications approved by the Board within 90 days of confirmation of land information,
- % of signed leases within 30 days of payment by the lessee.

Refer to pages 67 to 71 of the annual report for the Auditor's Report, published in Part F: Financial Information.

Overview of Performance

Service Delivery Environment

During the 2025/26 financial year, the Ingonyama Trust continued to execute its constitutional and legislative mandate of administering Ingonyama Trust land for the benefit, material welfare and social well-being of members of traditional communities residing on Trust land. The operating environment was characterised by increasing demand for land administration services, land tenure rights processing, lease management, traditional council support, and community development interventions. Despite these demands, the Trust maintained a strong focus on improving service delivery efficiency, strengthening governance systems, enhancing revenue collection, and expanding development support initiatives.

The Trust delivered notable improvements in administrative efficiency during the year under review. The average number of days taken to process compliant beneficiary disbursement requests was 9 days against an annual target of 14 days, demonstrating the effectiveness of strengthened internal controls, enhanced monitoring mechanisms, and streamlined business processes. This achievement contributed directly to improved service delivery to beneficiaries and increased stakeholder confidence in the administration of the institution's resources.

Revenue management also recorded exceptional performance. The Trust achieved 124% collection against lease income invoiced compared with the target of 90%. This performance resulted from intensified debt collection initiatives and the successful recovery of outstanding amounts from major debtors. Enhanced revenue collection provides critical financial resources that enable the Trust to fulfil its developmental mandate and improve support to traditional communities.

Within Land Management Services, the Trust continued to facilitate land tenure administration and support traditional governance structures. A total of 71 Traditional Councils were capacitated against a target of 50, representing a significant overachievement. This was made possible through the



implementation of a clustering approach that enabled the institution to serve multiple neighbouring Traditional Councils simultaneously, thereby maximising resource utilisation and extending institutional support to a larger number of stakeholders.

In support of community development and human capital advancement, the Trust achieved significant success through its educational support initiatives. A total of 318 students benefited from financial assistance against an annual target of 50 beneficiaries. This includes approximately 300 learners enrolled in an 18-month Coding and Robotics Programme aimed at equipping youth with future-oriented digital skills and improving their employability prospects. This achievement demonstrates the Trust's commitment to empowering youth and contributing to socio-economic transformation within traditional communities.

Organisational Environment

The 2025/26 financial year was characterised by several important organisational developments which strengthened the institution's capacity to deliver on its mandate. Key executive vacancies were filled during the year, including the appointments of the Head of Corporate Services, Chief Financial Officer, and Senior Legal Officer. These appointments strengthened leadership capacity and improved the organisation's ability to implement strategic priorities and maintain effective governance systems. The filling of these positions facilitated the approval of the revised organisational structure during the fourth quarter.

The Trust achieved its target relating to the approval of the organisational structure by the Board. Although the target was initially scheduled for achievement during the third quarter, it was ultimately achieved in the fourth quarter following the finalisation of executive appointments. The approved organisational structure provides greater role clarity, enhances accountability, and creates a foundation for improved operational efficiency.

Notwithstanding these successes, the organisation experienced certain operational challenges during the reporting period. A compromised server environment affected communication with stakeholders and disrupted some internal operational processes. The incident had a negative impact on the turnaround time for lease execution, contributing to the underachievement of the target relating to the signing of leases within 30 days of payment. Management implemented additional internal control measures and system improvement interventions to mitigate the impact and strengthen information technology resilience going forward.

Under the Board's oversight, a strong governance culture was maintained throughout the reporting period, culminating in an unqualified audit opinion on the Ingonyama Trust Board. This achievement reflects the organisation's continued commitment to sound financial management, accountability, transparency, and compliance with applicable legislative and regulatory requirements.

Key Policy Developments and Legislative Changes

There were no material legislative amendments directly affecting the mandate and operations of the



Ingonyama Trust during the 2025/26 financial year. The Trust and its Board continued to implement their functions in accordance with the KwaZulu-Natal Ingonyama Trust Act, applicable land administration policies, governance frameworks, and other relevant legislative prescripts governing public entities.

Operationally, adjustments to certain internal policies and procedures relating to land tenure rights applications were implemented during the reporting period. These included additional verification requirements and amended procedures relating to the resubmission of ITB2 forms. While these measures strengthened governance, compliance, and the integrity of land administration processes, they contributed to delays in a limited number of applications that exceeded the prescribed turnaround time.

Progress towards Achievement of Institutional Impacts and Outcomes

The Trust made substantial progress towards achieving the institutional outcomes outlined in its Strategic Plan and Annual Performance Plan. Performance achievements demonstrate continued progress towards strengthening land administration, improving governance, enhancing financial sustainability, supporting traditional institutions, and promoting socio-economic development within traditional communities.

Under Programme 1: Administration, the Trust achieved or exceeded most performance targets. Improved beneficiary disbursement turnaround times, exceptional lease revenue collection, the attainment of an unqualified audit opinion, and the approval of the organisational structure collectively strengthened institutional governance and sustainability. These achievements contributed towards building a capable, ethical and developmental institution capable of supporting effective service delivery.

Under Programme 2: Land Management Services, performance remained strong despite some operational challenges. The Trust achieved 95% compliance against a target of 100% for the approval of land tenure rights applications within prescribed timeframes and exceeded targets for Traditional Council capacitation. These achievements contributed towards improved land administration, strengthened traditional governance structures, and enhanced access to land rights services.

Although only 83% of leases were signed within 30 days of payment compared to the target of 100%, management has implemented corrective measures aimed at addressing system vulnerabilities and improving administrative processes. These interventions are expected to result in improved performance during subsequent reporting periods.

Under Programme 3: Community Development Support, the Trust significantly exceeded its annual target for student financial assistance by supporting 318 beneficiaries against a target of 50. This performance demonstrates the Trust’s commitment to youth empowerment, skills development, educational advancement, and long-term socio-economic transformation. The Coding and Robotics Programme contributes directly to preparing young people for participation in the digital economy and future labour market opportunities.

Overall, the Trust achieved strong organisational performance during the 2025/26 financial year, recording notable overachievement in several strategic areas whilst maintaining sound governance standards and financial management practices. The achievements realised during the year have strengthened the Trust’s contribution towards sustainable rural development, improved administration of Trust land.



Institutional Programme Performance Information

The entity was structured into the following three programmes:

Programme 1: Administration

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

Programme 2: Land Management Services

The purpose of this programme is to facilitate land and tenure management.

Programme 3: Community Development Support

The purpose of this programme is to provide effective and impactful support for community development initiatives.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

For the year under review, the entity implemented three programmes, namely Administration, Land Management Services, and Community Development Support. The programmes were aligned to three predetermined outcomes, namely:

- Improved corporate governance and service excellence;
- Well-defined and secure land use and access rights; and
- Well-developed human capital within beneficiary communities.

The entity had eight output indicators across the three programmes to measure progress towards the achievement of these outcomes.

Under Programme 1: Administration, the entity achieved all four output indicators. These indicators related to the processing of beneficiary disbursements, achievement of an unqualified external audit opinion, approval of the organisational structure (organogram), and the collection of lease income against amounts invoiced.

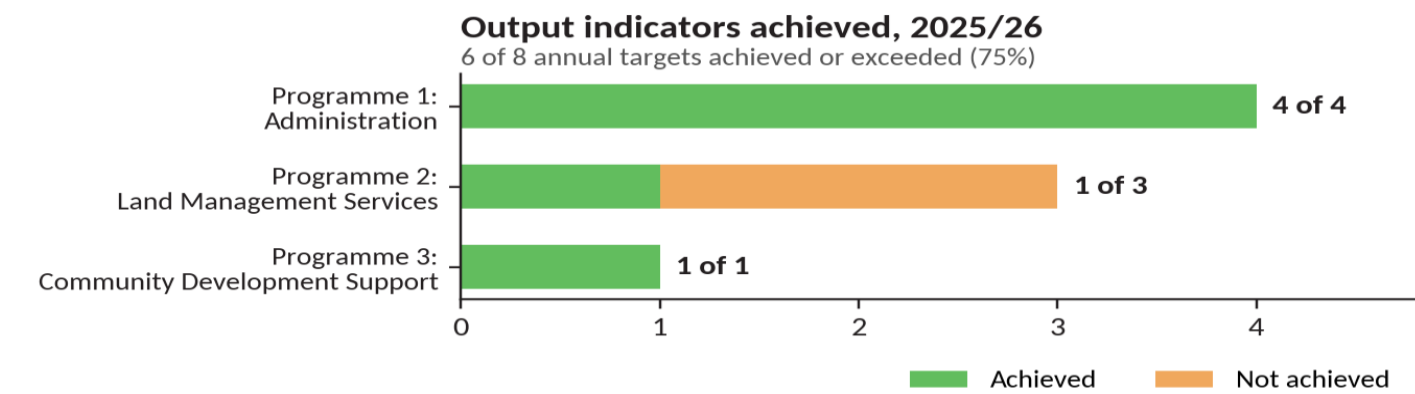
Under Programme 2: Land Management Services, the entity achieved one of the three output indicators. The indicator relating to the capacitation of traditional councils was exceeded. The entity recorded 95% achievement against the target for the approval of compliant tenure rights applications and 83% achievement against the target for the signing of leases following payment by lessees.

Under Programme 3: Community Development Support, the entity exceeded its annual target for financial



assistance to students, thereby contributing to the outcome of developing human capital within beneficiary communities.

The table below presents the entity’s programme performance information for the year under review.



Source: Annual performance report 2025/26 (Part B).





Programme 1: Administration

Purpose of the Programme

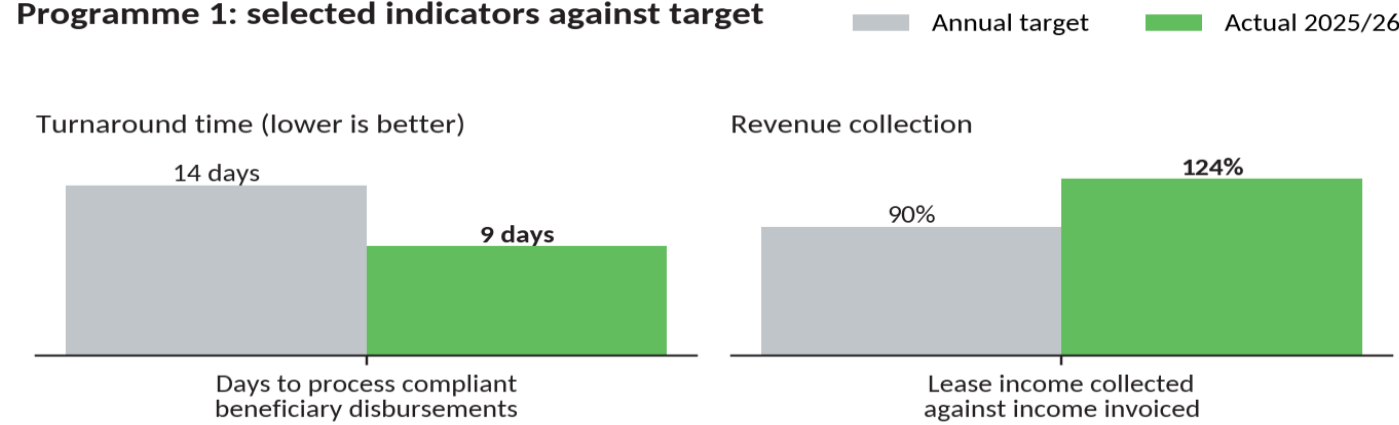
The purpose of this programme is to provide administrative support to the Board to execute and discharge its mandate.

Programme Structure

The administration programme comprises the following:

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

Programme 1: selected indicators against target



Source: Annual performance report 2025/26. The unqualified audit opinion and approved organogram targets were also achieved.



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

PROGRAMME 1 – ADMINISTRATION									
OUTCOME	OUTPUT	INDICATORS	ACTUAL ACHIEVEMENT			PLANNED TARGET 2025/26	ACTUAL ACHIEVEMENT 2025/26	DEVIATION FROM PLANNED TARGET	REASONS FOR DEVIATION
			2022/23	2023/24	2024/25				
Improved corporate governance and service excellence	Beneficiary disbursement requests processed within 14 days	Number of days taken to process compliant beneficiary disbursement requests from receipt to payment	New indicator	New indicator	8	14 days	9 days	+5 days	Sustained improvement is due to improved internal controls and monitoring as this is one of the core activities of the Trust.
	% of lease income collected against lease income invoiced	% of lease income collected against lease income invoiced	New indicator	New indicator	90%	90%	124%	+34%	The overachievement is due to increased collection efforts being implemented. This is particularly focused on two major debtors related to turnover, who had settled their prior year debts, accounting for a material portion of total receipts.
	Unqualified external audit opinion	Unqualified external audit opinion	New indicator	New indicator		Unqualified external audit opinion	Unqualified external audit opinion	N/A	
			New indicator	New indicator	Unqualified external audit	Approved Organogram	Approved Organogram	N/A	The target was due in Q3 but was achieved in Q4 due to filling of executive positions in Q3 (Head Corporate Services, CFO and Senior Legal Officer).



Programme 2: Land Management Services

Purpose of the Programme

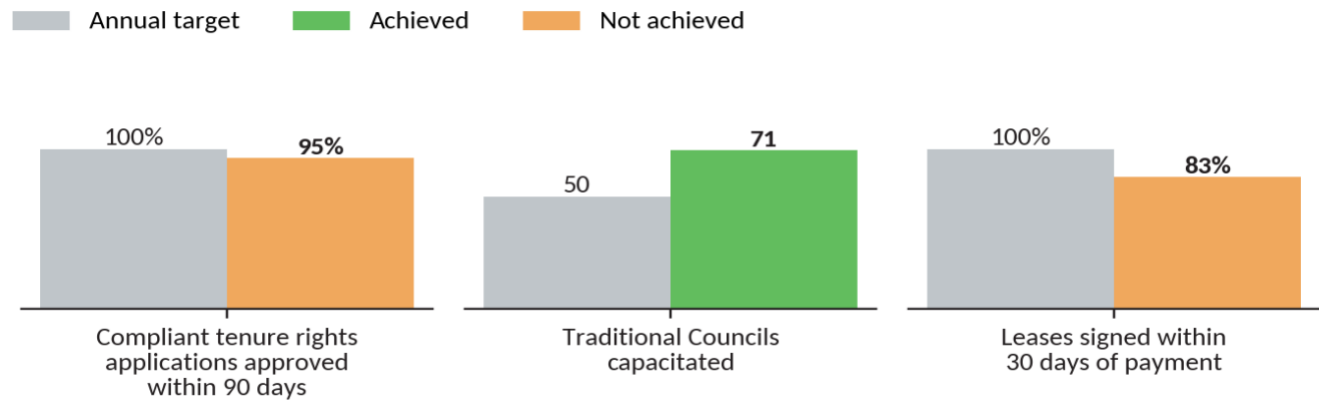
The purpose of this programme is to facilitate land and tenure management for the beneficiaries in order to secure their tenure and add value to their secured tenure.

Programme Structure

The programme comprises the following:

- Secured tenure rights on Ingonyama Trust land,
- Capacity building to traditional councils.

Programme 2: indicators against target



Source: Annual performance report 2025/26.



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

PROGRAMME 2 – LAND MANAGEMENT SERVICES									
OUTCOME	OUTPUT	INDICATORS	ACTUAL ACHIEVEMENT			PLANNED TARGET 2025/26	ACTUAL ACHIEVEMENT 2025/26	DEVIATION FROM PLANNED TARGET	REASONS FOR DEVIATION
			2022/23	2023/24	2024/25				
Improved security of tenure	Secured Tenure Rights on Ingonyama Trust land.	% of compliant tenure rights applications approved by the Tenure Committee within 90 days of submission by an applicant	New indicator	New indicator	51%	100%	95%	-5%	The non-achievement was caused by applications approved after 90 days owing to required on-site verifications and changes in policy requirements on the resubmission of ITB2 forms.
	Capacity building to Traditional Councils.	Number of Traditional Councils capacitated	New indicator	New indicator	27	50	71	+21	The overachievement resulted from clustering neighbouring Traditional Councils for capacitation.
	Secured Tenure Rights on Ingonyama Trust land.	% of signed leases within 30 days from approval by the Board	New indicator	New indicator	25%	100%	83%	-17%	The non-achievement was caused by a compromised server environment, which disrupted communication with stakeholders and introduced internal control measures



Programme 3: Community Development Support

Purpose of the programme

The purpose of this programme is to provide effective and impactful support for community development initiatives.

Programme Structure

Financial assistance provided to students



Source: Annual performance report 2025/26.

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

PROGRAMME 3 – COMMUNITY DEVELOPMENT SUPPORT									
OUTCOME	OUTPUT	INDICATORS	ACTUAL ACHIEVEMENT			PLANNED TARGET 2025/26	ACTUAL ACHIEVEMENT 2025/26	DEVIATION FROM PLANNED TARGET	REASONS FOR DEVIATION
			2022/23	2023/24	2024/25				
		Number of students receiving financial assistance from the Ingonyama Trust	New indicator	New indicator	New indicator	50	318	+268	A total of 300 learners were selected during the year under review to enrol in an 18-month skills programme on coding and robotics, exceeding the planned target.

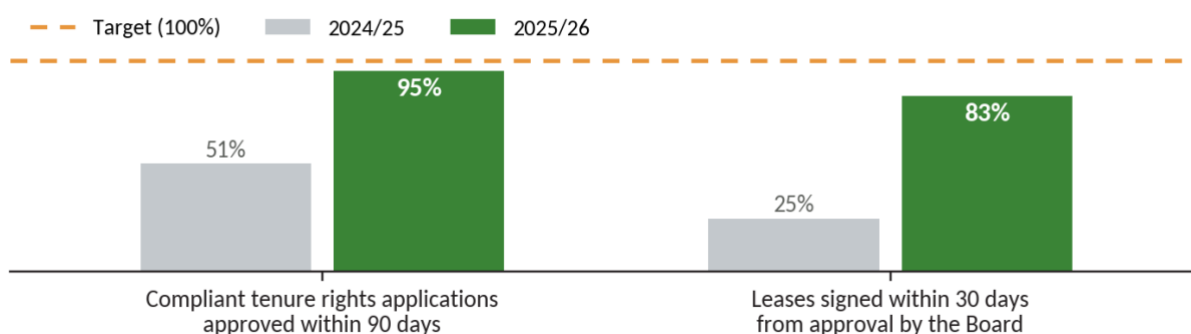
Strategy to Overcome Areas of Underperformance

The entity has identified the areas of underperformance and will implement targeted measures to improve performance and strengthen the achievement of predetermined targets in the subsequent reporting period.

For the approval of compliant tenure rights applications, where the entity achieved 95% of the annual target, management will strengthen the monitoring and tracking of applications throughout the assessment and approval process. The entity will enhance coordination between responsible officials and traditional councils, conduct regular reviews of outstanding applications, and implement targeted interventions to address applications that remain pending due to outstanding information or documentation. Progress against the indicator will be monitored through the entity's performance management and reporting processes to ensure that outstanding applications are addressed within the applicable timeframes.

For the signing of leases after payment by the lessee, where 83% of the annual target was achieved, the entity will strengthen the follow-up and monitoring of leases that remain unsigned after payment. This will include maintaining an updated tracking mechanism for paid leases, improving communication and follow-up, identifying and resolving administrative or documentation-related delays, and conducting regular reviews of outstanding leases. Management will also strengthen internal coordination to facilitate the timely finalisation and execution of lease agreements.

The two indicators below target improved sharply on 2024/25



Source: annual performance reports 2025/26 and 2024/25 (Programme 2: Land Management Services).

Linking Performance with Budgets

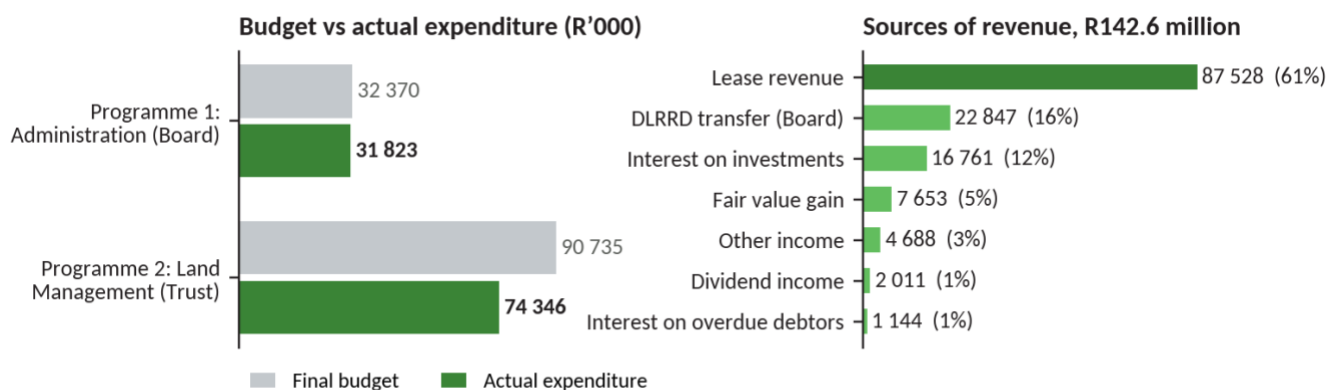
Programme/activity/ objective	2025/2026			2024/2025		
	Budget	Actual expenditure	(Over)/ under expenditure	Budget	Actual expenditure	(Over)/ under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Programme 1: Administration (Ingonyama Trust Board)	32 370	31 823	547	29 066	29 069	(3)
Programme 2: Land Management Services (Ingonyama Trust)	90 735	74 346	16 389	68 520	54 360	14 160
Total	123 105	106 169	16 936	97 586	83 429	14 157

Programme 1 is the expenditure of the Ingonyama Trust Board and Programme 2 that of the Ingonyama Trust, per their 2025/26 audited annual financial statements. Programme 2 includes the FR 10(2) contribution of R9.340 million (2024/25: R7.537 million) paid to the Board, which is also spent within Programme 1, and the R94 thousand loss on derecognition of assets. 2024/25 Trust expenditure is restated (Note 22) and excludes disbursements to beneficiaries, which are presented separately.

Revenue Collection

Sources of revenue	2025/2026			2024/2025		
	Estimate	Actual amount	Over/ (under) collection	Estimate	Actual amount	Over/ (under) collection
	R'000	R'000	R'000	R'000	R'000	R'000
Ingonyama Trust						
Lease revenue	81 879	87 528	5 649	116 069	121 472	5 403
Interest on bank and short-term investments	17 478	16 761	(717)	17 478	13 739	(3 739)
Dividend income	1 651	2 011	360	1 573	1 854	281
Interest on overdue debtors' accounts	951	1 144	193	951	856	(95)
Fair value gain on investment	-	7 653	7 653	-	5 572	5 572
Other income and gains	-	4 688	4 688	1 787	7 946	6 159
Subtotal: Ingonyama Trust	101 959	119 785	17 826	137 858	151 439	13 581
Ingonyama Trust Board						
Transfers – DLRRD	22 847	22 847	-	21 867	21 867	-
Transfers – FR 10(2)	9 340	7 685	(1 655)	7 537	7 537	-
Subtotal: Ingonyama Trust Board	32 187	30 532	(1 655)	29 404	29 404	-
Total	134 146	150 317	16 171	167 262	180 843	13 581

Ingonyama Trust amounts agree to its Statement of Comparison of Budget and Actual Amounts (2024/25 actuals restated, Note 22; 2024/25 other income includes the R719 thousand gain on disposal of assets). Ingonyama Trust Board amounts are the transfers received. The FR 10(2) transfer is funded from Ingonyama Trust revenue and is therefore shown in both entities.



Source: 2025/26 audited annual financial statements of the Ingonyama Trust and the Ingonyama Trust Board. Revenue excludes the R9.3 million FR 10(2) transfer from the Trust to the Board, to avoid double counting.



PART C

GOVERNANCE INFORMATION



Introduction

Corporate Governance in Public Entities

Corporate governance refers to the systems and processes through which public entities are directed, managed, and held accountable. Beyond the requirements set out in a public entity's own enabling legislation, its corporate governance is shaped by the principles of the Public Finance Management Act (PFMA), applied alongside the guidelines set out in the King V Report on Corporate Governance. Responsibility for corporate governance rests with Parliament, the Executive Authority, and the entity's Accounting Authority.

The Role of the PFMA

The PFMA establishes the legal framework for financial management in public entities, setting out duties around budgeting, expenditure control, supply chain management, and reporting. It designates an Accounting Authority (typically the board of a public entity) as the party responsible for ensuring effective, efficient, economical, and transparent use of resources, and for preventing irregular, fruitless, or wasteful expenditure. The Act also requires timely and accurate reporting to the Executive Authority and Parliament, reinforcing the accountability relationship between the entity and the state.

The Role of the King V Report on Corporate Governance

While the PFMA provides the legislative backbone, the King V Report on Corporate Governance supplies the broader principles that inform how governance should be practised in substance rather than just in form. These principles typically include ethical leadership, sustainability, stakeholder inclusivity, integrated reporting, and effective risk and performance management. Although the King V Report was developed primarily with private companies in mind, its principles are widely applied to public entities as a benchmark for good governance practice, often supplementing the more prescriptive, compliance-driven requirements of the PFMA.

Lines of Accountability

Governance responsibility flows through three levels:

- Parliament provides oversight at the highest level, holding the Executive Authority to account for the performance of public entities.
- The Executive Authority (usually the relevant Minister) is politically accountable for the entity and its alignment with government policy.
- The Accounting Authority (the board or equivalent governing body) carries day-to-day responsibility for the entity's governance, financial management, and performance, and reports upward to the Executive Authority.

Portfolio Committees

During the period under review, the Ingonyama Trust Board briefed the Portfolio Committee on the following occasions:

- 10 September 2025 — The Board reported to the Portfolio Committee on severing ties with Ingonyama Holdings (IH).
- 25 March 2026 — Scheduled briefing on the 3rd Quarter Report; this briefing was postponed following the Minister's announcement of the dissolution of the Board.
- 27 May 2026 — The Board briefed the Portfolio Committee on its 3rd and 4th Quarter performance.

Executive Authority

The Executive Authority of the Ingonyama Trust and its Board is the Minister responsible for Land Reform and Rural Development. The Executive Authority is politically accountable for the institution's alignment with government policy objectives and oversees the Board's performance in fulfilling its statutory mandate. This includes receiving and considering the Board's strategic plans, annual performance plans, and annual reports, and exercising the powers and duties assigned to an executive authority under the PFMA, such as approving the Board's strategic direction and intervening where governance or performance concerns arise.

The Accounting Authority / The Board

The Board serves as the accounting authority of the Ingonyama Trust, an organ of state. The Board itself is listed in Schedule 3 Part A of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA). As such, the Board constitutes the cornerstone for the application of sound corporate governance principles within the organisation. Its effectiveness and efficiency are critical determinants of the overall performance of the entity.

Role of the Board

The primary role of the Board is to provide strategic direction and oversight to the organisation. In this regard, the Board:

- Assumes full responsibility for the performance and governance of the Ingonyama Trust and the Ingonyama Trust Board;
- Exercises effective control over the entity, within the parameters set by applicable legislation;
- Ensures compliance with all relevant laws, regulations, and government policies, including adherence to section 51 of the PFMA;
- Maintains unrestricted access to all information required to discharge its responsibilities effectively;
- Formulates, monitors, and reviews corporate strategy, major plans of action, risk management policies, annual budgets, and business plans; and
- Identifies and manages potential conflicts of interest in line with established governance frameworks.

The Ingonyama Trust is an organ of state established in terms of section 2(1) of the KwaZulu-Natal Ingonyama Trust Act, 1994 (Act No. 3KZ of 1994). It is a corporate body with perpetual succession and the legal capacity to sue and be sued, subject to the provisions of the Act.

In terms of section 2A (2) of the Act, the Ingonyama Trust is administered by the Ingonyama Trust Board, which is established under section 2A (1). The administrative functions of the Trust are carried out by the Secretariat, established in terms of Regulation 5 of the KwaZulu-Natal Ingonyama Trust Act Administrative Regulations of 1998.

The Board's mandate is to administer the affairs of the Trust and its land for the benefit, material welfare, and social well-being of the members of the tribes and communities contemplated in the KwaZulu Amakhosi and Iziphakanyiswa Act, 1990 (Act No. 9 of 1990). In executing this mandate, the Board provides strategic leadership in the management of Trust land, oversees the operational performance of the organisation, and ensures that policy direction is aligned with the broader framework of communal land governance under the leadership of Amakhosi in the province.

Composition of the Board

The Ingonyama Trust Board is constituted in terms of section 2A (3) of the KwaZulu-Natal Ingonyama Trust Act, 1994, as amended. It comprises the Ingonyama or his nominee as Chairperson, and eight members appointed by the Minister responsible for land reform. Four members are appointed following consultation with the Ingonyama, the Premier, and the Chairperson of the House of Traditional Leaders, while a further four are appointed with due regard to regional representation. Members are selected based on relevant expertise and independence, and one member is designated by the Minister as Vice-Chairperson

Board and Committee Meeting Statistics

Board / Committee	No of meetings	No of Members	Name of Members
Board Meetings	22	7	His Majesty King Misuzulu kaZwelithini Adv. LC Zama Dr T Dlamini INKosi SN Mkhize INKosi PBN Molefe Ms N Zulu Mr DN Matamela
Tenure Committee	15	6	Adv. LC Zama Dr T Dlamini INKosi SN Mkhize INKosi PBN Molefe Ms N Zulu Mr DN Matamela
HR Committee	11	6	Adv. LC Zama Dr T Dlamini INKosi SN Mkhize INKosi PBN Molefe Ms N Zulu Mr DN Matamela
Audit Committee	8	3	Mr HB Mathibela INKosi SN Mkhize Adv. LC Zama
Finance Committee	13	3	INKosi SN Mkhize Mr DN Matamela Ms N Zulu
Bid Adjudication Committee	3	4	Mr DN Matamela INKosi PBN Molefe Dr T Dlamini Ms N Zulu



Composition of the Board During the Period Under Review

Name	Designation in terms of the Public Entity/ Board Structure	Date appointed	Date resigned	Qualification	Area of expertise	Board of directorships (list the entities)	Other committee or task teams (e.g. Audit Committee/ Ministerial task team)	No of Board meetings attended
His Majesty King Misuzulu kaZwelithini	Trustee/ Chairperson	14/02/2024	Active					0/22
Adv LC Zama	Vice-Chairperson	16/03/2023	Active	BA (UNIZUL); LLB (UKZN, formerly Natal University)	Public Administration; Commercial and Constitutional Law	KwaZulu-Natal Education Development Trust; Nandi Development (Pty) Ltd	Human Resource & Remuneration; Tenure Committee; Audit Committee; Scoping task team on legal matters	22/22
INKosi SN Mkhize	Member of the Board	16/03/2023	Active	BCom (Economics) (UKZN) Certificate in Public Policy (University of California, Berkeley)	Economics; Investment banking; Rural Development; Public Policy	Ithala SOC Limited NPC; Ithala Development Finance Corporation	FINCO; Audit & Risk Committee; Tenure Committee; Scoping task team on legal matters; HR Committee	22/22
INKosi PBN Molefe	Member of the Board	16/03/2023	Active	Marketing Management (Vryheid College); National Certificate, Good Governance and African Leadership (UKZN); National Certificate, Advanced Leadership and Good Government	Strategic Leadership and Governance; Traditional Leadership and Land Tenure; Rural Land Development	Ingonyama Trust Board	Tenure Committee; HR Committee; Bid Adjudication Committee	21/22

Composition of the Board During the Period Under Review

Name	Designation in terms of the Public Entity/ Board Structure	Date appointed	Date resigned	Qualification	Area of expertise	Board of directorships (list the entities)	Other committee or task teams (e.g. Audit Committee/ Ministerial task team)	No of Board meetings attended
Ms N Zulu	Member of the Board	21/05/2023	Active	Bachelor's degree in Social Sciences; Post Degree in Africa & International Trade	Property Practitioner	Department of Environment, Forestry and Fisheries (National)	FINCO; HR Committee; Mining Task Team; Bid Adjudication Committee; Tenure Committee	22/22
Mr DN Matamela	Member of the Board	29/11/2022	Resigned 28/02/2026	BAS (Architecture) Witwatersrand; Master's in Business Leadership (UNISA)	Property Development & Investment; Corporate Strategy; Social Housing Leadership; Housing Company Tshwane	South African Institute of Black Property Practitioners; Benmore Group	FINCO; HR Committee; Bid Adjudication Committee; Tenure Committee	19/22
Dr T Dlamini	Member of the Board	21/03/2023	Resigned 12/03/2026	PhD Administration (UKZN); MBA (Management College of SA); LLB (Unisa); PG Dip Management Studies (MCSA); Hons B.Ed (UNIZULU); B.Paed Commerce (UNIZULU)	Human Resource Management; Legal Advisory Services; Financial Management	Ingonyama Trust Board	Human Resource; Tenure Committee; Scoping task team on legal matters; Mining Task Team; Bid Adjudication Committee	20/22



Members of the Board



His Majesty the King Misuzulu
kaZwelithini (Chairperson)



Adv LC Zama
(Vice-
Chairperson)



Inkosi SN Mkhize (Member)



Inkosi PBN Molefe (Member)



Ms N Zulu (Member)



Mr DN Matamela (Member)



Dr T Dlamini (Member)



Remuneration of Board Members

The remuneration of members of the Ingonyama Trust Board is determined by the Executive Authority in alignment with applicable National Treasury guidelines. Board members are compensated through approved sitting fees for meetings attended, which are separate from reimbursement of travel and subsistence costs. In accordance with public sector prescripts, members in the employ of the State are not eligible to be remunerated for their service on the Board.

Name	Remuneration R'000	Other allowance R'000	Other re- imbursements R'000	Total R'000
His Majesty King Misuzulu kaZwelithini	-	-	-	-
Adv LC Zama	738	7	-	745
Dr T Dlamini	159	11	-	170
INkosi SN Mkhize	673	291	-	964
INkosi PBN Molefe	358	139	-	497
Ms N Zulu	473	50	-	523
Mr DN Matamela	234	7	-	241
Total	2 635	505	-	3 140

Risk Management

During the 2025/26 financial year, the Ingonyama Trust strengthened its risk management processes through the development and implementation of strategic and operational risk assessments.

The Acting Chief Executive Officer presented the 2025/26 Strategic Risk Register, which was considered and approved by the Board on 31 March 2026. The Strategic Risk Register identifies and assesses key risks that may affect the achievement of the organisation's strategic objectives and provides a basis for monitoring and implementing appropriate mitigation measures.

To strengthen risk management at operational level, management appointed Risk Champions across the organisation to facilitate risk assessments within their respective business units. The operational risk assessment process was subsequently undertaken across the organisation, resulting in the development of an Operational Risk Register.

The implementation of the Risk Champion approach is expected to support a more structured and proactive approach to identifying, assessing, monitoring and mitigating operational risks across the organisation.

Overall, the progress made during the year represents an important step towards strengthening the Trust's risk management framework and promoting greater accountability for risk management across business units.

Internal Audit

Section 51(1)(a)(ii) of the Public Finance Management Act (PFMA) requires entities to establish and maintain an internal audit function under the control and direction of an Audit Committee. This Committee must comply with and operate in accordance with the regulations and instructions prescribed in terms of sections 76 and 77 of the PFMA. Internal audit was outsourced during the period under review and was effective.

Project Audit Plan

The Internal Audit Action Plan focused on the following key projects:

- Risk-based Internal Audit Plan
- Internal Audit Charter (2025/26)
- Audit Committee Charter (2025/26)
- Lease Administration Review
- Communication Services Review
- Supply Chain Management (SCM) and Expenditure Management
- Information and Communication Technology
- Occupational Health and Safety (OHS) and Security Management
- Legal Services Review
- Governance Review
- Organisational Performance Management Review
- Quarterly reviews of financial and non-financial performance
- Annual Financial Statements and Annual Performance Report reviews

Audit Committee

The Audit Committee is established in accordance with the Public Finance Management Act (PFMA) and serves as an independent assurance and governance structure of the Board. The Committee provides oversight and advice to the Board and management on financial reporting, risk management, internal controls, audit, compliance, performance management and governance.

During the 2025/26 financial year, the Committee reviewed the Annual Financial Statements and Annual Report, including significant accounting and reporting matters and the results of the external audit. It monitored the effectiveness of internal controls and risk management processes, including key financial, fraud, compliance and ICT risks.

The Committee provided oversight of both Internal Audit and the Auditor-General of South Africa (AGSA), including audit plans, findings, recommendations and management's implementation of corrective actions. It also promoted coordination between Internal and External Audit through a combined assurance approach. In addition, the Committee reviewed performance management and compliance matters, ICT governance, and the adequacy of policies and procedures. It monitored significant audit findings, fraud and irregularities and encouraged appropriate corrective action.

Key Achievements

During the year, the Committee strengthened its oversight of audit, risk management, internal controls and governance. Key achievements included the review and monitoring of the 2025/26 audit strategy and audit processes, consideration of significant audit findings and management responses, and continued follow-up on the implementation of corrective actions.

The Committee also supported improved coordination between Internal Audit, management and AGSA, promoted effective risk and control management, and maintained oversight of financial reporting, compliance and performance matters. The Committee's engagements contributed to strengthening accountability, transparency and good governance within the entity.



Audit Committee Report

During the financial year ended 31 March 2026, the Audit Committee continued to fulfil its oversight responsibilities in respect of financial reporting, performance management, risk management, internal controls, compliance, Internal Audit and external audit.

The Committee reviewed the financial and non-financial performance reports, the 2025/26 Annual Financial Statements and the Annual Performance Report. It considered significant financial matters, budget variances, organisational performance and areas requiring management attention.

The Committee provided oversight of Internal Audit and the Auditor-General of South Africa (AGSA), including audit planning, audit strategies, audit findings, recommendations and management responses. It monitored the implementation of audit action plans and encouraged effective coordination between management, Internal Audit and AGSA.

The Committee reviewed the organisation's strategic risks and key control areas, including governance, financial management, lease administration, ICT, Supply Chain Management, legal matters and occupational health and safety. Recommendations were made to strengthen policies, internal controls, risk mitigation and governance processes.

Key achievements included the review and recommendation of the 2025/26 Annual Financial Statements and Annual Performance Report to the Board, oversight of the external audit process, monitoring of audit findings and corrective actions, and continued strengthening of financial governance, risk management and internal controls. The Committee also considered investment and treasury management, FICA compliance and the development of an Investment Policy, while supporting improved financial management and accountability.

Overall, the Audit Committee remained committed to supporting the Board in promoting accountability, transparency, sound financial management, effective risk management, strong internal controls and good governance within the entity.

Audit Committee Responsibility

The Audit Committee provides independent oversight of the Trust's internal audit, external audit, financial controls, risk management and governance processes. Its responsibilities include reviewing and approving the three-year Strategic Audit Plan, annual Internal Audit Plan and Internal Audit Charter, and assessing the independence, objectivity, competency and effectiveness of the Internal Audit function.

The Committee monitors the effectiveness of internal and external audits, reviews audit findings and management responses, and follows up on the implementation of recommendations. It also assesses the adequacy of the entity's financial and internal control systems and considers significant accounting, financial reporting and regulatory matters.

The Committee provides oversight of fraud, corruption, irregularities, ethical conduct and potential conflicts of interest, and may request management to provide information or progress reports on audit-related matters. Where necessary, it may initiate or direct special investigations relating to matters within its mandate.

The Committee reports its activities, findings and recommendations to the Board and ensures that significant audit matters and resolutions are communicated accordingly. It also prepares an annual report on the work performed and the extent to which it has fulfilled its responsibilities.

Attendance of Audit Committee Meetings

The Audit Committee comprises three members. The audit charter requires the Audit Committee to meet at least four times a year. Eight meetings were held during the current year, and the attendance was as follows:

Name	No of meetings attended	Date appointed	Date resigned/ Date of term ended	Constituency
Mr EN Sithole	5	01/04/2022	30/09/2025	Former Chairperson
Mr HB Mathibela	3	01/10/2025	N/A	Current Chairperson
INkosi SN Mkhize	8	10/07/2023	N/A	Member
Adv LC Zama	8	10/07/2023	N/A	Member

The Effectiveness of Internal Control

The Audit Committee considered the results of Internal Audit reviews conducted during the 2025/26 financial year to assess the effectiveness of the organisation's internal control environment. Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the Ingonyama Trust, revealed certain weaknesses, which were then raised with management.

The following internal audit work was completed during the year under review:

- Lease Administration Review
- Communication Services Review
- Supply Chain Management (SCM) and Expenditure Management
- Information and Communication Technology
- Occupational Health and Safety (OHS) and Security Management
- Legal Services Review
- Governance Review
- Organisational Performance Management Review
- Quarterly reviews of financial and non-financial performance
- Annual Financial Statements and Annual Performance Report reviews

Overall, the Internal Audit reviews found a combination of effective controls and areas where controls require strengthening. Several controls were assessed as satisfactory or as representing good practice, while improvements were recommended in certain areas, particularly governance, legal services, lease administration, ICT governance and disaster recovery, and communication services. The results are summarised below:

Focus area	Overall conclusion on internal controls	Key areas for improvement
Lease Administration Review	Improvement Opportunity	<ul style="list-style-type: none"> • Lease administration procedures should be formally documented and approved to clarify roles and accountability. • Consistent application of approved policies and standard procedures will improve the efficiency of lease processing. • Periodic verification of leased extents and land use is recommended to confirm compliance with lease terms and protect lease revenue. • The lease register should be updated regularly so that records remain complete and accurate.





Focus area	Overall conclusion on internal controls	Key areas for improvement
Supply Chain Management and Expenditure Management	Satisfactory	<ul style="list-style-type: none">• Documentation and approval of procurement deviations should be strengthened to prevent irregular expenditure.• Expenditure classification should be reviewed regularly for alignment with GRAP and SCOA, supporting reliable budgeting and monitoring.• Invoice-processing controls should be reinforced to guard against duplicate or erroneous payments.• Complete procurement records should be retained to provide a clear audit trail.
Communication Services Review	Improvement Opportunity	<ul style="list-style-type: none">• A formal framework for approving and releasing official communication will support consistent and accurate messaging.• Available communication platforms can be used more effectively to engage communities and key stakeholders.• Stakeholder awareness of the Board’s mandate, activities and decisions should be enhanced.• Protocols on who may speak on behalf of the Board should be clarified to prevent unauthorised statements.

Focus area	Overall conclusion on internal controls	Key areas for improvement
Information and Communication Technology	Satisfactory	<ul style="list-style-type: none"> • Certain security controls should be updated to keep pace with evolving cybersecurity threats. • User and system management practices should be standardised and applied consistently. • An approved and tested ICT continuity and disaster recovery plan is needed to protect data and restore critical services promptly. • ICT planning should be aligned more closely with organisational goals and the land administration mandate to support digital transformation. • ICT functions are concentrated in one official; compensating controls and segregation of duties should be introduced as capacity allows. • Compliance with POPIA and PAIA, including publication of the PAIA manual, should be finalised.
Governance Review	Unsatisfactory	<ul style="list-style-type: none"> • Governance practices should be aligned more fully with the King Report on Corporate Governance. • An approved Board Charter is required to set out the roles and responsibilities of Board members. • Risk management should be fully embedded so that strategic, financial and operational risks are identified, monitored and reported to the Board. • An up-to-date risk profile will also support a risk-based internal audit plan. • Board appointment processes should be fully documented to support the validity of Board decisions and protect the institution's reputation.



Focus area	Overall conclusion on internal controls	Key areas for improvement
Occupational Health and Safety (OHS) and Security Management	Improvement Opportunity	<ul style="list-style-type: none"> OHS compliance requirements, including incident reporting and follow-up, should be fully implemented. Emergency preparedness and hazard-response procedures should be strengthened to promote a strong safety culture. Access control and security screening at the premises should be enhanced. OHS practices should be applied consistently across the organisation.
Legal Services Review	Unsatisfactory	<ul style="list-style-type: none"> Defined processes and clear responsibilities for managing legal matters should be established. The litigation register should be kept complete and current to support accurate disclosure of contingent liabilities. Management reporting on legal risks and financial exposure should be enhanced. Filing, access control and back-up arrangements for legal records should be strengthened.
Organisational Performance Management Review	Improvement Opportunity	<ul style="list-style-type: none"> Strategic and operational planning documents should be aligned more closely. Monitoring, evaluation and reporting processes should be strengthened to track progress against strategic outcomes. Verification of reported performance should be applied consistently, in line with approved technical indicator descriptions.

Overall conclusions of the eight internal audit reviews, 2025/26

Satisfactory 2 reviews	Improvement opportunity 4 reviews	Unsatisfactory 2 reviews
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Based on the Internal Audit work performed and the reports considered during the year, the control environment requires further strengthening in specific areas that need sustained management attention. Management has developed action plans to strengthen the design, implementation and monitoring of internal controls, particularly in governance, lease administration, ICT governance and business continuity, communication services, OHS, legal services and organisational performance management.

The Audit Committee will continue to monitor the implementation of management action plans and the resolution of outstanding Internal Audit findings to support the strengthening of the organisation's internal control environment, governance, risk management and compliance framework.

In-Year Management and Monthly/Quarterly Report

The public entity has submitted monthly and quarterly reports to the Executive Authority. The Internal Audit function performed reviews on all Quarterly Financial and Non-financial reports prior to submission to the Accounting Authority and the Executive Authority.

Evaluation of the Annual Financial Statements and Annual Performance Report

The Committee reviewed the annual financial statements prior to submission to the Auditor-General of South Africa and recommended their approval by the Board. The annual performance report was reviewed by Internal Audit and the Audit Committee and recommended to the Board for approval.

External Audit

The Committee considered the audit plan and audit findings presented by the Auditor-General of South Africa (AGSA). The Committee reviewed the Auditor-General's management report and monitored management's implementation of corrective actions in response to audit findings.

The Committee concurs with and accepts the conclusions of the AGSA on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the auditor.

Compliance with Laws and Regulations

The Committee monitored compliance with applicable legislation, regulations, policies, and governance requirements. Reports on compliance matters were considered throughout the year, and management was requested to address identified instances of non-compliance.

Conclusion

The Audit Committee is of the opinion that it has fulfilled its statutory responsibilities in accordance with the PFMA and its approved Charter. Based on the information available to the Committee there is room for improvement in the governance, risk management, and internal control processes implemented by the Ingonyama Trust to support the achievement of its strategic objectives.

Mr Herbert Bongani Mathibela
Chairperson of the Audit Committee: Ingonyama Trust
29 September 2026



PART D

HUMAN RESOURCES INFORMATION



Human Resources Overview

During the 2025/26 financial year, the organisation continued to strengthen its human capital capacity in support of its statutory mandate, strategic objectives and governance responsibilities. Human Resources activities focused on implementing the approved organisational structure, migrating employees into the new structure, strengthening management capacity, improving employee benefits and wellness, enhancing performance management, and reviewing HR policies and governance frameworks.

A significant milestone during the reporting period was the successful migration of employees into the approved organisational structure. The migration provided greater clarity regarding organisational roles, reporting lines, job responsibilities and staffing requirements, while also supporting the identification of critical vacancies and capacity gaps.

The organisation also strengthened its management capacity through the appointment of three executive and senior management employees during the reporting period. These appointments contributed to increased leadership capacity and strengthened oversight within key areas of the organisation.

The HR Committee continued to provide strategic oversight on human resources matters, including organisational structure, recruitment, employee benefits, performance management, policy development and employee wellness. HR processes continued to be implemented with emphasis on fairness, transparency, consistency and alignment with approved organisational frameworks and applicable legislative requirements.

HR Priorities and Impact

The key HR priorities for the 2025/26 financial year were centred on strengthening organisational capacity, improving employee engagement and ensuring that HR systems and processes supported the organisation's strategic objectives.

The key priorities included:

- Implementation of the approved organisational structure;
- Migration of employees into the approved structure;
- Identification and prioritisation of critical vacancies;
- Recruitment and appointment of senior management and other critical positions;
- Strengthening performance management;
- Enhancing employee benefits awareness;
- Promoting employee wellness and engagement;
- Reviewing and strengthening HR policies and governance frameworks; and
- Supporting employee development and skills enhancement.

The implementation of these priorities contributed to greater organisational clarity, strengthened management capacity and a more structured approach to workforce planning and employee development.

Workforce Planning and Recruitment

Workforce planning during the reporting period was guided by the approved organisational structure and informed by operational requirements, critical skills needs and available financial resources.

A key achievement was the migration of employees into the approved organisational structure. This process aligned employees with approved positions and reporting structures and assisted the organisation in identifying areas where additional capacity was required. It also provided a basis for addressing historical organisational matters relating to role alignment, grading, reporting lines and staffing capacity.



Following implementation of the structure, critical vacancies were identified and prioritised for phased recruitment, taking into consideration operational requirements and affordability.

During the reporting period, three senior management employees were appointed, strengthening leadership and management capacity across the organisation.

Recruitment processes continued to be conducted through approved recruitment procedures, including the advertisement of positions, competency-based shortlisting and structured selection processes. These processes were aimed at promoting fairness, transparency and consistency in appointments.

Performance Management

Performance management remained an important component of the organisation's HR governance framework during the reporting period. A key achievement was the signing of employee performance agreements, providing a formal basis for aligning employee responsibilities and performance expectations with organisational objectives. The implementation of performance agreements strengthened accountability by providing employees and supervisors with clear performance expectations and a basis for monitoring performance throughout the financial year.

Performance management also supports the identification of employee development needs and assists the organisation in aligning individual performance with strategic and operational priorities.

Going forward, the organisation will continue to strengthen the monitoring and review of performance agreements and improve the integration between performance management, learning and development, career progression and organisational performance.

Policy Development

During the reporting period, the organisation continued to review and strengthen HR-related policies, procedures and governance instruments.

The policy review process was aimed at ensuring that HR policies remained relevant to the organisation's operating environment and supported consistent and transparent HR practices.

Key areas of focus included:

- Improving HR administrative processes;
- Aligning HR practices with the approved organisational structure; and
- Strengthening governance, accountability and oversight of HR matters.

The policy development process continued to focus on reducing operational risk, improving clarity and supporting consistent implementation of HR practices.

Employee Development and Staff Bursary

Employee development remained an important component of the organisation's human capital strategy. The organisation continued to support employees through the Staff Bursary Programme, which assists eligible employees with their studies and contributes towards the development of organisational skills and capabilities. The programme supports the organisation's broader objective of developing employees and addressing skills requirements through continuous learning and development.

Key Achievements

The following were among the key HR achievements during the 2025/26 financial year:

- Successful migration of employees into the approved organisational structure;
- Appointment of three senior management employees, strengthening organisational leadership and management capacity;
- Identification and prioritisation of critical vacancies for phased recruitment;
- Implementation of employee performance agreements, strengthening performance accountability and alignment with organisational objectives;
- Implementation of Medical Aid Awareness initiatives;
- Implementation of Provident Fund Awareness initiatives to improve employee understanding of retirement benefits;
- Implementation of Women's Day employee wellness and empowerment programmes;
- Implementation of a team-building initiative to strengthen employee collaboration and workplace relationships;
- Hosting of the year-end function to promote employee engagement and workplace cohesion; and
- Continued implementation of the Staff Bursary Programme to support employee learning and development.

Challenges

Despite the progress achieved during the reporting period, the organisation continued to experience several HR-related challenges.

These included:

- Vacancies in critical positions;
- Capacity constraints in certain specialist areas;
- Historical grading and role-alignment matters;
- Limited financial resources available for full organisational capacitation;
- Challenges relating to career progression and employee expectations;
- The need to strengthen succession planning and internal talent development; and
- The need to continuously improve HR systems, processes and workforce planning.

Balancing the need to attract and retain suitably qualified employees with financial affordability remained an important consideration. The organisation therefore continued to adopt a phased approach to recruitment and workforce capacitation, prioritising critical positions according to organisational needs and available resources.

Future HR Focus

In the forthcoming financial period, the organisation will build on the progress achieved during the year under review by deepening the implementation of the approved organisational structure and further embedding standardised roles, systems and processes.



The key areas of focus will include:

- Refining organisational design and strengthening operational efficiency through targeted restructuring where required;
- Improving vacancy management and prioritising the timely filling of critical positions;
- Strengthening proactive workforce planning;
- Developing and implementing succession management initiatives;
- Expanding skills development and employee learning opportunities;
- Continuing to promote employee wellness and engagement;
- Strengthening performance management and its integration with employee development and organisational performance;
- Continuing the review and enhancement of HR policies and governance frameworks; and
- Strengthening HR systems, processes and reporting to support improved decision-making and accountability.

These efforts will be underpinned by strengthened governance, continuous improvement of HR frameworks and a commitment to developing a high-performing and resilient workforce aligned to the organisation's strategic objectives.

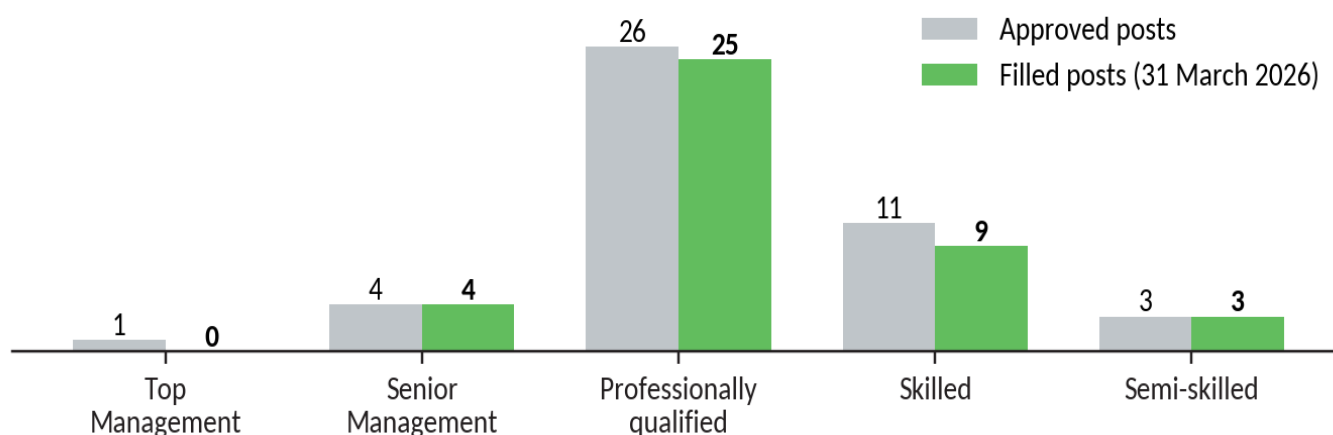


Personnel Cost by Programme / Activity / Objective

Programme/activity/ objective	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel expenditure at % of total expenditure (R'000)	No of employees	Average personnel cost per employee (R'000)
Programme 1	31 823	18 990	59,67%	23	826
Programme 2	74 346	13 350	17,96%	19	703
Total	106 169	32 340	30,46%	42	770

Staff establishment by occupational band

45 approved posts, 41 filled, 4 vacant (vacancy rate 9%)



Source: Human resource statistics, employment and vacancies (Part D).

Employment and Vacancies

Programme/activity/ objective	2024/2025 No. of Employees	2025/2026 Approved Posts	2025/2026 No. of Employees	2025/2026 Vacancies	% of vacancies
Employees	44	45	41	4	9%

	2024/2025 No. of Employees	2025/2026 Approved Posts	2025/2026 No. of Employees	2025/2026 Vacancies	% of vacancies
Top Management	1	1	0	1	2%
Senior Management	3	4	4	0	0%
Professional qualified	12	26	25	1	2%
Skilled	20	11	9	2	4%
Semi-skilled	6	3	3	0	0%
Total	42	45	41	4	9%

Employment Changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	1	0	1	0
Senior Management	2	3	1	4
Professional qualified	12	0	1	25
Skilled	20	0	1	9
Semi-skilled	6	0	0	3
Total	42	3	4	41

Reasons for Staff Leaving

Reason	Number	% of total staff
Death	0	0%
Resignation	1	2%
Dismissal	1	2%
Retirement	1	2%
Ill health	0	0%
Expiry of contract	1	2%
Other	0	0%
TOTAL	4	8%



PART E

PFMA

COMPLIANCE



Irregular, Fruitless and Wasteful Expenditure and Material Losses

Irregular Expenditure

Reconciliation of Irregular Expenditure

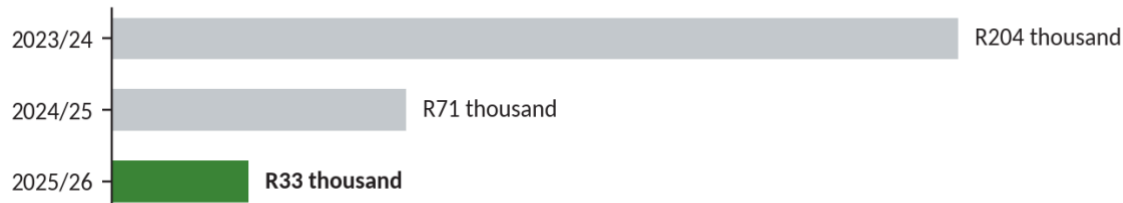
Description	2025/2026 R'000	2024/2025 R'000
Opening balance	18 942	18 871
Adjustment to opening balance	-	-
Opening balance as restated	18 942	18 871
Add: Irregular expenditure confirmed	33	71
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recoverable and written off	-	-
Closing balance	18 975	18 942

Irregular expenditure amounting to R33 thousand in the current year relates to requests for quotation advertised for fewer than the four working days required by the SCM policy.

Reconciling Notes

Description	2025/2026 R'000	2024/2025 R'000
Irregular expenditure that was under assessment	18 942	18 871
Irregular expenditure that relates to the prior year and identified in the current year	-	-
Irregular expenditure for the current year	33	71
Total	18 975	18 942

Irregular expenditure incurred by the Board: down 84% in two years





Fruitless and Wasteful Expenditure

Reconciliation of Fruitless and Wasteful Expenditure

Description	2025/2026 R'000	2024/2025 R'000
Opening balance	253	245
Adjustment to opening balance	-	-
Opening balance as restated	253	245
Add: Fruitless and wasteful expenditure confirmed	72	8
Less: Fruitless and wasteful expenditure recoverable	-	-
Less: Fruitless and wasteful expenditure not recoverable and written off	-	-
Closing balance	325	253

Fruitless and wasteful expenditure of R72 thousand incurred and confirmed in the current year arose from the following:

- Accommodation no-shows R6 thousand
- SARS interest paid R66 thousand

Reconciling Notes

Description	2025/2026 R'000	2024/2025 R'000
Fruitless and wasteful expenditure that was under assessment	253	245
Fruitless and wasteful expenditure that relates to the prior year and identified in the current year	-	-
Fruitless and wasteful expenditure for the current year	72	8
Total	325	253

Details of fruitless and wasteful expenditure (under assessment, determination, and investigation)

Description	2025/2026 R'000	2024/2025 R'000
Fruitless and wasteful expenditure under assessment	-	253
Fruitless and wasteful expenditure under determination	-	-
Fruitless and wasteful expenditure under investigation	325	-
Total	325	253



PART F

INGONYAMA TRUST BOARD

**ANNUAL FINANCIAL
STATEMENTS**





General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Land administration
Board members	His Majesty the King Misuzulu kaZwelithini (Chairperson) Adv. L.C. Zama (Vice-Chairperson) INkosi P.B.N. Molefe INkosi S.N. Mkhize *Mr. D.N. Matamela Ms. N. Zulu *Dr. T. Dlamini

* Mr. D.N. Matamela and, Dr. T. Dlamini resigned on the 28 February and 12 March 2026 respectively.

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

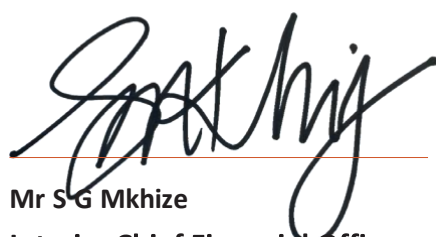


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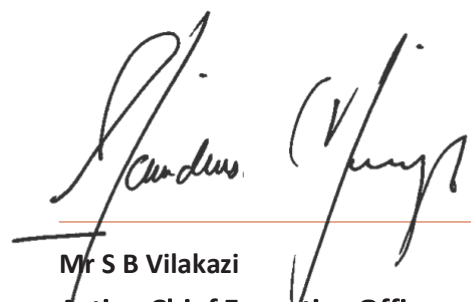
The reports and statements set out below comprise the audited Annual Financial Statements presented to the parliament:

	Page
Accounting Authority's Responsibilities and Approval	61
Report of the Auditor-General to Parliament on Ingonyama Trust Board	62 - 68
Statement of Financial Position as at 31 March 2026	69
Statement of Financial Performance	70
Statement of Changes in Net Assets	71
Cash Flow Statement	72
Statement of Comparison of Budget and Actual Amounts	73
Accounting Policies	74 - 89
Notes to the Audited Annual Financial Statements	90 - 105

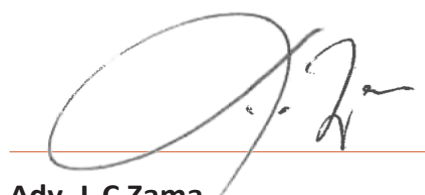
The audited Annual Financial Statements set out on pages 72 to 110, which have been prepared on the going concern basis, were approved by the Accounting Authority on 28 May 2026 and were signed on its behalf by:



Mr S G Mkhize
Interim Chief Financial Officer
Date : 28 May 2026



Mr S B Vilakazi
Acting Chief Executive Officer
Date : 28 May 2026



Adv. L C Zama
Vice-chairperson
Date : 28 May 2026

Accounting Authority's Responsibilities and Approval

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

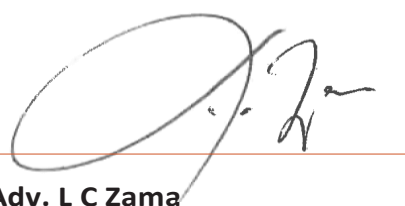
The audited annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the board 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 is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The members are of the opinion, based on the information and explanations given by management, that the system of internal control 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 or deficit.

The members have reviewed the entity's budget for the year to 31 March 2027 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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



Adv. L C Zama
Vice-chairperson
Date : 30 July 2026

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 Ingonyama Trust Board (the entity) as set out on pages 74 to 110, which comprise the statement of financial position as at 31 March 2026, 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 Ingonyama Trust Board as at 31 March 2026 and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) as issued by the Accounting Standards Board of South Africa and the requirements of the Public Finance Management Act 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 matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
7. As disclosed in Note 16 to the financial statements, the corresponding figures for 31 March 2025 were restated as a result of errors in the financial statements of the entity at, and for the year ended 31 March 2026.

Responsibilities of the Accounting Authority for the financial statements

8. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) as issued by the Accounting Standards Board of South Africa and the requirements of the Public Finance Management Act 1 of 1999 (PFMA); and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

9. 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

10. 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.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located on page 69, forms part of my auditor's report.

Report on the annual performance report

12. In accordance with the Public Audit Act 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.
13. I selected the following material performance indicators related to Programme 2: Land Management presented in the annual performance report for the year ended 31 March 2026. I selected those indicators that measure the entity's performance on its primary mandated functions and that are of significant national, community or public interest.
- % of compliant land tenure rights applications approved by the Board within 90 days of confirmation of land information
 - % of signed leases within 30 days of payment by the lessee
14. 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.

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

15. 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
- all the indicators relevant for measuring the entity's performance against its primary mandated and prioritised functions and planned objectives are included
- 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 is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets

16. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

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

Other matter

18. I draw attention to the matter below.

Achievement of planned targets

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

20. The table that follows provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 25 to 34.

Programme 2: Land Management

Targets achieved: 33%

Key indicator not achieved	Planned target	Reported achievement
% of compliant land tenure rights applications approved by the Board within 90 days of confirmation of land information	100%	95%
% of signed leases within 30 days of payment by lessee	100%	83%

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

Report on compliance with legislation

21. 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.
22. 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.
23. 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.
24. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Consequence management

25. 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.
26. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure as required by section 51(1)(e)(iii) of the PFMA. This was because investigations into fruitless and wasteful expenditure were not performed.

Expenditure management

27. Effective and appropriate steps were not taken to prevent irregular expenditure as disclosed in note 19 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 not obtaining at least three written price quotations.
28. Effective and appropriate steps were not taken to prevent fruitless and wasteful expenditure as disclosed in note 19 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the fruitless and wasteful expenditure was caused by missed accommodation and SARS interest.

Other information in the annual report

29. The accounting authority is responsible for the other information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected material performance indicators presented in the annual performance report that have been specifically reported on in this auditor's report.

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

30. My opinion on the financial statements and my reports on the audit of the annual performance report and 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.
31. 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 performance indicators presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
32. 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

33. 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.
34. 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.
35. The accounting authority did not set the tone at the top and drive a culture of full accountability and commitment to effective oversight on compliance due to the lack of investigations into prior years irregular, fruitless and wasteful expenditure as well as the non-prevention of repeat instances of irregular, fruitless and wasteful expenditure in the current year.

AUDITOR - GENERAL



AUDITOR - GENERAL
SOUTH AFRICA

Pietermaritzburg

30 July 2026

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the entity's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report,

I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause an entity to cease operating as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation - selected legislative requirements

The selected legislative requirements are as follows:

#	Legislation	Sections or regulations
1	Public Finance Management Act 1 of 1999	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56; 57(b); 66(3)(c); 66(5)
2	Treasury Regulations, 2005	Regulation 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a); 16A6.2(b); 16A6.3(a); 16A6.3(b); 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A.7.1; 16A.7.3; 16A8.3; 16A8.4; 16A9.1(b)(ii); 16A9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2; 16A9.2(a)(ii); 30.1.1; 31.1.2(c); 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; 31.2.5; 31.2.7(a); 31.3.3; 32.1.1(a); 32.1.1(b); 32.1.1(c); 33.1.1; 33.1.3
3	Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A); 25(9)(a); 25(10)
4	National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
5	National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2(b); 4.3; 4.4(a); 4.17; 7.2; 7.6
6	National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
7	National Treasury Practice Note 5 of 2009/10	Paragraph 3.3
8	National Treasury Practice Note 7 of 2009/10	Paragraph 4.1.2
9	Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2(1)(a); 2(1)(b); 2.1(f)
10	Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
11	Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

Statement of Financial Position as at 31 March 2026

Figures in Rand Thousand		2026	2025
	Note(s)	'000	Restated* '000
Receivables from exchange transactions	6	1 302	31
Cash and cash equivalents	7	979	1 602
		2 281	1 633
Non-Current Assets			
Property, plant and equipment	4	-	25
Total Assets		2 281	1 658
Liabilities			
Current Liabilities			
Payables from exchange transactions	5	1 609	1 479
Total Liabilities		1 609	1 479
Net Assets		672	179
Accumulated surplus/ (deficit)		672	179
Total Net Assets		672	179

Audited Annual Financial Statements for the year ended 31 March 2026

PART F: INGONYAMA TRUST BOARD - ANNUAL FINANCIAL STATEMENTS

Statement of Financial Performance

Figures in Rand Thousand		2026	2025
	Note(s)	'000	Restated* '000
Revenue			
Revenue from exchange transactions			
Transfer funds received - Ingonyama trust financial regulation 10(2)		9 340	7 537
Interest received		<u>131</u>	<u>131</u>
Total revenue from exchange transactions		<u>9 471</u>	<u>7 668</u>
Revenue from non-exchange transactions			
Transfer revenue			
Transfer funds received - DLRRD	8	<u>22 847</u>	<u>21 867</u>
Total revenue		<u>32 318</u>	<u>29 535</u>
Expenditure			
Employee related costs	10	(18 990)	(17 388)
Depreciation	11	(7)	(13)
Loss on Derecognition of assets	9	(18)	-
General expenses	13	<u>(12 808)</u>	<u>(11 668)</u>
Total expenditure		<u>(31 823)</u>	<u>(29 069)</u>
Surplus for the year		<u>495</u>	<u>466</u>

Statement of Changes in Net Assets

	Note(s)	Accumulated surplus/ (deficit) ‘000	Total net assets ‘000
Balance at 01 April 2024		(287)	(287)
Changes in net assets			
Prior Period Adjustment		96	96
Prior period error effect on retained Income		96	96
Surplus for the year as previously reported		<u>370</u>	<u>370</u>
Re - stated surplus for the year		<u>466</u>	<u>466</u>
Total changes		466	466
Restated* Balance at 01 April 2025		177	177
Changes in net assets			
Surplus for the year		<u>495</u>	<u>495</u>
Total changes		495	495
Balance at 31 March 2026		<u>672</u>	<u>672</u>

* See Note 2 & 16

Audited Annual Financial Statements for the year ended 31 March 2026

PART F: INGONYAMA TRUST BOARD - ANNUAL FINANCIAL STATEMENTS

Cash Flow Statement

		2026	2025
			Restated*
	Note(s)	'000	'000
Cash flows from operating activities			
Receipts			
Transfer payment - DLRRD		22 847	21 867
Transfers - Ingonyama Trust		7 685	7 537
Interest income		131	131
Other receipts		10	13
		<u>30 673</u>	<u>29 548</u>
Payments			
Employee costs		(18 104)	(18 991)
Other payments		(13 192)	(11 731)
		<u>(31 296)</u>	<u>(30 722)</u>
Net cash flows from operating activities	14	<u>(623)</u>	<u>(1 174)</u>
Cash flows from investing activities			
Net increase/(decrease) in cash and cash equivalents		(623)	(1 174)
Cash and cash equivalents at the beginning of the year		<u>1 602</u>	<u>2 776</u>
Cash and cash equivalents at the end of the year	7	<u>979</u>	<u>1 602</u>

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	'000	'000	'000	'000	'000	
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Transfer funds received - Ingonyama Trust Financial Regulation 10(2)	9 340	-	9 340	9 340	-	
Interest received - Bank	183	-	183	131	(52)	BC1
Total revenue from exchange transactions	9 523	-	9 523	9 471	(52)	
Revenue from non-exchange transactions						
Transfer revenue						
Transfer payment received - Department of Land Reform and Rural Development	22 847	-	22 847	22 847	-	
Total revenue	32 370	-	32 370	32 318	(52)	
Expenditure						
Employee costs	(20 022)	-	(20 022)	(18 990)	1 032	BC2
Depreciation	-	-	-	(7)	(7)	
General expenses	(12 348)	-	(12 348)	(12 808)	(460)	BC3
Total expenditure	(32 370)	-	(32 370)	(31 805)	565	
Operating surplus	-	-	-	513	513	
Loss on disposal of assets	-	-	-	(18)	(18)	
Surplus before taxation	-	-	-	495	495	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	495	495	



Accounting Policies

	Note(s)	2026 '000	2025 '000
1. Significant accounting policies			
The principal Accounting Policies applied in the preparation of these audited Annual Financial Statements are set out below.			
1.1. Basis of preparation			
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).			
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.			
1.2 Presentation currency			
These audited Annual Financial Statements are presented in South African Rand, which is the functional currency of the entity.			
1.3 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. In assessing the appropriateness of the going concern assumption, management considered the entity's approved budgeted for the 2026/2027 financial year, which was approved by the Board before 31 March 2026.			
The approved budget reflects continued operational funding, including both transfer payments and Trust contributions, sufficient to cover anticipated expenditure. This budget forms the basis of management's assessment that the entity will continue its operations in the ordinary course and be able to meet its obligations as they fall due. No material uncertainties that cast significant doubt on the entity's ability to continue as a going concern have been identified at the reporting date.			
1.4 Materiality			
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.			

Accounting Policies

1.4 Materiality (continued)

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

Where material accounting errors which relate to prior year have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparative are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as practicable and the prior year comparative are restated accordingly.

1.5 Significant judgements and sources of estimation uncertainty

In preparing the audited Annual Financial Statements, management is required to make estimates and assumptions that affect the amounts represented in the audited Annual Financial Statements and related disclosures. Use of available information and the application of 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 judgements 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.

Functional reallocation of expenses between the trust and the board

During the current and preceding reporting periods, the Ingonyama Trust Board undertook a phased reallocation of certain expenses between the Board and the Ingonyama Trust. This reallocation was the result of a governance-led review of the functional responsibilities and operational alignment of the two entities.

Historically, the majority of expenses were allocated to the Board, in line with a governance approach adopted by the previous Board which was to align reported expenses with appropriated funds. It was not the result of an omission, misstatement, or misuse of information as contemplated under the definition of a prior period error in GRAP 3.

Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Upon reassessment in the 2021/2022 financial year and beyond, the current Board initiated a process to align expenditure attribution more accurately to functional benefit and control. This resulted in the reallocation of certain expenses, including but not limited to property rates, security and cleaning expenses, and employee-related costs, particularly within the Land Management Services (LMS) unit, to the Ingonyama Trust.

The reallocation has been applied prospectively from 2021. The nature, timing, and monetary measurement of the expenses have not changed; only the attribution between the two entities has been revised to reflect evolving functional responsibilities and improve the alignment between income and expenditure reporting.

The Board has assessed the implications of this reallocation and concluded that it does not constitute a correction of a prior period error, nor a change in accounting policy. Rather, it is a change in the functional attribution of expenses, consistent with GRAP 3.55, and has been disclosed as a significant judgement in the preparation of these financial statements.

1.6 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

Accounting Policies

1.6 Property, plant and equipment (continued)

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	6 - 12 years
Computer equipment	Straight-line	3 - 10 years

The depreciable amount of an asset is allocated on a straight line basis over its useful life. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

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

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

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

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

Accounting Policies

1.6 Property, plant and equipment (continued)

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

1.7. Financial instruments - GRAP 104 (revised 2019) - current policy

Applied from the effective date prescribed for the entity by regulation of the Minister of Finance and the applicable Directive (see note "Changes in accounting policy"). Any references to paragraph numbers in this accounting policy relates to paragraphs in GRAP 104 (revised 2019), relating Appendices or relating Basis for Conclusions.

1.8 Financial instruments

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

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

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

A financial asset is:

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

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

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

Accounting Policies

1.8 Financial instruments (continued)

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the Statement of Financial Position or in the notes thereto:

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
- Cash and cash equivalents comprise cash on hand and deposits in the Authority's name with First National Bank.	
Receivables	Financial asset measured at amortised cost
Receivables include staff debtors, interest receivable and loan from Ingonyama Trust. The receivables are short term in nature	

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the Statement of Financial Position or in the notes thereto:

Class	Category
Trade and other payables	Financial liability measured at amortised cost
Payables include trade creditors, accruals	
The payables are short term in nature	

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.

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.

Accounting Policies

1.8 Financial instruments (continued)

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the Statement of Financial Position or in the notes thereto:

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 OR through the use of an allowance account. 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 previously recognised impairment loss is reversed directly OR by adjusting an allowance account. 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 derecognises financial assets using trade date accounting. The entity derecognises a financial asset only when:

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

Accounting Policies

1.8 Financial instruments (continued)

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).

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.

1.9 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
- 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.

Accounting Policies

1.9 Employee benefits (continued)

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

Post-employment benefits: Defined contribution plans

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

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

- 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.

Accounting Policies

1.9. Employee benefits (continued)

Termination benefits

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

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

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

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

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

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

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

1.10 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.

Measurement

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

Accounting Policies

1.10 Revenue from exchange transactions (continued)

Rendering of services

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

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

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

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

Transfers received from Ingonyama Trust

Transfers received from Ingonyama Trust in terms of Regulation 10(2) of the Financial Regulations to the Ingonyama Trust Act are recognised as revenue from exchange transactions.

These transfers compensate the Ingonyama Trust Board for the administrative and operational services it provides in managing the affairs of the Trust and Trust land.

The transfer amount is limited to a maximum of 10% of the Trust's net income, as determined annually, and is based on substantiated administrative costs incurred by the Board in fulfilling its mandate.

1.11 Revenue from non-exchange transactions

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

Revenue received from conditional or operational grants, donations and funding are recognised as revenue to the extent that the entity has complied with any of the criteria's, 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.

Accounting Policies

1.11 Revenue from non-exchange transactions (continued)

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.

Transfers

Inter-entity transfers between the Ingonyama Trust board and the Department of Land Reform and Rural Development, are recognised in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions and GRAP on Related parties.

Transfers received from the Department are recognised as revenue when the recognition criteria of a non-exchange transaction are met - namely when the entity obtains control of the resources and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and the amount of the revenue can be measured reliably.

These transactions are disclosed separately in the notes to the financial statements with appropriate detail.

Services in-kind

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

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

Accounting Policies

1.11 Revenue from non-exchange transactions (continued)

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.

1.12 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.

1.13 Irregular expenditure

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

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

Accounting Policies

1.13 Irregular expenditure (continued)

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.

1.14 Budget information

Entities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget covers the fiscal period from 2025/04/01 to 2026/03/31.

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.

1.15 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 of related party transactions, the information about them, and any outstanding balances or commitments.

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

1.15 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.

1.16 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.

Accounting Policies

1.17 Cash and cash equivalents

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

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

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

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

Cash is measured at the nominal amount, which approximates fair value due to the short term nature.

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.

Notes to the Audited Annual Financial Statements

Figures in Rand Thousand

2026

2025

2. Changes in accounting policy

The audited annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following new or revised standards.

- Effective 1 April 2025, the entity adopted the revised Standard of GRAP on Financial Instruments (GRAP 104), which replaces the previous version of GRAP 104. The standard introduces a forward-looking Expected Credit Loss (ECL) impairment model for financial assets and updates classification and measurement principles for financial instruments.

Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognized in the Statement of Financial Position when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification and Subsequent Measurement of Financial Liabilities

The entity classifies its financial liabilities as measured at amortized cost.

Financial liabilities measured at amortized cost comprise creditors (payables from exchange transactions) and accruals.

After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Due to the short-term nature of the entity's creditors and accruals, the nominal amount approximates the amortized cost at the reporting date. Interest expense, if any, is recognized in the Statement of Financial Performance.

Subsequent Measurement of Financial Assets

The entity classifies and subsequently measures its financial assets at amortized cost using the effective interest method, less any loss allowance. This classification applies to the entity's financial assets because:

The assets are held within a management model whose objective is to hold financial assets to collect contractual cash flows; and

The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost comprise accrued interest, loan from Ingonyama Trust and staff debt within "Receivables from Exchange Transactions," as well as cash and cash equivalents.

Notes to the Audited Annual Financial Statements

Figures in Rand Thousand

2026

2025

2. Changes in accounting policy (continued)

Derecognition

Financial Assets

The entity derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial Liabilities

The entity derecognizes financial liabilities (creditors and accruals) only when the entity's obligations are discharged, cancelled, or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the Statement of Financial Performance.

Impairment of Financial Assets (Expected Credit Loss Model)

The entity recognizes a loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost. Financial liabilities (creditors and accruals) are not subject to ECL assessments.

The entity applies the General Approach to measure impairment losses for its financial assets, tracking changes in credit risk through a three-stage model:

Stage 1 (12-Month ECL):

Includes financial instruments that have not experienced a significant increase in credit risk since initial recognition. For these assets, a 12-month ECL is recognized. This represents the portion of lifetime ECLs resulting from default events possible within 12 months after the reporting date.

Stage 2 (Lifetime ECL - No Credit Impairment):

Includes financial instruments that have experienced a significant increase in credit risk since initial recognition, but do not have objective evidence of impairment. A lifetime ECL is recognized.

Stage 3 (Lifetime ECL - Credit Impaired): Includes financial instruments where objective evidence of impairment exists. A lifetime ECL is recognized.

Assessment of Credit Risk and Default

The entity considers a financial asset to be in default when contractual payments are more than 90 days past due, unless reasonable and supportable information demonstrates that a more lagging default criterion is appropriate.

At each reporting date, the entity assesses whether there has been a significant increase in credit risk since initial recognition by comparing the risk of default occurring over the expected life of the instrument with the risk of default at the date of initial recognition. The entity considers historical default experience, current economic conditions, and reasonable, supportable forward-looking macroeconomic data available without undue cost or effort.

Notes to the Audited Annual Financial Statements

Figures in Rand Thousand

2026

2025

2. Changes in accounting policy (continued)

Accrued Interest: The entity assesses credit risk by referencing the independent credit ratings of the banking institutions holding the funds, alongside subsequent post-year-end settlement patterns.

Staff Debt:

The entity assesses credit risk based on employment status and the existence of active payroll deduction arrangements. Where the calculated ECL is determined to be immaterial based on negligible probability of default (PD) and loss given default (LGD) factors, no formal loss allowance is recognized in the Statement of Financial Performance.

Receivable from the Ingonyama Trust:

The entity assesses credit risk by considering the statutory relationship between the Trust and the Board, the nature of the funding arrangement, historical transfers, current financial information and any evidence of disputes or default.

Where the calculated ECL is immaterial due to a negligible probability of default and loss given default, no loss allowance is recognized.

3. New standards and interpretations

3.1 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 2026 or later periods:

Standard/ Interpretation:	Effective date:	Expected impact:
- GRAP 103 (as revised): Heritage Assets	Effective date to be determined	Unlikely there will be a material impact
- Guideline: Guideline on the Application of Materiality to Financial Statements	Effective date to be determined	Unlikely there will be a material impact
- GRAP 1 (as revised) Presentation of Financial Statements	Effective date to be determined	Unlikely there will be a material impact
- GRAP 105 Transfer of Functions Between Entities Under Common Control	Effective date to be determined	Unlikely there will be a material impact
- GRAP 106 Transfer of Functions Between Entities Not Under Common Control	Effective date to be determined	Unlikely there will be a material impact
- GRAP 107 Mergers	Effective date to be determined	Unlikely there will be a material impact

Notes to the Audited Annual Financial Statements

Figures in Rand Thousand

2026

2025

3. New standards and interpretations

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:

- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

The effective date of the revisions is not yet set by the Minister of Finance.

The entity expects to adopt the revisions for the first time when the Minister sets the effective date for the revisions.

Notes to the Audited Annual Financial Statements

Figures in Rand Thousand

2026

2025

4. Property, plant and equipment

	2026			2025		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	45	(45)	-	45	(45)	-
Computer equipment	-	-	-	388	(363)	25
Total	45	(45)	-	433	(408)	25

Reconciliation of property, plant and equipment - 2026

	Opening balance	Opening balance	Depreciation	Total
Computer equipment	<u>25</u>	<u>(18)</u>	<u>(7)</u>	:
	<u>25</u>	<u>(18)</u>	<u>(7)</u>	:

Reconciliation of property, plant and equipment - 2025

	Opening balance	Depreciation	Total
Computer equipment	<u>38</u>	<u>(13)</u>	<u>25</u>
	<u>38</u>	<u>(13)</u>	<u>25</u>

5. Payables from exchange transactions

Trade payables	288	8
Accrued leave pay	1 162	740
Accruals	<u>159</u>	<u>731</u>
Total Financial Liabilities at Amortised Cost	<u>1 609</u>	<u>1 479</u>

6. Receivables from exchange transactions

Financial Assets at Amortised Cost

Accrued Interest	11	12
Sundry Debtor	1 291	19
Less Allowances for Expected Credit Losses	-	-
	-	-

Notes to the Audited Annual Financial Statements

Figures in Rand Thousand

2026

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6. Receivables from exchange transactions (continued)

The estimated credit loss (ECL) provision for receivables was assessed and determined to be immaterial based on low default risk and historical collection experience.

Receivable from exchange transactions ageing

0 - 30	Days	Accrued Interest	R 11	I
90 +	Days	Sundry Debtor	R 1 291	

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	979	1 602
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The entity had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	31 March 2026	31 March 2025	31 March 2026	31 March 2025
FNB Current account - 6200783****	979	1 602	979	1 602
	979	1 602	979	1 602

8. Revenue

Transfer funds received - Ingonyama trust financial regulation 10(2)	9 340	7 537
Interest received	131	131
Transfer funds received - DLRRD	22 847	21 867
	32 318	29 535

The amount included in revenue arising from exchanges of goods or services are as follows:

Transfer revenue

Transfer funds received - DLRRD	22 847	21 867
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Notes to the Audited Annual Financial Statements

Figures in Rand Thousand		2026	2025
9.	Loss on derecognition of assets		
	Property, plant and equipment	(18)	-
10.	Employee related costs		
	Basic salaries	16 862	16 640
	Medical aid contributions	380	425
	Unemployment insurance fund	97	102
	Skills development levy	178	181
	Leave pay provision charge	662	(456)
	Provident fund contributions	462	382
	Overtime payments	330	95
	Union fee payments	19	19
		18 990	17 388
11.	Depreciation		
	Property, plant and equipment	7	13
12.	Auditor's remuneration		
	External Audit Fees	2 764	2 215
	Internal Audit Fees	602	252
		3 366	2 467
13.	General expenses		
	Auditors remuneration	3 366	2 467
	Bank charges	16	16
	Interest paid	66	-
	Bursaries	437	35
	Training and Development	611	144
	Board meetings and accommodation	1 212	1 181
	Workshops	-	128
	Board Member's Expenses	3 140	2 318
	Audit Committee Member's Remuneration	43	28
	Ingonyama Trust Expenses	3 917	5 351
		12 808	11 668

Notes to the Audited Annual Financial Statements

Figures in Rand Thousand

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15. Related parties

Relationships

INGONYAMA TRUST

A related party transaction exists between the Ingonyama Trust Board and the Ingonyama Trust. The Ingonyama Trust Board administers the affairs of the Ingonyama Trust and Trust land. The Ingonyama Trust Board is partially funded by the State and transfer payment funding 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”.

DEPARTMENT OF LAND REFORM AND RURAL DEVELOPMENT (DLRRD)

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

Related party transactions

Transfer funds received from Ingonyama Trust

Transfer funds received - Ingonyama trust financial regulation 10(2)	9 340	7 537
--	-------	-------

Transfer received from Department of Land Reform and Rural Development

Transfer funds received - DLRRD	22 847	21 867
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Services paid by Ingonyama Trust Board on behalf of Others

Service paid by Ingonyama trust board	(3 916)	(5 351)
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Notes to the Audited Annual Financial Statements

Figures in Rand Thousand		2026	2025
15. Related parties (continued)			
Remuneration of management			
Board Members' Fees			
March - 2026			
	Fees for services as a member of the accounting authority	Total	
Name			
Adv. L.C. Zama (Vice-Chairperson)	738	738	
Ms N. Zulu	473	473	
INkosi S.N. Mkhize	673	673	
*Dr T. Dlamini	159	159	
*Mr D.N. Matamela	234	234	
INkosi B.P.N. Molefe	358	358	
	2 635	2 635	
*Mr. D.N. Matamela and, Dr. T. Dlamini resigned on the 28 February and on 12 March 2026 respectively			
March - 2025			
	Fees for services as a member of the accounting authority	Total	
Name			
Adv. L.C. Zama (Vice-Chairperson)	263	263	
Ms N.S. Zulu	316	316	
INkosi S.N. Mkhize	343	343	
Dr T. Dlamini	284	284	
Mr D.N. Matamela	276	276	
INkosi B.P.N. Molefe	210	210	
INkosi M.I. Tembe	173	173	
	1 865	1 865	

Notes to the Annual Financial Statements

15. Related parties (continued)

Management class: Executive management

March - 2026

Figures in Rand thousand

Name	Basic salary	Back pay	Other Short term employee benefits	13th Cheque	Post employment benefits	Total
Mr V.Z. Mngwengwe - Chief Executive Officer	450	26	-	308	-	784
Mr S.E. Madondo - Head Corporate Services	92	5	111	-	-	208
Mr S.E. Gabela - Manager Performance and Evaluation	1 093	17	618	-	-	1 728
Mr S.B. Vilakazi - Acting CEO	1 960	-	434	-	28	2 422
Adv N.W. Bhuka - Senior Legal Officer	363	-	217	-	34	614
Mr S. Mkhize - Interim CFO	196	-	82	25	-	303
Mr S.N. Kunene - Head : Corporate Services	211	-	38	-	20	269
Ms T.P. Ndlovu - Head of Land Management Services	1 540	-	414	-	-	1 954
	5 905	48	1 914	333	82	8 282
March 2025						
Name						
Mr V.Z. Mngwengwe - Chief Executive Officer	1 666	29	33	805	53	2 586
Ms T.P. Ndlovu - Head of Land Management Services	1 361	25	-	495	-	1 881
Mr S.E. Madondo - Head Corporate Services	998	15	-	376	-	1 389
Mr S.E. Gabela - Manager Performance and Evaluation	1 121	18	21	505	-	1 665
Mr S.B. Vilakazi - Chief Financial Officer	1 361	21	-	495	-	1 877
	6 507	108	54	2 676	53	9 398

Ms T.P. Ndlovu (Head of Land Management), has been disclosed under the Ingonyama Trust Board's executive management for completeness and consistency with prior years. However, it is noted that the Board resolved to allocate all officials within the Land Management Services (LMS) division, including the Head of LMS, to the Ingonyama Trust, which is responsible for the core land management function. Accordingly, her remuneration is funded and accounted for under the Trust. Her inclusion here ensures transparency regarding the full management structure of the entity and facilitates accurate year-on-year comparisons of key personnel. This disclosure will be repeated in the Ingonyama Trust's financial statements for completeness.



Notes to the Audited Annual Financial Statements

Figures in Rand Thousand

2026

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16. 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 2026

	Note	As previously reported	Correction of error	Restated
Receivable from exchange transactions		-	19	19
Trade payables		(9)	1	(8)
Accrued Pay Leave		(817)	77	(740)
Accumulated Surplus		(85)	(97)	(182)
		(911)	-	911

Statement of Financial Performance 2025

	Note	As previously reported	Correction of error	Restated
Staff training		162	(19)	143
Employee related cost		18 703	(1 237)	17 466
Ingonyama Trust Expenses		4 114	1 237	5 351
Leave pay provision charge		(378)	(78)	(456)
		22 601	(97)	22 504

Cash flow statement 2025

	Note	As previously reported	Restated
Cash flow from operating activities			
Transfer - Ingonyama Trust		7 094	7 537
Interest Income		140	131
Employee costs		(20 228)	(18 991)
Other Payments		<u>(10 060)</u>	<u>(11 731)</u>
		<u>(23 054)</u>	<u>(23 054)</u>

Notes to the Audited Annual Financial Statements

Figures in Rand Thousand

2026

2025

16. Prior-year adjustments (continued)

Errors

The following prior period errors adjustments occurred:

Error in staff training

Training costs of R19 thousand incurred in the prior year were incorrectly recognised as an expense. During the period under review, it was discovered that the training did not take place and that the funds paid were refundable by the service provider. Consequently, this amount should have been recognised as a receivable (debtor) and not as an expense. Receivables increased by R19 thousand and the accumulated surplus increased accordingly.

Error in employee related costs and other expenses - Ingonyama Trust

During the current financial year, it was identified that three employees were erroneously recognised in the employee related cost schedule of the Ingonyama Trust Board in the financial year ended 31 March 2025.

Consequently, employee costs were overstated by R1,237 million and Other expenses – Ingonyama Trust were understated by R1,237 million.

Error in accrued leave pay

The leave for employees within Land Management Services was incorrectly disclosed in the Board's annual financial statements in the prior year.

Consequently, the leave provision decreased by R77 thousand and the accumulated surplus increased by R77 thousand.

Accumulated Surplus

The accumulated surplus increased by R97 thousand after accounting for all the corrections noted above.

Cash flow errors:

Employee related costs of R1,237 million were erroneously recorded under the Board; it was later identified that these costs belong to the Trust. The costs were therefore adjusted to correctly reflect R18,991 million.

The total amount approved to be accrued to the Board from the Trust was R7,537 million; however, it was recorded as R7,094 million. This error has been corrected to reflect the accurate amount.

Interest income earned was R131 thousand; however, it was incorrectly recognised as R140 thousand. This error has been corrected to reflect the interest received as per the general ledger.

Other payments were understated by R1,671 million, comprising R1,237 million reclassified from employee costs, the R443 thousand correction to transfers received from the Ingonyama Trust and the R9 thousand reduction in interest received.

The balance was consequently restated from R10,060 million to R11,731 million.

Notes to the Audited Annual Financial Statements

Figures in Rand Thousand

2026

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17. Risk management Financial 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.

Liabilities

Accruals	159	731
Trade payables	288	8
	447	739

Credit risk Management and Quality

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the entity. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of financial asset listed above. The entity does not hold any collateral as security

The credit quality of financial assets that are neither past due nor impaired is monitored as follows:

Accrued Interest: Earned on positive bank balances held with A-rated commercial banking institutions. These funds carry negligible default history and the outstanding balance accrued for March 2026 was fully recovered in cash during April 2026.

Staff Debt: Recovered seamlessly via direct, monthly deductions from the employee's payroll. Credit risk is minimal while the individual remains in the employment of the entity.

Receivable from the Ingonyama Trust: The receivable arose because revenue accrued under Financial Regulation 10(2) exceeded the budgeted funds transferred during the year. Credit risk is considered negligible as the Trust is a statutory related party, the amount is undisputed, and transfers have consistently been received. The balance is monitored through regular reconciliations and follow-up of outstanding transfers.

Notes to the Audited Annual Financial Statements

Figures in Rand Thousand

2026

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17. Risk management (continued)

Impairment and Expected Credit Loss (ECL) Assessment:

Transition Impact The entity adopted the revised GRAP 104 standard on 1 April 2025 using the transitional provisions which permit comparative information not to be restated. Due to the high credit profile and short-term maturity parameters of the entity's financial assets, the transition from the "incurred loss" framework to the forward-looking "Expected Credit Loss" (ECL) model resulted in a transition adjustment of R0.00 to opening accumulated surplus.

ECL Methodology

The entity applies the General Approach (Stage 1) to measure the loss allowance for its financial assets at amortised cost. At the reporting date, there has been no significant increase in credit risk since initial recognition for either balance.

Accrued Interest: The Probability of Default (PD) and Loss Given Default (LGD) are assessed as negligible based on independent bank credit ratings and instantaneous post-year-end cash settlement.

Staff Debt: The PD is minimal due to active internal payroll deduction constraints.

Based on historical experience, current operational dynamics, and supportable forward-looking macroeconomic data, the calculated ECL for financial assets is immaterial. No loss allowance has been recognized in the Statement of Financial Performance for the year ended 31 March 2026 (2025: R0.00)

Receivable from the Ingonyama Trust: The receivable was assessed under the General Approach (Stage 1). The probability of default and loss given default were considered negligible due to the statutory relationship, consistent historical transfers and the absence of any dispute or default indicators. The resulting ECL was therefore assessed as immaterial.

Assets

Receivables from exchange transactions - Ingonyama Trust	1 261	-
Cash and cash equivalents	979	1 602
Receivables from exchange transactions - Interest and Employee costs	41	12
	<u>2 281</u>	<u>1 614</u>

18. Going concern

We draw attention to the fact that at 31 March 2026, the entity had an accumulated surplus (deficit) of R672 thousand and that the entity's total assets exceed its liabilities by R672 thousand.

The audited annual financial statements have been prepared on the basis of accounting policies applicable to 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

Notes to the Audited Annual Financial Statements

Figures in Rand Thousand		2026	2025
18. Going concern (continued)			
This assessment is supported by secured cash receipts from National Treasury's transfers and ongoing financial transfers (10%) from the Ingonyama Trust. These committed funding streams and strict adherence to the budget will ensure the entity will have sufficient liquidity to settle its liabilities in the normal course of business.			
19. Unauthorised, Irregular and Fruitless and Wasteful Expenditure			
Irregular expenditure		33	71
Fruitless and wasteful expenditure		<u>72</u>	<u>£</u>
Closing balance		<u>105</u>	<u>79</u>

Details of the Unauthorised, Irregular and Fruitless and Wasteful Expenditure Irregular Fruitless and Wasteful Expenditure

Fruitless and Wasteful expenditure :

Amounting to R 6 000 in the current year relates to missed accommodation.

Amounting to R 66 000 in the current year relates to SARS interest paid.

Irregular Expenditure:

Irregular expenditure of R 33 000 amounts to deviation from normal procurement process.

20. Budget differences

Material differences between budget and actual amounts

BC 1 Interest Received – Bank

Interest received was lower than budgeted due to the South African Reserve Bank's 75 basis point reduction in the repo rate from 7.50% to 6.75% during the year. Although cash balances remained favourable, the repricing of deposit rates resulted in reduced yields, leading to lower interest income than anticipated.

BC 2 Employee Cost

The underspending on employee costs during the 2026 financial year is attributable to a combination of structural and functional factors. The phased reallocation of costs by function has continued, with employee costs linked to the Land Management Services (LMS) unit — the Trust's core operational function — being fully reclassified to the financial statements of the Ingonyama Trust rather than the Board.

BC 3 General Expenses

Interest received was lower than budgeted due to the South African Reserve Bank's reduction in the repo rate during the year. Although cash balances remained favourable, the repricing of deposit rates resulted in reduced yields, leading to lower interest income than anticipated.



Notes to the Audited Annual Financial Statements

Figures in Rand Thousand	2026	2025
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PART G

INGONYAMA TRUST

**ANNUAL FINANCIAL
STATEMENTS**





General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Land Administration
Accounting authority / Board members	His Majesty the King Misuzulu KaZwelithini (Chairperson) Adv. L.C. Zama (Vice Chairperson) INKosi P.B.N. Molefe INKosi S.N. Mkhize Ms. N. Zulu
<p>*Mr. D.N. Matamela and, Dr. T. Dlamini resigned on the 28 February and on or around 12 March 2026 respectively.</p>	
Registered office	65 Trelawney Road Southgate Pietermaritzburg 3201
Postal address	PO Box 601 Pietermaritzburg 3200
Bankers	First National Bank
Auditors	Auditor-General of South Africa (AGSA)

Accounting Authority's Responsibilities and Approval

The Ingonyama Trust was established by the KwaZulu Legislative Assembly as the administrator of the communal land of the Zulu Nation, with His Majesty the King as the Trustee, in terms of the KwaZulu-Natal Ingonyama Trust Act 3KZ of 1994.

In 1997, the democratic National Parliament amended this Act to ensure consistency with the modern constitutional order. This amendment effected changes to all sections of the Act through the KwaZulu-Natal Ingonyama Trust Amendment Act No. 9 of 1997.

Importantly, the 1997 Amendment Act established the Ingonyama Trust Board, appointed by the Minister of Land Reform and Rural Development following a consultative process with His Majesty the King; the KwaZulu-Natal Premier-in-Executive Council and the Chairperson of the KwaZulu-Natal House of Traditional Leaders. His Majesty the King remains the sole Trustee and chairs the Board, either personally or through his nominee. 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 tribe and communities concerned.

The Board is of the opinion, based on the information and explanations provided by management, that the system of internal control provides reasonable assurance that the financial records may be relied upon in 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 annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines, and directives issued by the Accounting Standards Board.

The audited annual financial statements set out from pages 118 to 180 together with the accompanying notes, have been prepared on a going concern basis. These were approved by the accounting authority on 31 July 2026 and signed on its behalf by:



Advocate L.C. Zama
Vice-Chairperson
Ingonyama Trust
Board

Report of the Auditor-General to Parliament on Ingonyama Trust

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of Ingonyama Trust as set out on pages 118 to 180, which comprise the statement of financial position as at 31 March 2026, statement of financial performance, statement of changes in net assets, the cash flow statement and statement of comparison of budget information with 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 effects and possible effects of the matter described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Ingonyama Trust as at 31 March 2026, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) as issued by the Accounting Standards Board of South Africa.

Basis for qualified opinion

Consolidation of controlled entity

3. As disclosed in note 3 to the financial statements, the Ingonyama Trust has not consolidated its subsidiary, Ingonyama Holdings (Pty) Ltd, that was formed during 2019. This investment has been accounted for as a loan to controlled entity. Based on the evidence obtained during the audit, the Ingonyama Trust controls the subsidiary and therefore did not meet the requirements of GRAP 35, Consolidated financial statements, as it should have consolidated this subsidiary. The effects of the non-consolidation on the surplus/deficit and accumulated surplus have not been determined, as it was impracticable to do so.
4. In addition, I was unable to obtain sufficient appropriate audit evidence for the financial information of Ingonyama Holdings (Pty) Ltd because the financial information was not available. I was unable to confirm the financial information by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary had consolidated financial statements been prepared.

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.
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 matter - impairment loss

8. As disclosed in note 19 to the financial statements, the trust recognised an impairment loss on trade and other receivables to the value of R23,73 million (2024-25: R16,28 million) as a result of the non-collectability of debtors.
9. My opinion is not modified in respect of this matter.

Responsibilities of the accounting authority for the financial statements

10. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) as issued by the Accounting Standards Board of South Africa and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that

Report of the Auditor-General to Parliament on Ingonyama Trust

are free from material misstatement, whether due to fraud or error.

11. In preparing the financial statements, the accounting authority is responsible for assessing the 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 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

12. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 114, forms part of my auditor's report.

Report on the annual performance report

14. In terms of KwaZulu-Natal Ingonyama Trust Act 3 of 1994, (KITA), the trust is not required to prepare an annual performance report.

Report on compliance with legislation

15. I did not perform procedures to test compliance with key legislation.

Other information in the annual report

16. The accounting authority is responsible for the other information included in the annual report. The other information does not include the financial statements and the auditor's report.
17. My opinion on the financial statements 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.
18. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
19. 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

20. I considered internal control relevant to my audit of the financial statements; however, my objective was not to express any form of assurance on it.
21. 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.
22. The accounting authority's oversight and interventions were not effective in resolving the long standing financial reporting challenges relating to the Trust's controlled entity. As a result, the subsidiary was not consolidated in the financial statements, resulting in a qualification in the audit report.

Other reports

23. I draw attention to the following engagement conducted. This report did not form part of my opinion on the financial statements.
24. There is currently an investigation by the Directorate for Priority Crime Investigations, concerning a

Report of the Auditor-General to Parliament on Ingonyama Trust

loan granted to Ingonyama Holdings (Pty) Ltd amounting to R41 million, which commenced in January 2023. The engagement covers the period from 2020-21 to 2021-22 and relates to a criminal investigation into the financial affairs of the subsidiary. The investigation was still in progress at the date of this auditor's report.

Auditor-General
Pietermaritzburg

29 September 2026



Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the trust's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause an entity to cease operating as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Statement of Financial Position as at 31 March 2026

Figures in Rand thousand	Note(s)	2026	2025 Restated*
Assets			
Current Assets			
Receivables from exchange transactions	4	45 447	86 329
Other Receivables from exchange transactions	5	1 018	602
Investments	6	68 162	59 174
Cash and cash equivalents	7	217 222	199 336
		331 849	345 441
Non-Current Assets			
Investment property	8	558 683	558 683
Property, plant and equipment	9	1 101 298	1 100 608
Intangible assets	10	551	167
Heritage assets	11	15 988	15 988
		1 676 520	1 675 446
Total Assets		2 008 369	2 020 887
Liabilities			
Current Liabilities			
Provision - Municipal rates	15	10 215	8 413
Residential lease liability	12	3 016	3 845
Payables from exchange transactions	13	62 957	60 626
Provisions - beneficiaries disbursement	14	200 753	216 571
		276 941	289 455
Total Liabilities		276 941	289 455
Net Assets		1 731 428	1 731 432
Accumulated surplus		1 731 428	1 731 432
Total Net Assets		1 731 428	1 731 432

* See Note 22

Statement of Financial Performance

Figures in Rand thousand

Note(s)

2026

2025
Restated*

Revenue

Revenue from exchange transactions

Other income	16	4 688	7 227
Lease revenue	16	87 528	121 472
Interest on overdue debtors' accounts	16	1 144	856
Dividend income	16	2 011	1 854
Fair value gain on investment	16	7 653	5 572
Interest received on bank and short term investments	16&33	16 761	13 739
Gain on disposal of assets	16	-	719

Total revenue from exchange transactions

119 785 **151 439**

Expenditure

Employee related costs	17	(13 350)	(12 497)
Funds paid to Ingonyama Trust Board - FR 10(2)		(9 340)	(7 537)
Depreciation and amortisation	18	(2 319)	(2 523)
Impairment loss	19	(23 729)	(16 575)
Rates expenditure		(1 802)	(1 356)
Loss on derecognition of assets	9	(94)	-
General expenses	20	(23 712)	(13 872)

Total expenditure

(74 346) **(54 360)**

Surplus for the year before disbursement to beneficiaries

45 439 **97 079**

Disbursement to beneficiaries

32 (45 439) (55 303)

Surplus for the year after Disbursement to beneficiaries

- **41 776**

* See Note 22

Audited Annual Financial Statements for the year ended 31 March 2026

PART C: INGONYAMA TRUST - ANNUAL FINANCIAL STATEMENTS

Statement of Changes in Net Assets

Figures in Rand thousand

	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	1 686 382	1 686 382
Adjustments:		
Change in net assets	5 260	5 260
Prior year adjustments and changes in net assets	(1 986)	(1 986)
Balance at 31 March 2025 as restated*	1 689 656	1 689 656
Changes in net assets		
Surplus for the year as previously reported	40 123	40 123
Other change in assets	1 653	1 653
	-	-
Restated surplus for the year	41 776	41 776
Total recognised income and expenses for the year	41 776	41 776
Total changes	41 776	41 776
Restated* Balance at 01 April 2025	1 731 430	1 731 430
Changes in net assets		
Deficit for the year	(2)	(2)
Total changes	(2)	(2)
Balance at 31 March 2026	1 731 428	1 731 428



* See Note 22

Cash Flow Statement

Figures in Rand thousand

Note(s)

2026

2025
Restated***Cash flows from operating activities****Receipts**

Lease receipts		124 949	85 872
Interest income		16 401	13 538
Other receipts		1 933	320
		143 283	99 730

Payments

Transfer of funds to Ingonyama Trust Board		(7 685)	(7 523)
Cash paid to beneficiaries, suppliers and others		(104 364)	(74 460)
Employee payments		(9 560)	(6 658)
		(121 609)	(88 641)

Net cash flows from operating activities21 **21 674** **11 089****Cash flows from investing activities**

Purchase of property, plant and equipment	9	(3 305)	(517)
Proceeds from sale of property, plant and equipment	9	-	22 214
Purchase of other intangible assets	10	(483)	(7)

Net cash flows from investing activities**(3 788)** **21 690****Cash flows from financing activities**

Net increase/(decrease) in cash and cash equivalents		17 886	32 779
Cash and cash equivalents at the beginning of the year		199 336	166 557

Cash and cash equivalents at the end of the year7 **217 222** **199 336**

* See Note 22

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand thousand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Other income	-	-	-	4 688	4 688	29.1
Lease revenue	81 879	-	81 879	87 528	5 649	29.2
Interest on overdue debtors' accounts	951	-	951	1 144	193	29.3
Dividend income	1 651	-	1 651	2 011	360	29.4
Fair value gain on investment	-	-	-	7 653	7 653	29.5
Interest received on bank and short term investments	17 478	-	17 478	16 761	(717)	29.6

Total revenue from exchange transactions	101 959	-	101 959	119 785	17 826	
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Expenditure

Employee related costs	(25 853)	2 887	(22 966)	(13 350)	9 616	29.7
Funds paid to Ingonyama Trust Board - FR 10(2)	(9 340)	-	(9 340)	(9 340)	-	29.8
Depreciation and amortisation	(2 525)	-	(2 525)	(2 319)	206	29.9
Impairment loss	(9 345)	-	(9 345)	(23 729)	(14 384)	29.10
Rates expenditure	(21 780)	6 000	(15 780)	(1 802)	13 978	29.11
General Expenses	(20 735)	(10 044)	(30 779)	(23 712)	7 067	29.12

Total expenditure	(89 578)	(1 157)	(90 735)	(74 252)	16 483	
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Operating surplus

Loss on derecognition of assets	-	-	-	(94)	(94)	BC13
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Surplus before disbursement to beneficiaries	12 381	(1 157)	11 224	45 439	34 215	
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Disbursement to beneficiaries	-	-	-	45 439	45 439	
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Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	12 381	(1 157)	11 224	-	(11 224)	
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The comparison of budget and actual amounts variances is explained in note 29 of the notes to the financial statements.

Accounting Policies

Figures in Rand thousand

Note(s)

2026

2025

1. Significant account policies

The principal accounting policies applied in the preparation of these audited annual financial statements are set out below.

1.1 Basis of preparations

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 6 of the Public Finance Management Act (Act 1 of 1999).

1.2 Presentation currency

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

1.3 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.

1.4 Significant judgements and sources of estimation uncertainty

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

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

1.5 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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.

Accounting Policies

1.5 Property, plant and equipment (continued)

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

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

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

Item	Depreciation method	Average useful life
Land		Indefinite
Buildings	Straight-line	25 years
Furniture and fixtures	Straight-line	12 years
Motor vehicles	Straight-line	5 years
Computer 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 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 (see note 9).

1.6 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:

- 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 entity, 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.

Accounting Policies

1.6 Investment property(continued)

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.

When land is used partly to earn rentals for capital appreciation and partly used in the production or supply of goods and services or for administrative purpose, the trust applies principle in GRAP 16.19 and 20 in determining the appropriate classification.

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

1.7 Intangible assets

An asset is identifiable if it either:

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

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 entity; and
- the cost or fair value of the asset can be measured reliably.

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

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

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

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

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

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

Accounting Policies

1.7 Intangible assets (continued)

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 years
Website design	Straight-line	3-5 years

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 10).

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 entity 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 entity, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

Impairment

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

Derecognition

The entity 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).

Accounting Policies

1.9 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:

- (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.

Accounting Policies

1.9 Ingonyama Trust Land (continued)

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

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

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

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

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

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

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

Recognition of land:

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

Derecognition of land:

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

Disclosure:

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

(a) the carrying value of land that is recognised in accordance with the applicable Standard of GRAP; and

(b) key judgements made and assumptions applied to conclude that it controls land.

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

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

Accounting Policies

1.9 Ingonyama Trust Land (continued)

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

Recognition:

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

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

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

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

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

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

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

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

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

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

Control of land is evidenced by the following criteria:

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

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

Legal Ownership:

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

Accounting Policies

1.9 Ingonyama Trust Land (continued)

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

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

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

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

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

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

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

Recognition of land:

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

Derecognition of land:

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

Disclosure:

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

(a) the carrying value of land that is recognised in accordance with the applicable Standard of GRAP; and

(b) key judgements made and assumptions applied to conclude that it controls land.

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

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

1.10 Financial instruments

Definition

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 in accordance with GRAP 104.

Accounting Policies

1.10 Financial instruments (continued) 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.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

Accounting Policies

1.10 Financial instruments (continued)

Classification

The entity classifies financial instruments on initial recognition into the following categories in accordance with GRAP 104:

- Financial instruments measured at amortised cost
- Financial instruments measured at fair value through surplus or deficit
- Financial instruments measured at cost (only where fair value cannot be reliably measured).

Classification is based on the nature and characteristics of the instrument and not on management intention alone.

Financial instruments measured at amortised cost

A financial instrument is classified at amortised cost when it:

- Is a non-derivative instrument,
- Has fixed or determinable payments; and
- Is not held for trading; and
- Is not designated at fair value on initial recognition.

Accounting Policies

1.10 Financial instruments (continued)

Initial measurement - amortised cost instruments

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.

Trade date accounting is applied.

Subsequent measurement – amortised cost

After initial recognition, financial instruments at amortised cost are measured using the effective interest method.

Interest income and interest expense are recognised in surplus or deficit using the effective interest rate.

Short-term receivables and payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Financial instruments measured at fair value through surplus or deficit

Financial instruments are measured at fair value through surplus or deficit when they:

- Do not have fixed or determinable payments; or
- Are held for trading; or
- Are designated at fair value at initial recognition.

This includes:

- Discretionary managed investment portfolios (e.g. Sanlam mandate)
- Investments in equities
- Unit trust investment
- Listed bond portfolios managed on a fair value basis

Initial measurement – fair value instruments

Financial instruments at fair value are initially measured at fair value. Transaction costs are recognised immediately in surplus or deficit.

Subsequent measurement – fair value instruments

Financial instruments at fair value are remeasured at each reporting date.

Fair value is determined using:

- Quoted market prices in active markets where available; or
- Net asset value statements provided by regulated investment managers; or
- Other observable market inputs.

Gains and losses arising from changes in fair value are recognised in surplus or deficit in the period in which they arise. Dividend income and interest income earned within managed portfolios are reflected as part of the fair value movement unless separately distributed.

Financial instruments measured at cost

Investments in residual interests are measured at cost only where:

- There is no quoted market price in an active market; and
- Fair value cannot be reliably measured.

These instruments are assessed annually for impairment.

Impairment of financial assets

Financial assets measured at amortised cost

Accounting Policies

1.10 Financial instruments (continued)

Expected credit losses

The Trust recognises a loss allowance for expected credit losses (ECL) on financial assets measured at amortised cost and on other financial instruments that fall within the impairment requirements of revised GRAP 104. Expected credit losses reflect expected cash shortfalls and incorporate reasonable and supportable information available without undue cost or effort, including historical experience, current conditions and forward-looking economic information.

For receivables from exchange transactions, including contractual lease receivables, the Trust applies the simplified approach and recognises lifetime ECL from initial recognition. The Trust uses a provision-matrix methodology in which receivables are grouped by shared credit-risk characteristics and ageing categories. Historical collection and loss experience is adjusted for current conditions and reasonable and supportable forward-looking information. Debtor-specific information is considered separately where the collective assessment is not representative.

For financial assets to which the simplified approach does not apply, the Trust applies the general ECL approach. A 12-month ECL is recognised where credit risk has not increased significantly since initial recognition, while lifetime ECL is recognised where credit risk has increased significantly or the asset is credit-impaired. Loss allowances are reassessed at each reporting date and movements are recognised in surplus or deficit. Financial assets are written off when there is no reasonable expectation of recovery, without preventing further recovery action where legally available..

Financial assets measured at fair value

Financial assets measured at fair value are not subject to separate impairment testing, as any decline in value is reflected through fair value adjustments recognised in surplus or deficit.

Derecognition

Financial assets

A financial asset is derecognised when:

- The contractual rights to the cash flows expire, are settled or waived; or
- Substantially all risks and rewards of ownership are transferred; or
- Control is transferred.

Any difference between carrying amount and consideration received is recognised in surplus or deficit.

Financial liabilities

A financial liability is derecognised when the obligation is extinguished, discharged, cancelled, expires or waived.

Any difference between the carrying amount and consideration paid is recognised in surplus or deficit.

Presentation

Interest income and expense are recognised in surplus or deficit using the effective interest method.

Gains and losses from fair value movements are recognised in surplus or deficit.

Financial assets and liabilities are offset only where there is a legally enforceable right to offset and an intention to settle on a net basis.

1.11 Receivables from exchange transactions

Recognition

Accounting Policies

1.11 Receivables from exchange transactions (continued) The

entity recognises receivables 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 entity initially measures receivables at their transaction amount.

Subsequent measurement

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

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

Accrued interest

Where the entity levies interest on the outstanding balance of receivables, 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 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

Expected credit losses on receivables

Receivables from exchange transactions are initially measured at the transaction amount and are subsequently measured at amortised cost, less a loss allowance for expected credit losses where applicable.

The Trust applies the simplified approach in revised GRAP 104 to contractual receivables from exchange transactions and recognises lifetime ECL from initial recognition. Recognition of an impairment loss is therefore not dependent on the occurrence of an objective evidence or incurred-loss event.

Receivables are assessed collectively using shared credit-risk characteristics, including ageing and past-due status and historical payment and recovery patterns. Historical rates are adjusted for current conditions and reasonable forward-looking information. For the 31 March 2026 assessment, management incorporated a 3.1% CPI-linked forward-looking overlay into the provision matrix. Where specific information about an individual debtor indicates a different credit-risk outcome, the balance is assessed individually.

The loss allowance is reviewed at each reporting date and the resulting impairment loss or reversal is recognised in surplus or deficit. Expected cash recoveries occurring after the reporting date are considered where they provide evidence of conditions existing at the reporting date

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1.12 Leases

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

Accounting Policies

1.12 Leases (continued)

Operating leases - lessor

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

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line 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.

1.13 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 entity 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 entity 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 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.

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.

Accounting Policies

1.14 Provisions and contingencies (continued)

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.

No obligation arises as a consequence of the sale or transfer of an operation until the entity is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent liabilities are not recognised. Contingencies are disclosed in note 27.

1.15 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

Accounting Policies

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 entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity 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 entity; 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 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.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by surveys of work performed.

Interest, royalties and dividends

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

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, 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 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 entity's right to receive payment has been established.

Accounting Policies

1.16 Revenue from exchange transactions (continued)

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 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 maturity of twelve months or less. Cash equivalents are stated at cost.

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

- Cash subject to restrictions that prevent its use within the next year; and
- Cash appropriated for other than its current purposes unless such cash offsets a current liability.
- Cash is measured at fair value. **1.18**

Expense recognition

The entity reports its expenses on the accrual basis, meaning when the expenses are incurred, not when they are paid. Expenses are incurred when goods are received and services are rendered, whether or not an invoice has been received or payment has been made.

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

1.19 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.20 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

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 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.

Accounting Policies

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 2024/04/01 to 2025/03/31.

The budget for the economic entity includes all the entities approved budgets under its control.

The 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 except where stated for information purposes and are not scoped requirement for Ingonyama Trust in accordance with GRAP 24.

Approved budget means the expenditure authority deemed from the KwaZulu Natal Ingonyama Trust Act, Administrative Regulations and Financial Regulation and other decisions related to the anticipated revenue or receipts for the budgetary period as approved by the board

Final budget is the approved budget adjusted for receipts, expenditure and other changes applicable to the budget period, as approved by the board

1.23 Accrued Expenses

Accrued expenses are recognised when an obligation arises for the entity to make a payment for goods or services that have been received or consumed, but for which no invoice has been received by the reporting date.

Accrued expenses are classified as current liabilities and are measured at the amount expected to be paid. These are typically recognised under "Payables from exchange transactions" and form part of the total obligations settled in the normal course of business.

1.24 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

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.

Accounting Policies

1.24 Employee benefits (continued)

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 cellphones) for current employees.

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

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

employment benefits: Defined contribution plans

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

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

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

Termination benefits

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

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

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

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

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

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

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

Accounting Policies

1.25 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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

Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

1.26 Disbursement Provisions

Purpose

This policy establishes a prudent, consistent and sustainable basis for determining, recognising, measuring and disclosing beneficiary disbursements. It prevents the Trust from declaring distributions in excess of sustainably available income while preserving the Board's discretion under the approved Disbursement Policy.

Scope

This policy applies to all distributions proposed, approved or paid to beneficiary communities, Traditional Councils, Amakhosi and the Trustee, including distributions arising from leases, servitudes and land management activities. It also applies to the recognition of current year disbursement expense and provisions, with retrospective application to comparative periods, and to the administration of Traditional Council sub ledger balances.

Core Principles

Gross lease cash collected is not automatically due or available for distribution.

The Board retains discretion to determine distributable amounts, considering financial performance, liquidity, obligations and long term sustainability.

New distributions declared for a financial year may not exceed the Annual Distributable Surplus.

Where the surplus is nil or negative, no new distributions may be declared unless a lawful and sustainable alternative funding source is identified.

Payments of prior year approved provisions do not constitute current year declarations.

Traditional Council memorandum accounts represent indicative allocations only and do not constitute liabilities until recognition criteria are met.

Accounting Policies

1.26 Disbursement Provisions (continued)

Annual Distributable Surplus

The Annual Distributable Surplus is determined using total revenue recognised for the year, less:

- employee related, administrative and land management expenditure
- Board operating costs in terms of Financial Regulations
- municipal rates, taxes and statutory obligations
- depreciation, amortisation, impairments and other GRAP recognised expenditure
- funding required for approved projects, contractual commitments and existing obligations
- prudential reserves approved by the Board

The calculated surplus represents a maximum ceiling. The Board may approve a lower amount

Approved amounts may be allocated among beneficiaries in accordance with the Disbursement Policy.

Recognition of Disbursement Expense and Provision

A beneficiary disbursement expense and corresponding provision are recognised only when:

- The Board has approved a specific amount or determinable allocation framework

The approval of the lease constitutes a permanent constructive obligation to distribute a determinable percentage of the derived Annual Distributable Surplus to the relevant Traditional Council, subject to the annual maximum ceiling determined by the Board

- An outflow of resources is probable
- The amount can be measured reliably

Lease cash receipts, lease revenue, Traditional Council accounts or funding requests do not meet recognition criteria on their own.

Measurement and Review

Provisions are measured at the best estimate of expenditure required to settle the obligation at reporting date.

Provisions are reviewed annually and adjusted to reflect current estimates.

Provisions are reversed only when no present obligation exists, supported by legal, governance and accounting evidence.

Payments to beneficiaries reduce the provision and are not recognised again as current year expense.

Traditional Council Account Administration

Accounting Policies

1.26 Disbursement Provisions (continued)

Finance maintains records of lease revenue, cash collections, approved allocations, payments, commitments and indicative balances for each Traditional Council. Statements issued must distinguish between gross cash collected, revenue recognised, indicative allocation, Board approved distribution, project commitments, payments and available approved balance.

Indicative balances may not be communicated as payable unless approved and recognised.

Transitional Assessment

On adoption of this policy, the existing beneficiary provision is assessed and classified into:

- valid approved and communicated distributions
- amounts committed to approved projects
- indicative allocations not finally approved
- amounts arising from historical gross cash methodology
- amounts subject to dispute or insufficient evidence

Presentation and Disclosure

Beneficiary disbursement expense and the related provision are presented in accordance with GRAP.

Notes disclose the opening provision, new Board approved declarations, payments, reversals, adjustments, closing provision, basis for determining the Annual Distributable Surplus, significant judgements applied, treatment of unrealised gains and reserves, and the impact of the revised policy and transitional assessment where material.

1.27 Municipal property rates

Recognition of municipal property rates.

The Trust recognises a provision for municipal property rates in accordance with the Municipal Property Rates Act, 6 of 2004 ("the MPRA") and the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets (GRAP 19).

A provision for municipal rates is recognised when:

- The Trust meets the definition of "owner" as contemplated in the MPRA in respect of a "property" as defined in the Act;
- A present legal obligation exists as a result of the levying of rates by a municipality;
- It is probable that an outflow of economic benefits will be required to settle the obligation; and
- The amount of the obligation can be reliably measured.

Properties that do not meet the definition of "property" under the MPRA, or where the Trust does not meet the definition of "owner", are excluded from the provision.

Determination of the Provision

The provision for municipal rates is determined based on:

- The identification of properties within municipal jurisdictions that meet the definition of "property" under the MPRA;
- The assessment of ownership status in terms of the definition of "owner" in the MPRA; and
- Statements of account or valuation roll information provided by the relevant municipality at the reporting date.

The provision reflects the amount levied or expected to be levied by municipalities on qualifying properties up to the reporting date.

Where rates are subject to dispute, the provision reflects management's best estimate of the present obligation at reporting date, based on available municipal statements and ongoing engagements with the relevant municipalities.

Notes to the Audited Annual Financial Statements

Figures in Rand thousand

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2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the trust has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard / Interpretation	Effective date	Impact on the Trust
GRAP 104 (as revised): Financial Instruments	Years beginning on or after 1 April 2025	Adopted from 1 April 2025 and applied retrospectively in accordance with the transitional provisions of revised GRAP 104 and GRAP 3. The Trust elected to restate the comparative information for the year ended 31 March 2025

Change in accounting policy - adoption of revised GRAP 104

The Trust adopted revised GRAP 104 with effect from 1 April 2025. The revised Standard replaced the previous incurred- loss impairment approach with a forward-looking expected credit loss model and introduced revised requirements for the classification, measurement and impairment of financial instruments, together with enhanced disclosures relating to credit risk and expected credit losses.

On initial application, the Trust assessed its financial instruments under the revised classification and impairment requirements. Financial assets that continued to meet the criteria for measurement at amortised cost remained measured at amortised cost. The most significant quantitative effect of transition arose from the measurement of the loss allowance on receivables from exchange transactions under the revised ECL requirements.

The Trust applied revised GRAP 104 retrospectively in accordance with GRAP 3 and restated the comparative information for the year ended 31 March 2025. Accordingly, the transition adjustment has been recognised in the restated comparative amounts at 31 March 2025.

Transition impact at 31 March 2025

Description	R'000	Loss allowance at 31 March 2025 under previous
GRAP 104	175,340	
Required loss allowance on initial application of GRAP 104	177,327	
Increase in loss allowance on transition	1,986	
Decrease in opening accumulated surplus	1,986	
Nature of the change in impairment methodology		

Under the previous accounting policy, impairment of receivables was recognised when objective evidence indicated that a receivable or group of receivables was impaired. Revised GRAP 104 requires the Trust to recognise expected credit losses before an incurred-loss event occurs. For contractual receivables from exchange transactions, the Trust applies the simplified approach and measures lifetime ECL at each reporting date.

The Trust determines lifetime ECL using a provision matrix based on historical collection and credit-loss experience across ageing categories. The historical experience is adjusted for current conditions and forward-looking information relevant to expected collections. The 31 March 2026 calculation incorporates a 3.1% CPI-linked forward-looking overlay. This approach results in earlier recognition of credit losses and requires management to reassess the relevant historical and forward-looking assumptions at each reporting date.

Notes to the Audited Annual Financial Statements

2. New standards and interpretations (continued) Effect

on the current reporting period

At 31 March 2026, the Trust recognised a lifetime ECL allowance of R201.055 million on receivables from exchange transactions. The current-year movement from the opening revised GRAP 104 loss allowance of R177.327 million was R23.729 million and was recognised in surplus or deficit as an impairment loss. The closing allowance reflects the Trust's provision matrix, the forward-looking adjustment applied at year-end and post-year-end recovery information considered in the approved ECL calculation.

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 2026 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"> Guideline: Guideline on Accounting for Landfill Sites 	31 March 2029	Unlikely there will be a material impact
<ul style="list-style-type: none"> GRAP 103 (as revised): Heritage Assets 	Effective date to be determined	Unlikely there will be a material impact
<ul style="list-style-type: none"> Guideline: Guideline on the Application of Materiality to Financial Statements 	Effective date to be determined	Unlikely there will be a material impact

Background

The Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors (GRAP 3) applies to the selection of accounting policies. Entities apply the accounting policies set out in the Standards of GRAP, except when the effect of applying them is immaterial. This means that entities could apply alternative accounting treatments to immaterial items, transactions or events (hereafter called "items").

The Board received questions from entities asking whether past decisions to not apply the Standards of GRAP to immaterial items effect future reporting periods. Entities observed that when they applied alternative accounting treatments to items in previous reporting periods, they kept historical records on an ongoing basis of the affected items. This was done so that they could assess whether applying these alternative treatments meant that the financial statements became materially "misstated" over time. If the effect was considered material, retrospective adjustments were often made.

This Interpretation explains the nature of past materiality decisions and their potential effect on current and subsequent reporting periods.

iGRAP 21 addresses the following two issues:

- Do past decisions about materiality affect subsequent reporting periods?
- Is applying an alternative accounting treatment a departure from the Standards of GRAP or an error? The effective date of these interpretation have not yet been set. 01 April 2023.

The entity expects to adopt the interpretation for the first time in the 2023/2024 01 April 2023.

Amendments to this Standard of GRAP, are primarily drawn from the IASB's Amendments to IAS 1.

Summary of amendments are:

Materiality and aggregation

The amendments clarify that:

- information should not be obscured by aggregating or by providing immaterial information;
- materiality considerations apply to all parts of the financial statements; and
- even when a Standard of GRAP requires a specific disclosure, materiality considerations apply.



Notes to the Audited Annual Financial Statements

2. New standards and interpretations (continued)

The amendments clarify that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.

Notes structure

The amendments add examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order listed in GRAP 1.

Disclosure of accounting policies

Remove guidance and examples with regards to the identification of significant accounting policies that were perceived as being potentially unhelpful.

An entity applies judgement based on past experience and current facts and circumstances.

The effective date of this amendment is for years beginning on or after 01 April 2025.

The entity has adopted the amendment for the first time in the 2025/2026 audited annual financial statements.

3. Loans to (from) economic entities

Controlled entities

Loan to Ingonyama Holdings (Pty) Ltd	41 000	41 000
	<u>41 000</u>	<u>41 000</u>
Impairment of loans to controlled entities	(41 000)	(41 000)
	<u>-</u>	<u>-</u>

In accordance with the Standard of Generally Recognised Accounting Practice (GRAP) 35.05, an entity that is a controlling entity shall present consolidated financial statements.

A controlling entity is an entity that controls one or more entities. An entity controls another when the entity is exposed, or has rights, to variable benefits from its involvement with the other entity and has the ability to affect the nature or amount of those benefits through its power over the other entity.

Ingonyama Holdings (Pty) Ltd is a wholly owned subsidiary of Ingonyama Trust, established on 29 November 2011 as a controlled entity of the Trust. Ingonyama Holdings (Pty) Ltd has 1,000 authorised shares, of which 100 are issued and held by Ingonyama Trust, making up 100% of the issued share capital.

From the definition above, it is clear that control is a two-pronged concept, meaning:

- The entity (Ingonyama Trust) must be exposed to or have rights to benefits from its involvement with Ingonyama Holdings and;
- It must have the ability to affect the nature or amount of those benefits through its power over the entity

Notes to the Unaudited Annual Financial Statements

Figures in Rand thousand

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3. Loans to (from) economic entities (continued)

The Ingonyama Trust, by virtue of being a 100% shareholder of Ingonyama Holdings, has the right to variable benefits from its involvement (i.e. being a shareholder of Ingonyama Holdings). This is a right that is founded and confirmed in legislation through the powers that the Companies Act, No.71 of 2008, grants shareholders.

The ability to affect the nature or amount of variable benefits through the exercise of power has been a challenge for the Trust as a shareholder. The shareholder has been blocked from having access to Ingonyama Holdings by its first directors, who have since been removed by the shareholder.

As at 31 March 2025 the Ingonyama Trust Board, as the shareholder representative, was barred from exercising its power, specifically its rights to appoint and dismiss directors. The first directors of Ingonyama Holdings have taken it upon themselves to appoint directors outside the legal ambits of Section 68 of the Companies Act, No.71 of 2008.

The impact of this is that the shareholder, through its representative, no longer has the ability to affect the nature or amount of those benefits, amounting to a loss of control.

Impairment assessment

-	296
-	(296)
-	-

At each reporting date, the entity is required to assess whether there is objective evidence that a financial asset is impaired. Such evidence includes significant financial difficulty of the debtor, breach of contractual terms, high probability of financial reorganisation, disappearance of an active market for the asset, and observable data indicating a measurable decrease in expected future cash flows

Following the assumption of office by the current Board, significant governance and operational breakdowns were identified at Ingonyama Holdings, including the failure to provide financial information required to assess its financial position, performance and cash-flow generating ability. These deficiencies were compounded by unauthorised changes to the company's CIPC records during 2024, which are regarded by the shareholder as fraudulent and indicative of a loss of effective control over the subsidiary.

As a result of the absence of reliable financial information, the entity is unable to determine whether Ingonyama Holdings has reached the "operational date" as defined in the shareholder loan agreement, or whether it is generating sufficient cash flows to service its obligations. A bank statement dated 29 February 2024 reflected a cash balance of R296 thousand, which is not considered sufficient or reliable evidence of the entity's ability to settle its liabilities or repay the shareholder loan, particularly given the governance and control deficiencies.

Given the existence of multiple objective indicators of impairment, including severe governance failures, loss of control, and the absence of verifiable financial information, management has concluded that the recoverable amount of the loan cannot be reliably determined and that no future economic benefits can presently be substantiated. Accordingly, the loan has been fully impaired to 2025: nil (2024: R296,000) at year-end.

Notwithstanding the full impairment, the shareholder has resolved to institute legal action to determine the legitimacy of the use of funds and to pursue any recoveries that may arise. Any amounts recovered in future periods will be recognised in surplus or deficit when realised in accordance with applicable accounting standards.

Any amount recovered in the future years will be recognised as a reversal to the impairment.

4. Receivables from exchange transactions

Trade receivables

45 447	86 329
--------	--------

Receivables carrying amount

Receivables from exchange transactions

246 502	263 655
---------	---------

Impairment allowance of receivables from exchange transactions

(201 055)	(177 326)
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45 447	86 329
--------	--------

Notes to the Audited Annual Financial Statements

Figures in Rand thousand

4. Receivables from exchange transactions (continued)

	2026	2025
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Total receivables from exchange transactions	45 447	86 329
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Receivables from exchange transactions age analysis

The aging of amounts past due but not impaired is as follows:

Current	2 729	64 073
30 days	7 140	109
60 days	183	213
90 days	(741)	(170)
120 days	237 191	199 431
	246 502	263 656

Impairment of receivables from exchange transactions

Expected credit losses 2026	(201 055)	(177 327)
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Reconciliation of impairment of receivables from exchange transactions

Opening balance - March 2025	177 327	159 062
Provision for impairment - ECL Adjustment 2025	-	16 279
Provision for impairment current year - ECL	23 728	1 986
	201 055	177 327

5. Other receivables from exchange transactions

Accrued interest	957	598
Sundry debtor	61	4
	1 018	602

Other receivable from exchange transactions age analysis

Current	1 018	602
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6. Investment

Opening balance at fair value	59 174	52 324
Less: withdrawals and fees	(675)	(576)
Unrealised gains	7 652	5 572
Dividends received capitalised	2 011	1 854
	68 162	59 174

The Ingonyama Trust holds a discretionary managed investment portfolio with Sanlam Investment Management in terms of a written investment mandate. In terms of this mandate, Sanlam is authorised to invest and manage the Trust's funds on its behalf in a diversified portfolio of financial instruments in accordance to the boards investment mandate.

The Trust does not hold the underlying shares, bonds, unit trusts or other securities directly. Its financial asset is the contractual right to the net asset value of the Sanlam-managed portfolio.

Fair value

At 31 March 2026, the fair value of the Sanlam managed investment portfolio was R68,162 m (2025: R59,174 m) as per the Sanlam portfolio valuation statement

Notes to the Audited Annual Financial Statements

Figures in Rand thousand

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6. Investment (continued)

Portfolio composition (for risk analysis)

Although the Trust does not own the underlying instruments directly, the portfolio is invested in a diversified range of asset classes, including:

- Local equities
- Foreign equities
- Unit trusts
- Government and corporate bonds
- Cash and money market instruments

Financial risk management

The Trust is exposed to financial risks arising from this investment as follows:

Market risk

The portfolio is exposed to equity price risk, interest rate risk and other price risk arising from movements in market prices of the underlying instruments.

Currency risk

A portion of the portfolio is invested in foreign assets and is therefore exposed to fluctuations in foreign exchange rates.

Liquidity risk

The investment is a call investment with no fixed maturity. The Trust may withdraw funds subject to the terms of the mandate and market liquidity conditions.

These risks are managed by Sanlam in accordance with the Trust's investment mandate, which sets asset allocation limits, diversification requirements and risk tolerances.

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand - petty cash	1	4
Bank balances - call account	130 964	123 998
Bank balance - short-term deposits	75 246	70 499
Bank balance - current account	11 011	4 835
	217 222	199 336

The trust had the following bank accounts

Account number / description	Bank statement balances	
	31 March 2026	31 March 2025
ABSA investment account -935792****	12 251	11 539
Investec bank - 110046258****	75 246	70 499
FNB current account -6200460****	10 563	4 656
FNB daily call deposit -6200463****	47 035	45 780
Standard bank investment -25858258*-***	71 679	66 679
FNB mineral account - 6200992***	448	179
Total	217 222	199 332

Notes to the Audited Annual Financial Statements

Figures in Rand thousand

8. Investment property

	2026			2025		
	Cost / Valuation	Accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	558 683	-	558 683	558 683	-	558 683

Reconciliation of investment property- 2026

	Opening balance	Total
Land	558 683	558 683



Notes to the Audited Annual Financial Statements

Figures in Rand thousand

8. Investment property(continued)

Reconciliation of investment property- 2025

	Opening balance	Total
Land	558 683	558 683

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 that for:

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

Notes to the Audited Annual Financial Statements

Figures in Rand thousand

9. Property, plant and equipment

	2026			2025		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land	1 080 186	-	1 080 186	1 080 186	-	1 080 186
Buildings	25 450	(13 026)	12 424	25 450	(12 008)	13 442
Furniture and fixtures	5 001	(2 588)	2 413	4 505	(2 323)	2 182
Motor vehicles	8 244	(4 947)	3 297	8 244	(4 432)	3 812
Computer equipment	4 543	(1 678)	2 865	2 585	(1 905)	680
Agricultural machinery and equipment	5 052	(4 939)	113	5 052	(4 746)	306
Total	1 128 476	(27 178)	1 101 298	1 126 022	(25 414)	1 100 608



Notes to the Audited Annual Financial Statements

Figures in Rand thousand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2026

	Opening balance	Additions	Disposals	Depreciation	Total
Land	1 080 186	-	-	-	1 080 186
Buildings	13 442	-	-	(1 018)	12 424
Furniture and fixtures	2 182	495	-	(264)	2 413
Motor vehicles	3 812	-	-	(515)	3 297
Computer equipment	680	2 508	(95)	(228)	2 865
Agricultural machinery and equipment	306	-	-	(193)	113
	1 100 608	3 003	(95)	(2 218)	1 101 298

Notes to the Audited Annual Financial Statements

Figures in Rand thousand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Other changes, movements	Depreciation	Total
Land	1 097 932	-	(18 583)	837	-	1 080 186
Buildings	14 460	-	-	-	(1 018)	13 442
Furniture and fixtures	1 964	458	(12)	-	(228)	2 182
Motor vehicles	4 373	-	(41)	-	(520)	3 812
Computer equipment	791	59	(1)	-	(169)	680
Agricultural machinery and equipment	812	-	-	-	(506)	306
	1 120 332	517	(18 637)	837	(2 441)	1 100 608

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

441 307

Notes to the Audited Annual Financial Statements

Figures in Rand thousand

10. Intangible assets

	2026			2025		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1 730	(1 179)	551	1 247	(1 089)	158
Web design	138	(138)	-	138	(129)	9
Total	1 868	(1 317)	551	1 385	(1 218)	167

Reconciliation of intangible assets - 2026

	Opening balance	Additions	Amortisation	Total
Computer software	158	483	(90)	551
Web design	9	-	(9)	-
	167	483	(99)	551

Reconciliation of intangible assets - 2025

	Opening balance	Additions	Amortisation	Total
Computer software	225	6	(73)	158
Web design	18	-	(9)	9
	243	6	(82)	167

Other information

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

Notes to the Audited Annual Financial Statements

Figures in Rand thousand

11. Heritage assets

	2026			2025		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical buildings	15 988	-	15 988	15 988	-	15 988

Reconciliation of heritage assets 2026

	Opening balance	Total
Historical buildings	15 988	15 988

Reconciliation of heritage assets 2025

	Opening balance	Total
Historical buildings	15 988	15 988

Other information

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.

Notes to the Audited Annual Financial Statements

Figures in Rand thousand

	2026	2025
12. Residential lease liability		
Current liabilities	3 016	3 845
Opening balance	3 845	4 142
Payments	(860)	(317)
Receipts	31	20
	3 016	3 845

The residential lease liability is rentals received for residential leases, which, in terms of the Council for the Advancement of the South African Constitution and others v The Ingonyama Trust and Others case, the Ingonyama Trust was ordered to pay back to residential lease debtors.

13. Payables from exchange transactions

Trade payables	1 328	953
Income received in advance	37 561	35 619
Sundry accruals	1 854	771
Output VAT accrual - invoices not yet paid by customers	9 106	15 471
VAT payable to SARS - March 2026 VAT201	397	-
Accrued leave pay	874	558
Unallocated deposits	8 581	5 382
Sundry creditors	1 283	21
Debtors with credit balances	1 973	1 851
	62 957	60 626

14. Provisions - beneficiaries disbursement

Reconciliation of provisions - beneficiaries disbursement - 2026

	Additions	Disbursements
Provision - beneficiaries disbursement	45 441	(61 259)
Provision - beneficiaries disbursement		
Opening Balance	216 571	209 739
Add: Income	45 441	55 303
Less: Disbursements	(61 259)	(48 471)
Closing Balance	200 753	216 571

Reconciliation of provisions - beneficiaries disbursement - 2025

	Opening	Additions	Disbursement	Total Balance
Provision - beneficiaries disbursement	209 739	55 303	(48 471)	216 571

Notes to the Audited Annual Financial Statements

Figures in Rand thousand

15. Provision - municipal rates

Current liabilities

	2026	2025
At amortised cost	10 215	8 413

Reconciliation of provision - municipal rates - 2026

	Opening balance	Increase	Total
Municipal rates	8 413	1 802	10 215

Reconciliation of provision - municipal rates 2025

	Opening balance	Increase	Total
Municipal rates	7 084	1 329	8 413

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 standardise 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 a 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 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.

16. Revenue from exchange transaction

Other income	4 688	7 227
Lease revenue	87 528	121 472
Interest on overdue debtors' accounts	1 144	856
Dividend income	2 011	1 854
Fair value gain on investment	7 653	5 572
Interest received on bank	16 761	13 739
Gain on disposal of assets	-	719
	119 785	151 439

Notes to the Audited Annual Financial Statements

Figures in Rand thousand

17. Employee related costs

	2026	2025
Basic salaries	12 234	11 349
Medical aid contributions	328	162
Unemployment insurance fund	81	85
Skills development levy	125	111
Leave pay provision charge	364	581
Union fees	17	17
Provident Fund Contributions	201	192
	13 350	12 497

The organisation has been implementing a phased reallocation of expenditure on the basis of function. In line with this, employee costs related to the Land Management Services (LMS) unit, which constitutes the core operational function of the Trust, have been reclassified in and are now shown in this financial statements of the Ingonyama Trust rather than the Board. This reallocation aligns with the governance-led review of functional responsibilities that commenced in 2021.

18. Depreciation and amortisation

Property, plant and equipment	2 219	2 441
Intangible assets	100	82
	2 319	2 523

19. Impairment loss

Impairments

Loan to controlled entities	-	296
Trade and other receivables	23 729	16 279
	23 729	16 575

20. General expenses

Accounting fees		
Advertising	368	436
Auditors' remuneration	283	207
Bank charges	1 821	2 774
Cleaning	33	28
Consulting, professional and legal fees	818	764
Agricultural projects expenses	7 841	3 804
Insurance	-	10
IT expenses	868	761
Motor vehicle expenses	806	588
Printing and stationery	104	97
Repairs and other expenses	230	108
Security	441	307
Subscriptions and membership fees	803	496
Telephone and fax	46	-
Travel	421	262
Uniforms	6 433	1 548
Electricity and water	4	-
Relocation costs	1 445	1 325
Operating lease charges	60	-
Land tenure management and planning	242	265
Communication expenses	-	91
	645	-
	23 712	13 871

Notes to the Audited Annual Financial Statements

Figures in Rand thousand

21. Cash generated from operations

	2026	2025
(Deficit) surplus	(2)	41 776
Adjustments for:		
Depreciation and amortisation	2 319	2 523
Gain / (Loss) on disposal of assets	94	(719)
Impairment loss	23 729	16 575
Movements in provisions	(14 016)	8 161
Other non-cash items	299	(3 649)
Changes in working capital:		
Receivables from exchange transactions	17 153	(79 792)
Other Receivables from exchange transactions	(416)	(206)
Investments	(8 988)	(6 850)
Payables from exchange transactions	2 331	33 567
Residential lease liability	(829)	(297)
	21 674	11 089

22. 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

2025

	Note	As previously reported	Correction of error	Restated
Receivables from exchange transactions		255 704	7 951	263 655
Impairment of receivables from exchange transactions		(175 340)	(1 986)	(177 326)
Property plant and Equipment - Land		1 079 349	837	1 080 186
Investment property		559 520	(837)	558 683
Accumulated Surplus		(1 726 505)	(4 927)	(1 731 432)
SARS- VAT		(14 435)	(1 038)	(15 473)
		(21 707)	-	(21 707)

Statement of financial performance

2025

	Note	As previously reported	Correction of error	Restated
Lease revenue		119 819	1 653	121 472
Surplus		40 123	1 653	41 776
		159 942	3 306	163 248

Notes to the Audited Annual Financial Statements

Figures in Rand thousand

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22. Prior-year adjustments (continued)

Errors

The following prior period error adjustments occurred:

Trade Receivables from exchange transactions, lease Revenue and SARS- VAT

The Tenure committee approved leases in the current year amounting to R7, 951m . These leases had a commencement date of the previous financial year. In order to recognize this lease income in the correct period, a prior year adjustment has been made.

Impairment of trade receivables from exchange transactions

A prior period error relating to the calculation of financial asset impairments for the 2025 financial year. The entity transitioned its impairment model to align with the revised Standard of GRAP 104 on Financial Instruments. In doing so, it was determined that the historical impairment provision for receivables was understated under the previous framework, resulting in an understatement of debt impairment expenses and an overstatement of net receivables for 2025.

As a result of the R 7.951m increase in receivables, the accumulated surplus and SARS - Vat accounts increased by R6,913 m and R 1.038m respectively..

Property plant and Equipment and Investment property:

The entity corrected a prior period error where a piece of land was incorrectly classified and recognized as Investment Property instead of Property, Plant and Equipment (PPE). The land is utilized for administrative and operational purposes rather than for capital appreciation or earning rentals, thereby meeting the definition of Property, Plant and Equipment under GRAP 17 instead of Investment Property under GRAP 16.

The error has been corrected by retrospectively reclassifying the comparative figures for the 2025 financial year in accordance with GRAP 3.

Investment Property decreased by R 837 thousand and Property, Plant and Equipment (Land) increased by R 837 thousand..

No adjustment has been made to the accumulated surplus.

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Lease Revenue

Lease revenue of R1.653 million for the prior year has now been correctly accounted for in the 2024/2025 financial year. This adjustment is due to the Board approving leases in the 2025/2026 year, which had a commencement date in the 2024/2025 year. As a result, the surplus for the prior year has increased by R1.653 million.

Notes to the Audited Annual Financial Statements

Figures in Rand thousand

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2025

23. Related parties

Relationships

INGONYAMA TRUST BOARD

A related party relationship 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 is 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 which administers the affairs of the trust and trust land.

TRADITIONAL AUTHORITIES AND COMMUNITY AUTHORITIES

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

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

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

disclosed in the note relating to Ingonyama Trust land.

INGONYAMA HOLDINGS (PTY) LTD

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

Notes to the Audited Annual Financial Statements

Figures in Rand thousand

23. Related parties (continued)

Related party transactions

Board/Disbursements

Transfer funds paid - Ingonyama Trust Financial Regulations 10(2)	(9 340)	(7 537)
Disbursements to Trustee	(1 026)	(2 501)
Disbursements to beneficiaries/Traditional Authorities	(60 232)	(45 969)

Services paid by Ingonyama Trust Board on behalf of Ingonyama Trust

Services paid by Ingonyama Trust Board	-	5 351
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Provision for beneficiary disbursement

Community beneficiaries	177 954	198 690
AmaKhosi	19 536	17 881
Isilo	3 263	1 763

Notes to the Unaudited Annual Financial Statements

Figures in Rand thousand

23. Related parties (continued)

Remuneration of management

Management class: Executive management

2026

Name	Basic salary	Other short-term employee benefits	Post-employment benefits	Back pay	13th Cheque	Total
Mr V.Z. Mngwengwe - Chief Executive Officer	450	-	-	26	308	784
Ms T.P. Ndlovu - Head of Land Management Services	1 540	414	-	-	-	1 954
Mr S.E. Madondo - Head Corporate Services	92	111	-	5	-	208
Mr S.E. Gabela - Manager Performance and Evaluation	1 093	618	-	17	-	1 728
Mr S.B. Vilakazi - Acting CEO	1 960	5	28	429	-	2 422
Adv N W Bhuka - Senior Legal Officer	363	217	34	-	-	614
Mr S Mkhize - Interim CFO	196	82	-	-	25	303
S N Kunene - Head - Corporate Services	211	38	20	-	-	269
	5 905	1 485	82	477	333	8 282

2025

Name	Basic salary	Bonuses and performance related payments	Other short-term employee benefits	Back pay	13th Cheque	Total
Mr V.Z. Mngwengwe - Chief Executive Officer	1 666	29	805	33	53	2 586
Ms T.P. Ndlovu - Head of Land Management Services	1 361	25	495	-	-	1 881
Mr S.E. Madondo - Head Corporate Services	998	15	376	-	-	1 389
Mr S.E. Gabela - Manager Performance and Evaluation	1 121	18	505	21	-	1 665
Mr S.B. Vilakazi - Chief Financial Officer	1 361	21	495	-	-	1 877
	6 507	108	2 676	54	53	9 398

Notes to the Audited Annual Financial Statements

Figures in Rand thousand

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24. Risk management

Liquidity risk

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 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.

Liabilities	2026	2025
Trade and other payables	50 725	43 827
Accruals	1 500	771
Total	52 225	44 598

The entity does not hold any derivative financial liabilities.

Credit risk

Credit risk is the risk that one party will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk consists mainly of cash deposits, cash equivalents, trade receivables, other receivables and investments. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

The Ingonyama Trust limits its treasury counterparty exposure by dealing with established institutions approved by National Treasury and its exposure is constantly monitored.

Liabilities

Trade and other payables	50 725	43 827
Accruals	1 500	771
	52 225	44 598

The entity does not hold any derivative financial liabilities.

Notes to the Audited Annual Financial Statements

Figures in Rand thousand

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24. Risk management (continued)

Credit risk

Credit risk is the risk that one party will cause a financial loss for the other party by failing to discharge an obligation

Credit risk consists mainly of cash deposits, cash equivalents, and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Financial assets which potentially subject the Ingonyama Trust to risk of nonperformance and thereby subject to credit risk consist mainly on cash and cash equivalents.

The Ingonyama Trust limits its treasury counter party exposure by dealing with established institution approved by National Treasury and its exposure is constantly monitored.

Expected credit loss framework

With effect from 1 April 2025, the Trust applies the expected credit loss (ECL) requirements of revised GRAP 104 to financial assets measured at amortised cost. The ECL assessment forms part of the Trust's credit-risk management process and is updated at each reporting date using historical experience, current conditions and reasonable and forward-looking information.

Receivables from exchange transactions

Trade receivables are primarily amounts due by lessees arising from the leasing of Trust land. The Trust applies the simplified approach to these contractual trade and lease receivables and recognises lifetime expected credit losses from initial recognition. The recognition of an ECL is therefore not dependent on the occurrence of an incurred-loss event.

The Trust's primary objective in managing credit risk on receivables is to maximise recovery of outstanding balances while minimising the risk of financial loss due to counterparty default. Credit-management measures include scrutiny of lease applications, collection of the first year's rental before the signing of a lease, monitoring of arrears and structured follow-up and collection of overdue balances.

Collective assessment and shared credit-risk characteristics

Where receivables are assessed collectively, they are grouped according to shared credit-risk characteristics that are expected to respond similarly to changes in credit risk. The provision matrix groups contractual trade and lease receivables by ageing interval (Current, 30 days, 60 days, 90 days and 120+ days) and considers historical payment and recovery behaviour. Debtor-specific information is considered separately where it indicates that the collective assessment is not representative of the expected credit loss on an individual balance.

Definition of default

For purposes of the provision matrix and credit-risk monitoring, the Trust regards receivables in the 120+ days ageing category as being in default for ECL measurement. The threshold reflects the point at which balances have progressed into the Trust's oldest arrears category and exhibit substantially elevated non-collection risk based on the historical ageing and collection profile used in the approved ECL model. The default assessment is not based solely on days past due; qualitative information indicating that a debtor is unlikely to settle the contractual amount in full is also considered.

Measurement of expected credit losses

Lifetime ECL on contractual trade and lease receivables is measured using a provision matrix. Historical loss rates are derived from the Trust's historical debtor ageing, payment and recovery experience and are applied to the relevant ageing categories. Historical rates are adjusted for current conditions and reasonable and supportable forward-looking information available at the reporting date. Expected credit losses represent expected cash shortfalls and reflect the time value of money where material.

For the year ended 31 March 2026, the Trust incorporated a 3.1% CPI-linked forward-looking overlay into the provision matrix. The resulting closing loss allowance on receivables from exchange transactions was R201.055 million. The related gross receivable balance was R246.502 million, resulting in a net carrying amount of R45.447 million.

Notes to the Audited Annual Financial Statements

Figures in Rand thousand

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24. Risk management (continued)

Significant increase in credit risk and other financial assets

For financial assets to which the simplified approach does not apply and which are within the impairment requirements of GRAP 104, the Trust applies the general ECL approach. A 12-month ECL is recognised where credit risk has not increased significantly since initial recognition, while lifetime ECL is recognised where there has been a significant increase in credit risk. In assessing significant increases in credit risk, the Trust considers available quantitative and qualitative information, including contractual past-due status, deterioration in payment behaviour, financial difficulty, adverse changes in the counterparty's operating or economic environment, legal or recovery action and other reasonable and supportable forward-looking information.

Credit-impaired financial assets

A financial asset is regarded as credit-impaired when one or more events have occurred that have a detrimental impact on its estimated future cash flows. Indicators include significant financial difficulty, breach of contractual terms, persistent default, concessions granted because of financial difficulty, legal recovery action or other evidence that the debtor is unlikely to settle its contractual obligation in full.

Other receivables

Other receivables comprise mainly interest accrued from established institutions approved by National Treasury. The entity's objective in managing credit risk arising from accrued interest is to ensure the timeous receipt of contractual interest income and to preserve the capital value of the underlying investment. The policy is to accrue interest only on investments held with high-quality, independently rated financial institutions or institutions approved by National Treasury. Interest due is reconciled to interest received and unpaid interest beyond the contractual settlement date is followed up with the counterparty.

Cash and cash equivalents

Cash and cash equivalents are held with established financial institutions. These balances are assessed under the general ECL approach. The Trust considers the external credit standing of the institutions, National Treasury approval where applicable, counterparty concentration and other available credit-risk information in assessing whether credit risk has increased significantly. The ECL recognised on these balances is based on the credit risk applicable at the reporting date.

Investments

Investments are managed by a reputable investment manager and the underlying portfolio is diversified across various asset classes. The entity's primary objective in managing credit risk from investments is preservation of capital and maintenance of liquidity. The investment mandate limits exposure through asset allocation, diversification and risk tolerances. Refer to Note 6 for further information on the portfolio and related market, currency and liquidity risks.

Forward-looking information

The Trust incorporates reasonable and supportable forward-looking information into the ECL assessment where that information is relevant to expected collections. The current-year provision matrix includes a CPI-linked forward-looking adjustment. Management considers whether economic and collection conditions at the reporting date require an adjustment to historical loss experience and reassesses the relevance of the forward-looking information at each reporting date.

Changes in estimation techniques and assumptions

The 2025/26 financial year is the first year in which the Trust applies the revised ECL requirements of GRAP 104. The principal change in the measurement of credit losses is the transition from the previous incurred-loss methodology to a forward-looking ECL methodology. The Trust applied the revised provision-matrix methodology and incorporated forward-looking information in determining lifetime ECL on contractual trade and lease receivables.

Write-off policy

A financial asset is written off when there is no reasonable expectation of recovery after considering the status of collection and legal recovery processes and other relevant information. A write-off does not prevent the Trust from continuing recovery action where this remains legally available.

Maximum exposure to credit risk

Notes to the Audited Annual Financial Statements

Figures in Rand thousand

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24. Risk management (continued)

The carrying amounts of financial assets presented below represent the Trust's maximum exposure to credit risk at the reporting date, before taking account of any collateral or other credit enhancements:

Financial instrument	2026	2025	ECL / risk treatment
Receivables	45 447	86 329	Simplified approach – lifetime ECL
Cash and cash equivalents	217 222	199 336	General ECL approach
Other receivables	1 018	602	General ECL approach, where within impairment scope
Investments	68 162	59 174	Credit / market risk treatment according to instrument classification

Loan to controlled entity – Ingonyama Holdings (Pty) Ltd

The loan to Ingonyama Holdings (Pty) Ltd is disclosed in Note 3. The gross loan balance and related loss allowance are considered separately based on the specific credit circumstances of the controlled entity and the information available to the Trust.

Other risks

Interest rate risk

Surplus cash earns interest and the rate is exposed to fluctuations in the Repo rate. The Trust manages this exposure through the placement of funds with major South African financial institutions and through its approved investment arrangements. The investment portfolio is also exposed to interest-rate and other market-price movements as described in Note 6

Other risks

Interest rate risk

Surplus cash earns interest and the rate is exposed to fluctuations in the Repo rate. However, as the Trust has no significant interest-bearing assets, the Trust's income and operating cash flows are substantially independent of changes in market interest rates. Hence the risk is considered low as deposits are held with major South African bank. Ingonyama Trust does invest in equity instruments.

Notes to the Audited Annual Financial Statements

Figures in Rand thousand

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25. Ingonyama Trust Land

Land

1 080 186

1 080 186

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 9 - Property, plant and equipment R1.080 billion (2025: R1.080 billion) and consist of approximately 3 050 871.27 hectares (2025: 3 050 871.27 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. Traditional / Community Authority Land Register:

TRADITIONAL _AUTHORITY	LM	DM	AREA_HA
MATENJWA T.A.	Jozini	Umkhanyakude	54730,561
TEMBE T.A.	Umhlabuyalingana	Umkhanyakude	234261,880
NYAWO T.A.	Jozini	Umkhanyakude	91448,391
MNGOMEZULU T.A.	Jozini	Umkhanyakude	26227,971
MASHBANE T.A.	Jozini	Umkhanyakude	27822,132
MASIDLA C.A.	Uphongolo	ZULULAND	22393,969
SHANGE T. A.	Nkandla	KING CETSHWAYO	22124,057
MABASO T.A.	Langalibalele	Uthukela	32781,876
DHLAMINI T.A.	EDUMBE	ZULULAND	19408,070
MSIBI T.A.	Uphongolo	ZULULAND	7064,149
SIQAKATA T.A.	Jozini	Umkhanyakude	3263,521
ZIKHALI / MBILA T.A.	UMHLABUYALINGANA	UMKHANYAKUDE	22214,221
SIMELANE T.A.	Uphongolo	ZULULAND	7837,128
NSINDE T.A.	Jozini	Umkhanyakude	14814,378
MTETWA T.A.	EDUMBE	ZULULAND	5947,136
JOBE T.A.	JOZINI	UMKHANYAKUDE	10032,863
NGWENYA T.A.	Jozini	Umkhanyakude	13149,696
MNQOBOKAZI T.A.	Big 5 Hlabisa	Umkhanyakude	8295,375
BUHLE-BOMZINYATHI C.A.	NEWCASTLE	AMAJUBA	47005,621
USUTHU T.A.	Nongoma	ZULULAND	63326,626
KAMBI T.A.	UPHONGOLO	ZULULAND	2971,532
MAKASA T.A.	Big 5 Hlabisa	Umkhanyakude	6430,327
NIBELA T.A.	Big 5 Hlabisa	Umkhanyakude	9169,193
EMPETEMPITHINI T.A.	ULUNDI	ZULULAND	46966,229
NYANYADU	Dannhauser	AMAJUBA	4104,464
MDLETSHI T.A.	Big 5 Hlabisa	Umkhanyakude	37377,708
MOLEFE T.A.	Nquthu	Abaqulusi	54624,774
MATHENI T.A.	Nongoma	ZULULAND	23203,885
HLAHLINDHELELA T.A.	ABAQULUSI	UMZINYATHI	28625,668
NDEBELE T.A.	Ulundi	ZULULAND	6738,178
ABAKWAHLABISA T.A.	HLABISA	UMKHANYAKUDE	15130,844
MPUKUNYONI T.A.	Mtubatuba	Umkhanyakude	80405,704
MANDHLAKAZI T.A.	Nongoma	ZULULAND	130819,885
ZUNGU T.A.	ULUNDI	ZULULAND	31998,748
MBATA T.A.	ULUNDI	ZULULAND	12795,456
KHIPHINKUNZI T.A.	NQUTHU	UMZINYATHI	16412,642
NOBAMBA C.A.	ULUNDI	ZULULAND	14088,812
MPUNGUSE T.A.	ULUNDI	ZULULAND	17107,253

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ZONDI T.A.	NQUTHU	UMZINYATHI	4220,447
XIMBA T.A.	ULUNDI	ZULULAND	29794,055
MANGWE-BUTHANANI T.A.	Nquthu	UMZINYATHI	8650,453
MHLANA T.A.	Mbonambi	KING CETSHWAYO	51741,801
MBOKODWE BOMVU T.A.	Nquthu	UMZINYATHI	8070,876
OBUKA T.A.	Ntambanana	KING CETSHWAYO	50722,202
EMANDLENI T.A.	NQUTHU	UMZINYATHI	27898,981
YANGUYE T.A.	MTHONJANENI	KING CETSHWAYO	10376,236
ZONDI T.A.	NKANDLA	KING CETSHWAYO	4524,674
MCUNU T.A.	Alfred Duma	Uthukela	2696,394
CWEZI T.A.	NKANDLA	KING CETSHWAYO	7380,681
SOMOPO T.A.	Ntambanana	KING CETSHWAYO	9941,380
MBENSE T.A.	Alfred Duma	Uthukela	335,506
CUNU T.A.	NQUTHU	UMZINYATHI	11349,569
NXUMALO T.A.	Alfred Duma	Uthukela	2028,534
SIGWEJE T.A.	Alfred Duma	Uthukela	5019,154
QAMU T.A.	Msinga	Umzinyathi	62353,510
SOKULU T.A.	Mbonambi	KING CETSHWAYO	14917,134
KHABELA T.A.	NKANDLA	KING CETSHWAYO	10945,810
MPUNGOSE T.A.	NKANDLA	KING CETSHWAYO	6003,194
MAMBUKA T.A.	Ntambanana	KING CETSHWAYO	5060,929
EKUKHANYENI T.A.	NKANDLA	KING CETSHWAYO	10381,462
VULINDLELA-SITHOLE T.A.	Nquthu	UMZINYATHI	15215,228
SITHOLE T.A.	Alfred Duma	UTHUKELA	14876,727
MAHLAYIZENI T.A.	NKANDLA	KING CETSHWAYO	8208,046
OBIZO T.A.	Ntambanana	King CETSHWAYO	4905,759
AMAPUTU T.A.	NKANDLA	KING CETSHWAYO	6975,306
MTHEMBU T.A.	Msinga	UMZINYATHI	16254,237
NTEMBENI T.A.	MTHONJANENI	KING CETSHWAYO	12397,643
MABASO T.A.	UMHLABUYALINGANA	Umkhanyakude	2676,034
MBONAMBI T.A.	Mbonambi	KING CETSHWAYO	8147,996
INGWE T.A.	INDAKA	UTHUKELA	5056,324
CUBE T.A.	NKANDLA	KING CETSHWAYO	15471,219
BOMVU T.A.	MSINGA	UMZINYATHI	46809,676
KHOZA T.A.	UMHLATHUZE	KING CETSHWAYO	2772,980
MPUNGOSE T.A.	NKANDLA	KING CETSHWAYO	7593,535
BASO T.A.	MSINGA	UMZINYATHI	8290,663
MTHEMBU T.A.	Alfred Duma	UTHUKELA	19124,412
AMAZIZI T.A.	OKHAHLAMBA	UTHUKELA	17108,654
MANGIDINI T.A.	NKANDLA	KING CETSHWAYO	15291,457
NDHLAYANGUBO BIYELA T.A.	UMLALAZI	KING CETSHWAYO	4715,811
AMANGWANE T.A.	OKHAHLAMBA	UTHUKELA	75849,668
BHEKISHOWE ZULU T.A.	UMLALAZI	KING CETSHWAYO	8077,674
AMAKABELA T.A.	NKANDLA	KING CETSHWAYO	24384,558
MZIMELA T.A.	UMLALAZI	KING CETSHWAYO	24553,449
MADLEBE T. A.	UMHLATHUZE	KING CETSHWAYO	7128,539
CUNU T.A.	MSINGA	UMZINYATHI	35487,485
MAGWAZA T.A.	NKANDLA	KING CETSHWAYO	10645,969
IZINDLOZI T.A.	NKANDLA	KING CETSHWAYO	4225,778
MVUZANE BIYELA T.A.	Umlalazi	KING CETSHWAYO	8768,734
MPUNGOSE T.A.	UMLALAZI	KING CETSHWAYO	18284,820
NXAMALALA T.A.	Impendle	UMGUNGUNDLOVU	4416,655
SHANGE T.A.	Umlalazi	KING CETSHWAYO	14500,632
DUBE T.A.	UMHLATHUZE	KING CETSHWAYO	6077,515
KOLWENI T.A.	UMLALAZI	KING CETSHWAYO	1941,992
NTULI T.A.	UMLALAZI	KING CETSHWAYO	31532,973
NGOME T.A.	Umsinga	UMZINYATHI	366,207
MKHWANAZI T.A.	Umhlathuze	KING CETSHWAYO	11992,935
MONDI T.A.	Umlalazi	KING CETSHWAYO	1394,129
NZUZA T.A.	UMLALAZI	KING CETSHWAYO	8013,247
AMANGWE T.A.	IMBABAZANE	UTHUKELA	21604,974
KOZA T.A.	Umlalazi	KING CETSHWAYO	6945,687

Notes to the Audited Annual Financial Statements

MOMBENI BIYELA T.A.	UMLALAZI	KING CETSHWAYO	12758,892
ABAKWACELE T.A.	MAPHUMULO	IEMBE	5153,092
SIKONYANE T.A.	Mandeni	IEMBE	8317,801
HLUBI T.A.	IMBABAZANE	UTHUKELA	4778,855
BANGINDODA ZULU T.A.	UMLALAZI	KING CETSHWAYO	14579,547
HLONGWA T.A.	MAPHUMULO	IEMBE	3439,238
HOHOZA (MKHONTO) T. A.	MAPHUMULO	IEMBE	25575,672
CAMBINI T.A.	MANDENI	IEMBE	12543,740
MATHONSI T.A.	Mandeni	IEMBE	7364,435
MABASO T.A.	Alfred Duma	UTHUKELA	3513,141
NODUNGA T.A.	MAPHUMULO	IEMBE	5931,919
CELE T.A.	NDWEDWE	IEMBE	1063,264
ZUBANE T.A.	NDWEDWE	KING CETSHWAYO	3641,619
MHLUNGWINI T.A.	Inkosi Lngalibalele	UTHUKELA	7961,984
DHLAMINI T.A.	IMBABAZANE	UTHUKELA	2569,098
MATHONSI T.A.	Kwadukuza	IEMBE	839,627
MAKHABELENI T.A.	UMVOTI	Iembe	7512,333
AMAMBHEDU T. A.	MAPHUMULO	IEMBE	3556,710
MASIHAMBISANE T.A.	UMSHWATHI	UMGUNGUNDLOVU	1836,056
ABAMBO T.A.	IMBABAZANE	UTHUKELA	4421,910
QADI T.A.	MAPHUMULO	Iembe	4198,584
EMBO T.A.	MAPHUMULO	IEMBE	1936,287
INADI T.A.	Umsunduzi	UMGUNGUNDLOVU	444,783
NTANZI T.A.	UMSHWATHI	UMGUNGUNDLOVU	3142,671
AMANGCOLOSI T.A.	MAPHUMULO	IEMBE	10579,833
QWABE T.A.	MAPHUMULO	IEMBE	6931,532
BOMVU T.A.	UMVOTI	UMZINYATHI	11433,875
MLAMULA T.A.	NDWEDWE	IEMBE	12480,546
MTHULINI T.A.	UMSHWATHI	UMGUNGUNDLOVU	3054,265
ABAKWALUTHULI T.A.	NDWEDWE	IEMBE	1790,343
INKUMBA NYUSWA T. A.	NDWEDWE	IEMBE	17085,030
GCWENSA T.A.	NDWEDWE	IEMBE	5670,914
NODWENGU T.A.	NDWEDWE	IEMBE	5985,375
WOSIYANA T.A.	NDWEDWE	IEMBE	5947,879
GCUMISA T.A.	UMSHWATHI	UMGUNGUNDLOVU	17339,567
EMALANGENI T.A.	NDWEDWE	IEMBE	5470,657
HLOPE T.A.	NDWEDWE	IEMBE	861,286
MAVELA T.A.	NDWEDWE	IEMBE	4224,446
VUMAZONKE T.A.	NDWEDWE	IEMBE	1218,537
SHANGASE T.A.	NDWEDWE	IEMBE	6060,681
QADI T.A.	NDWEDWE	IEMBE	9757,931
QWABE T.A.	ETHEKWINI	ETHEKWINI	967,594
CIBANE T.A.	NDWEDWE	IEMBE	862,608
NXAMALALA T. A.	NKANDLA	KING CETSHWAYO	15641,001
PHEPHETHA T.A.	ETHEKWINI	ETHEKWINI	7161,628
MAPUMULO T.A.	Mkhambathini	UMGUNGUNDLOVU	3837,768
KHUMALO T.A.	NDWEDWE	IEMBE	651,866
CHILI T.A.	NDWEDWE	IEMBE	1123,411
MANYAVU T.A.	Mkhambathini	UMGUNGUNDLOVU	4605,211
NXAMALALA T.A.	Msunduzi	UMGUNGUNDLOVU	1092,084
BASOTHO T. A.	KWASANI	HARRY GWALA	1350,766
SHANGASE T.A.	ETHEKWINI	ETHEKWINI	4313,629
INADI T.A.	UMSUNDUZI	UMGUNGUNDLOVU	8510,870
XIMBA T. A.	ETHEKWINI	ETHEKWINI	6344,218
QINISELANI-MANYUSWA T.A.	ETHEKWINI	ETHEKWINI	4495,638
MPUMUZA T.A.	Umsunduzi	UMGUNGUNDLOVU	6982,703
NGCOLOSI T.A.	ETHEKWINI	ETHEKWINI	5148,491
MAFUNZE T.A.	Umsunduzi	UMGUNGUNDLOVU	5224,771
FREDVILLE C.A.	ETHEKWINI	ETHEKWINI	817,999
AMANGWANE T.A.	NDZ	HARRY GWALA	2473,458
KWA KHAZAZELA T.A.	ETHEKWINI	ETHEKWINI	1834,043
XIMBA T.A.	MSUNDUZI	UMGUNGUNDLOVU	547,556

Notes to the Audited Annual Financial Statements

QADI T.A.	NDZ	Sisonke	3653,235
BHIDLA T. A.	NDZ	HARRY GWALA	7802,219
ZASHUKE T.A.	NDZ	HARRY GWALA	6226,854
UMACALA-GWALA T.A.	NDZ	HARRY GWALA	2783,534
SIZANANI T.A.	NDZ	HARRY GWALA	8601,855
VEZAKUHE T. A.	NDZ	HARRY GWALA	3798,244
VUMAZONKE T.A.	NDWEDWE	Ilembe	788,528
VUMINDABA T.A.	RICHMOND	UMGUNGUNDLOVU	2913,793
AMAKUZE T.A.	NDZ	HARRY GWALA	24699,841
VUMANGAZI T.A.	ETHEKWINI	ETHEKWINI	7606,704
SOBONAKHONA-MAKHANYA T. A.	ETHEKWINI	ETHEKWINI	15275,462
ESIPAHLENI T.A.	RICHMOND	UMGUNGUNDLOVU	1825,187
EMBO-TIMUNI	RICHMOND	UMGUNGUNDLOVU	13683,260
ISIBONELO ESIHLE T.A.	NDZ	HARRY GWALA	1214,039
VUKANI T. A.	UBUHLEBEZWE	HARRY GWALA	5511,759
MADZIKANE-BHACA T.A.	NDZ	HARRY GWALA	4534,770
TOYANE T.A.	ETHEKWINI	ETHEKWINI	10221,196
MAPUMULO T.A.	ETHEKWINI	ETHEKWINI	4606,252
AMAKUZE T.A.	NDZ	HARRY GWALA	2621,299
ISIMAHLA T.A.	ETHEKWINI	ETHEKWINI	6826,708
MBHELE T.A.	Vulamehlo	UGU	6143,041
QIKO T.A.	Vulamehlo	UGU	3242,863
UMNINI TRUST	ETHEKWINI	ETHEKWINI	5120,706
ZEMBE T.A.	UMDONI	UGU	7439,242
NYUSWA T.A.	NDZ	HARRY GWALA	5074,619
DUMISA T.A.	UMDONI	UGU	6634,253
UKUTULA T.A.	NDZ	HARRY GWALA	2251,060
SIZWE HLANGANINI C.A.	UBUHLEBEZWE	HARRY GWALA	7024,202
IKWEZI-LOKUSA T.A.	UBUHLEBEZWE	HARRY GWALA	4392,932
DUNGE T.A.	UBUHLEBEZWE	HARRY GWALA	646,223
SHIYABANYE T.A.	NDZ	HARRY GWALA	1088,951
VUSATHINI MAZULU C.A.	UBUHLEBEZWE	HARRY GWALA	565,425
NYAVINI T.A.	UMZUMBE	UGU	4366,231
QOLOQOLO T.A.	UMZUMBE	UGU	5327,634
BEKANI T.A.	UMZUMBE	UGU	898,291
NDELU T.A.	UMZUMBE	UGU	8654,167
NHLANGWINI T.A.	UMZUMBE	UGU	8140,511
THULINI T.A.	UMZUMBE	UGU	8094,718
KWA FODO T.A.	Umziwabantu	UGU	7350,463
QWABE T.A.	NDWEDWE	Ilembe	3893,573
MBHELE T.A.	Vulamehlo	UGU	5770,725
TOKOZANI MADUMISA T.A.	Umziwabantu	UGU	1215,114
CELE T.A.	UMZUMBE	UGU	26911,358
HLONGWA T.A.	UMZUMBE	UGU	2306,673
MAMBOTHO T.A.	Umziwabantu	UGU	6000,278
JABULANI BESHAWO T.A.	UMUZIWABANTU	UGU	488,606
MADLALA T.A.	RAY NKONYENI	UGU	2978,893
LUSHABA T.A.	RAY NKONYENI	UGU	1135,325
QINSELANI - MANYUSWA T.A.	RAY NKONYENI	UGU	7671,634
NHLANGONO T.A.	UMUZIWABANTU	UGU	8955,422
ISIBONDA T.A.	UMUZIWABANTU	UGU	20826,638
INSIMBINI T.A.	RAY NKONYENI	UGU	3324,270
NKUMBINI T.A.	RAY NKONYENI	UGU	9918,248
MVUNDLA T.A.	RAY NKONYENI	UGU	3783,343
VUKUZITHATE T.A.	RAY NKONYENI	UGU	7471,411
XOLO T.A.	RAY NKONYENI	UGU	15490,895
NZIMAKWE T.A.	RAY NKONYENI	UGU	4111,250
XULU T.A.	NKANDLA	KING CETSHWAYO	3933,745
NGONO T.A.	NKANDLA	KING CETSHWAYO	21473,328
IZIGQOZA T.A.	NKANDLA	KING CETSHWAYO	5457,262
NTULI T.A.	NKANDLA	KING CETSHWAYO	13105,243
VUMAKWENZA	UBUHLEBEZWE	HARRY GWALA	8962,682

Notes to the Audited Annual Financial Statements

VUMAKWENZA T.A.	RICHMOND	UMGUNGUNDLOVU	3633,560
INADI T.A.	Umsunduzi	UMGUNGUNDLOVU	540,758
NXAMALALA T.A.	NKANDLA	KING CETSHWAYO	296,172
ISIMAHLA T.A.	MKHAMBATHINI	UMGUNGUNDLOVU	587,868
ISIMAHLA T.A.	UMDONI	UGU	5954,781
MAPHUMULO T.A.	ETHEKWINI	ETHEKWINI	300,419
TOYANA T.A.	ETHEKWINI	ETHEKWINI	119,947
TOYANA T.A.	ETHEKWINI	ETHEKWINI	255,856
QADI T.A.	MAPHUMULO	Ilembe	6923,057
QADI T.A.	NDWEDWE	Ilembe	522,179
QADI T.A.	NDZ	HARRY GWALA	1130,113
BUTHELEZI TA	ULUNDI	ZULULAND	2189,309
Lukhwazi/Ntombela	NQUTHU	UMZINYATHI	7409,037
Zondo	NQUTHU	UMZINYATHI	9552,723
Hlatshwayo	NQUTHU	UMZINYATHI	7128,295
Usuthu	Nongoma	ZULULAND	16678,078
Hlatshwayo	NQUTHU	UMZINYATHI	1560,703
Hlatshwayo	NQUTHU	UMZINYATHI	333,010
Sithole Mthembu	Umvoti	UMZINYATHI	3988,284
Sithole Mthembu	UMVOTI	UMZINYATHI	5156,011
MaBomvini	Umsinga	UMZINYATHI	8856,683
Cele	MAPHUMULO	ILEMBE	5866,800
Sobonakhon Makhanya TA	ETHEKWINI	ETHEKWINI	4069,935
Sobonakhona Makhanya TA	ETHEKWINI	ETHEKWINI	177,996
Cele	UMVOTI	ILEMBE	4452,805
Sobonakhona/Makhanya TA	ETHEKWINI	ETHEKWINI	-
CUBE T.A.	NKANDLA	KING CETSHWAYO	1393,519
Embo/Ilanga CA	ETHEKWINI	ETHEKWINI	4552,200
NTSHANGASE TA	UPHONGOLO	ZULULAND	-
DASSENHOEK C.A.	ETHEKWINI	ETHEKWINI	1824,482
			-
			3 050 871,27

26. Commitments

Authorised capital expenditure

Commitments already contracted for but not provided for

- Due within 1 Year
- Due within 2 - 5 Years

4 956 2 381
3 543 4 578

8 499 6 959

Total capital commitments

Already contracted for but not provided for

8 499 6 959

Total commitments

Total commitments

Authorised capital expenditure

8 499 6 959

This committed expenditure relates to plant and equipment and will be financed by available bank facilities, retained surpluses, existing cash resources, funds internally generated, etc.

Notes to the Audited Annual Financial Statements

Figures in Rand thousand

2026

2025

27. Contingencies

Litigation may exist against the Ingonyama Trust relating to a dispute around land (boundaries, evictions, rates etc.), and other legal matters. The total financial impact cannot be quantified and measured reliably at year end.

Contingent assets

Contingent Asset – Hammersdale Land Sale

An amount of approximately R30.51 million arising from the sale of Trust land (Hammersdale) was transferred to non Trust accounts on the instruction of the former Chairperson without Board approval, resulting in a financial loss to the Trust.

The Trust obtained a favourable High Court judgment confirming that the funds were improperly diverted and are recoverable. The opposing parties have approached the Supreme Court of Appeal (SCA) for leave to appeal. The matter therefore remains contingent pending the outcome of the SCA process. In accordance with GRAP 19, the inflow of economic benefits is considered probable, but not yet virtually certain, and the asset is therefore not recognised.

The Trust has implemented governance remediation measures following the incident, including strengthened approval controls over land disposals, enhanced oversight over the receipt and transfer of funds, and restrictions on unilateral authority by office bearers. These measures aim to prevent recurrence and improve governance practices.

28. Events after the reporting date

There were no events after reporting period.

Notes to the Audited Annual Financial Statements

Figures in Rand thousand

2026

2025

29. Budget differences

Material differences between budget and actual amounts

29.1 Other Income

No amount was budgeted for other income in the 2026 financial year. The variance relates to compensation costs for LTMS staff employed within the Trust. These costs were funded by the Board for part of the year and subsequently journalised into the Trust's books. PAYE and related statutory deductions continue to be paid by the Board, resulting in actual income being higher than budgeted.

29.2 Lease revenue

Actual revenue exceeded budget due to additional lease agreements secured after the budget approval date, which were not included in the original projections.

29.3 Interest on overdue debtors' accounts

Favourable variance resulting from improved credit control enforcement and interest billing on overdue debtor accounts not timeously paid.

29.4 Dividend income

The investment is in the direct control of Sanlam. Invested companies performed better than expected, distributing higher yields per share.

29.5 Fair value gain on investment

This positive variance stems directly from favourable market conditions at financial year-end, which was incorrectly reflected under Interest Income for budget purposes. It is now correctly disclosed as a gain from investments..

29.6 Interest received on bank and short term investments

Interest on banks and investments is based on balances throughout the year and the changes in interest rates. In the instance of Ingonyama Trust, interest has been generated from positive bank balances which has been used to supplement operational income, bank balances were higher as a result interest is higher.

29.7 Employee related costs

Employee related costs were below the adjusted budget due to delays in filling vacant positions, and lower employee related expenditure than anticipated. Actual spending of R13.350 million against the budget of R22.966 million reflects an underspend of R9.581 million, consistent with movements in the employee costs schedule.

29.8 Funds paid to Ingonyama Trust Board - FR 10(2)

In terms of Financial Regulation 10(2), the Ingonyama Trust Board may utilise up to 10% of Trust income. The budgeted figure of R9.340 million was based on projected Trust revenue determined during the compilation of budgets. Actual expenditure amounted to R9.340 million, resulting in no variance for the financial year.

29.9 Depreciation and amortisation

Depreciation and amortisation were lower than budget due to fewer capital asset additions than anticipated and changes in the timing of asset capitalisation during the year. Actual depreciation of R2.319 million compared to the budgeted R2.525 million reflects this underspend and aligns with movements recorded in the asset register.

29.10 Impairment loss

The entity anticipated the impairment of trade debtors for the current year to be in line with the provision of the previous year, approximately R 8,4m escalated, the impairment was higher due to rising debts due to non-payment by debtors.

Notes to the Audited Annual Financial Statements

Figures in Rand thousand

2026

2025

29. Budget differences (continued)

29.11 Rates expenditure

Municipal rates expenditure was budgeted for as a provision. The actual expenditure relates to rates recognised on qualifying Non-Traditional Council properties following the annual assessment of municipal rates obligations

29.12 General expenses

The overall underspending in general expenses was mainly due to savings in accounting fees, Travel and accommodation and communication expenses.

The entity undertook austerity measures to curb spending on core activities, and non-filling of vacant positions had an impact of reducing related administrative expenses. .

29.13 Loss on derecognition of assets

The loss on derecognition of assets related to damaged movable assets which where not budgeted for..

29.14 Disbursement to beneficiaries

The expenditure relates to the correct accounting treatment of cash received from leases within Traditional Council areas. In prior years, these amounts were incorrectly debited to accumulated surplus. During the current financial year, disbursements amounted to R45.439 million, representing the funds available for distribution after the Trust had settled all operational expenses. Only the remaining cash balance could be released to Traditional Councils based on approved requests.

30. Auditors' remuneration

Fees	1 821	2 774
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31. Other revenue

Fair value gain on investment	7 653	5 572
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32. Trust Fund - community beneficiaries

Traditional councils	37 648	46 086
Inkosi	5 048	6 145
Isilo	2 526	3 072
	45 222	55 303

* Following technical consultations regarding the 2024/2025 Annual Financial Statements (AFS), the Auditor-General of South Africa (AGSA) recommended a revised accounting treatment to prevent an audit qualification.

The actual cash received from leases be recognised as disbursement expenditure in the statement of financial performance (income statement), with a corresponding credit to the beneficiary provision in the statement of financial position. This replaces

the previous method of debiting the accumulated surplus.

33. Investment revenue

Interest revenue

Interest received - other	16 761	13 739
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Notes to the Audited Annual Financial Statements

Figures in Rand thousand

34. Operating surplus

Operating surplus for the year is stated after accounting for the following:

	2026	2025
(Loss) gain on derecognition of property, plant and equipment	(94)	719
Impairment on loans to economic entities	-	296
Impairment on trade and other receivables	23 729	16 279
Amortisation on intangible assets	100	82
Depreciation on property, plant and equipment	2 219	2 441
Employee costs	13 350	12 497