INGONYAMA TRUST

30 YEARS OF UNLOCKING RURAL LAND FOR DEVELOPMENT FOR THE BENEFIT OF THE PEOPLE

1994 - 2024

annual report

01 APRIL 2023 | 31 MARCH 2024

INGONYAMA TRUST ANNUAL REPORT 2023/2024

PR253/2024

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www.ingonyamatrust.org.za

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PART A:

GENERAL INFORMATION

Public entity's general Information

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

List of Abbreviations

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

Foreword by the Vice - Chairperson

Introduction

As it is customary to Ingonyama Trust Board, this report gives us the opportunity reflect and account for how we have discharged our mandate. This is even more so because Ingonyama Trust Board carries a major responsibility of administering and managing Trust land in KwaZulu-Natal. It is fair to conclude that there are reasonable expectations from residents on Ingonyama Trust land to enjoy peace, stability and socio-economic progress. These expectations are not taken lightly.

The Overview of The Entity

The current Board was appointed on 21 May 2023 and is currently being chaired by His Majesty, King Misuzulu ka Zwelithini, the sole Trustee and is assisted by the Vice - Chairperson, Advocate Linda Zama and the rest of capable Board Members from diverse backgrounds and skill set. It is the commitment of both Board Members and the Secretariat that Ingonyama Trust Board has stabilised the operations as it steers and repositions the organisation to be relevant and transformative in KwaZulu-Natal. At this stage, it is still fitting to pay homage to the Late Prince Mangosuthu Buthelezi, uMntwana wakwaPhindangene, who had the foresight to gather the pieces of land under KwaZulu Government in order to preserve traditional communal ownership. While there are still legislative challenges in the administration of Ingonyama Trust land, the Board is capable of playing its oversight and leadership role in a way that takes the organisation forward. That is why this report is tabled with optimism.

The Overview of The Entity

Unlike other trusts, Ingonyama Trust is governed by an Act of Parliament therefore its activities are regulated within a particular legislative framework. The unique nature of the Trust sometimes creates tension between the provisions of the Act and the traditions of the Zulu Kingdom. However, given the history of our country, the tension is not beyond resolution whether it is by amending some provisions of the Act or the Board handling matters professionally and with dexterity.

The current Board is faced with making its mandate known and understood because for three decades the political climate that was prevailing located it within an insular environment. The current Board has resolved to have an open interaction with its beneficiaries including Traditional Leadership, Government Departments and the private sector. The strategy is to steer land management and socio-development to communities residing in Ingonyama Trust land. Therefore strategic cooperation and corporate partnerships have been identified to be other ways of re-positioning and sharpening the activities of Ingonyama Trust Board.

Challenges

When the current Board was appointed, it was faced with an organisation that was not financially healthy. However, the underlying causes were identified and remedial action taken and is still being implemented.

As previously indicated, the main challenge is the perceived tension between the Act of Parliament which regulates the Board and the expectation of the Royal House. This is a challenge that is beyond the competence of the Board because it requires a political resolution.

The other challenges are administrative and they are being addressed.

Acknowledgements

Looking back from when the Board was appointed, this report is written with optimism and a clear vision of what Ingonyama Trust stands for in rural socio-economic transformation. The Board deserves recognition and appreciation for its oversight role and leadership. It weathered the storms and lead with professionalism and integrity. Another word of appreciation goes to the Secretariat who have salvaged the organisation and placed it on firm dry ground. We would be remiss if we do not thank the support staff who have endured challenges in their little corners. Finally, Ingonyama Trust Board is ushering in fresh winds of change. Last but not least, we thank the Portfolio Committee for its guidance and encouragement. The guidance the Board receives is indeed the 'wind beneath our wings.'

Advocate L Zama
Vice Chairperson
Ingonyama Trust Board
Date: 18 October 2024

Chief Executive Officer's Overview

Chief Executive Officer's Overview

General Financial Review of the Public Entity and spending trends

In the year under review, the Auditor-General's report and annual financial statements indicate that the entity continues to maintain an unqualified audit opinion, with findings.

The entity also continues to sustain improvement in the reporting of performance information submitted for audit as there were no findings on the usefulness and reliability of reported performance information.

Although the entity continues to improve in these areas, the Ingonyama Trust is nowhere close to being a financially sustainable entity until such time that the organisation has defined and adopted a clear mandate that allows alignment of objectives and resources. Although the entity is getting closer to its alignment goal, resources to implement various change initiatives are an impediment to organisational success.

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

In the year ended 31 March 2024, the Department of Agriculture, Land Reform and Rural Development made a transfer payment to the Ingonyama Trust Board of an amount of R 25,628 million whereas the expenses of the entity totalled R 32, 390 million, resulting in a shortfall of R6, 762 million.

The shortfall of R6, 762 million (2023: R15,506 million) relates to operating costs of the entity that are not funded by government. In the same financial year, the Ingonyama Trust generated R93, 307 million (2023: R76, 700 million) in cash income and had to provide financial assistance to the Board to finance its operations in excess of the 10% envisaged in regulation 10.2 of the Financial Regulations, 1998, issued in terms of the KwaZulu-Natal Ingonyama Trust Act, 1994 (Act No. 3KZ of 1994). According to Regulation 10.2. an amount not exceeding 10 percent of the Trust income may be utilised for the operational costs of the Board.

Capacity constraints

The organisation continues to face serious capacity constraints in terms of human resourcing. This phenomenon has been happening over an extended period of time with the main contributor to these constraints being a mismatch between current workforce and the skills needed to achieve the Trusts mandate, resulting in a growing skills gap. This predicament, coupled with the misalignment between the organisation's mandate and the allocation of financial resources in the past, has resulted in operational inefficiencies and a financially unstable institution.

The appointment of the new board in May 2023 allowed the organisation to start resolving some of the financial structuring challenges such as the relationship between cost and function. The aim is to re-engineer the organisation's cost model, to allow investment in those business areas that will have the effect of developing the organisation, resulting in better organisational alignment which will promote the improvement of organisation effectiveness.

SCM processes and systems

A process of supply chain management was in place during the year. Unlike in previous periods, this unit has been capacitated and the SCM processes were effective throughout the financial year, which contributed to the improvement in supply chain management outcomes. During the year under review, there was procurement of goods and services which can be categorized as travel, accommodation, stationary and other services such as cleaning, gardening, security and maintenance. Of this, R204 thousand (2023: R1, 253 million) was classified as irregular expenditure, resulting from concluding procurement without applying the 80/20 rule, as required by the Preferential Procurement Regulations of 2022 (PPR 2022).

Unsolicited Bids

No unsolicited bids were concluded in the period under review.

Audit Report Matters and how they would be addressed

Although the entity continues to maintain its outcome in areas relating to Financial Statements and Annual Performance Report, resulting in no findings that result in modification of the audit opinion, the Auditor-General of South Africa continues to find the entity on issues relating to compliance with legislation around the following areas:

- Annual Financial Statements – compliance has regressed due to initially identified material misstatements by the auditors that were subsequently corrected on statement of budget and actual, prior period error disclosures, related party disclosures and expenditure related to employee costs.
- Expenditure management – failure to prevent irregular expenditure from occurring.

- Procurement and contract management – irregular expenditure resulting from non-compliance with PPR 2022; and
- Consequence management - failure to implement consequences management resulting from irregular expenditure and fruitless and wasteful expenditure incurred in prior year.

Improvements have been made in the year under review in the area of supply chain management, evidenced by reduced and continually reducing incurrence of irregular expenditure. The current control environment still requires further development and maintenance to ensure clean administration as the entity strives for greater accountability and transparency in its affairs. This also necessitated and resulted in the review and approval of a new SCM Policy, in line with Preferential Procurement Policy Framework Act and its regulations.

Management continues to ensure effective monitoring of compliance with laws and regulations in relation to overspending on the budget and has improved the monitoring and reporting of irregular expenditure to ensure its continued reduction.

This has positively contributed to a further 84% reduction (2023: 92%) of incurred irregular expenditure in the year under review.

Plans for the future to address financial challenges

The current Board has reviewed the cost and funding model between Ingonyama Trust Board and Ingonyama Trust. This review will allow the development of a business model where Ingonyama Trust is able to build capacity to unlock new revenue streams and resolve capacity challenges. This, coupled with improved governance within the entity, should allow for gradual investment in the capacity of the organisation.

Events after reporting date

The Ingonyama Trust and Ingonyama Trust Board had no significant events after the reporting date.

Economic Viability

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

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

This mandate misalignment is manifesting itself more in the Trust through year on year deficits

In the current year, the entity, in its Statements of Financial Performance, realised a surplus and deficit of R4, 897 million and R52, 908 million respectively. The surplus allows for the reduction of the accumulated deficit from R4, 139 million to R 758 thousand for the Board in the current year, denoting an improvement in the entity's financial position. The Trust, although incurring deficits, continues to be in a net asset position of R3, 020 billion.

Cash and Cash equivalents were R2, 776 million (2023: R2, 349 million) and R166, 654 million (2023: R153, 922 million) for the Board and the Trust, respectively.

Chief Executive Officer
Mr V. Z. Mngwengwe
Date: 18 October 2024

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Statement of responsibility and confirmation of accuracy of the annual report

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

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

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

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

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

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

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

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity and the Trust for the financial year ended 31 March 2024.

V Z Mngwengwe
Chief Executive Officer
Ingonyama Trust Board
DATE: 18 October 2024

L Zama
Vice Chairperson
Ingonyama Trust
DATE: 18 October 2024

Strategic Overview

Vision

To become a leader in communal land management.

Mission

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

To develop progressive business models for the social and economic upliftment and the empowerment of the tribes and communities on land administered by Ingonyama Trust Board on behalf of the Trust.

Values

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

Legislative Mandate

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

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

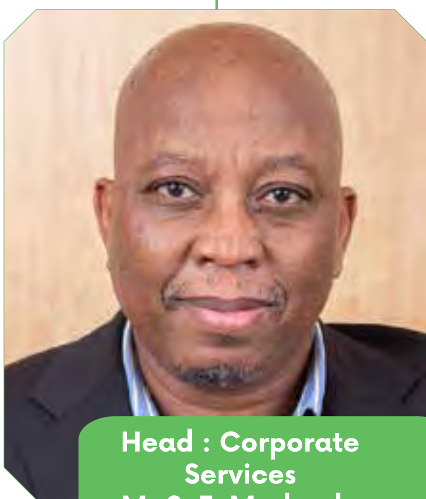
Organisational Structure

Accounting Authority / The Board

Chief Executive Officer
Mr V. Z. Mngwengwe

Chief Financial Officer
Mr S. B. Vilakazi

Head : Land and Tenure Management
Ms T. P. Ndlovu - Nkabinde



Head : Corporate Services
Mr S. E. Madondo

PART B:

PERFORMANCE INFORMATION

Service Delivery Environment

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

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

Organisational Environment

In the year under review the entity's focus remained on the confirmation of tenure rights for various beneficiaries to unlock benefit and welfare to communities and residents.

The Accounting Authority is at an advance stage with its processes to ensure the alignment of organisational objectives with the mandate of the Trust. It has further strengthened the relationship between the Board, beneficiaries and other stakeholders.

The financial challenge in the entity continues to cause a bottleneck and create restrictions between what is aimed and what can be achieved. It is therefore important to determine exactly what kind of resources, financial or otherwise are required to perform functions. This will be articulated in the new 5-year strategic plan (2025 – 2030).

The entity is structured into two programs, namely, Programme 1: Administration and Programme 2: Land and Tenure Management.

Under programme 1, there were three planned targets and only one was achieved.
While under programme 2, there were two planned targets, and both were achieved.

Key policy development

There has been no change in the relevant legislation and policies.

Progress towards achievement of institutional impacts and outcomes

The entity implemented the approved annual performance plan, reported quarterly on non-financial and financial performance information to the Executive Authority and the Portfolio Committee.

Kindly refer to pages 21 to 26 for more information on each programme and reported performance information.

Performance Information

Report on the annual performance report

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 information 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.

I selected the following material performance indicators related to Land and Tenure Management - Programme 2 presented in the annual performance report for the year ended 31 March 2024. 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.

- Number of tenure rights approved by the Board after allocation by TC
- Number of Human Settlement Plans approved

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 public entity's planning and delivery of its mandate and objectives.

I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so 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 those 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-achievement of targets

I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

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

Performance Information

Programme 1 : Administration

Purpose of the programme

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

Programme Structure

The administration programme comprises of the following:

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

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

Outcome	Output	Output indicator	Actual Achievement			Planned Target 2023/24	Actual Achievement 2023/24	Deviation from planned target	Comments on deviation
			2020/21	2021/22	2022/23				
Improved corporate governance and service excellence	Management action plan for external and internal audit implemented	% of external audits management action plan implemented	New indicator	100%	100%	100%	61%	-39%	Audit findings that were not addressed during the financial year were as follows: - The entity could not resolve prior year irregular expenditure due to the nature in which it arose. - SCM policy was only recommended for approval after year end as it required the capacitation of SCM unit. - IT governance and IT strategic plan were not in place at the end of the year due to budgetary constraints. - No internal audit function was established due to compliance challenges with the tendering process which resulted in it being cancelled. It is currently at specification stage. - Financial statements of Ingonyama Holdings were not obtained to perform consolidation and the loan made to IH has not been repaid. The board made changes to the directorship of the IH in order to aid its effective management and possible recovery of the loan. - The revision of organisational structure has been remediated by temporarily restoring the 2018 organisational structure which will allow better HR planning.

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

Outcome	Output	Output indicator	Actual Achievement			Planned Target 2023/24	Actual Achievement 2023/24	Deviation from planned target	Comments on deviation
			2020/21	2021/22	2022/23				
Improved corporate governance and service excellence	Management action plan for external and internal audit implemented	% of internal audits management action plan implemented	New indicator	100%	0%	100%	0%	-100%	There was no internal audit function due to the identification of a material irregularity during the evaluation of the tender to appoint a service provider for internal audit services. The new tender is currently at bid specification and procurement process should be finalised by the second quarter.
Unqualified external audit opinion	Unqualified external audit opinion	Unqualified external audit opinion	New indicator	Unqualified external audit opinion	Unqualified external audit opinion	Unqualified external audit opinion	Unqualified external audit opinion	N/A	N/A

Performance Information

Programme 1 : Administration

Linking performance with budgets

Programme / activity / objective	2023/24			2022/23		
	Budget (in millions)	Actual Expenditure (in millions)	(Over)/ Under Expenditure (in millions)	Budget (in millions)	Actual Expenditure (in millions)	(Over)/ Under Expenditure (in millions)
Administration	37,703	32,390	5,313	43 ,949	38,475	5,474

Performance Information

Programme 2 : Land and Tenure Management

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 of the following:

- Provision of tenure rights,
- Human settlement plans.

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

Outcome	Output	Output indicator	Actual Achievement 2020/21	Actual Achievement 2021/22	Actual Achievement 2022/23	Planned Target 2023/24	Actual Achievement 2023/24	Deviation from planned target	Comments on deviation
Improved security of tenure	Secured Tenure Rights on Ingonyama Trust land	Number of Tenure Rights approved by the Board after allocation by TC	600	390	253	800	865	65	There were two once off projects finalised under the year under review. These related to conversion of expired short-term leases into long term leases and the finalisation of the State Domestic Facilities applications. There were 23 land tenure rights approved in quarter 2 but were not reported due to delays in verification.
Improved security of tenure	Secured Tenure Rights on Ingonyama Trust land	Number of human settlement plans approved	5	5	0	8	8	0	N/A

Performance Information

Programme 2 : Land and Tenure Management

Linking performance with budgets

Programme / activity / objective	**2023/24**			**2022/23**		
	Budget (in millions)	Actual Expenditure (in millions)	(Over)/ Under Expenditure (in millions)	Budget (in millions)	Actual Expenditure (in millions)	(Over)/ Under Expenditure (in millions)
Land and Tenure Management	78,760	97,501	(18,741)	16,942	79,577	(62,635)

PART C:

GOVERNANCE

Introduction

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

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

Portfolio Committees

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

There were 6 meetings held between Ingonyama Trust Board and the Portfolio Committee on Agriculture, Land Reform and Rural Development during the period under review.

The first two meetings were to discuss the Annual Performance Plan, the remainder of the meetings were to discuss the quarterly reports, annual report and to discuss governance challenges faced by the entity.

Executive Authority

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

1st Quarter	-	13 July 2023
2nd Quarter	-	18 October 2023
3rd Quarter	-	23 January 2024
4th Quarter	-	30 April 2024

The Accounting Authority

Members of the Ingonyama Trust Board from left to right Advocate Linda Zama (Vice-chairperson), Ms Lisa del Grande, Mr Dandy Matamela, Dr Thandi Dlamini, His Majesty King Misuzulu KaZwelithini, Inkosi Sibonelo Mkhize, Ms Nomusa Zulu, Inkosi Mabhudu Tembe and Inkosi Phallang Molefe.

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

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

The role of the Board is as follows:

- It holds the absolute responsibility for the performance of the public entity and the Trust;
- It retains full and effective control over the public entity and the Trust to the extent allowed by legislation;
- It has to ensure that the public entity and the Trust complies with all applicable laws, regulations and government policies;
- It has unrestricted access to information of the public entity and the Trust;
- It formulates, monitors, reviews corporate strategy, major plans of action, risk policy, annual budgets and business plans;

- It manages potential conflict of interest and;
- Ensures compliance with Section 51 of the Public Finance Management Act 1 of 1999.

Board Committees

- Tenure Committee;
- Governance, Human Resource and Nominations (including social and ethics) (HR Committee);
- Finance Committee (FINCO);
- Audit Committee.

Management Committees

- Management Committee (MANCO).

The Board, for the period ended 31 March 2024, comprised of the following members:

Name	Designation (In terms of the Board Structure)	Date appointed	Date resigned / Date of term ended	Board Committees
His Majesty King Misuzulu KaZwelithini	Chairperson	14/02/2024	Active	
Inkosi T N Mzimela	Chairperson Royal Nominee	01/04/2023	Term ended 13/02/2024	Tenure Committee, Audit Committee
Adv L C Zama	Vice Chairperson	01/12/2022	Active	Tenure Committee
Inkosi S N Mkhize	Member	16/03/2023	Active	Tenure Committee, Audit Committee, HR Committee, FINCO
Inkosi M I Tembe	Member	21/05/2023	Active	Tenure Committee, HR Committee, FINCO
Inkosi P B N Molefe	Member	16/03/2023	Active	Tenure Committee, Bid Adjudication Committee
Dr T Dlamini	Member	21/05/2023	Active	Tenure Committee, HR Committee, Bid Adjudication Committee
Mr N D Matamela	Member	01/12/2022	Active	Tenure Committee, Bid Adjudication Committee, FINCO
Ms N Zulu	Member	21/05/2023	Active	Tenure Committee, Bid Adjudication Committee
Ms L del Grande	Member	16/03/2023	Active	Tenure Committee, Audit Committee

Board & committee meeting statistics

Board/ Committee	No of meetings held	No of members	Name of members
Board	16	9	Inkosi T N Mzimela / His Majesty the King Misuzulu KaZwelithini Adv L C Zama Inkosi S N Mkhize Inkosi M I Tembe Inkosi P B N Molefe Dr T Dlamini Mr N D Matamela Ms N Zulu Ms L del Grande
Tenure	12	9	Inkosi T N Mzimela Adv L C Zama Inkosi S N Mkhize Inkosi M I Tembe Inkosi P B N Molefe Dr T Dlamini Mr N D Matamela Ms N Zulu Ms L del Grande
Governance, Human Resources and Nominations (including social and ethics)	3	3	Inkosi S N Mkhize Dr T Dlamini Inkosi M I Tembe
Finance	3	3	Inkosi S N Mkhize Inkosi M I Tembe Mr N D Matamela
Audit	3	3	Inkosi S N Mkhize Inkosi M I Tembe Mr N D Matamela
Bid Adjudication	0	0	Mr N D Matamela Inkosi P B N Molefe Dr T Dlamini Ms N Zulu

Remuneration of Board members

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

Name	Remuneration R'000	Other allowance R'000	Other re-imbursements R'000	Total R'000
His Majesty King Misuzulu KaZwelithini	-	-	-	-
Inkosi T N Mzimela	189	-	50	239
Adv L C Zama	-	-	-	-
Inkosi S N Mkhize	277	-	82	359
Inkosi M I Tembe	66	-	7	73
Inkosi P B N Molefe	163	-	48	211
Dr T Dlamini	253	-	30	283
Mr N D Matamela	276	-	1	277
Ms N Zulu	243	-	18	261
Ms L del Grande	-	-	-	-
Total	**1 467**	-	**235**	**1 702**

Risk Management

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

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

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

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

Internal Audit

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

The entity did not have an internal audit in the year under review.

Audit Committee

In compliance with section 51(1)(a)(ii) of the PFMA and section 76 and 77 of the same Act, the entity has an Audit Committee which was established to serve as an independent governance structure whose function is to provide an oversight role on the systems of internal control, risk management and governance. The Audit Committee's role is advisory in nature and does not constitute any executive powers.

Its objectives are:

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

The Committee mainly makes recommendations to the Accounting Authority in respect of the activities which form part of its terms of reference and has authority to investigate matters within its powers as identified in the written terms of reference.

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

Attendance of audit committee meetings by audit committee members:

The Audit Committee comprises of three (3) members. The audit charter requires the Audit Committee to meet at least 4 times a year. Three (3) meetings were held during the current year and the attendance was as follows:

Name	Qualifications	No of meetings attended	Date appointed	Date resigned / Date of term ended	Constituency
Mr E N Sithole	BCom	3	01/04/2022	N/A	Chairperson
iNkosi S N Mkhize	BCom	3	10/07/2023	N/A	Member
Ms L del Grande	BCom, MSc	3	10/07/2023	N/A	Member

Audit Committee Report

We are pleased to submit our report for the financial year ended on March 31, 2024.

Audit Committee Responsibility

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

Composition and Capacity of the Audit Committee

During the first quarter of the fiscal year under review, the Ingonyama Trust Board's Audit Committee faced challenges in terms of its composition which in turn impacted its operational capacity, which consequently hindered its ability to fully adhere to the stipulations set forth in section 51(1)(a)(ii) of the Public Finance Management Act and Treasury Regulation 27.1.

The new board appointment was finalised on 22 May 2023, resulting in the appointment of two additional committee members by 10 July 2023.

As of March 31, 2024, the committee was comprised of the Chairperson and two board members.

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

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

Effectiveness of Internal Controls

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

Areas pertaining to financial management, particularly the management of expenditure, irregular expenditure, and land (asset) management, remain a source of concern for both the Board and the Trust. If not appropriately managed, these areas, due to their nature, could potentially lead to a regression in audit outcomes, as reported by the Auditor-General. This could undermine the improvements that have been made so far. In addition to the non-compliance issues reported by the Auditor-General, the issues surrounding consequence management are perennial and have not yet been addressed.

Ingonyama Holdings' inability to submit annual financial statements continues to pose a risk of non-compliance with financial reporting standards, resulting in the Ingonyama Trust being unable to consolidate the subsidiary's results into its own as required by GRAP 35. This also impacts the valuation and subsequent recoverability of the loan to the subsidiary, which the Auditor-General continues to raise concerns about.

The absence of an internal audit function is a matter of substantial concern and immediate intervention by the Accounting Authority is warranted.

In-Year Management and Monthly/Quarterly Reporting

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

Evaluation of Annual Financial Statements

The Audit Committee has performed a comprehensive review of the Annual Financial Statements of both the Trust and the Board and is satisfied that the financial statements fairly present the affairs of the organisation.

Auditor's Report

The Auditor-General assessed the internal controls relevant to the audit of financial statements, reported performance information, and compliance with applicable legislation. We have reviewed the entity's implementation plan for audit issues raised in the prior year and are satisfied that the matters have been adequately resolved, except for the following:

- The organisation continues to incur irregular expenditure, this requires management attention to ensure irregular expenditure is fully eliminated.
- Lack of consequence management as a result of the incurrence of irregular, fruitless, and wasteful expenditure continues to be a challenge.
- The use of an outdated supply chain management policy resulted in non-compliance with the Preferential Procurement Regulations of 2022 prompting the review of the policy in line with the procurement legislative framework.
- The entity was unable to resolve some of the IT governance related challenges.
- The entity continues to face unresolved organisational structuring and capacity building challenges and,
- Ingonyama Holdings' challenges also remain unresolved due to the non-submission of financial statements by the directors of the subsidiary to allow consolidation of the results into the Ingonyama Trusts results.

In the Auditor-General's professional judgment, the financial statements of both entities, after adjustments, accurately present, in all material respects, the financial position of the Ingonyama Trust and the Ingonyama Trust Board as of March 31, 2024, as well as their financial performance and cash flows for the year ending on that date, in accordance with Generally Recognised Accounting Practices (GRAP) and the provisions of the Public Finance Management Act 1 of 1999 (PFMA).

Sincerely,

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

PART D:

HUMAN RESOURCE MANAGEMENT

Overview of HR matters at the public entity

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

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

Human Resources achievements for the year under review are as follows:

Review of the HR policy

- The HR Committee embarked on the process of the review of the HR policy of the organisation.

Personnel Cost by programme / activity / objective

Programme/ activity/ objective	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Programme 1 - Total Support Staff	18 915	18 915	64%	28	676
Programme 2 - Tenure Staff	10 733	10 733	36%	16	671
Total	**29 648**	**29 648**	**100%**	**44**	**674**

Personnel Cost by salary band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Senior Management	10 222	34%	5	2 044
Professional qualified	3 201	11%	3	1 067
Skilled	14 082	48%	30	469
Semi - skilled	2 143	7%	6	357
Total	**29 648**	**100%**	**44**	**674**

Employment and vacancies

Programme/ activity/ objective	2022/2023 No. of employees	2023/2024 Approved Posts	2023/2024 No. of Employees	2023/2024 Vacancies	% of vacancies
Programme 1 - Total Support Staff	26	26	26	-	-
Programme 2 - Tenure Staff	18	18	18	-	-
Total	**44**	**44**	**44**	**-**	**-**

Programme/ activity/ objective	2022/2023 No. of employees	2023/2024 Approved Posts	2023/2024 No. of Employees	2023/2024 Vacancies	% of vacancies
Senior Management	6	6	6	-	-
Professional qualified	2	2	2	-	-
Skilled	30	30	30	-	-
Semi - skilled	6	6	6	-	-
Total	**44**	**44**	**44**	-	-

Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at the end of the period
Senior Management	5	1	-	6
Professional qualified	3	-	1	2
Skilled	30	-	-	30
Semi - skilled	6	-	-	6
Total	**44**	**1**	**1**	**44**

Reason for staff leaving

Reason	Number	% of total no. of staff leaving
Death	1	2%
Other	-	-
Total	1	2%

PART E:

PFMA COMPLIANCE

Irregular expenditure

a) Reconciliation of irregular expenditure

Description	2023/2024 R '000	2022/2023 R '000
Opening balance	30 861	29 608
Adjustment to opening balance	-	-
Opening balance as restated	30 861	29 608
Add: Irregular expenditure confirmed	204	1 253
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	**31 065**	**30 861**

Reconciling notes

Description	2023/2024 R '000	2022/2023 R '000
Irregular expenditure that was under assessment	30 861	29 608
Irregular expenditure that relates to the prior year and identified in the current year	-	-
Irregular expenditure for the current year	204	1 253
Total	**31 065**	**30 861**

b) Details of irregular expenditure (under assessment, determination, and investigation)

Description	2023/2024 R '000	2022/2023 R '000
Irregular expenditure under assessment	31 065	30 861
Irregular expenditure under determination	-	-
Irregular expenditure under investigation	-	-
Total	**31 065**	**30 861**

All irregular expenditure incurred to date is in the process of assessment by the loss control committee.

Fruitless and wasteful expenditure

a) Reconciliation of fruitless and wasteful expenditure

Description	2023/2024 R '000	2022/2023 R '000
Opening balance	245	55
Adjustment to opening balance	-	-
Opening balance as restated	245	55
Add: Fruitless and wasteful expenditure confirmed	-	190
Less: Fruitless and wasteful expenditure recoverable	-	-
Less: Fruitless and wasteful expenditure not recoverable and written off	-	-
Closing balance	**245**	**245**

Fruitless and wasteful expenditure is due to penalties and interest from SARS as a result of late PAYE resulting to fruitless and wasteful expenditure.

Reconciling notes

Description	2023/2024 R '000	2022/2023 R '000
Fruitless and wasteful expenditure that was under assessment	245	55
Fruitless and wasteful expenditure that relates to the prior year and identified in the current year	-	-
Fruitless and wasteful expenditure for the current year	-	190
Total	**245**	**245**

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

Description	2023/2024 R '000	2022/2023 R '000
Fruitless and wasteful expenditure under assessment	245	245
Fruitless and wasteful expenditure under determination	-	-
Fruitless and wasteful expenditure under investigation	-	-
Total	**245**	**245**

All Fruitless and wasteful expenditure incurred to date is in the process of assessment by the loss control committee.

PART F:

INGONYAMA TRUST BOARD AFS

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) iNkosi T.N Mzimela (Former Chairperson) Adv. L.C Zama (Vice Chairperson) iNkosi S.N Mkhize iNkosi M.I Tembe iNkosi P.B.N Molefe Dr. T. Dlamini Mr. N.D. Matamela Ms. N. Zulu Ms. L. del Grande

*INkosi T.N Mzimela's term as a chairperson ended on 13 February 2024 after which, the Trustee, His Majesty the King took over the chairmanship of the Board.

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:

The audited annual financial statements set out on pages 60 to 101, which have been prepared on the going concern basis, were approved by the board of members on 31 May 2024 and were signed on its behalf by:

Mr. S.B Vilakazi
Chief Financial Officer

Mr. V.Z Mngwengwe
Chief Executive Officer

Advocate L.C Zama
Vice Chairperson

Accounting Authority's Responsibilities and Approval

The members of the accounting authority 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 Board 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 endeavors 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 cash flow forecast for the year to 31 March 2025 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.

Advocate L.C Zama
Vice Chairperson
DATE : 31 July 2024

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Ingonyama Trust Board set out on pages 58 to 99, which comprise the statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets and cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Ingonyama Trust Board as of 31 March 2024 and its financial performance and cash flows for the year then ended in accordance with the Generally Recognized Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 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 public 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.

Restatement of corresponding figures

7. As disclosed in note 18 to the financial statements, the corresponding figures were restated as a result of errors in the financial statements of the entity at, and for the year ended, 31 March 2024.

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 the GRAP and the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 pages 58 to 60, forms part of our 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 information 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 Land and Tenure Management - Programme 2 presented in the annual performance report for the year ended 31 March 2024. 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.
    - Number of tenure rights approved by the Board after allocation by TC
    - Number of Human settlement Plans approved
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 public entity's planning and delivery of its mandate and objectives.
15. I performed procedures to test whether:
    - the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
    - all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included

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

- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so 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 those 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-achievement of targets

16. I performed the procedures to report 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.

Report on compliance with legislation

18. 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.
19. 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.
20. 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.
21. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual Financial statements

22. The financial statements submitted for auditing were not fully prepared in all material respects in accordance with the requirements of section 55(1)(b) of the PFMA. Material misstatements on employee costs, statement of budget and actual, related parties, and prior period error disclosure note identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

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

Expenditure management

23. Effective and appropriate steps were not taken to prevent irregular expenditure as disclosed in note 22 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The disclosed irregular expenditure was caused by non-compliance with the 2022 Preferential Procurement Regulation 16A6.3(b) on the 80/20 principle.

Consequence management

24. 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.
25. I was unable to o btain 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.

Procurement and contract management

26. The preference point system was not applied in some of the procurement of goods and services as required by section 2(a) of the PPPFA and Treasury Regulation 16A6.3(b). Similar non-compliance was also reported in the prior year.
27. Some of the contracts were extended or modified without the approval of a properly delegated official as required by section 44 of the PFMA and Treasury Regulations 8.2.1 and 8.2.2. Similar non-compliance was also reported in the prior year.

Other information in the annual report

28. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report, and those selected material indicators in the scoped-in programme presented in the annual performance report that has been specifically reported on in this auditor's report.
29. My opinion on the financial statements, the report on the audit of the annual performance report, and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
30. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in programme presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
31. 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 the auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

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

Internal control deficiencies

32. 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.

33. 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.

34. The reinstatement of the 2018 organizational structure without a Human Resource Plan has led to poor workforce planning and high vacancy rates in critical divisions. The lack of an approved IT Governance Framework and strategic plan indicates weak oversight in IT management and the absence of a performance management system and unsigned performance agreements weakens accountability and can lead to underperformance. Additionally, the lack of an internal audit unit has resulted in errors in financial statements and inadequate consequence management, highlighting the need for effective internal controls and regular reviews.

Auditor-General.

Pietermaritzburg
31 July 2024

AUDITOR-GENERAL
SOUTH AFRICA

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

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.

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

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
Public Finance Management Act 1 of 1999 (PFMA)	Section 51(1)(a)(iv); 51(1)(b)(ii); 51(1)(e)(iii) Section 53(4) Section 54(2)(d) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 57(b) Section 56(1); 56(2)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulation 8.2.1; 8.2.2 Treasury Regulation 16A 3.1; 16A 3.2; 16A 3.2(a); 16A 6.1; 16A6.2(a) & (b); 16A6.2(e);16A 6.3(a); 16A 6.3(a)(i); 16A 6.3(b); 16A 6.3(c); 16A 6.3(d); 16A 6.4; 16A 6.5; 16A 6.6; TR 16A.7.1; 16A.7.7; 16A 8.2(1); 16A 8.2(2); 16A 8.3; 16A 8.3(d); 16A 8.4; 16A9.1 16A9; 16A9.1(b)(ii); 16A9.1(c); 16A 9.1(d); 16A 9.1(e); 16A9.1(f); 16A 9.2; 16A 9.2(a)(ii); TR 16A 9.2(a)(iii) Treasury Regulation 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1 Treasury Regulation 31.1.2(c') Treasury Regulation 31.2.1 Treasury Regulation 31.3.3 Treasury Regulation 33.1.1; 33.1.3
Construction Industry Development Board Act 38 of 2000 (CIDB)	CIDB Act 18(1)
Public service regulation	Public service regulation 13(c);18; 18 (1) and (2);
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 34(1)
Construction Industry Development Board Act No.38 of 2000 (CIDB)	Section 18(1)
CIDB Regulations	CIDB regulation 17; 25(1); 25 (5) & 25(7A)
PPPFA	Section 1(i); 2.1(a); 2.1(b); 2.1(f)

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

Legislation	Sections or regulations
PPR 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1 and 12.2
PPR 2022	Paragraph 3.1 Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
PFMA SCM Instruction no. 09 of 2022/2023	Paragraph 3.1; 3.3 (b); 3.3 (c); 3.3 (e); 3.6
National Treasury Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
NT SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4 (a); 4.4 (c) -(d); 4.6 Paragraph 5.4 Paragraph 7.2; 7.6
NT SCM Instruction 4A of 2016/17	Paragraph 6
NT SCM Instruction Note 03 2019/20	Par 5.5.1(vi); Paragraph 5.5.1(x);
NT SCM Instruction Note 11 2020/21	Paragraph 3.1; 3.4 (a) and (b); 3.9; 6.1;6.2;6.7
NT SCM Instruction note 2 of 2021/22	Paragraph 3.2.1; 3.2.2; 3.2.4(a) and (b) ; 3.3.1; 3.2.2 Paragraph 4.1
PFMA SCM Instruction 04 of 2022/23	Paragraph 4(1); 4(2); 4(4)
PFMA SCM instruction 08 of 2022/23	Paragraph 3.2 Par. 4.3.2; 4.3.3
Competition Act	Section 4(1)(b)(ii)
NT instruction note 4 of 2015/16	Paragraph 3.4
Second amendment of NTI 05 of 2020/21	Paragraph 4.8; 4.9 ; 5.1 ; 5.3
Erratum NTI 5 of 2020/21	Paragraph 1
Erratum NTI 5 of 2020/21	Paragraph 2
Practice note 7 of 2009/10	Paragraph 4.1.2
Practice note 11 of 2008/9	Paragraph 3.1 Paragraph 3.1 (b)
NT instruction note 1 of 2021/22	Paragraph 4.1
Public Service Act	Section 30 (1)
Employment of Educators Act	Section 33 (1)

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

Statement of Financial Position as at 31 March 2024

	Note(s)	2024 R '000	2023 Restated R '000
Assets			
Current Assets			
Receivables from exchange transactions	5	25	16
Cash and cash equivalents	3	2 776	2 349
		2 801	**2 365**
Non-Current Assets			
Property, plant and equipment	4	38	162
Total Assets		**2 839**	**2 527**
Liabilities			
Current Liabilities			
Payables from exchange transactions	7	2 081	5 661
Provisions	6	-	1 004
		2 081	**6 665**
Total Liabilities		**2 081**	**6 665**
Net Assets		**758**	**(4 138)**
Accumulated surplus		758	(4 138)
Total Net Assets		**758**	**(4 138)**

Statement of Financial Performance as at 31 March 2024

	Note(s)	2024 R '000	2023 Restated R '000
Revenue			
Revenue from exchange transactions			
Transfer funds received - Ingonyama Trust Financial Regulation 10(2)		9 345	7 676
Other income - Ingonyama Trust		2 148	9 202
Other income		-	21
Interest received		166	100
Total revenue from exchange transactions		**11 659**	**16 999**
Revenue from non-exchange transactions			
Transfer revenue			
Transfer funds received - Department of Agriculture, Land and Rural Development		23 781	24 391
Other income - Services in-kind	8	1 847	-
Total revenue from non-exchange transactions		**25 628**	**24 391**
Total revenue	10	**37 287**	**41 390**
Expenditure			
Employee related costs	12	(27 767)	(28 275)
Depreciation	4	(123)	(124)
General Expenses	17	(4 500)	(11 498)
Total expenditure		**(32 390)**	**(39 897)**
Surplus for the year		**4 897**	**1 493**

Statement of Changes in Net Assets as at 31 March 2024

	Accumulated surplus / deficit R '000	Total net assets R '000
Opening balance previously reported	(3 379)	(3 379)
Adjustments	-	-
Correction of errors	(2 253)	(2 253)
Balance at 01 April 2022 as restated*	**(5 632)**	**(5 632)**
Changes in net assets		
Surplus for the year	1 493	1 493
Total changes	1 493	1 493
Balance at 01 April 2023 as restated*	**(4 139)**	**(4 139)**
Changes in net assets		
Surplus for the year	4 897	4 897
Total changes	4 897	4 897
Balance at 31 March 2024	**758**	**758**

Cash Flow Statement

	Note(s)	2024 R '000	2023 R '000
Cash flows from operating activities			
Receipts			
Transfer payment received - DALRRD		23 781	24 391
Payment received - Ingonyama Trust		10 578	15 516
Interest income		161	87
Other receipts		-	21
		34 520	40 015
Payments			
Cash paid for employee costs		(27 753)	(26 455)
Cash paid to suppliers and others		(6 340)	(11 491)
		(34 093)	(37 946)
Net cash flows from operating activities	21	**427**	**2 069**
Net increase/(decrease) in cash and cash equivalents		**427**	**2 069**
Cash and cash equivalents at the beginning of the year		2 349	280
Cash and cash equivalents at the end of the year	3	**2 776**	**2 349**

Statement of comparison of budgets and actual amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R '000	R '000	R '000	R '000	R '000	
Statement of financial performance						
Revenue						
Transfer funds received - Ingonyama Trust financial regulation 10.2	-	10 006	**10 006**	9 345	**(661)**	23.1
Other Income - Ingonyama Trust	-	-	**-**	2 148	**2 148**	23.1
Interest received - bank	11	90	**101**	166	**65**	23.2
Total revenue from exchange transactions	**11**	**10 096**	**10 107**	**11 659**	**1 552**	
Revenue from non-exchange transactions						
Transfer payment received - Department of Agriculture, Land Reform and Rural Development	23 781	-	**23 781**	23 781	**-**	
Other income - Services in kind	-	-	**-**	1 847	**1 847**	23.3
Total revenue from non - exchange transactions	**23 781**	**-**	**23 781**	25 628	**1 847**	
Total revenue	**23 792**	**10 096**	**33 888**	**37 287**	**3 399**	
Expenditure						
Employee costs	(13 834)	(16 760)	**(30 594)**	(27 767)	**2 827**	23.4
Depreciation and amortisation	-	(255)	**(255)**	(123)	**132**	23.5
General Expenses	(9 262)	2 408	**(6 854)**	(4 500)	**2 354**	23.6
Total expenditure	**(23 096)**	**(14 607)**	**(37 703)**	(32 390)	**5 313**	
Deficit for the year	**696**	**(4 511)**	**(3 815)**	**4 897**	**8 712**	

Accounting Policies

	Note(s)	2024 R '000	2023 R '000

1. Presentation of Unaudited Annual Financial Statements

The audited annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

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

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

These accounting policies are consistent with the previous period except where mentioned.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Materiality and comparative figures

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

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

Accounting Policies

	Note(s)	2024 R '000	2023 R '000

1.3 Materiality and comparative figures (continued)

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

1.4 Significant judgements and sources of estimation uncertainty

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

Depreciation and amortization

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

1.5 Property, plant and equipment

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

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

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

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.

Accounting Policies

	Note(s)	2024 R '000	2023 R '000

1.5 Property, plant and equipment (continued)

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

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

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

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

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

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

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

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

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

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.

Accounting Policies

	Note(s)	2024 R '000	2023 R '000

1.5 Property, plant and equipment (continued)

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

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

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

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

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

1.6 Financial instruments

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

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

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 favorable to the entity.

Accounting Policies

	Note(s)	2024 R '000	2023 R '000

1.6 Financial instruments (continued)

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 unfavorable to the entity.

Initial recognition

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

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.

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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

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

Accounting Policies

	Note(s)	2024 R '000	2023 R '000

1.6 Financial instruments (continued)

Derecognition

Financial assets

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:
  - derecognize the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

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

Financial liabilities

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

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Accounting Policies

	Note(s)	2024 R '000	2023 R '000

1.6 Financial instruments (continued)

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases - lessee

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

1.8 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.

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;

Accounting Policies

	Note(s)	2024 R '000	2023 R '000

1.8 Employee benefits (continued)

- 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.

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.

Accounting Policies

	Note(s)	2024 R '000	2023 R '000

1.8 Employee benefits (continued)

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.

1.9 Provisions

Provisions are recognised when:

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

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

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

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

	Note(s)	2024 R '000	2023 R '000

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.

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.

Accounting Policies

	Note(s)	2024 R '000	2023 R '000

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.

Recognition

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

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

Measurement

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

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

Services in-kind

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

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

	Note(s)	2024 R '000	2023 R '000

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 unauthorized expenditure, incurred in contravention 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

	Note(s)	2024 R '000	2023 R '000

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 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 that its current purposes unless such cash offset a current liability

Cash is estimated at fair value

1.15 Expense recognition

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

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

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

Accounting Policies

	Note(s)	2024 R '000	2023 R '000

1.16 Related parties

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

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

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

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

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 favorable 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.

Accounting Policies

	Note(s)	2024 R '000	2023 R '000

1.17 Prior period errors and changes in accounting estimates

Prior year error:

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

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

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

Material prior period error are retrospectively corrected by:

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

Changes in accounting estimates:

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

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

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

1.18 Contingent liabilities and assets

Contingent liabilities:

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

Accounting Policies

	Note(s)	2024 R '000	2023 R '000

1.18 Contingent liabilities and assets (continued)

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

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

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

Contingent assets:

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

An entity shall not recognise a contingent asset;

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

1.19 Payable from exchange transactions

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

Liabilities from exchange transactions will be recognised if:

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

1.20 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.

Accounting Policies

	Note(s)	2024 R '000	2023 R '000

1.20 Commitments (continued)

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

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

1.21 Events after reporting date

Events after reporting date are those events, both favorable and unfavorable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.22 Budget information

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

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

The approved budget covers the fiscal period from 2023/04/01 to 2024/03/31.

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.

Notes to the Audited Annual Financial Statements

	Note(s)	2024 R '000	2023 R '000

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
- GRAP 107 Mergers	01 April 2099	Unlikely there will be a material impact
- GRAP 106 Transfer of Functions Between Entities Not Under Common Control	01 April 2099	Unlikely there will be a material impact
- GRAP 105 Transfer of Functions Between Entities Under Common Control	01 April 2099	Unlikely there will be a material impact
- GRAP 2023 Improvements to the Standards of GRAP 23	01 April 2099	Unlikely there will be a material impact
- GRAP 1 (amended) Presentation of Financial Statements	01 April 2025	Unlikely there will be a material impact
- GRAP 103 (as revised): Heritage Assets	01 April 2099	Unlikely there will be a material impact
- GRAP 22 Foreign Currency Transactions and Advance Consideration	01 April 2025	Unlikely there will be a material impact
- GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact

3. Cash and cash equivalents

Cash and cash equivalents consist of:

	2024	2023
Cash on hand - petty cash	2	3
Bank balances	2 774	2 346
	2 776	**2 349**

Notes to the Audited Annual Financial Statements

	Note(s)	2024 R '000	2023 R '000

3. Cash and cash equivalents (continued)

The entity had the following bank accounts

	Bank statement balances		Cash book balances	
Account number / description	31/03/24	31/03/23	31/03/24	31/03/23
FNB Current account - 6200783****	2 774	2 346	2 774	2 346
South African Reserve Bank - CPD account	-	-	-	-
Total	**2 774**	**2 346**	**2 774**	**2 346**

4. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Furniture and fixtures	45	(45)	-	45	(44)	1
Computer equipment	388	(350)	38	388	(227)	161
Total	**433**	**(395)**	**38**	**433**	**(271)**	**162**

Reconciliation of property, plant and equipment - March 2024

	Opening balance	Depreciation	Total
Furniture and fixtures	1	(1)	-
Computer equipment	161	(122)	38
	162	**(124)**	**38**

Reconciliation of property, plant and equipment - March 2023

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

Notes to the Audited Annual Financial Statements

	Note(s)	2024 R '000	2023 R '000

5. Receivables from exchange transactions

Interest receivable		21	16
Employee debt		4	-
		25	**16**

6. Provisions

Reconciliation of provisions - March - 2024

	Opening Balance	Utilised during the year	Reversed during the year	Total
Board members' remuneration	1 004	(16)	(988)	-

Reconciliation of provisions - March - 2023

	Opening Balance	Additions	Total
Board members' remuneration	-	1 004	1 004

Board members' remuneration

The provision in respect of 2022/2023 financial year pertained to the outstanding fees for Board members that remained unclaimed as of 31 March 2023. On this date, Mr Ngwenya was terminated as the Board Chairperson of the Ingonyama Trust Board. Board members receives remuneration for their services as the Accounting Authority, in accordance with the rates set by National Treasury. Despite the expectation that the Board members submits monthly claims for compensation, Mr. Ngwenya has not made a claim since September 2022. Considering that he served as the Board Chairperson until 31 March 2023, it is anticipated that he will submit the claim. However, the timing of the outflow from settling his fees cannot be determined due to his lack of claims since September 2022, despite monthly submission requirements.

The estimated amount was based on Mr. Ngwenya's previous claims, adjusted to account for the impact of Board meetings, as the Board was dismissed in December 2022.

The provision has been reversed on the basis that the Board member has not exercised his right to claim, a year has passed and claims are normally paid within a month, therefore it is no longer probable that the Ingonyama Trust Board will be required to settle this long outstanding claim.

Notes to the Audited Annual Financial Statements

	Note(s)	2024 R '000	2023 R '000

7. Payables from exchange transactions

Trade payables		-	28
Accrued leave pay		1 195	1 200
Accrued expense		886	4 433
		2 081	**5 661**

8. Other income - services in-kind

Salary related and other secondment costs		1 847	-

Services in-kind relate to costs paid for by other institutions for the benefit of Ingonyama Trust Board.

- Salary related cost R1,250 million
- Other secondment R579 thousand

9. Financial instruments disclosure

Categories of financial instruments

Financial assets - March 2024	At amortised cost	Total
Cash and cash equivalents	2 776	2 776
Receivables	25	25
	2 801	**2 801**

Financial liabilities - March 2024	At amortised cost	Total
Trade and other payables from exchange transactions	**886**	**886**

Financial assets - March 2023	At amortised cost	Total
Cash and cash equivalents	2 349	2 349
Receivables	16	16
	2 365	**2 365**

Financial liabilities - March 2023	At amortised cost	Total
Trade and other payables from exchange transactions	**3 777**	**3 777**

Notes to the Audited Annual Financial Statements

	Note(s)	2024 R '000	2023 R '000
10. Revenue			
Transfer funds received - Ingonyama Trust Financial Regulation 10(2)		9 345	7 676
Other Income - Ingonyama Trust		2 148	9 202
Other income		-	21
Interest received - Bank		166	100
Government grants & subsidies		23 781	24 391
Services in-kind		1 847	-
		37 287	**41 390**
The amount included in revenue arising from exchanges of goods or services are as follows:			
Transfer received - Ingonyama Trust Financial Regulation 10(2)		9 345	7 676
Other income - Ingonyama Trust		2 148	9 202
Other income		-	21
Interest received - Bank		166	100
		11 659	**16 999**
The amount included in revenue arising from non-exchange transactions is as follows:			
Transfer revenue			
Transfer funds received - DALRRD		23 781	24 391
Services in-kind		1 847	-
		25 628	**24 391**
11. Auditors' remuneration			
External audit fees		1 426	1 681

External audit fees (Auditor-General) amounted to R1,426 million (2023 :R1,681 million)

Notes to the Audited Annual Financial Statements

	Note(s)	2024 R '000	2023 R '000
12. Employee related costs			
Basic salaries		25 449	25 764
Leave pay provision charge		(5)	25
Medical aid contributions		526	632
Overtime payments		61	81
Provident fund contributions		769	912
Severance package		495	340
Skills development levy		250	262
Unemployment insurance fund		187	223
Union fee payments		35	36
		27 767	**28 275**
13. Operating lease			
Minimum lease payments due:			
- Due within 1 year		-	121
- Due within 2 - 5 years		-	141
		-	**262**

The above amounts in respect of 2022/23 were due in future years due to contractual obligations. Operational leases related to service level agreements for photocopying machine. The operating lease charges are now paid by the Ingonyama Trust.

	Note(s)	2024 R '000	2023 R '000
14. Commitments			
Authorized future operational expenditure			
Already contracted for but not provided for			
- Due within 1 year		-	192
- Due within 2 - 5 years		-	17
		-	**209**

Notes to the Audited Annual Financial Statements

	Note(s)	2024 R '000	2023 R '000

15. Related parties

Relationships

INGONYAMA TRUST

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 R11,5 million (2022:R16,9 million) in transfer payment funding for the current year was paid for by the Ingonyama Trust. In administering the Trust, the Ingonyama Trust Board incurs operational and administrative expenditure noted in the statement of financial performance. The Ingonyama Trust, which is regulated by the financial and administrative regulations to the KwaZulu Natal Ingonyama Trust Act, mainly incurs expenditure on the core business " land management". The Ingonyama Trust Board is the employer, therefore employee costs are reflected in the books of the Ingonyama Trust Board.

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

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

Related party transactions
Transfer received from Ingonyama Trust

		2024 R '000	2023 R '000
Transfer funds received - Ingonyama Trust Financial Regulation 10(2)		9 345	7 676
Transfer funds received - Other		-	7 840

Services paid by other on behalf of the Ingonyama Trust Board

		2024 R '000	2023 R '000
Services paid by Ingonyama Trust		2 148	1 362
Services paid by Department of Agriculture, Land Reform and Rural Development		1 846	3 534

Notes to the Audited Annual Financial Statements

	Note(s)	2024 R '000	2023 R '000
15. Related parties (continued)			
Transfer received from Department of Agriculture, Land Reform and Rural Development			
Transfer funds received - DALRRD		23 781	24 391
Services paid by Ingonyama Trust Board on behalf of others			
Services paid by Ingonyama Trust Board		(969)	(1 093)

Remuneration of management

Board Members' Fees
March - 2024

Name	Fees for services as a member of management	Total
INkosi T.N Mzimela - Former Chairperson	189	189
Ms. N. Zulu	243	243
INkosi S.N Mkhize	277	277
Mr. D.N Matamela	276	276
Dr. T. Dlamini	253	253
INkosi B.P.N Molefe	163	163
INkosi M.I Tembe	66	66
	1 467	**1 467**

Board Members' Fees

March - 2023

Name	Fees for services as a member of management	Total
Mr. S.J Ngwenya - Chairperson	1 917	1 917
Dr. N.Z Qunta - Vice chairperson	245	245
iNkosi P.R Bele	299	299
iNkosi Z.T Gumede	180	180
iNkosi S.E Shabalala	271	271
iNkosi W.T Mavundla	215	215
	3 127	**3 127**

Notes to the Audited Annual Financial Statements

15. Related parties (continued)

Management class : Executive management

March - 2024

	Basic salary	Salary adjustment	Other short term employee benefits	Post employment benefits	Acting allowance	Total
Mr. V.Z Mngwengwe - Chief Executive Officer	1 702	202	244	226	-	2 374
Ms. T.P Ndlovu - Head Land Management Services	1 696	940	28	-	-	2 664
Mr. S.E Madondo - Head Corporate Services	1 144	731	130	-	-	2 005
Mr. S.E Gabela - Manager Performance and Evaluation	1 398	364	20	-	-	1 782
Mr. S.B Vilakazi - Chief Financial Officer	1 153	-	351	82	112	1 698
	7 093	**2 237**	**773**	**308**	**112**	**10 523**

March 2023

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

Notes to the Audited Annual Financial Statements

	Note(s)	2024 R '000	2023 R '000

16. Contingents

Contingent liabilities

The termination of 10 employees fixed term contracts is currently under dispute where these employees are contending that their fixed term contracts were terminated whilst there was a reasonable expectation for continued employment. This termination according to them amounted to an unfair labour practice in accordance with section 186(1)(b) of the Labour Relations Act 66 of 1995.

As at 31 March 2023, the matter was referred by the Commission to the Labour Court on the basis that the Commission for Mediation and Arbitration (CCMA) does not have jurisdiction to provide relief on the matter.

On 25 May 2023, the employees are seeking the review and set aside of the Commissioners decision made on 10 March 2023 based on the fact that the Commission has full jurisdiction to arbitrate on the matter and that 9 of the 10 employees be reinstated retrospectively with back pay from the date of termination.

The estimate of settlement is based on the 9 employees' salary payments the month preceding the termination of contracts for 9 employees and is estimated at R2,095 million as at 31 March 2023.

The matter was settled at CCMA on 24 February 2024 and there is no outstanding amount as at 31 March 2024.

Notes to the Audited Annual Financial Statements

	Note(s)	2024 R '000	2023 R '000
17. General expenses			
Audit committee member's remuneration		16	16
Auditors remuneration		1 426	1 681
Bank charges		16	16
Board members' remuneration and expenses		714	3 747
Catering		-	85
Cleaning		-	650
Services in-kind - other secondment costs		597	-
Workshops		213	-
Electricity and water		-	914
General expenses other		-	9
Interest and penalties		-	190
Operating lease expenses		-	305
Other expenses - Ingonyama Trust		969	1 093
Printing and stationery		7	161
Security expenses		-	1 127
Telephone and fax		-	431
Board meetings and accommodation		542	1 073
		4 500	**11 498**

18. Prior-year adjustments

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

Statement of financial position

March - 2023

	Note	As previously reported	Correction of error	Re-classification
Provisions	6	988	16	1 004
Payables from exchange transactions	7	2 003	3 658	5 661
Accumulated surplus		(464)	(3 674)	(4 138)
		2 527	**-**	**2 527**

Notes to the Audited Annual Financial Statements

	Note(s)	2024 R '000	2023 R '000

18. Prior-year adjustments (continued)

Statement of financial performance
March - 2023

	Note	As previously reported	Correction of error	Re-classification
Transfer funds received - Ingonyama Trust Financial Regulation 10(2)	10	6 920	756	7 676
Other income - Ingonyama Trust	10	9 958	(756)	9 202
Employee related cost	12	26 869	1 406	28 275
Board members' remuneration and expenses	17	3 731	16	3 747
Surplus for the year		2 915	(1 422)	1 493
		50 393	**-**	**50 393**

Error in revenue

The error on revenue recognition was caused by finalization of legal settlement with MTN on their telecom leases on Ingonyama Land. The settlement impacts the Boards shortfall allocation for 2022/2023 and has been adjusted.

Error in board remuneration and board related expenses

The increase in provision for board members' remuneration and expenses is due to Board remuneration amounting to R16 thousand was not accrued in the prior year, this has been adjusted for.

Error in employee related cost

Total back pay for senior managers amounting R3,659 million paid in the current year relating to prior years (2018,2019,2020,2021,2022) has been adjusted for and paid in the current year.

Backpay relating 2023 amounting to R 1,406 million, resulted in a corresponding decrease to accumulated surplus and an increase in liabilities.

Notes to the Audited Annual Financial Statements

	Note(s)	2024 R '000	2023 R '000

18. Prior-year adjustments (continued)

Backpay relating to 2022 and prior years amounting to R2,253 million also resulted in a corresponding decrease in accumulated surplus and an increase in liabilities.

Error in financial instruments disclosure

	Note	As previously reported	Correction of error	Re-classification
Contingent asset		88	(88)	-
		88	**(88)**	**-**

Disclosure in accounts receivable amounting to R16 thousand had been omitted from the prior year financial instrument note, this disclosure has been correctly made.

An amount of R 2,974 million relating to accounts payable was omitted from the financial instruments note, this disclosure has been correctly made.

An amount of R988 thousand relating to Board members remuneration was omitted and has been correctly adjusted.

19. Risk management

Liquidity risk

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

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

Notes to the Audited Annual Financial Statements

	Note(s)	2024 R '000	2023 R '000

19. Risk management (continued)

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

At 31 March 2024

Financial liabilities	Less than 1 year
	887

At 31 March 2023

Financial liabilities	Less than 1 year
	3 777

The entity does not hold any derivative financial liabilities.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Financial assets which potentially subject the Ingonyama Trust Board to risk of nonperformance and thereby subject to credit risk consist mainly on cash and cash equivalents.

Notes to the Audited Annual Financial Statements

	Note(s)	2024 R '000	2023 R '000

19. Risk management (continued)

The ITB limits its treasury counter party exposure by dealing with established institution approved by National Treasury and its exposure is constantly monitored.

Financial assets exposed to credit risk at year end were as follows:

At 31 March 2024	Gross amount	Impair-ments	Carrying amount
Cash and cash equivalents	2 776	-	2 776

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

Market risk

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

None of the financial instruments in the current year were materialy impacted by market risk. None of the financial instruments in the current year were interest bearing.

20. Events after the reporting date

The are no events after reporting period that were identified which requires disclosure.

Notes to the Audited Annual Financial Statements

	Note(s)	2024 R '000	2023 R '000
21. Cash generated from operations			
Surplus		4 897	1 493
Adjustments for:			
Depreciation		123	124
Movements in provisions		(1 004)	1 004
Changes in working capital:			
Receivables from exchange transactions		(9)	(13)
Payables from exchange transactions		(3 580)	(539)
		427	**2 069**

22. Fruitless and wasteful expenditure			
Current - irregular expenditure		204	1 253
Current - fruitless and wasteful expenditure		-	190
Closing balance		**204**	**1 443**

Details of fruitless and wasteful expenditure

Irregular expenditure amounting to R204 thousand (2022: Rnil) in the current year relates to procurement concluded without applying 80/20 rule as required by PPR 2022.

Irregular expenditure amounting to Rnil thousand (2023: R55 thousand) in the prior year relates to procurement without obtaining declaration of interest.

Irregular expenditure amounting to Rnil thousand (2023: R829 thousand) in the prior year relates to continued use of contracts without national treasury approval.

Deviation from normal procurement processes on appointment of service provider resulting in award to a bidder othe than the highest scoring bidder resulted in irregular expenditure Rnil thousand (2023: R369 thousand)

23. Budget differences

Material differences between budget and actual amounts

Notes to the Audited Annual Financial Statements

	Note(s)	2024 R '000	2023 R '000

23.1 Transfer of funds received and other income

The adjustment made in the current year relates to the requirement in accordance with Ingonyama Trust Financial Regulation 10(1) that states that, "when if estimated, income is unlikely to be realized, it is required that this be reported to the Accounting Authority indicating how the shortfall will be met.

An amount not exceeding 10% of trust income has been determined as required in Financial Regulation 10(2) and is allocated to be utilised to address the shortfall and will be utilised for operational costs incurred by the Accounting Authority of R 10,006 million.

The under spending of R661 is not really an underspending as the net effect of financial regulation 10(1) is utilization of R1.487 million over and above the 10% short fall. This is as a result of funds that we reimbursed to Ingonyama Trust

23.2 Interest received

The adjustment to increase interest received was influenced by economic and policy decisions by the SARB which saw the repo rate being increased from 3,75% at the end of 2021 to 8,25% at the end of 2023.

This rate change has a direct impact on bank interest rates as it affects both lending and deposit rates resulting in an adjustment of R90 thousand in anticipate interest income.

The line item was under budgeted for by R65 thousand3 as a higher interest was received compared to what had been adjusted for. This is still attributed to the significant changes attributable to economic conditions influencing SARB policy decision on interest rate.

23.3 Other income - services in kind

The variance between the final budget and actual is due to an accounting adjustment received in terms of GRAP 23.99 for secondment costs of the CFO paid for by the DALLRD.

Notes to the Audited Annual Financial Statements

	Note(s)	2024 R '000	2023 R '000

23. Budget differences (continued)

23.4 Employee cost

In August 2022, the previous Board adopted an organizational structure approved in 2009 and abolished in 2018. The adoption of this structure was in an effort to reduce the employee cost budget. This had an effect of causing employees to become surplus to organizational requirements. This reinstated structure was vastly inconsistent with current operational needs, highlighting misalignment between human resources needed and those available.

The reinstatement of this structure led to the abrupt termination of contracts for approximately 10 employees on fixed-term contracts, although creating a temporary reduction in employee costs exacerbate workforce instability. However no additional decision were made by the then board to finalize and implement the 2009 structure which meant the outside of the 10 contract employees 43 employees retained their posts.

The current Board has attempted to correct this by reinstating the 2018 structure, which takes into account current employee numbers and required an adjustment of R12, 379 million to ensure adjustment with budget.

23.5 Depreciation and amortization

No budget had been previously allocated to the systematic utilisation of PPE. An adjustment was made to factor in the depreciation for the current year at an amount of R256 thousand.

23.6 General expenses

The underspending in general expenses is due to expenditure allocations between Ingonyama Trust and Ingonyama Trust Board, where expenses follow function.

The under spending of R 2,354 million is also due to cost cutting measures implemented to avoid making a deficit in the current year.

A saving arose in the following expenditure items:

Auditors remuneration for R255 thousand.

Other expenses - Ingonyama trust for R124 thousand.

Printing and stationery for R154 thousand.

Board meetings and accommodation for R531 thousand.

Other expenses for R 1,290 million.

Notes

Notes

PART G:

INGONYAMA TRUST AFS

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) iNkosi T.N Mzimela (Former Chairperson) Adv. L.C Zama (Vice Chairperson) iNkosi S.N Mkhize iNkosi M.I Tembe iNkosi P.B.N. Molefe Dr. T. Dlamini Mr. N.D. Matamela Ms. N. Zulu Ms. L. del Grande

*INkosi T.N Mzimela's term as a chairperson ended on 13 February 2024 after which, the Trustee, His Majesty the King took over the chairmanship of the Board.

Business address	65 Trelawney Road Southgate Pietermaritzburg 3201
Postal address	P O Box 601 Pietermaritzburg 3201
Bankers	First National Bank
Auditors	Auditor General of South Africa (AGSA)

Index

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

Accounting Authority's Responsibilities and Approval

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

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

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

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

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 set out from page 113, which have been prepared on the going concern basis, were approved by the accounting authority on 12 July 2024 and were signed on its behalf by:

Advocate L.C Zama
Vice Chairperson
DATE : 12 July 2024

Report of the Auditor-General to Parliament on Ingonyama Trust

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Ingonyama Trust set out on pages 113 to 172, which comprise the statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effect of the matters described in the basis for qualified opinion section of the auditor's report, the financial statements present fairly, in all material respects, the financial position of the Ingonyama Trust as at 31 Mach 2024, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the KwaZulu-Natal Ingonyama Trust Act 3 of 1994 (KITA).

Basis for qualified opinion

Investment in controlled entities

3. As disclosed in note 12 to the financial statements, the Ingonyama Trust has not consolidated its subsidiary, Ingonyama Holdings (Pty) Ltd, that was formed during 2019 as the subsidiary did not prepare financial statements. This investment has only been accounted for on the cost basis without preparing consolidated financial statements as required by GRAP 35, Consolidated financial statements. Had Ingonyama Holdings (Pty) Ltd been consolidated, many elements in the financial statements would have been materially affected. The effects on the financial statements due to the failure to consolidate have not been determined.

Property, plant and equipment

4. The entity's practice is to recognise its land in line with iGRAP 18, Recognition and Derecognition of Land definition in that traditional council/community authority land is not recognised as the entity's assets as control does not vest with the entity. However, during the audit of property, plant and equipment land controlled by the traditional council/community authority had been incorrectly included as assets of the entity. Consequently, property, plant and equipment included in note 08 to the financial statements is overstated by R1,15 billion.

Investment property

5. The entity's practice is to recognise its land in line with iGRAP 18, Recognition and Derecognition of Land definition in that traditional council/community authority land is not recognised as the entity's assets as control does not vest with the entity. However, during the audit of investment property land controlled by the traditional council/ community. authority had been incorrectly included as assets of the entity. Consequently, investment property land included in note 11 to the financial statements was overstated by R121,65 million

Report of the Auditor-General to Parliament on Ingonyama Trust

Context for opinion

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

7. I am independent of the trust in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

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

Emphasis of matters

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

Restatement of corresponding figures

10. Restatement of corresponding figures as disclosed in note 26 to the financial statements, the corresponding figures for 31 March 2023 were restated as a result of errors in the financial statements of the entity at, and for the year ended, 31 March 2024.

Material impairments – trade debtors

11. As disclosed in note 03 to the financial statements, material impairments – trade debtors of R8,43 million (2023: R25,89 million) was incurred as a result of no allocation of resources to the finance department to collect receivables.

Material impairments – loan to controlled entities

12. As disclosed in note 7 to the financial statements, a material impairments loan to controlled entity of R40,70 million was incurred as a result of loan non-repayment and restrictions to access financial information of Ingonyama Holdings.

Responsibilities of the accounting authority for the financial statements

13. The trustees, who constitute the accounting authority, are responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the KITA; and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Report of the Auditor-General to Parliament on Ingonyama Trust

14. In preparing the financial statements, the accounting authority is responsible for assessing the trust's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the trust or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the Auditor-General for the audit of the financial statements

15. 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.

16. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on compliance with legislation

17. 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 compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the trust's compliance with legislation.

18. 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.

19. 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 trust, 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.

20. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

21. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements and the auditor's report.

Report of the Auditor-General to Parliament on Ingonyama Trust

22. My opinion on the financial statements and the report on compliance with legislation does 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.

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

24. 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

25. 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.
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.

26. The accounting authority did not exercise adequate oversight on the financial reporting process and compliance with laws and regulations during the period under review. The trust had repeat findings relating to the limitation of scope of its entity's financial statements and loans made to the controlled entity exposed to financial loss.

27. There was a lack of coordination between the land tenure and finance divisions which led to incorrect classification between the land controlled by the entity to that of land controlled by the traditional council / community authority as adequate asset registers were not in place.

Auditor-General.

Pietermaritzburg
13 October 2024

AUDITOR-GENERAL
SOUTH AFRICA

Report of the Auditor-General to Parliament on Ingonyama Trust

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 on the trust'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 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 trust 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 trust 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.

Report of the Auditor-General to Parliament on Ingonyama Trust

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
KwaZulu-Natal Ingonyama Trust Amendment Act 9 of 1997	Sub-s.(5), substituted by s.2(e) of Act 9 of 1997 of KwaZulu-Natal Ingonyama Trust Act
KwaZulu-Natal Ingonyama Trust Act (KITA) financial regulation 3	KITA financial regulation 3a, b & c
KwaZulu-Natal Ingonyama Trust Act (KITA) financial regulation 4	KITA financial regulation 4(1)a & b

Statement of Financial Position as at 31 March 2024

	Note(s)	2024 R '000	2023 Restated R '000
Assets			
Current Assets			
Loan to controlled entity	7	296	41 000
Receivables from exchange transactions	3	18 002	23 799
Other receivables from exchange transactions	4	396	319
Investments	6	52 324	50 109
Cash and cash equivalents	5	166 654	153 922
		237 672	**269 149**
Non-Current Assets			
Investment property	11	156 844	156 844
Property, plant and equipment	8	2 984 761	2 986 129
Intangible assets	9	9	-
Heritage assets	10	15 988	15 988
		3 157 602	**3 158 961**
Total Assets		**3 395 274**	**3 428 110**
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	14	27 062	38 543
Provisions - Municipal rates	15	133 434	110 766
Provisions - Beneficiaries disbursements	16	209 738	208 572
Residential lease liability	24	4 142	-
Bank overdraft	5	96	-
		374 472	**357 881**
Total Liabilities		**374 472**	**357 881**
Net Assets		**3 020 802**	**3 070 228**
Accumulated surplus		**3 020 802**	**3 070 228**
Total Net Assets		**3 020 802**	**3 070 228**

Statement of Financial Performance

	Note(s)	2024 R '000	2023 R '000
Revenue			
Revenue from exchange transactions			
Lease revenue	17	13 035	12 169
Other income	17	15 757	2 560
Dividend income	17	1 603	1 498
Interest on overdue debtors' accounts	17	907	822
Interest received on bank and short-term investments	17	13 292	12 570
Total revenue from exchange transactions		**44 594**	**29 619**
Expenditure			
Depreciation and amortisation	8	(1 723)	(2 039)
Impairment loss	3&7	(49 131)	(25 894)
Funds paid to Ingonyama Trust Board - FR 10(2)	21	(9 345)	(7 676)
Funds paid to Ingonyama Trust Board and other	21	(2 148)	(9 202)
Loss on disposal of assets	8	(4)	(34)
Rates expenditure	18	(22 668)	(25 408)
General expenses	19	(12 483)	(9 358)
Total expenditure		**(97 502)**	**(79 611)**
Deficit for the year		**(52 908)**	**(49 992)**

Statement of Changes in Net Assets

	Accumulated surplus / deficit R '000	Total net assets R '000
Opening balance as previously reported	3 097 467	3 097 467
Adjustments		
Correction of errors	22 753	22 753
Balance at 01 April 2022 as restated*	**3 120 220**	**3 120 220**
Changes in net assets		
Surplus for the year	(49 992)	(49 992)
Total changes	(49 992)	(49 992)
Restated* Balance at 01 April 2023	**3 070 228**	**3 070 228**
Changes in net assets	3 482	3 482
Surplus for the year	(52 908)	(52 908)
Total changes	(49 426)	(49 426)
Total Net Assets	**3 020 802**	**3 020 802**

Cash Flow Statement

	Note(s)	2024 R '000	2023 R '000
Cash flows from operating activities			
Receipts			
Lease receipts		80 620	67 845
Interest income		12 078	7 786
Other receipts		609	1 069
		93 307	76 700
Payments			
Cash paid to beneficiaries, suppliers and others		(71 225)	(38 313)
Transfer of funds to Ingonyama Trust Board		(9 088)	(15 516)
		(82 177)	(53 829)
Net cash flows from operating activities	20	**12 994**	**22 871**
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(358)	(3)
Proceeds from sale of property, plant and equipment	8	-	912
Net cash flows from investing activities		**(358)**	**909**
Net increase/(decrease) in cash and cash equivalents		**12 636**	**23 780**
Cash and cash equivalents at the beginning of the year		153 922	130 142
Cash and cash equivalents at the end of the year	5	**166 558**	**153 922**

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R '000	R '000	R '000	R '000	R '000	
Statement of financial performance						
Revenue						
Revenue from exchange transactions						
Lease receipts	41 723	(30 633)	**11 090**	13 035	**1 945**	29.1
Other income	3 199	(1 424)	**1 775**	15 757	**13 982**	29.2
Dividend received	1 020	-	**1 020**	1 603	**583**	29.3
Interest on overdue debtors accounts	600	(540)	**60**	907	**847**	29.4
Interest received from bank and short term investments	8 419	(7 111)	**1 308**	13 292	**11 984**	29.5
Total revenue from exchange transactions	**54 961**	**(39 708)**	**15 253**	**44 594**	**29 341**	
Expenditure						
Depreciation and amortisation	(2 910)	912	(1 998)	(1 723)	275	29.6
Impairment loss	-	(24 766)	(24 766)	(49 131)	(24 365)	29.7
Transfer funds paid to ITB - FR10.2	-	(10 006)	(10 006)	(9 742)	264	29.8
Other general expenses ITB	-	-	-	(1 751)	(1 751)	29.8
General Expenses	(24 443)	8 369	(16 074)	(12 483)	3 591	29.9
Total expenditure	**(27 353)**	**(25 491)**	**(52 844)**	**(74 829)**	**(21 986)**	
Operating deficit	**27 608**	**(65 199)**	**(37 591)**	**(30 236)**	**7 355**	
Loss on disposal of assets and liabilities	-	-	-	(4)	(4)	
Rates expenditure	-	(25 916)	(25 916)	(22 668)	3 248	29.10
	-	**(25 916)**	**(25 916)**	**(22 672)**	**3 244**	
Deficit for the year	**27 608**	**(91 115)**	**(63 507)**	**(52 908)**	**10 599**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**27 608**	**(91 115)**	**(63 507)**	**(52 908)**	**10 599**	

Accounting Policies

	Note(s)	2024 R '000	2023 R '000

1. Presentation of Unaudited Annual Financial Statements

The audited annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the KwaZulu - Natal Ingonyama Trust Act 3 of 1994.

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

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

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

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

1.4 Property, plant and equipment

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

Accounting Policies

	Note(s)	2024 R '000	2023 R '000

1.4 Property, plant and equipment (continued)

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

Accounting Policies

	Note(s)	2024 R '000	2023 R '000

1.4 Property, plant and equipment (continued)

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

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

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

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

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

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

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

The trust separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 8).

1.5 Investment property

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

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

Accounting Policies

	Note(s)	2024 R '000	2023 R '000

1.5 Investment property (continued)

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

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

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

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

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property.

If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Cost model

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

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

Item	Useful life
Property - land	indefinite
Property - buildings	25 years

1.6 Intangible assets

An asset is identifiable if it either:

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

Accounting Policies

	Note(s)	2024 R '000	2023 R '000

1.6 Intangible assets (continued)

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

An intangible asset is recognised when:

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

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

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

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

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

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

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

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

Accounting Policies

	Note(s)	2024 R '000	2023 R '000

1.6 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 year
Website design	Straight-line	3 - 5 year

The trust discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 9).

1.7 Ingonyama Trust Land

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

Recognition:

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

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

(a) An organisation may be required to act as the custodian of the land.

(b) An organisation may be the legal owner of the land.

(c) An organisation may be required to use the land or may be granted a right to use the land to meet its service delivery objectives; or

(d) Restrictions may be imposed on an organisation in relation to the transfer of the land.

Accounting Policies

	Note(s)	2024 R '000	2023 R '000

1.7. Ingonyama Trust Land (continued)

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.

Accounting Policies

	Note(s)	2024 R '000	2023 R '000

1.7. Ingonyama Trust Land (continued)

Legal Ownership:

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

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

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

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

- 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 reassess, 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.

Accounting Policies

	Note(s)	2024 R '000	2023 R '000

1.7. Ingonyama Trust Land (continued)

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

1.8 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Recognition

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

Accounting Policies

	Note(s)	2024 R '000	2023 R '000

1.8 Heritage assets (continued)

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

Impairment

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

Derecognition

The trust derecognises heritage assets on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

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

1.9 Investments in controlled entities

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

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

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

Accounting Policies

	Note(s)	2024 R '000	2023 R '000

1.10 Financial instruments

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

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

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 favorable to the entity.

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

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

- Deliver cash or another financial asset to another entity; or
- Exchange financial assets or financial liabilities under conditions that are potentially unfavorable to the entity.

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

- The entity designates at fair value at initial recognition; or
- Are held for trading.

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

Accounting Policies

	Note(s)	2024 R '000	2023 R '000

1.11 Receivables from exchange transactions

Recognition

The trust recognises statutory 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 trust initially measures statutory receivables at their transaction amount.

Subsequent measurement

The trust measures statutory 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 trust levies interest on the outstanding balance of statutory 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 statutory 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

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

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

Accounting Policies

	Note(s)	2024 R '000	2023 R '000

1.11 Receivables from exchange transactions (continued)

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent or by debtors' age. (i.e. Debtors above 120 days present a collection difficulty and are usually impaired due to this reason).
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).

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

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

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

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

1.12 Leases

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

Accounting Policies

	Note(s)	2024 R '000	2023 R '000

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

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

Value in use

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

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

Accounting Policies

	Note(s)	2024 R '000	2023 R '000

1.13 Impairment of non-cash-generating assets (continued)

Recognition and measurement

An impairment loss is recognised immediately in surplus or deficit.

1.14 Provisions and contingencies

Provisions are recognised when:

- Trust 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.

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 would carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Contingent liabilities are not recognised. Contingencies are disclosed in note 24.

Accounting Policies

	Note(s)	2024 R '000	2023 R '000

1.15 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments. Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

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

1.16 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:

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

Accounting Policies

	Note(s)	2024 R '000	2023 R '000

1.16 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 trust; The stage of completion of the transaction at the reporting date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

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

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

Interest, royalties and dividends

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

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

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

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

Dividends or similar distributions are recognised, in surplus or deficit, when the trust's right to receive payment has been established.

Accounting Policies

	Note(s)	2024 R '000	2023 R '000

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 is 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 an 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 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.

Accounting Policies

	Note(s)	2024 R '000	2023 R '000

1.20 Related parties (continued)

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 trust is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favorable than those which it is reasonable to expect the trust to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

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 2023/04/01 to 2024/03/31.

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

Accounting Policies

	Note(s)	2024 R '000	2023 R '000

1.22 Budget information (continued)

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.

Notes to the Audited Financial Statements

	Note(s)	2024 R '000	2023 R '000

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

2.2 Standards and interpretations issued, but not yet effective

The 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 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
- GRAP 107 Mergers	01 April 2099	Unlikely there will be a material impact
- GRAP 106 Transfer of Functions Between Entities Not Under Common Control	01 April 2099	Unlikely there will be a material impact
- GRAP 105 Transfer of Functions Between Entities Under Common Control	01 April 2099	Unlikely there will be a material impact
- GRAP 2023 Improvements to the Standards of GRAP 2023	01 April 2099	Unlikely there will be a material impact
- GRAP 1 (amended) Presentation of Financial Statements (Going concern)	01 April 2025	Unlikely there will be a material impact
- GRAP 103 (as revised): Heritage Assets	01 April 2099	Unlikely there will be a material impact
- iGRAP 22 Foreign Currency Transactions and Advance Consideration	01 April 2025	Unlikely there will be a material impact
- GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact

3. Receivables from exchange transactions

	2024	2023
Trade receivables	18 002	23 799
Receivables carrying amount		
Receivables from exchange transactions	177 064	174 434
Impairment of receivables from exchange transactions	(159 062)	(150 635)
	18 002	**23 799**

Notes to the Audited Financial Statements

	Note(s)	2024 R '000	2023 R '000
3. Receivables from exchange transactions (continued)			
Receivables from exchange transactions age analysis			
Current		6 781	11 069
30 days		(356)	7 653
60 days		523	(313)
90 days		(77)	(285)
120 days		170 193	156 310
		177 064	**174 434**
Impairment of receivables from exchange transactions			
Over 120 days		(159 062)	(150 635)
Reconciliation of impairment of receivables from exchange transactions			
Opening balance		150 635	124 761
Impairment recognised during the period		10 986	30 255
Payments made during the year		(2 555)	(2 897)
Subsequent payments		(4)	(1 484)
		159 062	**150 635**
4. Other receivables from exchange transactions			
Accrued interest		396	319
Other receivable from exchange transactions age analysis			
Current		396	319

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

5. Cash and cash equivalents			
Cash and cash equivalents consist of:			
Bank balances - call account		72 304	66 667
Bank balances - short-term deposits		65 409	60 368
Bank balances - current account		28 845	26 887
		166 558	**153 922**
Current assets		166 654	153 922
Current liabilities		(96)	-
		166 558	**153 922**

Notes to the Audited Financial Statements

	Note(s)	2024 R '000	2023 R '000

5. Cash and cash equivalents (continued)

The trust had the following bank accounts

Account number / description	Bank statement balances	
	31 March 2024	31 March 2023
ABSA investment account -935792****	10 767	10 039
Investec bank - 110046258****	65 409	60 368
FNB current account -6200460****	28 941	26 773
FNB daily call deposit -6200463****	99	91
Standard bank investment -25858258*-***	61 438	56 537
FNB mineral account	(96)	114
Total	**166 558**	**153 922**

6. Investments

Investments in equities (local)	25 398	29 622
Investments in unit Trusts	3 560	860
Investments in equities (foreign)	15 659	13 359
Investments in government bonds	7 707	6 268
	52 324	**50 109**

The investment is comprised of a diversified portfolio with Sanlam, the investment is a call investment and has no specified maturity period. The portfolio includes:

- Investments in Local Equities at fair value.
- Investments in Foreign Equities at fair value.
- Investments in Unit Trusts at fair value.
- Investments in Government bonds at fair value.

These are carried at fair value, the Board gave its asset manager (Sanlam) a discretionary mandate where by Sanlam independently manages the investment in accordance with the needs of the Trust. Sanlam on a day-to-day basis does not manage the investment in accordance with the direction of the Trust, but rather complies with the Boards mandate.

Notes to the Audited Financial Statements

	Note(s)	2024 R '000	2023 R '000
7. Loans to controlled entity			
Loan to Ingonyama Holdings (Pty) Ltd		296	41 000

Ingonyama Holdings is a wholly owned subsidiary of Ingonyama Trust, established by the Board in November 2019 under registration number 2019/584965/07 as the commercial wing of Ingonyama Trust. Upon its establishment, it became a wholly owned subsidiary of Ingonyama Trust, with the first directors appointed being the chairperson of the Board, Mr. Jerome Ngwenya, and the then Chief Executive Officer, Mr. Lucas Mkwanazi.

Upon assuming duty in May 2023, the current Board encountered various challenges with Ingonyama Holdings, including the non-submission of financial records necessary for assessing recoverability. The Board, in its capacity as shareholder administrator (shareholder), initially adopted a conciliatory approach, writing to the Directors of Ingonyama Holdings in July 2023 and making various follow-ups until August 2023, without success. The following can be deduced from the shareholder agreement:

In December 2023, the shareholder issued a notice of a meeting in accordance with section 62 of the Companies Act, inviting the Ingonyama Holdings Board, but received no response.

On 29 December 2023, the shareholder resolved to appoint three additional directors to the Ingonyama Holdings Board.

On 2 January 2024, another notice of meeting was issued to remove the first directors in line with section 71(2). No response was received from the concerned directors, and a resolution to remove them was passed. Mr. Lucas Mkhwanazi was subsequently removed, however Mr. Ngwenya remained since he probably declined when a system generated confirmation was sent to his phone.

Correspondence was then received on 6 and 13 February 2024, disputing the removal of Mr. Ngwenya. On 12 April 2024, unauthorized amendments were made on CIPC reflecting the reinstatement of Mr. Lucas Mkhwanazi and an addition of a Mr. Madondo. These events were obviously fraudulent and give an indication that Ingonyama Holdings has practically been hijacked.

Clause 11.4.2: Payment Subject to Availability of Funds

Loans made by the shareholder will be repaid as and when the company has sufficient funds to do so, and when the board resolves to make such repayment. This implies that repayment is not on a fixed schedule but is contingent upon the company's financial situation and the Board's decision.

Notes to the Audited Financial Statements

	Note(s)	2024 R '000	2023 R '000

7. Loans to controlled entity (continued)

Clause 12.1: Payment Subject and Distribution Sequence

- Before the 'operational date' proceeds from the Ingonyama Trust Loan will be used to pay specific costs, such as fund setup costs.
- Between the operational date and the first anniversary of the operational date, the company will prioritize using revenue to pay operational costs and taxes first, followed by repayments of the Ingonyama Trust Loan, and the distributions to shareholders if any.

The specific time period for repayment is not explicitly defined and is instead linked to the company's financial status and the board's decisions. Repayments must commence after covering operational costs and taxes, focusing on the first year after the operational date. Determination of payment is also very dependent on assessing the financial ability of Ingonyama Holdings, which has been impossible without the Directors of Ingonyama Holdings providing the necessary financial and other reports to the shareholder.

Assessment of Impairment

	2024 R '000	2023 R '000
Opening balance	41 000	41 000
Provision for impairment	(40 704)	-
	296	**41 000**

In order to determine whether an impairment exists, at the end of each reporting period, the entity is required to assess whether there is any objective evidence that the financial asset is impaired. This is done through the identification of a loss event which can include:

- Significant financial difficulty of the issuer or obligor.
- Breach of contract (e.g., default or delinquency in payments).
- Concessions granted due to the borrower's financial difficulty.
- High probability of bankruptcy or financial reorganization of the borrower.
- Disappearance of an active market for the asset due to financial difficulties.
- Observable data indicates a measurable decrease in future cash flows.

Based on our assessment, there are significant governance challenges in Ingonyama Holdings that hinder the ability to determine where the organization is operationally and financially sustainable. To determine whether the operational date as defined has commenced, further information is required, which is either not available or has not been provided.

Notes to the Audited Financial Statements

	Note(s)	2024 R '000	2023 R '000

7. Loans to controlled entity (continued)

A bank statement dated 29 February has been obtained and assessed, showing a balance of R296 thousand indicating that there is a high likelihood that the entity is unable to settle its liabilities with its available assets, including cash resources.

There is also objective evidence that Ingonyama Holdings is being hijacked to remove accountability to the shareholder, observable through actions that may be indicative of future cash flow difficulties. On this basis, the loan has been impaired to R296 thousand.

Notwithstanding the impairment, the shareholder has resolved to investigate, which may lead to a legal process. The nature and scope of the investigation will be determined in August 2024. This investigation is crucial to determine the legitimacy of the funds' usage and whether further impairment is warranted, based on the findings. The outcome of the investigation will therefore be factored into subsequent assessments of the recoverability of the loan.

8. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	2 965 915	-	2 965 915	2 965 915	-	2 965 915
Buildings	25 450	(10 990)	14 460	25 450	(9 972)	15 748
Furniture and fixtures	4 073	(3 042)	1 031	4 113	(2 925)	1 188
Motor vehicles	8 571	(5 435)	3 136	8 571	(5 069)	3 502
Computer equipment	2 547	(2 328)	219	2 444	(2 411)	33
Agricultural machinery and equipment	5 052	(5 052)	-	5 052	(5 039)	13
Total	**3 011 608**	**(26 847)**	**2 984 761**	**3 011 545**	**(25 416)**	**2 986 129**

Reconciliation of property, plant and equipment - 2024

	Opening balance	Disposals	Additions	Depreciation	Total
Land	2 965 915	-	-	-	2 965 915
Buildings	15 478	-	-	(1 018)	14 460
Furniture and fixtures	1 188	113	(4)	(266)	1 031
Motor vehicles	3 502	-	-	(366)	3 136
Computer equipment	33	245	-	(59)	219
Agricultural machinery and equipment	13	-	-	(13)	13
Total	**2 986 129**	**358**	**4**	**1 722**	**2 984 761**

Reconciliation of property, plant and equipment - 2023

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

8. Property, plant and equipment (continued)

Expenditure incurred to repair and maintain property, plant and equipment

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

Repairs and maintenance	221	301

9. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Website design	138	(138)	-	138	(138)	-
Computer software	1 241	(1 232)	9	1 302	(1 302)	-
Total	**1 379**	**(1 370)**	**9**	**1 440**	**(1 440)**	**-**

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Computer software	-	10	(1)	9

Reconciliation of intangible assets - 2023

	Opening balance	Amortisation	Total
Computer software	4	(4)	-

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

Notes to the Audited Financial Statements

	Note(s)	2024 R '000	2023 R '000

10. Heritage assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Historical buildings	15 988	-	15 988	15 988	-	15 988

Reconciliation of heritage assets - 2024

	Opening balance	Total
Historical buildings	15 988	15 988

Reconciliation of heritage assets - 2023

	Opening balance	Total
Historical buildings	15 988	15 988

Heritage assets

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

11. Investment property

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Land	**156 844**	-	**156 844**	156 844	-	156 844

Reconciliation of investment property - 2024

	Opening balance	Total
	156 844	156 844

Notes to the Audited Financial Statements

	Note(s)	2024 R '000	2023 R '000

11. Investment property (continued)

Reconciliation of investment property - 2023

	Opening balance	Total
Land	156 844	156 844

Details of property

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

(a) use in the production or supply of goods and services or for administrative purposes; or

(b) sale in the ordinary course of operations.

- Investment properties include land held for long term capital appreciation; land held currently for undetermined future use. All properties that are within the jurisdiction of the Traditional Council or Community Authority are considered as owner occupied.
- Investment property is carried at cost and land is not depreciated.

12. Investments in controlled entities

Ingonyama Holdings

Name	Jurisdiction	Determination of ownership interest	% ownership interest 2024	% ownership interest 2023	Carrying amount 2024	Carrying amount 2023
Ingonyama Holdings (Pty) Ltd	RSA	100%	100,00 %	100,00 %	-	-

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 entity 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 Audited Financial Statements

	Note(s)	2024 R '000	2023 R '000

12. Investments in controlled 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 2024, the Ingonyama Trust Board, as the shareholder representative, was barred from exercising its power, specifically its right 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.

13. Ingonyama Trust Land

		2024	2023
Land		2 965 915	2 965 915

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

Land that is legally held by Ingonyama as Trustee and is not within the proclaimed jurisdiction of any Traditional Authority or Community Authority is in direct control of the Trust due to the absence of restrictions on such land. On land which is not within the jurisdiction of any Traditional Authority or Community Authority the Trust has the right to direct access to land and restrict or deny access to the land. The carrying value is disclosed above in note 8 - Property, plant and equipment R2,966 billion (2023: R2,966 billion) and consist of approximately 250 755 hectares (2023: 250 755 hectares).

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

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

Notes to the Audited Financial Statements

	Note(s)	2024 R '000	2023 R '000

13. Ingonyama Trust Land (continued)

Traditional/ Community Authorities	District	Local Municipality	Extent (ha)
Traditional / Community Authority Land Register			
Zubane	Ilembe	Maphumulo	3641,52
AbakwaCele	Ilembe	Maphumulo	5153,82
AbakwaMagwaza	Ilembe	Ndwedwe	-
Amabhedu	Ilembe	Maphumulo	3557,47
Cele	Ilembe	Ndwedwe	5153,09
Chili	Ilembe	Ndwedwe	1123,39
Cibane	Ilembe	Ndwedwe	862,6
Emalangeni / Langa	Ilembe	Ndwedwe	5470,25
Embo	Ilembe	Maphumulo	1935,64
Fuze	Ilembe	KwaDukuza	-
Gcwensa	Ilembe	Ndwedwe	5670,79
Hlongwa	Ilembe	Maphumulo	3439,15
Hlophe	Ilembe	Ndwedwe	861,27
Inkumba Nyuswa	Ilembe	Ndwedwe	17080
Khumalo	Ilembe	Ndwedwe	651,8
Luthuli	Ilembe	Maphumulo	1790,26
Mabomvini	Ilembe	Maphumulo	18040
Macambini	Ilembe	Mandeni	1254
Mathonsi	Ilembe	Mandeni	6610,96
Mathonsi	Ilembe	KwaDukuza	-
Mavela	Ilembe	Ndwedwe	4223,92
Mkhonto	Ilembe	Maphumulo	25570
Mlamula	Ilembe	Ndwedwe	12480,27
Ngcolosi	Ilembe	Maphumulo	9716,32
Nodunga	Ilembe	Maphumulo	5931,78
Nyuswa / Nodwengu	Ilembe	Ndwedwe	5984,97
Qadi	Ilembe	Maphumulo	4198,61
Qwabe	Ilembe	Maphumulo	6930,02
Qwabe	Ilembe	Ndwedwe	967,62
Shangase	Ilembe	Ndwedwe	6060,22
Sikhonyana	Ilembe	Mandeni	8317,36
Vumazonke	Ilembe	Ndwedwe	1218,47
Wosiyane	Ilembe	Ndwedwe	5947,7
Zubane	Ilembe	Maphumulo	3641,52

Notes to the Audited Financial Statements

	Note(s)	2024 R '000	2023 R '000

Traditional/ Community Authorities	District	Local Municipality	Extent (ha)
Buthelezi	Zululand	Ulundi	2188,19
Buthelezi	Zululand	Ulundi	46970
Dlamini	Zululand	Phongola	2778,93
Hlahlindlela	Zululand	Abaqulusi	26050,99
Mandlakazi	Zululand	Nongoma	130800
Masindla	Zululand	Phongola	22390
Mbatha	Zululand	Ulundi	12800
Mpungose	Zululand	Ulundi	15916,81
Msibi	Zululand	Phongola	7064,09
Mthethwa	Zululand	Dumbe	-
Ndebele	Zululand	Ulundi	6726,92
Nobamba	Zululand	Ulundi	14053,85
Ntshangase	Zululand	Phongola	21644,12
Simelane	Zululand	Dumbe	7836,38
Ximba	Zululand	Ulundi	29790
Zulu / Khambi	Zululand	Abaqulusi	742,54
Zulu / Matheni	Zululand	Nongoma	23200
Zulu / Usuthu	Zululand	Nongoma	63320
Zungu	Zululand	Ulundi	32011,38
Batlokoa	Umgungundlovu	Impende	970,36
Embo / Timuni	Umgungundlovu	Richmond	1319,55
Embo / Vumakwenza	Umgungundlovu	Richmond	8962,29
Esiphahleni	Umgungundlovu	Richmond	1825,12
Gcumisa	Umgungundlovu	Umshwathi	17340
Inadi	Umgungundlovu	Umshwathi	444,72
Inadi	Umgungundlovu	Umngeni	541,13
Isimahla	Umgungundlovu	Richmond	588,08
Macala	Umgungundlovu	Umkhambathi	829,62
Mafunze	Umgungundlovu	Umsunduzi	5262,73
Maphumulo	Umgungundlovu	Umkhambathini	3837,51
Masihambisane	Umgungundlovu	Umshwathi	1835,84
Mdluli / Manyavu	Umgungundlovu	Umkhambathini	4605,13
Mthuli	Umgungundlovu	Umshwathi	3054,2

Notes to the Audited Financial Statements

	Note(s)	2024 R '000	2023 R '000

Traditional/ Community Authorities	District	Local Municipality	Extent (ha)
Ntanzi	Umgungundlovu	Umshwathi	3142,5
Nxamalala	Umgungundlovu	Impendle	15640
Nxamalala	Umgungundlovu	Umsunduzi	879,14
Nxamalala	Umgungundlovu	Umngeni	298,32
Vumindaba	Umgungundlovu	Richmond	2225,88
Ximba	Umgungundlovu	Umsunduzi	547,54
Zondi / Inandi	Umgungundlovu	Umsunduzi	7959,34
Zondi / Mpumuza	Umgungundlovu	Umsunduzi	6864,41
AbakwaHlabisa	Umkhanyakude	Hlabisa	13251,36
Jobe	Umkhanyakude	Jozini	10033,41
Mabaso	Umkhanyakude	Umhlabuyalingana	32770,89
Mathenjwa	Umkhanyakude	Jozini	39584,78
Mdletshe	Umkhanyakude	Hlabisa	37376,72
Mngomezulu	Umkhanyakude	Jozini	24876,52
Mnqobokazi	Umkhanyakude	Big Five	8295,15
Mpembeni	Umkhanyakude	Hlabisa	11189,69
Mpukunyoni	Umkhanyakude	Hlabisa	79417,86
Mashabane	Umkhanyakude	Umhlabuyalingana	27879,62
Myeni / Ntsinde	Umkhanyakude	Jozini	14813,96
Ngwenya	Umkhanyakude	Big Five	13149,33
Nibela	Umkhanyakude	Big Five	9168,95
Nyawo	Umkhanyakude	Jozini	40655,95
Qwabe / Makasa	Umkhanyakude	Big Five	6387,47
Siqakatha	Umkhanyakude	Jozini	3247,95
Tembe	Umkhanyakude	Umhlabuyalingana	198396,26
Zikhali / Mbila	Umkhanyakude	Umhlabuyalingana	22208,97
Maci / Isibonda	Ugu	Muziwabantu	20820
Madlala	Ugu	Hibiscus	2978,67
Maphumulo	Ugu	Vulamehlo	4601,95
Mbhele	Ugu	Umzumbe	5770,35
Mbotho	Ugu	Muziwabantu	599,79
Mvundla	Ugu	Hibiscus	3783,48
Ndelu	Ugu	Umzumbe	4319,1
Nhlangwini	Ugu	Umzumbe	8140,28
Nkumbini	Ugu	Ezinqoleni	9917,86

Notes to the Audited Financial Statements

	Note(s)	2024 R '000	2023 R '000

Traditional/ Community Authorities	District	Local Municipality	Extent (ha)
Nsimbini	Ugu	Hibiscus	3324,2
Nyavini	Ugu	Umzumbe	4366,14
Nzimakwe	Ugu	Hibiscus	4111,51
Qiko	Ugu	Vulamehlo	3242,46
Qiniselani / Manyuswa	Ugu	Ezinqoleni	7671,71
Qoloqolo	Ugu	Umzumbe	5326,97
Qwabe N	Ugu	Umzunbe	991,92
Qwabe P	Ugu	Umzumbe	1494,52
Thulini	Ugu	Umzumbe	8103,37
Toyana	Ugu	Vulamehlo	10246,28
Xolo	Ugu	Hibiscus	15490
Bomvu	Umzinyathi	uMsinga	46554,84
Bomvu	Umzinyathi	uMvoti	11433,61
Chunu	Umzinyathi	uMsinga	35520,43
Hlatshwayo	Umzinyathi	Unquthu	8957
Khiphinkunzi	Umzinyathi	Unquthu	16387,06
Makhabela	Umzinyathi	Umvoti	7512,16
Mangwe / Buthanani	Umzinyathi	Unquthu	8650.23
Mangweni	Umzinyathi	Unquthu	1020
Mbokodwebomvu	Umzinyathi	Unquthu	8070,67
Molefe	Umzinyathi	Unquthu	54601,78
Ngono	King Cetshwayo	Nkandla	21470
Buhlebomzinyathi	Majuba	Dannhauser / Newcastle	18762,14
Gule / Nyanyadu	Majuba	Dannhauser	2489,45
Amaphuthu	King Cetshwayo	Nkandla	4664,48
Bangindoda	King Cetshwayo	Umlalazi	14580
Bhejane	King Cetshwayo	Umhlathuze	2638,24
Bhekeshowe	King Cetshwayo	Umlalazi	8049,19
Biyela / Mangidini	King Cetshwayo	Nkandla	1529
Chube	King Cetshwayo	Nkandla	15495,5
Chwezi	King Cetshwayo	Nkandla	7380,16
Cunu	King Cetshwayo	Nkandla	11350
Dube	King Cetshwayo	Umhlathuze	5890,44
Ekukhanyeni	King Cetshwayo	Nkandla	10256,1

Notes to the Audited Financial Statements

	Note(s)	2024 R '000	2023 R '000

Traditional/ Community Authorities	District	Local Municipality	Extent (ha)
Godide	King Cetshwayo	Nkandla	13100
Izigqoza	King Cetshwayo	Nkandla	5456,91
Izindlozi	King Cetshwayo	Nkandla	4224,37
Khabela	King Cetshwayo	Nkandla	11070,48
Kholweni	King Cetshwayo	Umlalazi	6945,64
Khoza	King Cetshwayo	Umlalazi	6945,64
Madlebe	King Cetshwayo	Umhlathuze	6711,16
Magwaza	King Cetshwayo	Nkandla	10645,71
Mahlayizeni	King Cetshwayo	Nkandla	8195,31
Mambuka	King Cetshwayo	Ntambanana	5060,57
Mhlana	King Cetshwayo	Mbonambi	51740
Mkhwanazi	King Cetshwayo	Umhlathuze	4420,05
Mombeni	King Cetshwayo	Umlalazi	12760
Mondi	King Cetshwayo	Umlalazi	1394,08
Mpungose	King Cetshwayo	Nkandla	5997,53
Mpungose	King Cetshwayo	Nkandla	7593,29
Mpungose	King Cetshwayo	Umlalazi	18280
Mvuzane	King Cetshwayo	Umlalazi	8768,14
Mzimela	King Cetshwayo	Umlalazi	474,44
Ndlangubo	King Cetshwayo	Umlalazi	4715,88
Ngono	King Cetshwayo	Nkandla	21470
Ntembeni	King Cetshwayo	Mthonjaneni	12400
Ntuli	King Cetshwayo	Umlalazi	33330
Nxamalala	King Cetshwayo	Nkandla	4457
Nzuza	King Cetshwayo	Umlalazi	-
Obizo	King Cetshwayo	Ntambanana	4905,72
Obuka	King Cetshwayo	Ntambanana	50720
Shange	King Cetshwayo	Umlalazi	122660
Somopho	King Cetshwayo	Ntambanana	9941,06
Xulu	King Cetshwayo	Nkandla	3923,69
Yanguye	King Cetshwayo	Mthonjaneni	10380
Zondi	King Cetshwayo	Nkandla	4523,9
Zulu	King Cetshwayo	Umlalazi	-
Amacala Gwala	Harry Gwala	Ingwe / NDZ	2783,33
Amakhuze	Harry Gwala	Ingwe / NDZ	24690

Notes to the Audited Financial Statements

	Note(s)	2024 R '000	2023 R '000

Traditional/ Community Authorities	District	Local Municipality	Extent (ha)
Amakhuze	Harry Gwala	Ubuhlebezwe	2621,02
Amangwane	Harry Gwala	Ingwe / NDZ	2473,36
Amaqadi	Harry Gwala	Ingwe / NDZ	-
Dlamini / Bhidla	Harry Gwala	Ingwe / NDZ	7801,81
Dlamini / Vusathina MaZulu	Harry Gwala	Ubuhlebezwe	565,49
Dunge	Harry Gwala	Ubuhlebezwe	-
Ikhwezi Lokusa	Harry Gwala	Ubuhlebezwe	4393,25
Isibonelo Esihle	Harry Gwala	Ingwe / NDZ	1214,01
Madzikane / Bhaca	Harry Gwala	Ingwe / NDZ	4534,73
Nyuswa	Harry Gwala	Ubuhlebezwe	2554,47
Shiyabanye	Harry Gwala	Ubuhlebezwe	1088,94
Sizanani	Harry Gwala	Ingwe / NDZ	8614,07
Sizwehlanganani	Harry Gwala	Ubuhlebezwe	82,09
Ukuthula	Harry Gwala	Ubuhlebezwe	1780,65
Vezokuhle	Harry Gwala	Ingwe / NDZ	695,43
Vukani	Harry Gwala	Ubuhlebezwe	5511,69
Vumukwenza	Harry Gwala	Ubuhlebezwe	3633,58
Zashuke	Harry Gwala	Ingwe / NDZ	6226,22
Abambo	Uthukela	Mbambazane	4421,81
AmaChunu	Uthukela	Indaka	180,87
Amahlubi	Uthukela	Mbabazane	4336,66
Amangwane	Uthukela	Okhahlamba	75224,76
Amangwe	Uthukela	Mbambazane	21604,47
Amazizi	Uthukela	Okhahlamba	17092,24
Dlamini	Uthukela	Mbabazane	2569,04
Ingwe	Uthukela	Indaka	5056,2
Mabaso	Uthukela	Indaka	2675,97
Mabaso	Uthukela	Mbabazane	3499,1
Mbhense	Uthukela	Indaka	110,09
Mhlungwini	Uthukela	Mbabazane	7961,8
Mthembu	Uthukela	Indaka	16468,45
Nxumalo	Uthukela	Indaka	209,78
Sigweje	Uthukela	Indaka	5018,41
Sithole	Uthukela	Indaka	14661,75

Notes to the Audited Financial Statements

	Note(s)	2024 R '000	2023 R '000

Traditional/ Community Authorities	District	Local Municipality	Extent (ha)
Bekani	Ugu	Umzumbe	898,22
Cele	Ugu	Umdoni	2855,93
Cele K	Ugu	Umzumbe	11948,04
Cele P	Ugu	Umzumbe	11150
Cele / Vukuzithathe	Ugu	Ezinqoleni	7470,81
Dumisa	Ugu	Umzumbe	6634,04
Hlongwa	Ugu	Umzumbe	2306,59
Jabulani	Ugu	Umuziwabantu	488,35
Jali / Nhangano	Ugu	Umuziwabantu	8954,82
KwaFodo	Ugu	Umzumbe	7349,24
Lushaba	Ugu	Hibiscus	207,71
Zembeni	Ugu	Vulamehlo	742,88
Cele / Vumengazi	Ethekwini	Ethekwini Metro	6524,98
Dasenhoek	Ethekwini	Ethekwini Metro	1051,05
Embo / Ilanga	Ethekwini	Ethekwini Metro	1199,08
Embo / Kwakhabazela	Ethekwini	Ethekwini Metro	1833,94
Fredville	Ethekwini	Ethekwini Metro	42,5
Isimahla	Ethekwini	Ethekwini Metro	7174,84
Magangeni	Ethekwini	Ethekwini Metro	788,51
Maphephetheni	Ethekwini	Ethekwini Metro	7856,38
Maphumulo	Ethekwini	Ethekwini Metro	281,23
Ngcolosi	Ethekwini	Ethekwini Metro	5270,9
Qadi	Ethekwini	Ethekwini Metro	10349,51
Qiniselani Manyuswa	Ethekwini	Ethekwini Metro	4639,51
Shangase	Ethekwini	Ethekwini Metro	4315,08
Sobonakhona / Makhanya	Ethekwini	Ethekwini Metro	1553,68
Toyane	Ethekwini	Ethekwini Metro	383,02
Umnini	Ethekwini	Ethekwini Metro	3636,84
Ximba	Ethekwini	Ethekwini Metro	6277,48
AbakwaCele	Umzinyathi	Umvoti	4677,7
Amakhabela	Umzinyathi	Umvoti	24383,87
Baso	Umzinyathi	uMsinga	8290,46
Mthembu	Umzinyathi	uMsinga	19121,64
Ngome	Umzinyathi	uMsinga	366,2

Notes to the Audited Financial Statements

	Note(s)	2024 R '000	2023 R '000

Traditional/ Community Authorities	District	Local Municipality	Extent (ha)
Ntombela	Umzinyathi	Unquthu	7288
Qamu	Umzinyathi	uMsinga	60776,34
Sithole	Umzinyathi	uMsinga	15214,85
Sithole / Mthembu	Umzinyathi	Umvoti	5155,58
Zondi	Umzinyathi	Unquthu	4220,34
Zondo	Umzinyathi	Unquthu	8565
Zulu / Emadleni	Umzinyathi	Unquthu	27898,28
Zulu / Usuthi	Umzinyathi	Unquthu	16070

Notes to the Audited Financial Statements

	Note(s)	2024 R '000	2023 R '000

14. Trade and other payables from exchange transactions

	2024	2023
Trade payables	373	62
Unallocated cash	3 751	3 015
Debtors with credit balance	1 629	16 739
SARS - Value Added Tax	6 388	5 025
Sundry creditors	21	21
Income received in advance	14 587	12 600
Sundry accruals	313	1 081
	27 062	**38 543**

15. Provisions - Municipal rates

Reconciliation of provisions - municipal rates - 2024

	Opening Balance	Increase	Total
Municipal rates	110 766	22 668	133 434

Reconciliation of provisions - municipal rates - 2023

	Opening Balance	Increase	Total
Municipal rates	85 358	25 408	110 766

Municipal rates

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.

Notes to the Audited Financial Statements

	Note(s)	2024 R '000	2023 R '000

15. Provisions - Municipal rates (continued)

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. Provision - beneficiaries disbursement

	2024	2023
Opening balance	208 572	186 967
Add: Income	46 170	41 213
Less: Disbursements	(45 003)	(19 608)
Closing balance	**209 739**	**208 572**

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

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

Obligating events are events that create a legal or constructive obligation that results in an entity having no realistic alternative to setting that obligation.

A legal obligation is an obligation that derives from:

- A contract (through its explicit terms).
- Legislation or
- Other operational law.

Notes to the Audited Financial Statements

	Note(s)	2024 R '000	2023 R '000

16. Provision - beneficiaries disbursement (continued)

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

(a) By an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities; and

(b) as a result, the entity has created a valid expectation on the part of those other parties that will discharge those responsibilities

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

The nature of the obligation is such that because disbursements are done on request, the entity has a constructive obligation where funds are available to make the necessary disbursement as requested by either the TC, iNkosi or the Trustee subject to policy limits. Because the disbursements are based on request, the entity cannot determine the timing of the outflow of the future economic benefit and service potential.

The amount is based on the best available estimates given cash received, allocated to various TC's, amaKhosi and the Trustee.

17. Revenue from exchange transaction

	2024 R '000	2023 R '000
Lease revenue	13 035	12 169
Other income	15 757	2 560
Dividend received	1 603	1 498
Interest received on overdue accounts	907	822
Interest received on bank and short-term investments	13 292	12 570
	44 594	**29 619**

Other income

Included in other income is a profit in the MTN settlement agreement for MTN leases amounting to R13,534 million.

18. Rates expenditure

	2024 R '000	2023 R '000
Rates expenditure	22 668	25 408

Notes to the Audited Financial Statements

	Note(s)	2024 R '000	2023 R '000

This expenditure relates to municipal rates for non-TC land as billed by the municipalities.

19. General expenses

Advertising	108	78
Agricultural project expenses	538	1 165
Auditors' remuneration	1 983	1 459
Bank charges	23	20
Cleaning	688	-
Consulting, professional and legal fees	4 057	2 335
Donations	15	-
Electricity and water	998	-
IT expenses	459	257
Insurance	660	610
Land tenure management and planning	184	82
Motor vehicle expenses	167	312
Operating lease charges	251	-
Printing and stationery	56	-
Relocation costs	59	-
Repairs and other expenses	221	301
Security	752	-
Staff training	54	-
Telephone	278	-
Travel	906	39
Workshops	26	2 699
	12 483	**9 357**

Notes to the Audited Financial Statements

	Note(s)	2024 R '000	2023 R '000
20. Cash generated from operations			
Deficit		(52 908)	(49 992)
Adjustments for:			
Depreciation and amortisation		1 723	2 039
Loss on disposal of assets		4	34
Impairment loss		49 131	25 894
Movements in provisions		23 834	47 013
Other non-cash items		(814)	(7 731)
Changes in working capital:			
Receivables from exchange transactions		5 797	9 814
Other receivables from non-exchange transactions		(77)	971
Investments		(2 215)	(5 618)
Trade and other payables from exchange transactions		(11 481)	447
		12 994	**22 871**

21. Transfer funds paid to Ingonyama Trust Board

	2024 R '000	2023 R '000
Transfer paid to Ingonyama Trust Board - FR 10(2)	9 345	7 676
Transfer paid to Ingonyama Trust Board - other	-	7 840
Other expenses incurred for Ingonyama Trust Board	2 148	1 362
	11 493	**16 878**

An amount not exceeding 10% of the Trust income may be utilised for the operational costs of the Accounting Authority (Ingonyama Trust Board), being costs reasonable incurred by the Accounting Authority, including ordinary administration costs, to achieve the objective of the KwaZulu Natal Ingonyama Trust Act 1997.

Due to insufficient funds allocated by the Department of Agriculture, Land Reform and Rural Development, the Ingonyama Trust Board received an additional transfer from Ingonyama Trust amounting to Rnil (2023: R7,840 million) in the current year and services rendered or paid for amounting to R2,148 million (2023: R1,362 million).

Notes to the Audited Financial Statements

	Note(s)	2024 R '000	2023 R '000

22. Financial instruments disclosure

Categories of financial instruments

2024
Financial assets

	At fair value	At amortised cost	At cost	Total
Loans to controlled entity	-	-	41 000	41 000
Trade and other receivables from exchange transactions	-	177 064	-	177 064
Other receivables from non-exchange transactions	-	396	-	396
Cash and cash equivalents	-	166 558	-	166 558
Investments in equity and other instruments	52 324	-	-	52 324
	52 324	**340 018**	**41 000**	**437 342**

Financial liabilities

	At amortised cost	Total
Bank overdraft	96	96
Trade and other payables from exchange transactions	10 846	10 846
	10 942	**10 942**

2023

Financial assets

	At fair value	At amortised cost	At cost	Total
Loans to controlled entity	-	-	41 000	41 000
Trade and other receivables from exchange transactions	-	174 434	-	174 434
Other receivables from non-exchange	-	319	-	319
Cash and cash equivalents	-	153 922	-	153 922
Investments in equity and other instruments	50 109	-	-	50 109
	50 109	**328 675**	**41 000**	**419 784**

Notes to the Audited Financial Statements

	Note(s)	2024 R '000	2023 R '000

22. Financial instruments disclosure (continued)

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	**9 204**	**9 204**

23. Commitments

Authorised capital expenditure

	2024	2023
Operational commitments already contracted for but not provided for		
Due within 1 year	2 349	108
Due within 2 - 5 years	4 451	143
	6 800	**251**
Capital commitments already contracted for but not provided for		
Due within 1 year	-	-
Due within 2-5 years	-	-
	-	-
Total capital commitments		
Capital commitments	6 800	251
Operational commitments	-	-
	6 800	**251**

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

Notes to the Audited Financial Statements

	Note(s)	2024 R '000	2023 R '000

24. Contingencies

Litigation is in the process against the Ingonyama Trust relating to disputes around land (boundaries, evictions, rates etc.) and other legal matters. The total quantifiable litigation before the courts is Rnil (2023: R7,785 million) and the remainder of the litigation could not be quantitatively measured for financial impact. The following litigation resolution has a reliable impact as:

The Board on 11 November 2023 made a decision to withdraw litigation in relation to CASAC case. The high court on 11 June 2021 had handed over judgement stating that the Trust acted unlawfully and in violation of the Constitution by concluding residential leases with persons who are true owners of the land. The Ingonyama Trust was ordered to reimburse whatever monies were paid in relation to these residential leases.

The amount or reimbursement has been determined to be R4,150 million (NIL:2023) and have been correctly recognised in the statement of financial position for reimbursement. In addition to the reimbursement of rental paid under residential leases, the court ordered that Ingonyama Trust pay costs borne by applicants in bringing the application to court. These costs are subject to taxation of the bill of cost by the taxing master. Although the order presents a present legal obligation to settle these costs, these cannot be recognised as the Trust is currently unable to reliably estimate these costs.

Although other litigation exists, its financial impact cannot be quantified and measured reliably at year end.

25. Related parties

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 R11,493 million (2023: R16,878 million) for the current year was paid for by the Ingonyama Trust. In administering the Trust, the Ingonyama Trust Board incurs operational and administrative expenditure noted in the statement of financial performance.

DEPARTMENT OF AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT:

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

Notes to the Audited Financial Statements

	Note(s)	2024 R '000	2023 R '000

25. Related parties (continued)

TRADITIONAL AUTHORITIES AND COMMUNITY AUTHORITIES:

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

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

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

INGONYAMA HOLDINGS (PTY) LTD:

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

Related party transactions

	2024	2023
Transfer funds paid by Ingonyama Trust to Ingonyama Trust Board/Disbursements		
Transfer funds paid - Ingonyama Trust Financial Regulations 10(2)	(9 345)	(7 676)
Transfer funds paid - other	-	(7 840)
Disbursements to Trustee	(3 536)	(6 232)
Disbursements to beneficiaries/Traditional Authorities	(41 468)	(13 376)
Services paid by Ingonyama Trust Board on behalf of Ingonyama Trust		
Services paid by Ingonyama Trust Board	969	1 093
Services paid by Ingonyama Trust on behalf of Ingonyama Board		
Services paid by Ingonyama Trust	(2 148)	(1 362)
Ingonyama Holdings (Pty) Ltd		
Loan to Ingonyama Holdings (Pty) Ltd	(296)	(41 000)
Provision for beneficiary disbursement		
Community beneficiaries	192 109	189 714
AmaKhosi	17 629	18 858

Notes to the Audited Financial Statements

	Note(s)	2024 R '000	2023 R '000

26. Prior-year adjustments

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

Statement of financial position

2023

	Note	As previously reported	Correction of error	Re-classification
Receivables from exchange transactions	3	15 725	(8 074)	23 799
Provisions - community beneficiaries	15	211 408	(2 836)	208 572
Other receivables from exchange transactions	4	192	(127)	319
Trade and other payables from exchange transactions	14	52 186	(13 643)	38 543
Accumulated surplus		3 045 549	24 679	3 070 228
		3 325 060	**-**	**3 341 461**

Receivable from exchange transactions increased by R8,074 million due to finalisation of leases after year end commencement of these leases was in the prior year.

Provisions - community beneficiaries decreased by R2,836 million due to reversal of receipts from residential leases in terms of the CASAC case. These receipts were erroneously credited to the respective beneficiaries. The accumulated surplus increased by R2,836 million.

An increase in other receivables from exchange amounting to R127 thousand due to interest accrued after year end not recognised in the prior year.

A decrease in trade and other payables from exchange transactions amounting to R13,643 million in the prior year due to the correct allocation of debtors with credit balances, resulting in an increase in accumulated surplus.

Notes to the Audited Financial Statements

	Note(s)	2024 R '000	2023 R '000

26. Prior - year adjustments (continued)

Statement of financial performance

2023

	Note	As previously reported	Correction of error	Re-classification
Transfer of funds paid to ITB - FR10.2	21	6 926	750	7 676
Transfer of funds above 10%	21	9 952	(750)	9 202
Lease revenue	17	10 353	1 816	12 169
Interest received on bank and short-term investments		12 460	110	12 570
Deficit for the year		51 918	(1 926)	49 992
		91 609	**-**	**91 609**

The Board is entitled to 10% of Trust revenue, the Trust revenue increased by R1, 816 million in the prior year resulting to an increase in the 10% allocated to the Board by R750 thousand, there is no effect on the deficit.

Lease revenue - an increase in revenue was not recorded in the prior years due to finalisation of leases after year end, commencement of these leases. This resulted in the increase of revenue and accumulated surplus by R1,816 million.

Interest on bank and short-term investments – interest accrual amounting to R110 thousand not recorded in the annual financial statements, it is now correctly recorded and restated.

In terms of GRAP 104.107, if an entity has reclassified a financial instrument in accordance with paragraphs .51 and .54, it shall disclose the amount reclassified into and out of each category and a reason for that reclassification. The following financial instruments were reclassified:

	At fair value	At amortised cost	At cost	Total
Investments equities (local)	29 622	(29 622)	-	-
Investments in unit Trust	860	-	(860)	-
Investments in government bonds	6 268	(6 268)	-	-
	36 750	**(35 890)**	**(860)**	**-**

Notes to the Audited Financial Statements

	Note(s)	2024 R '000	2023 R '000

26. Prior - year adjustments (continued)

Amortised cost to fair value

Investments in Local Equities and Investments in government bonds were measured at amortised cost have been reclassified to fair value because the cumulative amortisation could not be calculated using the effective interest method as there is no maturity amount due to the Sanlam investment being a call investment which has no specified maturity period.

Cost to fair value

Investment in unit Trust has been reclassified from cost to fair value as the fair value can be reliably measured.

27. Change in accounting estimate

Property, plant and equipment – Motor vehicles

In terms of GRAP 17.56 An entity shall assess at each reporting date whether there is any indication that the entity's expectations about the residual value of an asset have changed since the preceding reporting date. We performed this review for motor vehicles as at 31 March 2024 and the following results were achieved:

A change in estimate has arisen due to the change in residual values of motor vehicles amounting to R316 thousand (2022/2023 - R351 thousand).

This has resulted in the motor vehicle book value and accumulated surplus decreasing by R316 thousand (2022/2023 - R351 thousand).

	2024	2023
Residual value before change	3 162	3 513
Residual value after change	2 846	3 162
Change in residual value	316	351

28. Risk management

Liquidity risk

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

Notes to the Audited Financial Statements

	Note(s)	2024 R '000	2023 R '000

28. Risk management (continued)

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

At 31 March 2024

		Less than 1 year
Payables from exchange transactions	-	10 846

At 31 March 2023

		Less than 1 year
Payables from exchange transactions	-	9 204

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party failing to discharge an obligation.

Financial assets which are potentially subject to the risk of non-performance and thereby subject to credit risk consist of mainly cash and cash equivalents, investments and receivables from exchange as per GRAP104.

The entity limits its treasury counter party exposure by dealing with well-established institutions and its exposure is constantly monitored.

Financial instrument	2024	2023
Receivable from exchange transactions	18 002	23 799
Other receivable from exchange transactions	396	319
Cash and cash equivalents	166 653	153 922
Investments	52 324	50 109
Loan to controlled entity	296	41 000

Notes to the Audited Financial Statements

	Note(s)	2024 R '000	2023 R '000

28. Risk management (continued)

Market risk

Market

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

The entity is exposed to interest rate fluctuations in the past due to debtors and thus changes in the interest rate will result in changes in future cash flows expected from these financial instruments. For debtors that are past due and impaired, refer to note 11 and 12,3.

Interest rate risk

Interest rate risk arises on interest-bearing financial instruments recognised in the statement of financial position.

None of the financial instruments in the current year were interest bearing.

29. Budget differences

Material differences between budget and actual amounts

29.1 Lease revenue

Lease revenue is higher than anticipated due to the requirement to have payment upfront on execution of new leases. This initiative resulted in guaranteed revenue on inception of leases as opposed to in the past where the lessee will wait for the anniversary of the lease.

29.2 Other income

Variance is due to settlement negotiation with MTN on expired leased sites they continued to utilize despite expired contracts.

The settlement negotiation resulted in a profit on settlement of R13,534 million.

29.3 Dividend Income

Dividend income relates to dividends from investment on Sanlam which is impacted by market conditions such as interest rates and other economic indicators. The investment has grown by R12, 324 million from inception, which is an indication of its positive performance resulting in increased dividend declarations and payment.

Notes to the Audited Financial Statements

	Note(s)	2024 R '000	2023 R '000

29. Budget differences (continued)

29.4 Interest on overdue accounts

Interest on overdue accounts is over due to the increase in the value of debtors who are ageing and are resulting in collection difficulty.

29.5 Interest on bank and 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 and has been used to supplement operational income.

29.6 Depreciation and Amortisation

Depreciation is lower than anticipated since the entity didn't acquire capital assets as budgeted resulting in less depreciation than anticipated. Depreciation values are also indicative of the age of the operating assets used in the trust that require replacement.

29.7 Impairment Loss

Impairment loss is higher than budgeted due to a decision to impair the loan to controlled subsidiaries. Impairment as reported is broken between:

Loans to subsidiaries	40 704
Receivables	8 427
	49 131

29.8 Transfer funds to ITB

The trust spent R1,487 in addition to an amount of 10% relating to cost-of-living adjustment and discovery medical aid on behalf of the Board.

29.9 General Expenses

General expenses included capital expenditure relating to furniture and computer expenditure, which was not spent on in the current year, in addition to that, effective cost management ensured that expenditure is reduced and managed in favor of trust funds.

Notes to the Audited Financial Statements

	Note(s)	2024 R '000	2023 R '000

29. Budget differences (continued)

29.10 Rates

Rates expenditure was budged based on prior year's statement increased for inflation. The current year figure is based on actual statements received from municipalities as at 31 March 2024.

Notes