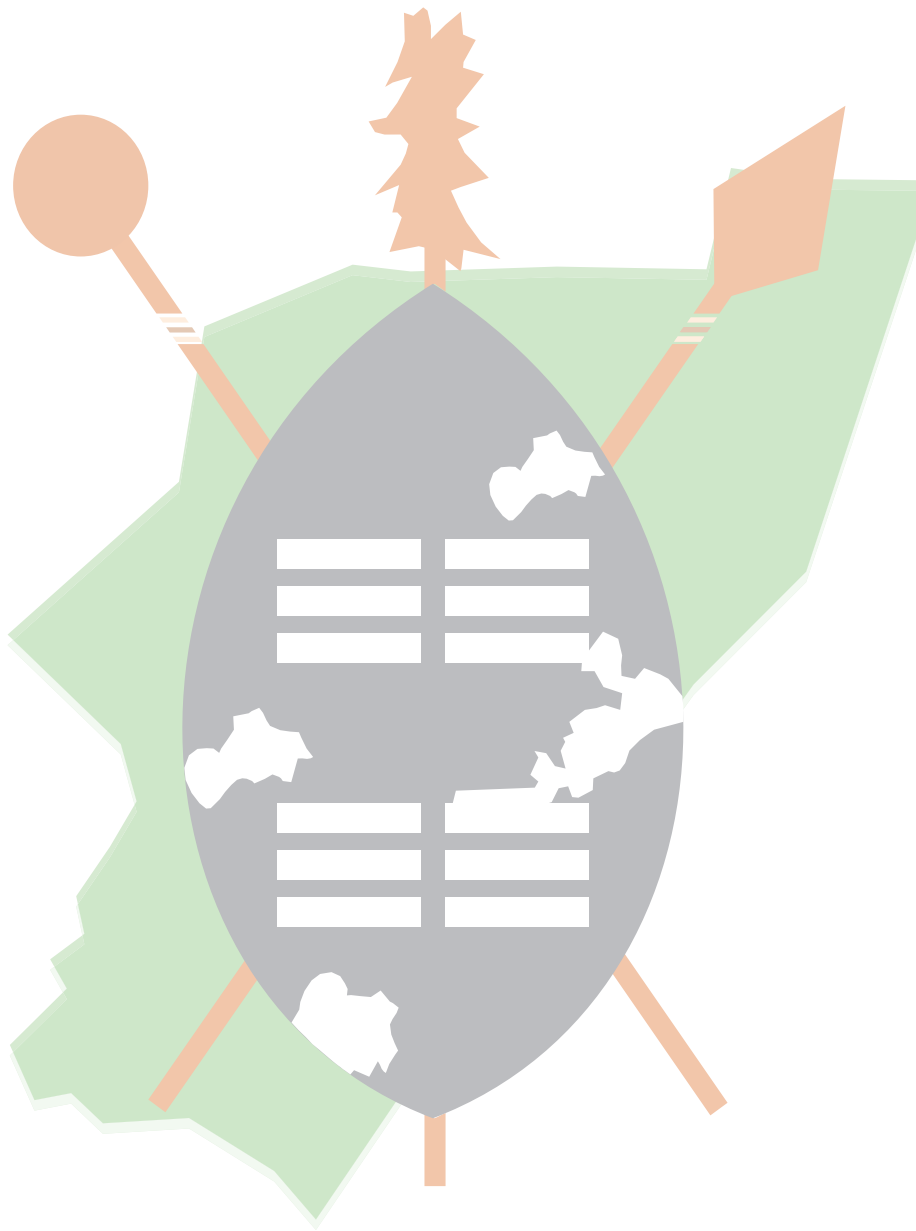


INGONYAMA
TRUST BOARD

ANNUAL REPORT

2015 / 16





INGONYAMA TRUST BOARD

KwaZulu-Natal Ingonyama Trust Board Annual Report 01 April 2015 to 31 March 2016

**PR : 146/2016
ISBN : 978-0-621-44572-5**

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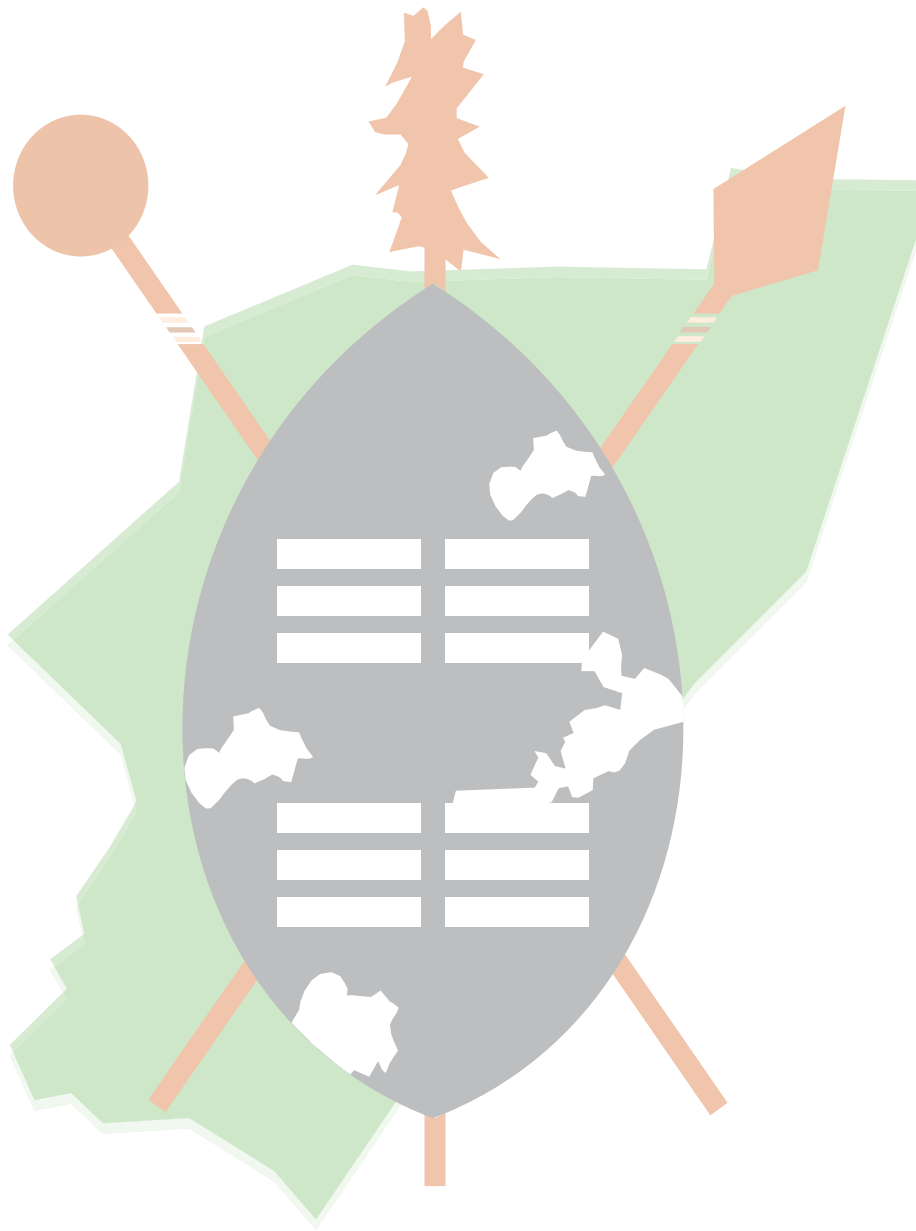
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PART A

GENERAL INFORMATION







HIS MAJESTY THE KING

06 June 2016

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

Dear Minister

Annual Report of Ingonyama Trust Board: Financial Year Ending 31 March 2016

It is again my privilege to report to you and to Parliament.

In the year under review the Ingonyama Trust Board, under the chairmanship of my nominee, Judge S.J. Ngwenya, (nominated by me in terms of Sect 2A(3)(a) of our enabling Act) the Board has continued to manage the Ingonyama Trust with a view to maximising the beneficial use of the Trust Land. This land covers about 30% of the surface area of KwaZulu-Natal. Pursuant to the foregoing a Mining Dialogue was arranged to:

- Inform Traditional Councils and their communities of their rights, obligations and opportunities in the mining context;
- bring together traditional leadership and the representatives of mining companies; and
- bring together traditional leadership and representatives of government departments involved in the mining sphere.

It was my pleasant task to open the Mining Dialogue and I am satisfied that the aforementioned objectives were largely achieved.

Other information-sharing meetings on a broad field of subjects have also been held with Amakhosi.

It is pleasing to report that progress has been made in restructuring of the Secretariat to which I referred last year. A very important step has been taken in the appointment of a Chief Executive Officer at an appropriate level. Dr F.B. Madlopha has had experience in the highest ranks of the Public Service and in the commercial sphere. Her presence has already had a positive impact.

Looking to the future, I intend to encourage the Board to use its experience and resources to explore the feasibility of harmonising the benefits of communal living (e.g. shared grazing, working together on projects and mutual social support) with the benefits of freehold title. The latter could possibly leverage access to finance for the landowner. Such a move will represent a massive change in land holding practices for traditional communities and any such changes must naturally be compatible with National Government policy and involve regular consultation with the Minister and his Department. Developments in this regard will be reported upon next year.

I thank our Portfolio Committee for its on-going oversight and guidance to the Board. I am similarly grateful to you Minister, your Deputies, the Director-General and his Department for all your support.

Lastly, I again record my thanks to the members of the Board and the staff of the Secretariat for their sterling work.

Yours sincerely



**KING ZWELITHINI GOODWILL
kaBHEKUZULU**

**Chairperson of the Board/Sole Trustee
Ingonyama Trust Board**

LIST OF ABBREVIATIONS / ACRONYMS

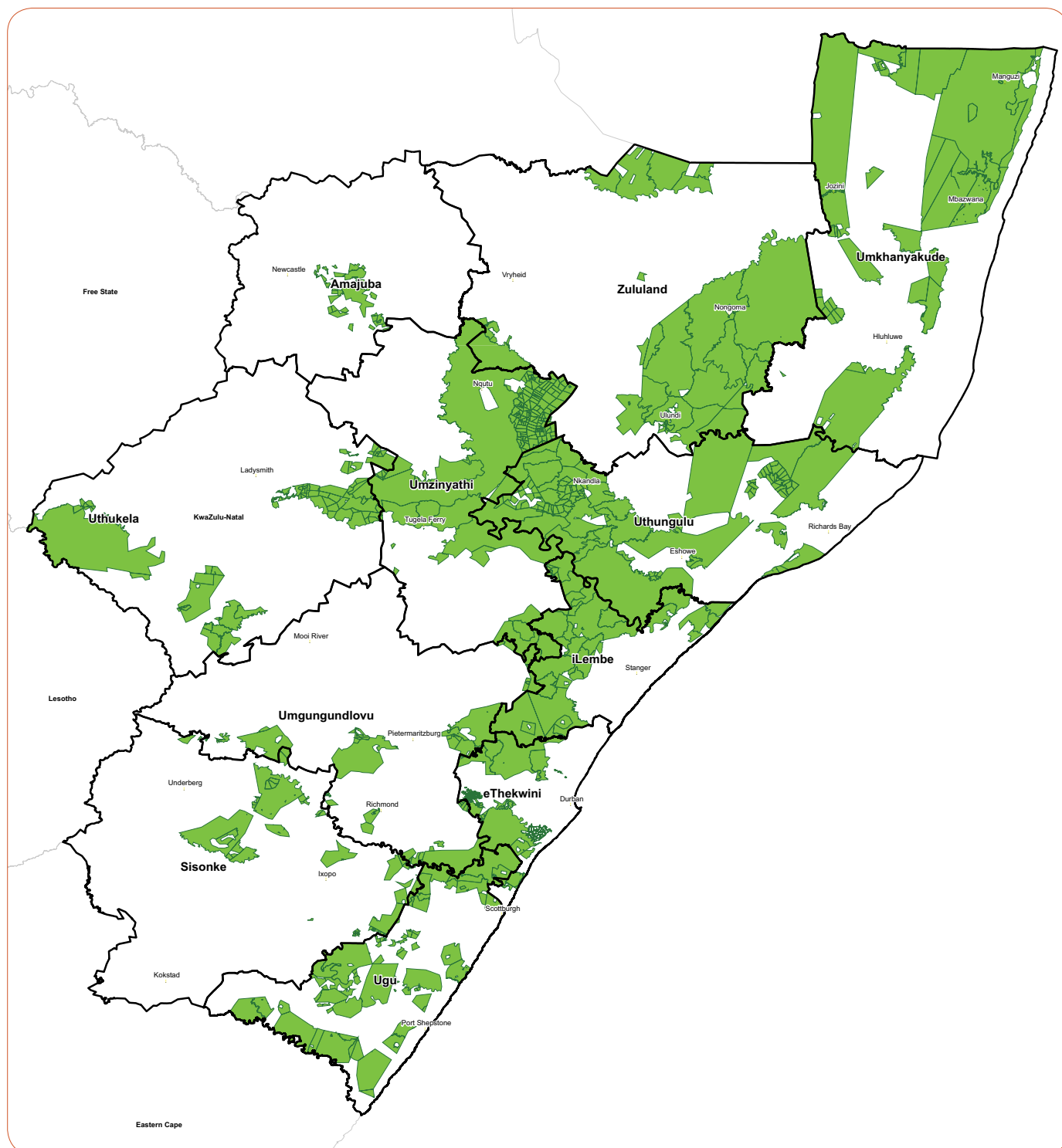
Acronym	Full Definition
AG	Auditor General
AGSA	Auditor General South Africa
APP	Annual Performance Plan
CEO	Chief Executive Officer
CFO	Chief Finance Officer
EXCO	Executive Committee
FMPPI	Framework for Managing Programme Performance Information
GRAP	Generally Recognised Accounting Practice
ITB	Ingonyama Trust Board
IT	Ingonyama Trust
PFMA	Public Finance Management Act
SCM	Supply Chain Management

HEAD OFFICE

Physical Address : 65 Trelawney Road, Southgate, Pietermaritzburg, 3201
Postal Address : P.O. Box 601, Pietermaritzburg, 3200.

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Website : www.ingonyamatrust.org.za



STRATEGIC OVERVIEW

VISION

To become a leader in sustainable communal land management.

MISSION

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

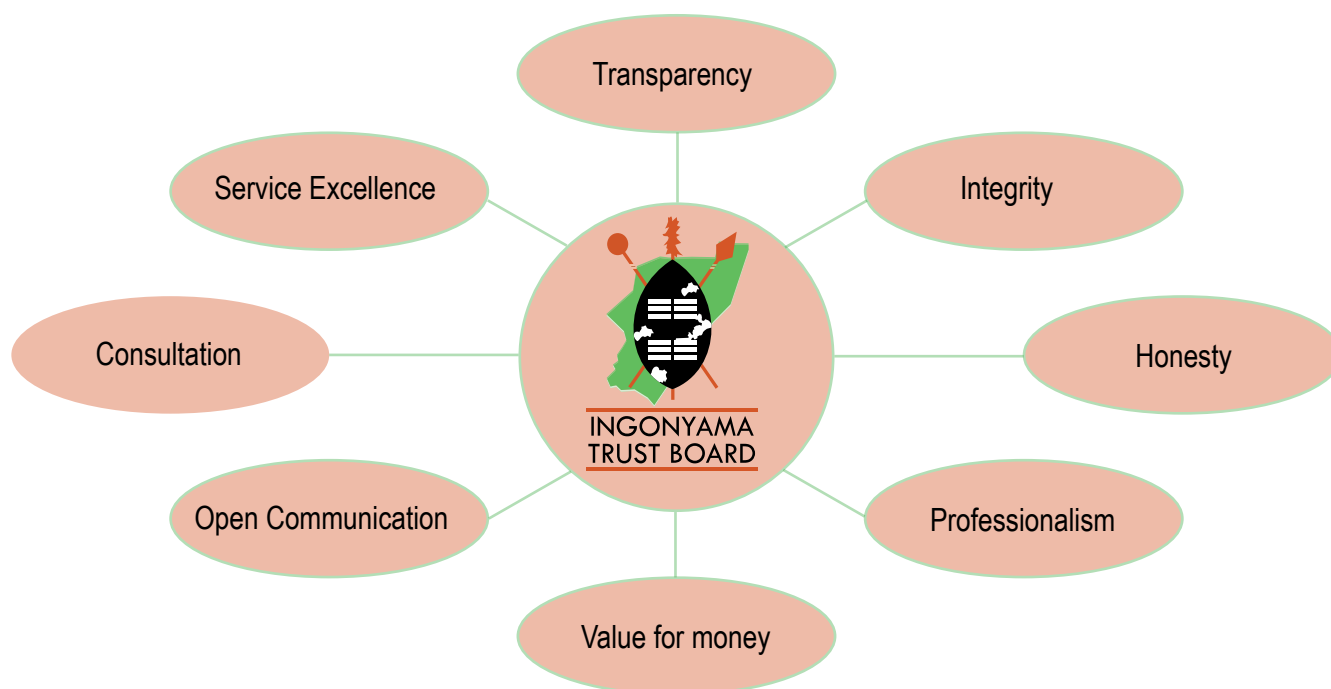
To develop progressive business models for the social and economic upliftment and the empowerment of the members of traditional communities on land administered by the Trust.

VALUE STATEMENT

We uphold the following values:

- We value and encourage diversity and will not discriminate against anyone;
- Smallholder farmer development and support (technical, financial, infrastructure) for agrarian transformation;
- We shall ensure that we have a dedicated, loyal, results-oriented, professional and people-focused workforce;
- In collaboration with all stakeholders, the organisation will comply with all laws of this country.

INGONYAMA TRUST BOARD STRATEGIC OUTCOME ORIENTED GOAL	
Strategic outcome oriented goal	To administer the affairs of the Trust for the benefit and the material well-being of the communities living on land under the Ingonyama Trust.



CONSTITUTIONAL MANDATES

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

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

LEGISLATIVE MANDATES

The Ingonyama Trust Board obtains its legislative mandate as follows:

Ingonyama Trust Act, 1994 (Act No. 3 KZ of 1994) as amended by Act 9 of 1997

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

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

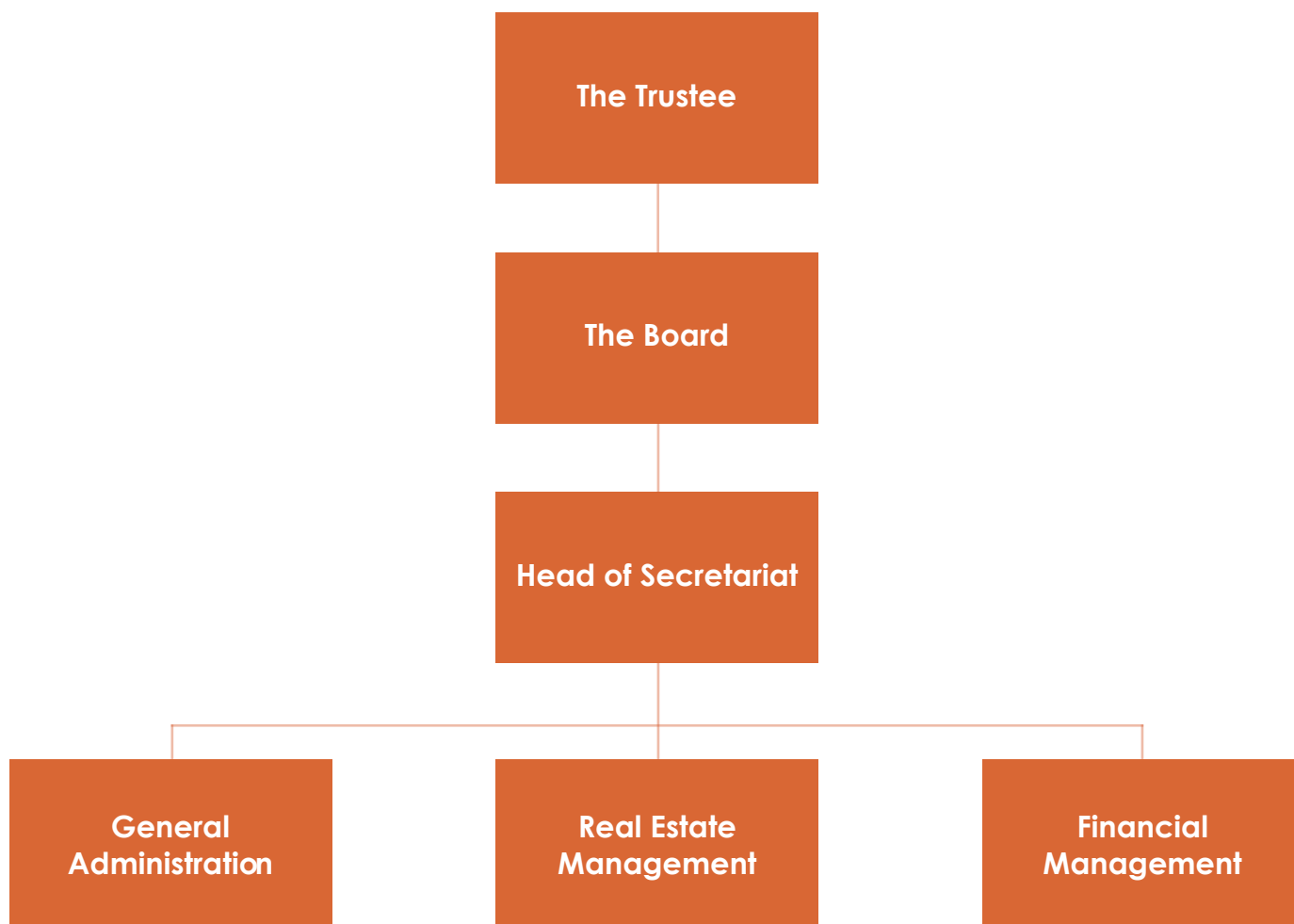
Section 2 (2) of the Ingonyama Trust Act establishes the framework for the administration of the land for the benefit of communities.

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

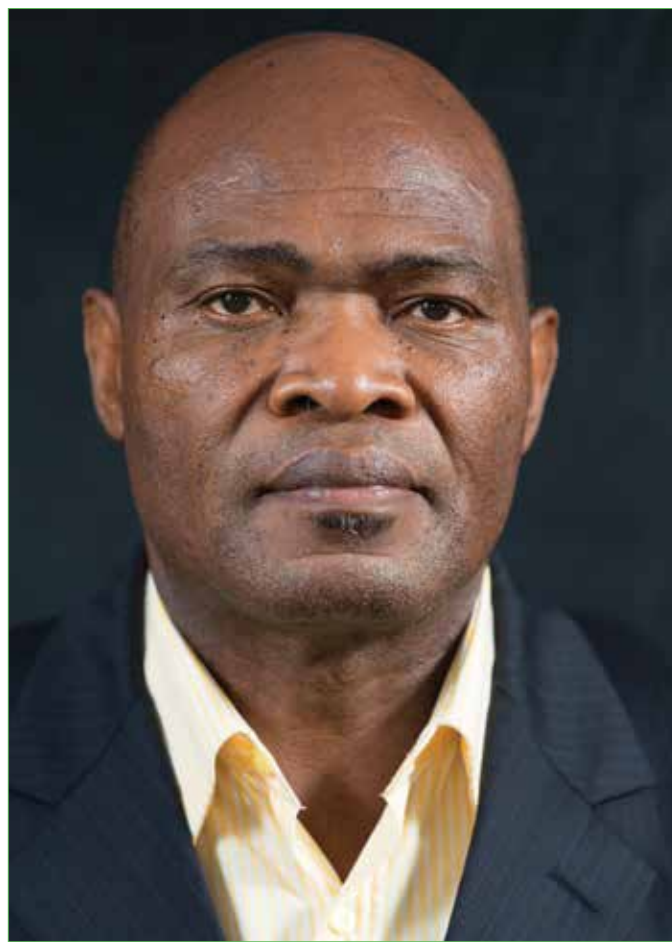
Ingonyama Trust which is a Body Corporate established in terms of (Sec 2 of the KZN ITB Act kzn of 94) is the registered owner of various pieces of land in KwaZulu Natal which have always historically being part of the land in the Zulu Kingdom dating back to various Zulu Kings. From colonial times this land ownership has been registered either as state land or a state created trust like the SA Development Trust. The Trust was established during the transition period in South African history which leads to the birth of present day democratic government in a constitutional state.

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

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



“the actual administration of land reside with various traditional councils”



The year under review like most years before presented challenges of a unique and different nature. Firstly the management of communal in terms of indigenous legal system under traditional leadership is always viewed as informal and foreign. Thus the resources that have to be put in place are not given the attention they deserve.

Furthermore not sufficient information is made available to the general public as a result. Ingonyama Trust is a unique institution presently and the only one of its kind in the country as a whole. The King is the only trustee while the board is another separate entity whose mandate is to administer the affairs of the trust and trust land.

The affairs of the trust are not set out in the Act but presumably this is up to the trustee to define them. This rather unique situation which creates board members who are not trustees to manage a trust jointly with the trustee present many challenges. It is not these challenges that I need to comment on here.

The challenge which is the focal point of this report is the efficiency of organisation. When the Board and the secretariat came into existence in 1998 it was not anticipated that by this time the Board would still be in

place. Neither was its actual work properly understood. Hence from the onset the secretariat was lean as it is thought that the function of the board would be passive ownership and most of it executed through agencies with other government departments.

This approach proved flawed and dangerous at a very early stage. Firstly no soon after the Board came into existence no sooner was the implementation of the Public Finance Management Act (PFMA). Prior to the existence of the board, His Majesty the King had been advised and indeed he agreed to sign power of attorney for certain government entities to discharge the functions of the trust on his behalf. These entities never accounted to him about what they had done. In some instances they disposed of trust property and treated the revenue derived from it as government property.

The amendment of the legislation gave birth to the board. As stated above there was very little personnel even when attempts to increase it were considered one had to bear in mind the capacity of the fiscus to meet the financial requirements occasioned as a result. Hence the process of review is still being undertaken.

The challenge facing the Board is that the actual administration of land reside with various traditional councils. While it is easy to tell the extent of trust land, one cannot say what activities are taking place on daily basis.

In some instances the occupants do not even know what Ingonyama Trust Board is. Yet this is the accounting authority and therefore expected to know more about that which it has to account for. In trying to meet the present challenge the Board with the concurrence of the Director General appointed the head of the secretariat to assist restructure the organisation so that it could operate at its correct level.

This process will take longer as the organisation is now beginning to do a detail introspection as to what its mandate is and how it should discharge it. In the process there are various legislation in the pipe line which have a bearing on land and the people. As a result the secretariat is stretched to the maximum.

The question that arises is what is the Board accounting for? How can the board account for land and not the people who reside on it. The traditional councils are the responsibilities of a different government department Cooperative government and Traditional Affairs (COGTA).

Land is the responsibility of the Department of Rural Development and Land Reform (DRLR). The unique question and challenge I am thus referring to is this cross cutting responsibility. In short the adequacy of the

systems of government to provide a complete picture of what is happening on the ground. To compound matters even more, land is a national competence while traditional leadership is mainly provincial or dual.

It is crucial to have clear guidelines on how communal land is administered and accessed in terms of indigenous any other law. Ingonyama trust has commenced a process of developing those guidelines. The challenge is to “unteach” bad habits which have developed in the absence of clear rules.

The challenge facing the present is to accelerate the process of developing these guidelines and develop training manuals for the personnel that deals with the daily administration pertaining to the land which the board has to account for.

Despite these challenges there are many lessons that have been learnt and have to be shared. There is sufficient base from which to build a better foundation for the future. Moving forward the Board must design a model that will make the trust self sufficient and be less dependent on government.

It is an obvious fact that government has to satisfy a number of competing needs from limited resources. The answer to all the issues encountered in the evolution briefly discussed here will become evident as I report in the next financial year.

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

*“we will continue to
forge partnerships
and collaboration
with both private and
public sector”*



Ingonyama Trust Board's core business is management of Trust Land for the material benefit and social well-being of the communities living on Ingonyama Trust Land. The Board is also responsible for the management of the affairs of the Trust. The mandate of the Ingonyama Trust Board is aligned to Outcome 7 of the National Development plan. This is a unique Board in that it has one Trustee.

As the new CEO of Ingonyama Trust Board, the first few months post appointment were directed at analysing the existing situation with a view to identifying gaps and proposing recommendations for improvement.

Similar to other organisations and institutions, Ingonyama Trust Board, considers itself as a learning and growing organization and therefore continues to re-organise itself to meet the changing demands of government policies, the socio economic situation as well as to improve its performance against set targets. The situational analysis report therefore provided an analysis and identified gaps and recommended solutions at a corporate level.

Amongst the key areas of improvement was the revival of the Management Committee (MANCO) meetings which were aimed at monitoring organizational performance on a

monthly basis as well as to offer support where necessary. The MANCO Finance meeting was also established to ensure proper financial management and monitoring of expenditure trends.

The audited performance information reflects mixed results. In some programmes like Rural Development there was high performance whilst in other programmes like Land Management there was a combination of high performance and low performance against set targets. In particular, Strategic Objective 2.1. "Provision of secure tenure rights to facilitate development on Ingonyama Trust land". The Land Management programme component continues to struggle to meet its performance and this has been due to capacity constraints. Ingonyama Trust Board efforts to appoint a manager proved unsuccessful during the year under review. This situation hopefully will improve in the new financial year and future years.

Ingonyama Trust Board continues to improve its capacity to meet performance demands. The appointment of a Business Development Specialist as well as the Deputy Manager administration has enhanced the performance within these sections. The improvement in the Rural Development programme has been as a result of a focused

approach by the entity to prioritize rural development. This means that Ingonyama Trust Board is getting closer to the communities and is promoting the well –being of the communities living on Trust land.

For the period under review, the Ingonyama Trust Board approved various policies amongst others Ingonyama Trust Broad Based Black Economic Empowerment guidelines on investors operating on Ingonyama Trust Land,(which has a scorecard for investors to comply with), the Disbursement Policy and Funda Zulu Bursary policies. All of these are aimed at transforming the socio economic status and skills development of people living in rural areas. During the course of the year the Board approved the Financial Delegations of Authority for efficient functioning of the organisation.

The announcement of the Funda-Zulu Bursary programme by His Majesty the King in February 2016 will see positive impact amongst young people living in rural areas administered by the Ingonyama Trust Board. During the year under review there was direct intent and aggressive drive to engage our primary customers, Amakhosi on land management and other pertinent issues to intensify collaboration. The Ingonyama Trust Board will continue to forge partnerships and collaboration with both private and public sector to accelerate service delivery and economic transformation on Ingonyama Trust land and promote food security.

The audited information will show mixed results, good performance in some areas and requiring improvement some. Land management programme met some of its targets whilst it also struggled to meet certain strategic objectives. Policy began to improve. It should be noted that it is for the first time that Ingonyama Trust Board has approved a Disbursement Policy.

The valuation of land continues to pose a challenge however assistance was sought from the Department of Rural Development and Land Reform, Auditor- General, Valuer-General and the Accountant - General in trying to address this challenge. One is confident that there will be improvements in 2016/17.

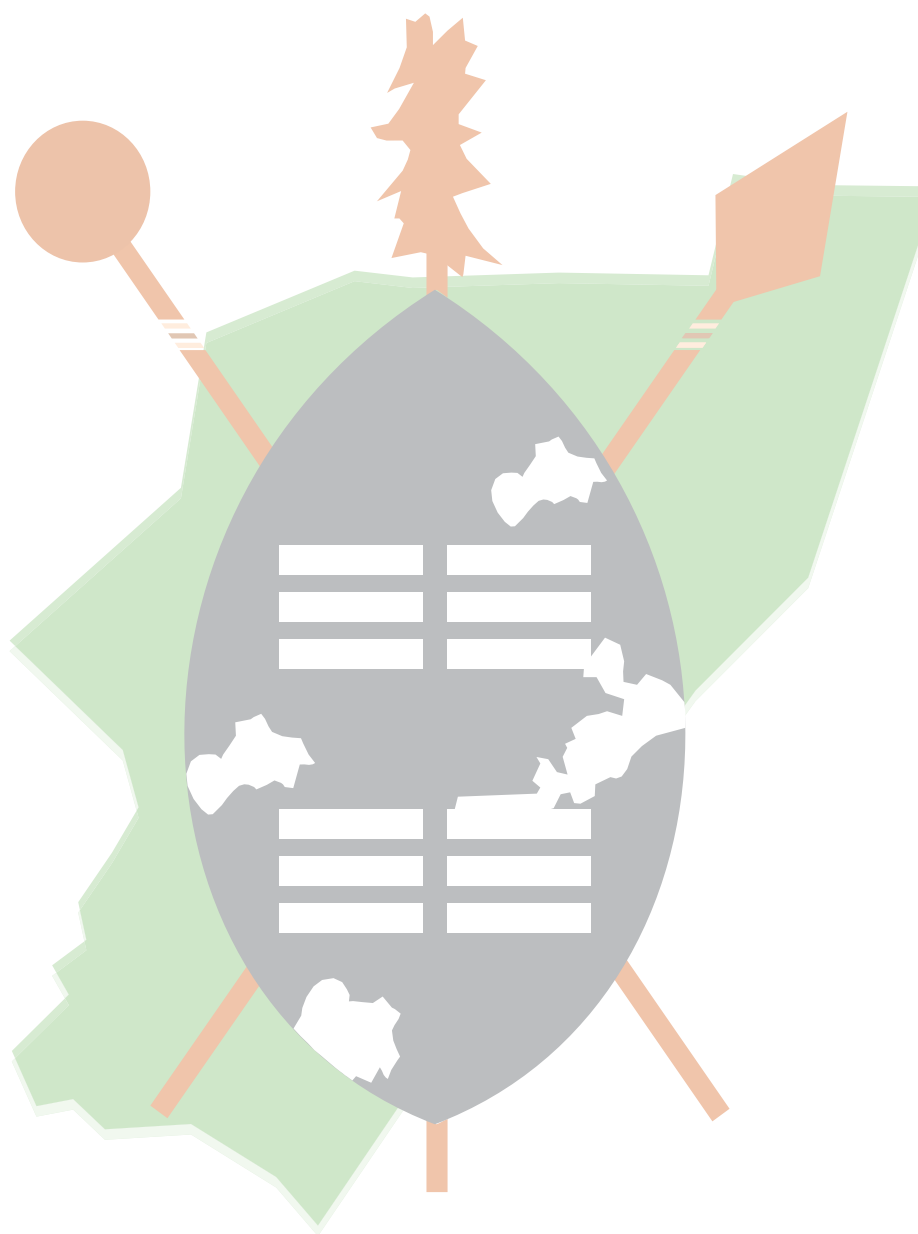
The filling of the Real Estate manager post continues to be a challenge, however the Board has re-organised the hierarchy of this section by approving two senior posts. There was a shift from issuing residential leases to commercial leases and therefore a decline in meeting certain Land Management targets. This is reflected in the performance of the section for the past two years including the year under review. The financial results indicate an increase of 14.31 % in total revenue mainly attributable to lease and investment income.

There was also an increase in the overall expenditure of 9.53 % with the introduction of the agricultural food security projects and general increase in operational expenditure. The Transfer payment received from the Department of Rural Development amounting to R18.069 m was fully utilised on operational expenditure.

The Board was able to maintain a steady growth of its Cash at Bank and investments from R 184 m in (2014/2015) to R 191m in 2015/2016.

The confirmation of the existence of two entities in terms of the Ingonyama Trust Act also suggests that the future management of the entity need to be revisited however the Department of Rural Development and Land Reform will be engaged to provide direction on the matter including the National Treasury. This is evident in the report of the Auditor-General for the 2015/16.


Dr F.B. Madlopha
Chief Executive Officer
INGONYAMA TRUST BOARD



INGONYAMA TRUST BOARD



PART B

PERFORMANCE INFORMATION

ORGANISATIONAL PERFORMANCE

OVERVIEW OF ORGANISATIONAL PERFORMANCE

The Ingonyama Trust Board (ITB) was established in 1998. Since then it has been transforming itself as the ultimate land management entity and ensuring its alignment to the National Development Plan and other government priorities. The year under review has witnessed an increase in the engagement between the amakhosi and the Ingonyama Trust Board for the benefit of the communities.

This is aimed at ensuring synergy on land management whilst also using the land to transform the economic landscape of rural areas under traditional leadership structures.

FIVE YEAR PERFORMANCE TRENDS

During the 2011 – 12 performance cycle the overall performance in the organisation was audited at 118% against seven (7) measurable performance indicators. The focus though during the period under review was the Tenure upgrade and formalisation as well as Updating of Land Tenure Records to ensure that the organisation is informed on the state of the land tenure on trust land.

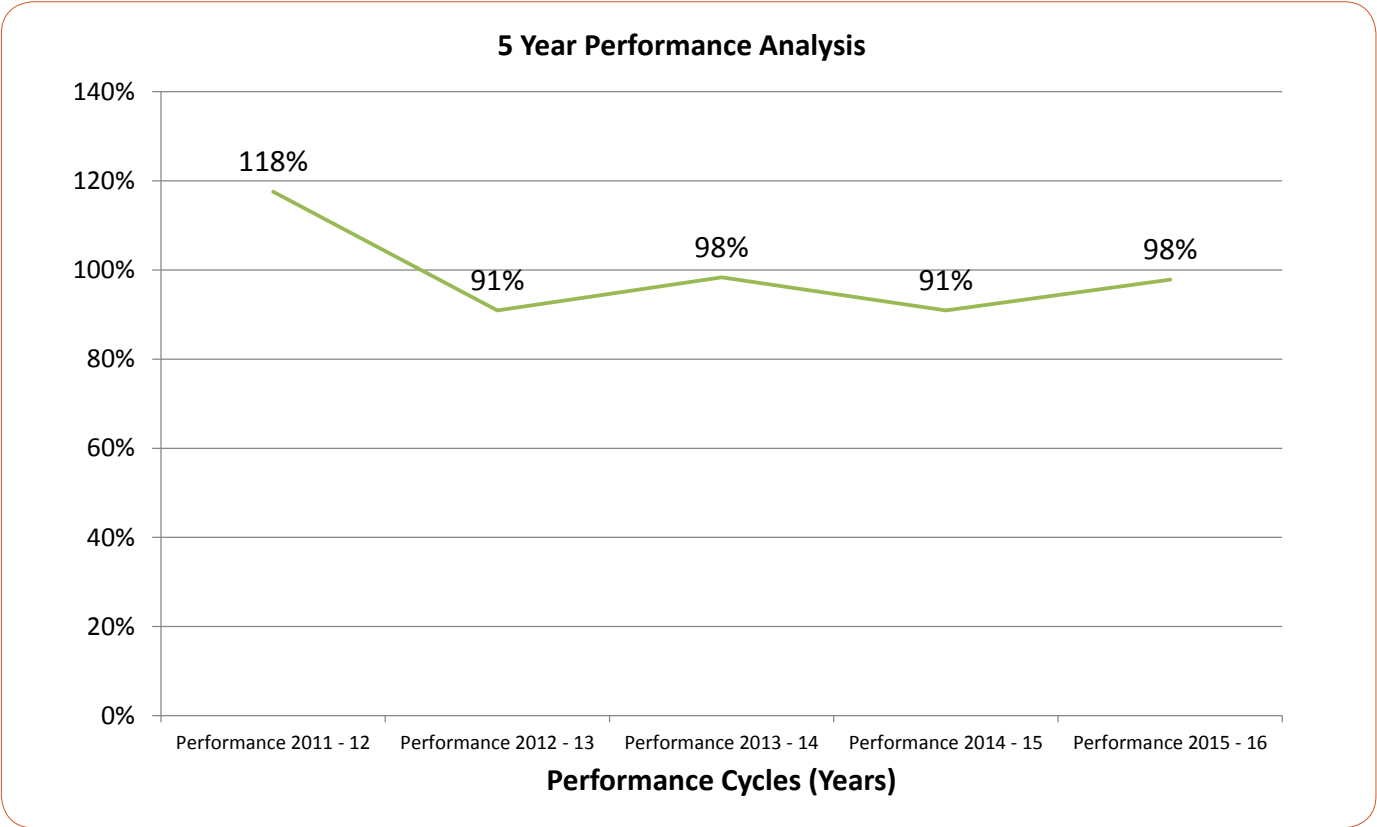
A slight change to the Strategic Plan was introduced during the 2012 – 13 performance cycle with saw new indicators being implemented. A slight drop in performance was

noted during this period which saw the overall performance sitting at 91% over 4 measurable performance indicators.

In the 2013 – 14 performance cycle an improvement was noted with a 98% performance over 4 measurable performance indicators where the focus was on the Tenure rights on land signed with the Board. Another focus during this period was on the Land Management Projects which were identified and implemented.

In planning for the 2014 – 15 performance cycle it was noted that there was no strategic intent which is aligned to the provision of Human Resources support for the organisation hence an introduction of a strategic objective linked to that. The performance slightly dropped to a 91% overall during this period.

During the current reporting cycle there has been an increase from 91% of performance in 2014 – 15 to 98% overall performance for the organisation. The distinction between the previous performance cycles and the current is that alignment with the Medium Term Strategy Framework and the priorities of government has been achieved. The Strategic Plan 2015 – 2020 of the organisation explicitly states all the Programmes which exist within the organisation and the performance against predetermined objectives is noted in that manner. Below is a 5 year analysis of performance in the organisation.



SERVICE DELIVERY ENVIRONMENT

The ITB has changed its business model in its Strategic Plan 2015 – 2020 to align itself with the Department of Rural Development and Land Reform priorities, the MTSF and government priorities as per the National Development Plan. Its main drive is to implement policies that will respond to the immediate needs of the rural communities residing on Trust land.

The Strategic Plan of the ITB is aligned to Outcomes 7, 8 and 12 of the MTSF through contribution to the following priorities.

- Improved land administration and spatial planning for integrated development in rural areas;
- Sustainable land reform (agrarian transformation);
- Improved food security;
- Smallholder farmer development and support (technical, financial, infrastructure) for agrarian transformation;
- Increased access to quality basic infrastructure and services, particularly in education, healthcare and public transport in rural areas; and
- Growth of sustainable rural enterprises and industries characterised by strong rural – urban linkages, increased investment in agro-processing, trade development and access to markets and financial services resulting in rural job creation.

To effectively implement the priorities of the MTSF, the ITB has clearly outlined its programmes to respond to these priorities. For example through the Rural Development programme there are agricultural projects which cover bulk of the priorities.

PERFORMANCE FOR 2015 – 16 CYCLE

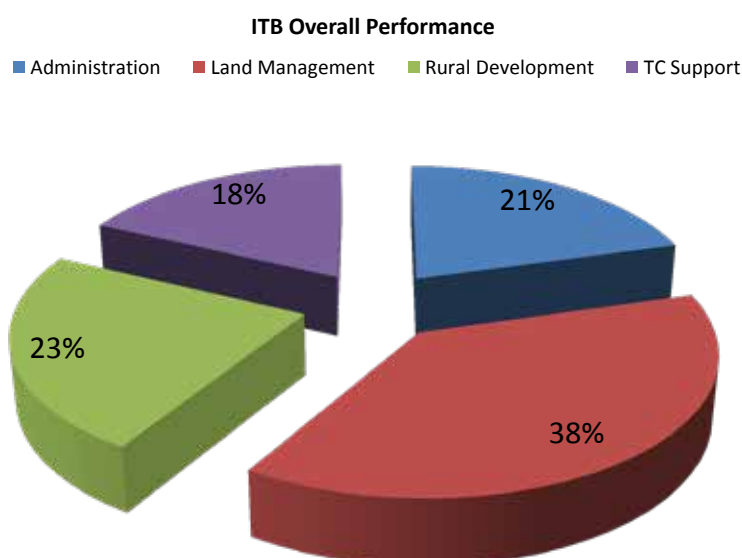
This report is the first since the alignment of the ITB Strategic Plan 2015 – 2020 to all the plans as stated above. It is noted that there is 98% overall performance against twenty one (21) measurable performance indicators which are split on the four (4) programmes of the organisation.

It must be noted that this performance is still under the current capacity constraints that exist in the organisation. Notable during this period for performance are the Land Management Programme the organisation's core business which is sitting at 149% in terms of performance, Rural Development which is sitting at 91%, Administration 81% and Traditional Council Support sitting at 70%. The graph below outlines the performance per programme for the current reporting cycle.

Whilst there is 149% achievement on land management there was a decline on the Strategic Objective 2.1. "Provision of secure tenure rights to facilitate development on Ingonyama Trust land". This was due to the need for informed consent from the applicants especially on residential leases. It is also important to note that capacity constraints in terms of skills in the property sector have had a negative impact on the organisation however these will be addressed in the 2016 – 17 financial year.

PERFORMANCE PER PROGRAMME

Programme 1 : Administration	81%
Programme 2 : Land Management	149%
Programme 3 : Rural Development	91%
Programme 4 : Traditional Council Support	70%
Overall Organisation Performance	98%



PROGRAMME 1 : ADMINISTRATION

Purpose

The purpose is to provide strategic leadership, corporate services, logistical support services and financial management to the Trust.

Programme Structure

The administration programme comprise of the following:

- Board,
- Management,
 - Communication,
 - Legal Services,
 - Information technology (IT),
- General administration,
- Financial services.

The Following are the strategic objectives of Programme 1 : Administration.

Strategic Objective 1.1.	Efficient resource management to ensure effective internal control systems in order to comply with legislative requirements.
Objective statement	To ensure that resources are effectively and efficiently utilised in order to achieve the Ingonyama Trust mandate and improve corporate image.
Strategic Objective 1.2.	Skills development for improved service delivery.
Objective statement	Improve employees' and prospective employees skills to enhance service delivery and optimize customer relations.
Strategic Objective 1.3.	To enhance effective customer relationship management
Objective statement	Improve customer service relationships with municipalities and Traditional Councils.

PROGRAMME 1 : ADMINISTRATION PERFORMANCE REPORT

Strategic Objective	Performance Indicator	Baseline (Actual Output) 2014/15	Target (2015/16)	Actual (2015/16)	Variance
To ensure that efficient internal resource management is aligned to legislative requirements	Number of policies approved by the ITB	5	5	2	- 3
	% of all movable assets to be recorded in the asset register	New indicator	100%	100%	-
	% vacant positions to be filled	New indicator	100%	94%	- 6%
	Number of performance Agreements Signed	New indicator	100%	75%	- 25%
	Monthly backup of exchange/file server properly completed	New indicator	12	12	-
	Bi annual check of software compliance conducted	New indicator	2	2	-
Provision of Skills development to employees to improve service delivery	Number of training programmes conducted	New indicator	10	8	- 2
To improve Customer relations	Payment of valid invoices paid within 30 days of receipt in Finance	New indicator	100%	100%	-
	Communication Strategy approved	New indicator	1	0	- 1
	Number of Memorandum of Agreements with Traditional Councils(TC's) approved by the Board	New indicator	4	5	+ 1
	Number of Monthly communication reports approved by the Board	New indicator	12	9	- 3

PROGRAMME 2: LAND MANAGEMENT

Purpose

To provide a secure tenure right and establish a comprehensive land tenure information system.

Programme Structure

The land management programmes comprise of the following:

- Provision of tenure rights,
- Maintenance of Land tenure information system.

The Following are the strategic objectives of Programme 2 : Land Management.

Strategic Objective 2.1.	Provision of tenure rights to facilitate development on Ingonyama Trust land. (Security of tenure).
Objective statement	Facilitate development on Ingonyama Trust land through provision of secured tenure rights.

Strategic Objective 2.2.	An integrated and comprehensive land tenure information administration system.
Objective statement	Ensure an integrated and comprehensive land tenure information administration system.

Strategic Objective 2.3.	Making land available for infrastructure development.
Objective statement	Improve facilitation of development in rural areas by making trust land available.

Strategic Objective 2.4.	Prevention and monitoring of illegal land occupation.
Objective statement	Effective asset management in rural areas.

Strategic Objective	Performance Indicator	Baseline (Actual Output) 2014/15	Target (2015/16)	Actual (2015/16)	Variance
Provision of secure tenure rights to facilitate development on Ingonyama Trust land	Number of land tenure rights approved by the Board	1100	1300	610	- 690
To maintain an integrated and comprehensive land tenure administration system/ (database of land tenure rights)	Quarterly update on land holding register	New indicator	4	4	0
To improve Customer relations	Making Trust land available for infrastructure development	New indicator	4	0	- 4
Prevention and monitoring of illegal occupation of Trust land	Number of legal interventions undertaken by the Board	New indicator	4	18	+ 14

PROGRAMME 3: RURAL DEVELOPMENT

Purpose

Co-ordinate, Initiate, Facilitate the implementation of Rural Development to strengthen security and agricultural productivity.

Programme Structure

The Rural Development programme comprises of the following:

- Food Security,
- Facilitate the establishment of industries and rural enterprises.

The Following are the strategic objectives of Programme 3 : Rural development.

Strategic Objective 3.1.	Support to rural communities to produce their own food in all districts on Ingonyama Trust land.
Objective statement	Provide support to rural communities in all rural districts on Ingonyama Trust land to enable them to improve their livelihoods.

Strategic Objective 3.2.	Facilitate the establishment of rural enterprises.
Objective statement	Facilitate the development of rural enterprises in areas with economic development potential and opportunities.

Strategic Objective 3.3.	Strategically located land identified and utilised for agricultural purposes.
Objective statement	Identify land that will be utilized specifically for agricultural purposes.

PROGRAMME 3 : RURAL DEVELOPMENT PERFORMANCE REPORT

Strategic Objective	Performance Indicator	Baseline (Actual Output) 2014/15	Target (2015/16)	Actual (2015/16)	Variance
Provide support to beneficiary communities to improve food security	Number of agricultural projects approved	New indicator	5	12	+ 7
Facilitate economic development [industry and rural enterprise establishment]	Develop a strategy on economic development	New indicator	1	0	- 1
	Number of partnership agreements approved by the Board	New indicator	4	0	- 4
To identify strategically located land to be used for high impact commercial ventures	Number of commercial high impact projects approved by the Board	New indicator	4	5	+ 1

NB : Key performance indicator was incorrectly captured as such it was amended to Land with high commercial impact identified and approved by the Board.

PROGRAMME 4: TRADITIONAL COUNCIL SUPPORT

Purpose

To utilise the financial resources of the Trust in advancing economic growth, creating employment and eradication of poverty.

Programme Structure

The Traditional Council support programme comprises of the following:

- Providing of training to Traditional Councils,
- Providing educational awards to community members.

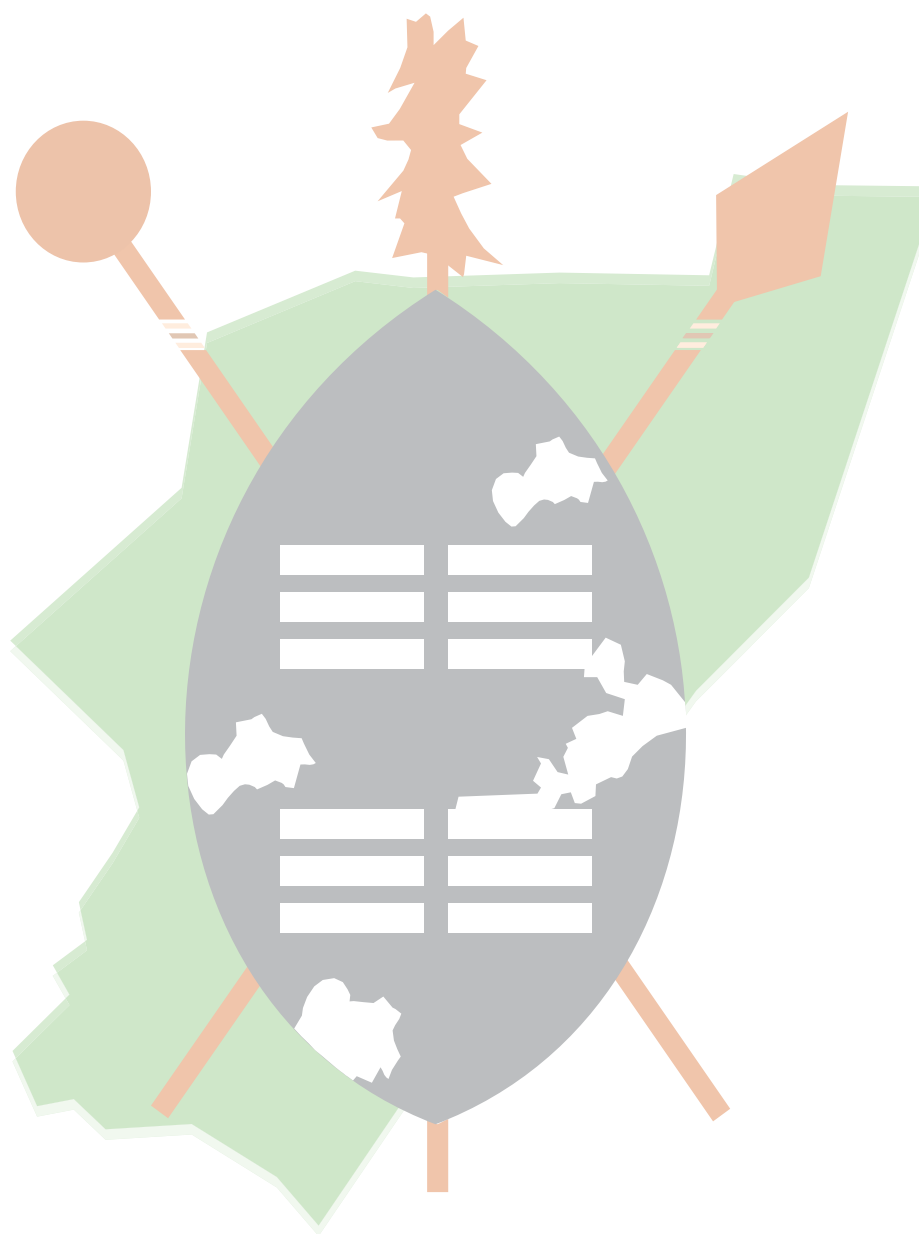
The Following are the strategic objectives of Programme 4 : Traditional Council Support.

Strategic Objective 4.1.	Support to Traditional Councils in skills development and capacity building programs provided.
Objective statement	To provide training on land allocation processes as well as providing guidance on dispute resolution (on land matters).

Strategic Objective 4.2.	Facilitate the provision of socio-economic upliftment opportunities and improve social investment to communities living on Ingonyama Trust land.
Objective statement	To provide socio-economic opportunities to improve sustainable livelihoods of the communities living on the Ingonyama Trust land.

PROGRAMME 4 : TRADITIONAL COUNCIL SUPPORT PERFORMANCE REPORT

Strategic Objective	Performance Indicator	Baseline (Actual Output) 2014/15	Target (2015/16)	Actual (2015/16)	Variance
Provide training to Traditional Communities in skills development and capacity building programs	Number of Traditional Councils trained	43	45	28	- 17
Facilitate socio – economic investment to communities living on Trust land	Number of educational awards granted	New indicator	100	78	- 22



INGONYAMA TRUST BOARD

A photograph of a modern building facade. The upper part features a roof with a series of parallel metal slats. Below the roof, there's a section with horizontal wood slats. To the right, a corner of the building is clad in stacked stone. Large windows are visible behind the stone wall. In the foreground, there's a red brick walkway, a small garden bed with rocks and plants, and a young tree supported by a stake.

PART C

GOVERNANCE

THE BOARD

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

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

The Secretariat

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

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

During the year under review the Board had to contend with a number of challenges as a result of constant change in the environment in which it operates. Below we make few references of such challenges:

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

BOARD COMMITTEES

Executive Committee

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

The powers and functions of this committee are as follows:

- To deal with any matters specifically delegated to it by the Board,

- To generally manage the Trust land in terms of the Act, Government policy and the Board's policies between sittings of the Board,
- To make recommendations to the Board on policies, procedures generally and in relation to specific cases.

Tenure Rights Committee

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

The powers and functions of this committee are as follows:

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

Audit Committee

The Audit Committee reviewed the performance of the Board and the Secretariat to ensure that they complied with the PFMA, Financial Regulations, Treasury Regulations and other relevant pieces of legislation and directives. For more information please refer to the Audit Committee report on page [37](#).

Bid Adjudication Committee

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



His Majesty the King (Trustee)



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



Ms. J.T. Bhengu
(Vice Chairperson)

BOARD MEMBERS MEETING ATTENDANCE SCHEDULE

MEMBER	BOARD MEETINGS	EXCO MEETINGS	TENURE RIGHTS COMMITTEE MEETINGS
JUSTICE S J NGWENYA	8/9	8/10	6/10
MR B L SHABALALA	9/9	8/10	8/10
ADV W E R RAUBENHEIMER	8/9	10/10	6/10
DR T MBATHA	9/9	9/10	6/10
MS J BHENGU	9/9	10/10	9/10
PASTOR N DINZENZA	8/9	8/10	10/10
ADV V Z MNGWENGWE	3/9	4/10	1/10



Dr. M.S. Mbatha



Pastor. N.B Dinzenza



Advocate. W.E.R Raubenheimer



Mr. B.L. Shabalala



Advocate. V.Z. Mngwengwe

INTERNAL CONTROL ENVIRONMENT

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

Risk Management

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

Internal Audit

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

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

We are pleased to present our report for the year ended 31 March 2016.

Audit committee members and attendance

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

During the current year four meetings were held.

MEMBER	NUMBER OF MEETINGS ATTENDED
Professor B.S. Stobie	4
Ms N.E. Memka (resigned on 08 May 2015)	0
Mr A. Jordan	4
Mr B.L. Shabalala (1 st meeting on 29 February 2016)	1
Dr M.S. Mbatha (1 st meeting on 29 February 2016)	1

Audit Committee's Responsibility

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

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

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

The financial policies have been reviewed and the Audit Committee is satisfied with the effective functioning of the internal control system. A risk management process has been undertaken and has been evaluated by the auditors as a basis for their audit approach. Various recommendations have been made to the Board arising from reviews of its operations and reports from the internal auditors. As a result the Board has formalised policies this year and is currently considering more of these policies for adoption.

Evaluation of Financial Statements

The Audit Committee has:

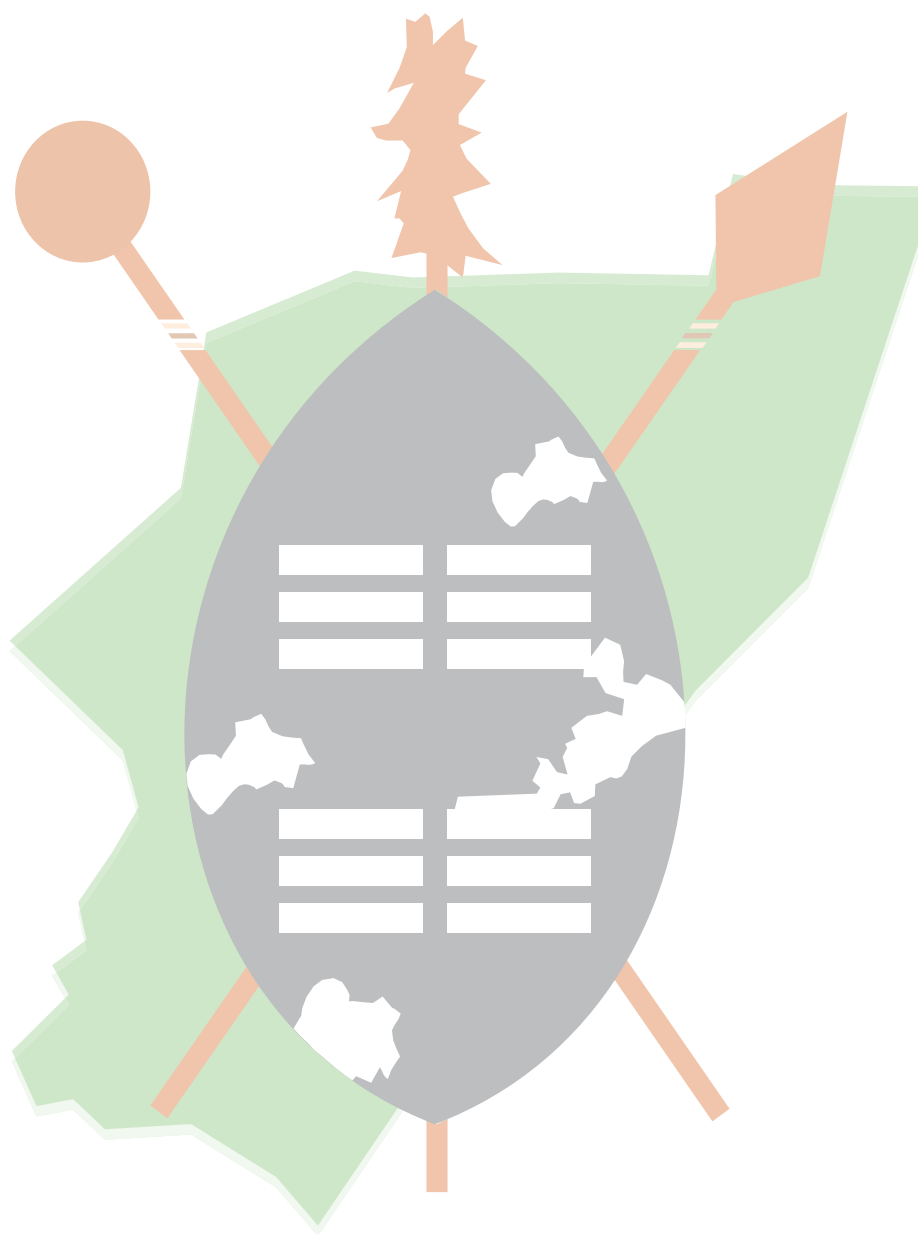
- Reviewed the Auditor - General's management letter and management's response thereto,
- Reviewed changes in accounting policies and practice, and
- Reviewed significant adjustments resulting from the audit.

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

B.S Stobie

Chairperson

22 September 2016



INGONYAMA TRUST BOARD

PART D

HUMAN RESOURCE MANAGEMENT



As of 31st March 2016 the Secretariat had all the twenty seven (27) approved posts in the establishment filled. Additional thirty one (31) staff members were occupying positions additional to the establishment. In total therefore the Secretariat had fifty six (58) staff members as of 31st March 2016.

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

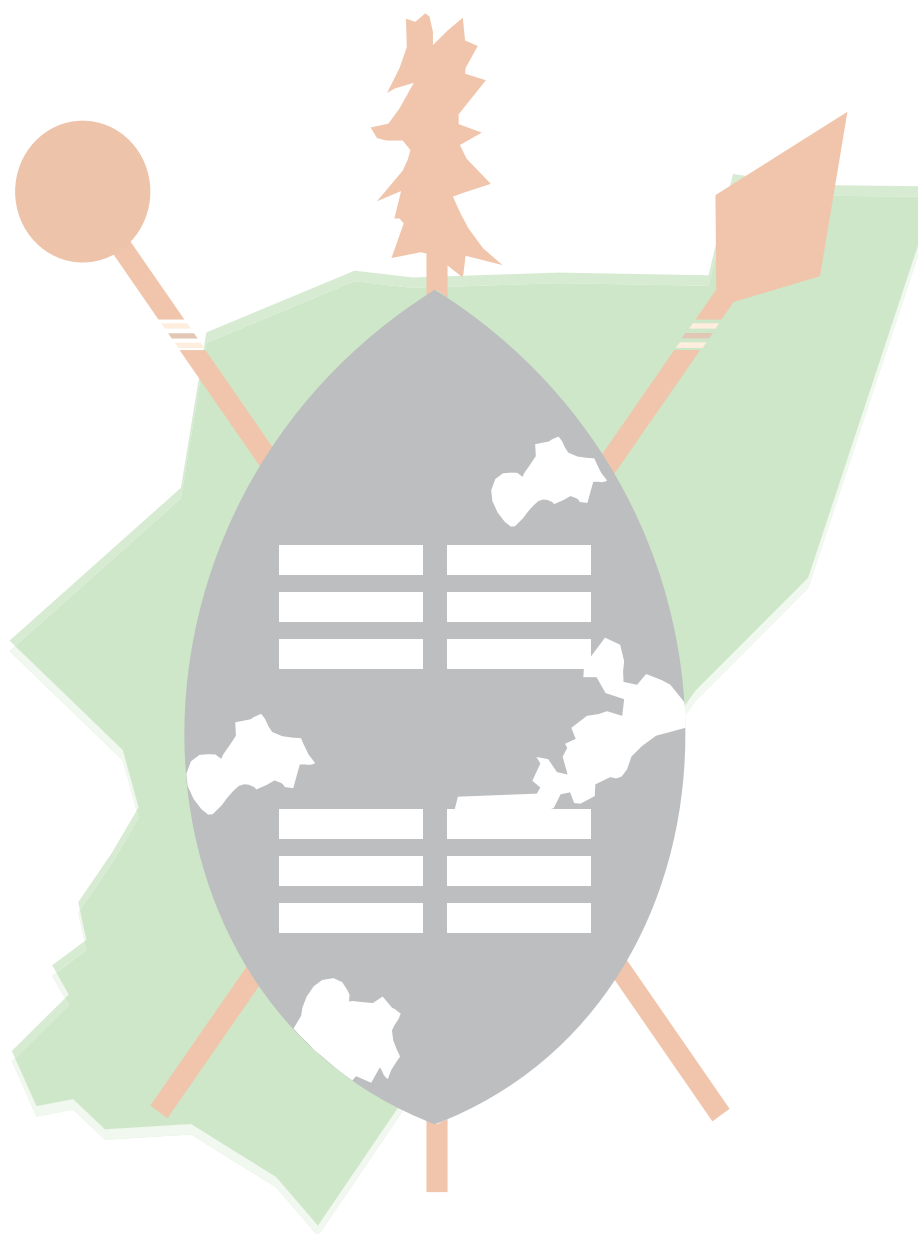
EMPLOYMENT AND VACANCIES AS PER SALARY LEVEL													
COMPONENT	PERMANENT POSTS	LEVELS										CONTRACT POSTS	TOTAL
		15	12	11	10	9	8	7	6	5	4		
Office of the CEO	4	1	1		3		3	1				5	9
Administration Services	7				1		2		5	1	2	4	10
Finance Administration	4		1				2		5			4	8
Real Estate	11		1		1	2	4	6	8	4		15	26
Ulundi	1			1				1	2			3	4
Total	27	1	3	1	5	2	11	8	20	5	2	31	58

EMPLOYMENT AND VACANCIES BY SALARY BANDS					
SALARY BANDS	NO.OF POSTS	NO. OF FILLED POSTS (PERMANENT)	NO. OF VACANT POSTS	NO. OF ADDITIONAL POSTS (CONTRACT)	TOTAL FILLED POSTS
Lower Skilled (level 1-2)	0	0	0	0	0
Skilled (level 3-5)	03	03	0	04	07
Highly Skilled production (level 6-8)	17	16	01	22	39
Highly Skilled Supervision (level 9-12)	06	05	01	05	11
Senior Management (level 13 - 15)	01	01	0	0	01
GRAND TOTAL	27	25	02	31	58

TRAINING NEEDS / SKILLS DEVELOPMENT									
OCCUPATION	Male African	Male Coloured	Male Indian	Male White	Female African	Female Coloured	Female Indian	Female White	Total
Lower Skilled (level 1-2)	0	0	0	0	0	0	0	0	0
Skilled (level 3-5)	01	0	0	0	03	0	0	0	04
Highly Skilled production (level 6-8)	08	0	0	0	15	0	01	01	25
Highly Skilled Supervision (level 9-12)	01	0	01	01	01	0	0	0	04
Senior Management (level 13 - 15)	0	0	0	0	0	0	0	0	0
GRAND TOTAL	10	0	01	01	19	0	01	01	33

EMPLOYMENT EQUITY										
OCCUPATIONAL LEVELS	MALE					FEMALE				
	A	C	I	W	Total	A	C	I	W	Total
Senior Management (level 13 - 15)	0	0	0	0	0	1	0	0	0	1
Middle Management (level 9 - 12)	4	0	3	1	8	2	0	0	0	2
Junior Management (level 6 - 8)	14	0	1	1	16	19	1	1	1	22
Semi - skilled and Discretionary Decision Making (level 3 - 5)	4	0	0	0	4	3	0	0	0	3
Unskilled and defined decision making (level - 2)	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	22	0	4	2	28	25	1	1	1	28

TERMINATION OF SERVICE AS AT 31 MARCH 2016						
SALARY BANDS	RETIREMENTS	CONTRACT EXPIRY	RESIGNATIONS	DEATH	DISMISSAL	TOTAL
Lower Skilled (level 1-2)	0	0	0	0	0	0
Skilled (level 3-5)	0	01	0	0	0	01
Highly Skilled production (level 6-8)	0	01	02	0	0	03
Highly Skilled Supervision (level 9-12)	0	0	02	0	0	02
Senior Management (level 13 - 15)	0	0	0	0	0	0
GRAND TOTAL	0	02	04	0	0	06



INGONYAMA TRUST BOARD

PART E

FINANCIAL INFORMATION



STATEMENT OF BOARD'S RESPONSIBILITY FOR FINANCIAL AND PERFORMANCE INFORMATION

The Board is responsible by virtue of it being the Accounting Authority for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The financial statements were prepared in accordance with Generally Recognised Accounting Practice Standards, however the confirmation of the two entities resulted in the negative audit outcomes for 2015/16. As the Board, we will endeavour to work with the Department of Rural Development and Land Reform, National Treasury and Auditor General as this is a policy issue.

The Board is responsible for the system of internal financial controls. These are aimed at safeguarding, verification and maintenance of accountability of the assets, prevention and detection of misstatements and loss. The conclusion about the two entities has created a debate which impacts negatively on the financial statements until there is consensus on how this needs to be addressed. In spite of these new developments the existing internal controls have ensured that there is no loss.

The financial statements set out on page 50 to 78 were approved by the Board members on the 26 May 2016 and signed on its behalf by the Chairperson of the Board. They reflect the Ingonyama Trust Board as the entity since the Annual Performance Plan was also based on one entity.

General Information

Members of the Ingonyama Trust Board as at 31 March 2016 :

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

Auditors:

Auditor - General

Bankers:

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

Registered Office:

65 Trelawney Road
Pietermaritzburg
3201

P.O. Box 601
Pietermaritzburg
3200

Tel: 033 846 9900
Fax: 033 386 2528

General information - continued

The Ingonyama Trust Board is a schedule 3A Public Entity. The Executive Authority for the period of this report is the Minister of Rural Development and Land Reform. The area of jurisdiction is Kwazulu-Natal. The Trust was initially created by the Kwazulu Legislative Assembly as a repository for the communal land of the Zulu Nation with His Majesty the King as sole Trustee. This was by way of the Ingonyama Trust Act 3 of 1994. In 1997 the democratic National Parliament amended this Act, so that it is consistent with modern constitutional order.

This amendment involved changes to all sections of the Act by way of the KwaZulu-Natal Ingonyama Trust Amendment Act No 9 of 1997. Importantly this Act established the Trust Board appointed by the then Minister of Land Affairs following a consultative process with the KZN Premier – in – Executive Council and the Chairperson of the KZN House of Traditional Leaders. The King remains the sole Trustee and he (or his nominee) chairs the Board. The 1997 amendment Act also excluded application of private trust legislation to the Ingonyama Trust. The effect of these amendments among others was to create a Board which is a separate and independent legal entity. The members of the Board are not trustees but are appointed by the Minister responsible for land affairs.

The function of the Board is to administer the affairs of the trust and trust land. This is a unique situation since trusts are ordinarily controlled by boards of trustees.

The Ingonyama Trust owns land in Trust. In practice it is a nominal owner since the land in question belongs to the beneficial clans and the members thereof.

The Ingonyama Trust leases this land for residential, commercial and other purposes.

From time to time the income earned is distributed to community beneficiaries in terms of the Board's disbursement policy.

Approval of Annual Financial Statements

The Annual Financial Statements for the year ended 31 March 2016 were approved by the Board on 26 May 2016.

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

REPORT OF THE AUDITOR GENERAL TO PARLIAMENT ON INGONYAMA TRUST BOARD FOR THE YEAR ENDED 31 MARCH 2016

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Ingonyama Trust board set out on pages ... to ..., which comprise the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

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

Auditor-general's responsibility

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

Basis of adverse opinion

Assets

6. The entity has recognised assets in the financial statements which includes items that should have been recognised by the trust in a separate financial statements, as assets disclosed in the financial statements were presented for audit purposes without accurate records that distinguish between items that relate to the trust and the entity. Consequently, I was unable to determine whether any adjustments relating to assets were necessary.

Liabilities

7. The entity has recognised liabilities in the financial statements which includes items that should have been recognised by the trust in a separate financial statements, as liabilities disclosed in the financial statements were presented for audit purposes without accurate records that distinguish between items that relate to the trust and the entity. Consequently, I was unable to determine whether any adjustments relating to liabilities were necessary.

Revenue

8. The entity has recognised revenue in the financial statements which includes items that should have been recognised by the trust in a separate financial statements, as revenue disclosed in the financial statements were presented for audit purposes without accurate records that distinguish between items that relate to the trust and the entity. Consequently, I was unable to determine whether any adjustments relating to revenue were necessary.

Expenditure

9. The entity has recognised expenditure in the financial statements which includes items that should have been recognised by the trust in a separate financial statements, as expenditure disclosed in the financial statements were presented for audit purposes without accurate records that distinguish between items that relate to the trust and the entity. Consequently, I was unable to determine whether any adjustments relating to expenditure were necessary.

Prior period error

10. The entity did not disclose prior period errors in note 36 to the financial statements as required by GRAP 3 Accounting policies, estimates and errors. The nature, the amount of the correction for each financial statement item affected and the amount of the correction at the beginning of the earliest prior period were not disclosed. In addition, I was unable to obtain sufficient appropriate audit evidence for the prior period errors disclosed as the financial statements were presented for audit purposes without accurate records that distinguish between items that relate to the trust and the entity. Consequently, I was unable to determine whether any adjustments relating to the prior period errors disclosed in the financial statements were necessary.

Opinion

Adverse opinion

11. In my opinion, because of the significance of the matters described in the basis for adverse opinion paragraph, the financial statements do not present fairly the financial position of the Ingonyama Trust Board as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the PFMA.

Additional matter

12. I draw attention to the matter below

Unaudited supplementary schedules

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

REPORT OF THE AUDITOR GENERAL TO PARLIAMENT ON INGONYAMA TRUST BOARD FOR THE YEAR ENDED 31 MARCH 2016

Report on other legal and regulatory requirements

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

Predetermined objectives

15. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the programme 2 – land management, programme 3 – rural development and programme 4 traditional council support presented in the annual performance report of the entity for the year ended 31 March 2016:
16. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).
17. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
18. I did not identify any material findings on the usefulness and reliability of the reported performance information for programme 2 – land management, programme 3 – rural development and programme 4 traditional council support.

Additional matters

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

Achievement of planned targets

20. The annual performance report on pages x to x and x to x present information on the achievement of the planned targets for the year.

Adjustment of material misstatements

21. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of land management, rural development and traditional council support. As management subsequently corrected the misstatements, I did not identify any material findings on the usefulness and reliability of the reported performance information.

Compliance with legislation

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

REPORT OF THE AUDITOR GENERAL TO PARLIAMENT ON INGONYAMA TRUST BOARD FOR THE YEAR ENDED 31 MARCH 2016

Annual financial statements

23. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 55(1) and (b) of the PFMA. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected, which resulted in the financial statements receiving an adverse audit opinion.

Expenditure management

24. Effective steps were not taken to prevent irregular expenditure of R3,12 million disclosed in note 40 of the financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1.

Procurement and contract management

25. Goods and services of a transaction value above R500 000 were procured without inviting competitive bids, as required by treasury regulations 16A6.1.

Internal control

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

Leadership

27. Leadership did not establish effective oversight and monitoring to ensure that financial processes and procedures were executed by delegated officials in a manner that promoted a strong control environment.

Financial Management

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

Auditor-General



Pietermaritzburg

17 August 2016

RESPONSE OF THE INGONYAMA TRUST BOARD TO ASPECTS OF THE AUDITOR GENERAL'S REPORT

INGONYAMA TRUST BOARD

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 2016

		2016 R	2015 R
Assets	Notes		
Non - current Assets		50,498,341	48,175,422
Property, Plant and Equipment	3 & 22.1	34,034,705	31,615,046
Heritage Assets	3 & 22.2	15,988,144	15,988,144
Intangible Assets	4 & 23	475,492	572,232
Current assets		491,703,130	407,656,670
Receivables	24	300,259,219	222,717,110
Cash and cash equivalents	25	191,443,911	184,939,560
Total Assets		542,201,471	455,832,092
Liabilities			
Current liabilities		240,945,315	212,768,153
Payables	26	16,779,595	16,203,614
Provisions	27	224,165,720	196,564,539
Total liabilities		240,945,315	212,768,153
Net assets		301,256,156	243,063,939
NET ASSETS			
Accumulated surplus		301,256,156	243,063,939
Total net assets		301,256,156	243,063,939

INGONYAMA TRUST BOARD
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2016

		2016 R	2015 R
Revenue	Notes		
Rental Revenue		96,130,563	79,574,121
Leases (includes straight lining income)	11 & 34	96,130,563	79,574,121
Contractual Royalty Revenue	6.2.2	773,061	898,581
Other Revenue		18,545,702	17,992,449
Transfer Payment - Department of Rural Development & Land Reform	7	18,069,000	17,294,000
Profit on disposal of assets		4,810	-
Servitude compensation		471,892	698,449
Finance Income		12,712,800	11,357,283
Interest on Bank and Short term investments	6.3.1	11,891,655	10,883,150
Interest on overdue debtors accounts		821,145	474,133
Total revenue		128,162,126	109,822,434
Expenditure		(72,894,979)	(66,576,599)
Trust Fund - Administration and disbursements		(54,755,921)	(49,216,080)
Expenses funded from Transfer Payment funding		(18,139,058)	(17,360,519)
Surplus for the year		55,267,147	43,245,835

INGONYAMA TRUST BOARD

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2016

Accumulated Surplus R

Opening balance : 01.04.2014 110,792,925

Adjustments to retained income prior to 2014/2015 89,025,179

Increase in lease income prior to 2014 / 2015 1,199,939

Increase in (90 %) provision for disbursement of funds due to increase in lease income (1,079,945)

Rates due from lessee now reversed (525,831)

Decrease in 90% provision due to decrease in rates due from lessee 473,248

Rates provision reversed 79,903,925

Depreciation on furniture previously reflected heritage asset (1,461)

Depreciation on phase one building reversed as it is now reflected as a Heritage asset 1,747,822

Increase in straight lining lease income due to increase in lease income 7,307,482

Re - stated surplus for the year 43,245,835

Surplus previously reported 17,115,960

Increase in lease income for 2014 / 2015 2,118,205

Increase in 90% provision to beneficiaries due to increase in lease income for 2014 / 2015 (1,906,385)

Reversal of prior year Tenure Customary levy (9,696)

Decrease in 90% provision due to decrease in Tenure Customary levy 8,726

Increase in straight lining income due to increase in lease income 6,679,974

Rates due from lessee now reversed (47,819)

Decrease in 90% provisions due to decrease in rates due from lessee 43,036

Rates provision reversed 18,631,017

Depreciation on phase one building reversed as it is now reflected as a Heritage asset 639,484

Depreciation on furniture previously reflected as a Heritage asset (26,667)

Balance : 01.04.2015 243,063,939

Proceeds on disposal of land now transferred 2,925,070

Surplus for the year 55,267,147

Balance : 31.03.2016 301,256,156

INGONYAMA TRUST BOARD

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

		2016 R	2015 R
Cash flows from operating activities	Notes		
Receipts		52,862,782	46,474,695
Services		24,382,269	19,358,874
Transfer payments		18,069,000	17,294,000
Interest Received		10,411,513	9,821,821
Payments		(40,871,163)	(36,195,699)
Suppliers		(22,651,510)	(19,265,287)
Employee costs		(18,219,653)	(16,930,412)
Net cash flows from operating activities	38 (A)	11,991,619	10,278,996
Cash flows from investing activities			
Purchase of plant and equipment including construction costs	38 (B)	(5,497,881)	(4,733,251)
Proceeds from disposal of property, plant & equipment		10,613	60,000
Net cash flows from investing activities		(5,487,268)	(4,673,251)
Increase in cash and cash equivalents		6,504,351	5,605,745
Cash and cash equivalents at beginning of the year		184,939,560	179,333,815
Cash and cash equivalents at end of year	38 (C)	191,443,911	184,939,560

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**1.1. Basis of Preparation**

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

1.2. Changes in accounting policy and comparability

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

The Trust changes an accounting policy only if the change:

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

1.3. Critical judgements, estimations and assumptions

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

1.3.1. Revenue Recognition

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

In making their judgement, the Board considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions: Revenue, as far as Revenue from Non-Exchange Transactions is concerned (see Basis of Preparation above). In particular, whether the Trust, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been rendered. The Board is satisfied that recognition of the revenue in the current year is appropriate.

1.3.2. Financial assets and liabilities

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

1.3.3. Impairment of Financial Assets

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

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

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

1.3.5. Impairment: Write down of PPE and Inventories

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

1.4. Going concern assumption

The Annual Financial Statements have been prepared on a going concern basis.

1.5. Offsetting

Assets, liabilities, revenues and expenses have not been offset, except when offsetting is required or permitted by a Standard of GRAP.

1.6. Presentation of Budget information in Financial Statements

The budget and the financial statements is prepared and approved on the accrual basis. The approved budget covers the fiscal period from 1 April 2015 to 31 March 2016 and is solely for the Ingonyama Trust Board.

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

INGONYAMA TRUST BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

2. Presentation Currency

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

3. Property, Plant and Equipment and Heritage assets

3.1. Property, Plant and Equipment

3.1.1. Initial Recognition

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

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

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

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

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

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

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

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

3.1.2. Subsequent Measurement

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

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

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

3.1.3. Depreciation

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

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

Depreciation only commences when the asset is available for use, unless stated otherwise. Plant and Equipment are stated at historical cost and adjusted after taking into account residual values, impairment of assets and depreciation.

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

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

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

work completed.

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

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

3.1.4. *De-recognition of property, plant and equipment*

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

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

3.1.5. *Impairment of Non-Cash generating assets*

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

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

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

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

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

- to the assets of the unit, pro- rata on the basis of the carrying amount of each asset in the unit.

The Board assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

3.2. *Heritage assets*

3.2.1. *Initial Recognition*

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations. Heritage assets are recognised at cost by the Trust and will be accounted for in terms of GRAP 103.

3.2.2. *Depreciation*

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

3.2.3. *De-recognition*

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

- on disposal
- when no future economic benefits or service potential are expected from its use or disposal

4. *Intangible Assets*

4.1. *Initial Recognition*

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

INGONYAMA TRUST BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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

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

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

Intangible assets are initially recognised at cost. Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. Where an intangible asset is acquired at no cost or for a nominal consideration, its cost is its fair value as at the date it is acquired. Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

4.2. Subsequent Measurement, Amortisation and Impairment

Amortisation is charged on a straight-line basis over the intangible assets' useful lives, which does not exceed three years including but not restricted to computer software and website design. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised.

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

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

4.3. De-recognition

Intangible assets are de-recognised when the asset is disposed of or when there are no further economic benefits or service

potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

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

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

The cost of property, however has not been disclosed as it was not acquired at a price, but vested in the Trust in terms of the Ingonyama Trust Act.

The fair value of Trust property has not been disclosed in the financial statements. This departure from GRAP 17 is due to the fact that the cost of valuing the land will exceed the benefits derived from such a valuation.

6. Revenue Recognition

6.1. General

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

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

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

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

Revenue from Exchange transactions comprises of Leases,

Contractual Royalties, and Other income/(servitude compensation).

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

6.2. Revenue from Exchange transactions

6.2.1. Leases

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

The difference between the straight lining and normal charge has been disclosed in note 34.

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

6.2.2. Contractual Royalty Revenue

The Trust leases its land to mining and prospecting operators. Contractual Royalty revenue is recognised as income of the Trust.

6.2.3. Other income

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

6.3. Revenue from Non - Exchange transactions

6.3.1. Finance Income

Interest is earned from funds invested with banks over a short term at fixed interest rates and on current accounts. Interest on investments is recognised on the accrual basis and capitalised to investments on maturity on the time proportionate basis that takes into account the effective yield on the investment.

7. Government Grants /(Transfer Payments and Receipts)

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

the purpose of giving immediate financial support to the Trust with no future related costs, are recognised in the Statement of Financial Performance in the period in which they become receivable.

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

8. Financial Instruments

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

8.1. Financial Assets - Classification

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

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

In accordance with GRAP 104, the Financial Assets of the Trust are classified as follows into the four categories allowed by this standard.

Type of Financial Asset	Classification in terms of GRAP 104
Short-term Investment Deposits – Call	Held-to-maturity investments
Bank Balances and Cash	Available for sale investments
Consumer Debtors	Loans and receivables
Other debtors	Loans and receivables
Investments in Fixed Deposits	Held - to - maturity investments

Financial assets at fair value through profit or loss are financial assets that meet either of the following conditions:

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

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

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

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

Held-to-Maturity Investments are financial assets with fixed or determinable payments and fixed maturity where the Trust has the positive intent and ability to hold the investment to maturity.

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

8.2. Financial Liabilities - Classification

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The Trust has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Certain Other Creditors;
- Finance lease liability.

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

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

8.2.1. Initial and Subsequent Measurement

8.2.1.1. Financial Assets:

Held-to-maturity Investments and Loans and Receivables are

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

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

8.2.1.2. Financial Liabilities:

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

8.2.2. Impairment of Financial Assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

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

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

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

With the exception of Available-for-Sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Financial Performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

8.2.3. *De-recognition of Financial Assets*

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

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

8.2.4. *De-recognition of Financial Liabilities*

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

8.3. *Risks associated with financial instruments*

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

8.3.1. *Market risk*

The fair value of investments are not affected by market forces as the investment rates are fixed at the investment date over a short term.

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

8.3.2. *Credit risk*

The Trust's trade debtors arise from the leasing of land for mining and non-mining purposes. Applicants are usually screened before lease applications are approved. Debt collection procedures exist for the collection of outstanding payments.

8.3.3. *Liquidity risk*

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

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

8.3.4. *Currency risk*

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

8.3.5. *Interest rate risk*

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

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

9. *Provisions*

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

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

INGONYAMA TRUST BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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

10. Employee benefits

10.1. Remuneration and Leave pay

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

The Trust treats its provision for leave pay as an accrual. The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position.

10.2. Contributions to a defined Provident fund contribution plan

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

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

10.3. Contributions to a medical aid scheme

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

11. Leases

11.1. The Trust as a Lessee

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

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

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangible assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term which in the case of the leased photocopier is five years.

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

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

11.2. Deferred finance charge asset related to finance lease liability

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

11.3. The Trust as a Lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Trust's net investment in the leases. Finance lease or installment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Trust's net investment outstanding in respect of the leases or installment sale agreements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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

12. Value added Tax

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

13. Cash and Cash Equivalents

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

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

14. Related parties

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

15. Events after reporting date

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

16. Comparative Information

16.1. Prior year comparatives

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

16.2. Contingent Assets and Contingent Liabilities

Contingent assets and contingent liabilities are not recognised.

Contingencies are disclosed in the notes to the annual financial statements.

17. Taxation

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

18. Irregular, fruitless & wasteful expenditure

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

Irregular and fruitless and wasteful expenditure are recognised against the specific class of events to which they relate and are disclosed in a note to the financial statements when identified. There were no occurrences of irregular, fruitless & wasteful expenditure during the year.

19. Changes in Accounting Policies, Estimates and Errors

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

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

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

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

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

INGONYAMA TRUST BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

- GRAP 20 - Related party disclosures
- GRAP 32 - Standard of GRAP or service concession arrangements grantor
- GRAP 108 - Statutory Receivables
- GRAP 109 - Accounting by Principals

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

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

21. Property holdings per registration divisions

REGISTRATION DIVISION	2016 HECTARES	CHANGES IN PROPERTY HOLDINGS	2015 HECTARES
ES	34,564	-	34,564
ET	265,391	510	265,901
FS	115,670	-	115,670
FT	251,203	9	251,212
FU	53,967	140	54,107
GS	102,175	115	102,290
GT	491,113	1,722	492,835
GU	651,523	-	651,523
GV	79,547	-	79,547
HT	25,896	78	25,974
HU	335,626	-	335,626
HV	475,609	7	475,616
Townships	129	-	129
TOTAL	2,882,413	2581	2,884,994

The issue has resulted in various adverse findings of the auditor General.

As a result the Board is taking a comprehensive exercise, proper and adequately including with the recently established Office of the Valuer General.

The impact of this non-disclosure does not adversely affect the user's opinion on the fairness of the financial statements as Trust property is not held for sale in which case property valuation is required to determine the selling price.

22. Property, Plant and Equipment and Heritage assets

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

**Property - office accommodation 65
Trelawney Road**

	1,500,000	24,022,079	25,522,079	(3,061,886)	22,460,193
At Cost : Land - 28 January 2009	1,500,000	-	1,500,000	-	1,500,000
Building at cost and improvements to Property	-	24,022,079	24,022,079	(3,061,886)	20,960,193
Add : Restoration and improvement cost - 2011 to 2015	-	23,871,751	23,871,751	-	23,871,751
Add : Restoration and improvement cost - 2016	-	150,328	150,328	-	150,328
Construction costs	-	150,328	150,328	-	150,328
Agricultural machinery and equipment			4,412,270	(575,909)	3,836,361
Computer equipment			1,774,693	(1,160,339)	614,354
Furniture and Equipment			3,542,013	(1,835,924)	1,706,089
Motor vehicles			7,897,318	(2,479,610)	5,417,708
			43,148,373	(9,113,668)	34,034,705

Property, Plant and equipment is reconciled as follows:

	carrying value excluding opening residual value	Adjustment of residual value	Acquisitions	disposals during the year	Depreciation	Residual value as at 31 March 2016	Carrying value as at 31 March 2016
Property Phase 2 - office accommodation 65 Trelawney Road	23,268,074	-	150,328	-	(958,209)	-	22,460,193
Agricultural machinery and equipment	-	-	4,412,270	-	(575,909)	-	3,836,361
Computer equipment	857,756	-	100,493	(5,803)	(338,092)	-	614,354
Furniture and equipment	1,512,665	-	666,108	-	(472,684)	-	1,706,089
Motor vehicles	2,757,236	(71,989)	-	-	(558,843)	3,291,304	5,417,708
	28,395,731	(71,989)	5,329,199	(5,803)	(2,903,737)	3,291,304	34,034,705

INGONYAMA TRUST BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

Reconciliation of previous years carrying values

	Carrying values including residual value 31.03.2015	less Residual value	carrying value excluding opening residual value
Property Phase 2 - office accommodation 65 Trelawney Road	23,268,074	-	23,268,074
Computer equipment	857,756	-	857,756
Furniture and equipment	1,512,665	-	1,512,665
Motor vehicles	5,976,551	(3,219,315)	2,757,236
	31,615,046	(3,219,315)	28,395,731

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

The Phase One building Villa Sans Souci is reflected as a Heritage asset.(See note 22.2). The Phase Two building has been depreciated and has been brought into use since 9 November 2012.

The Board has reviewed the depreciation method ,residual values and useful lives of assets as at 31 March 2016. (Refer to note 33 for change in residual values).

22.2. Heritage Assets

	R Cost	R Accumulated amortisation	R Net Book Value
Sans Souci building - Phase One	15,988,144	-	15,988,144

No impairments were noted for the year

Heritage Assets are reconciled as follows:

	Carrying value 31 March 2015	Acquisition	Amortisation	Carrying value 31 March 2016
Sans Souci building - Phase One	15,988,144	-	-	15,988,144
	15,988,144	-	-	15,988,144

INGONYAMA TRUST BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

23. Intangible assets

	R Cost	R Accumulated Ammortisation	R Net book value
Computer software	1,263,117	(821,969)	441,148
Website design	137,926	(103,582)	34,344
	1,401,043	(925,551)	475,492

Intangible assets are reconciled as follows :

	<u>Carrying value</u> <u>31.03.2015</u>	<u>Acquisitions</u>	<u>Amortisation</u>	<u>Carrying value</u> <u>31.03.2016</u>
Computer software	500,247	168,682	(227,781)	441,148
Website design	71,985	-	(37,641)	34,344
	572,232	168,682	(265,422)	475,492

	2016 R	2015 R
The depreciation/amortisation charge is calculated as follows.		
Buildings	958,209	930,148
Agricultural machinery and equipment	575,909	-
Computer equipment	338,092	315,913
Furniture and equipment	472,684	442,345
Motor vehicles	558,843	527,408
Intangible assets - Computer software and website design	265,422	164,237
	3,169,159	2,380,051
Net Depreciation is disclosed as	3,169,159	2,380,051
ITB - Trust fund Income statement (page 76)	3,161,325	2,372,208
Transfer payment funding Income statement (page 77)	7,834	7,843

INGONYAMA TRUST BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

24. Receivables

	2016 R	2015 R
Trade Debtors	19,657,285	15,984,426
Trade debtors including Leases - actual (non straight lining lease income debtors)	27,340,552	22,012,596
	27,340,552	22,012,596
Less : Provision for doubtful debts	(7,683,267)	(6,028,170)
 Straight lining lease income debtors	 277,631,111	 205,125,483
Other Receivables		
South African Revenue Services - vat refund	1,372,992	428,032
Accrued interest	1,480,142	1,061,329
Electricity Deposit held by Msunduzi Municipality for 65 Trelawney Road	88,000	88,000
Private usage of telephone and leave pay	15,802	15,953
Refund / purchase price due from service provider for assets purchased	13,887	13,887
	300,259,219	222,717,110

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

25. Cash and cash equivalents

	2016 R	2015 R
Current Accounts	4,514,433	6,358,452
Call account / fixed deposits	186,924,315	178,578,057
Petty cash	5,163	3,051
	191,443,911	184,939,560

Cash and Cash equivalents are current in nature as fixed deposits mature within four months. The average interest rate during the year was between 6.00 % and 7.2 %. Cash and Cash equivalents were not encumbered/secured during the year. Funds are available to community beneficiaries, subject to them complying with the Board's disbursement policy. Cash and cash equivalent balances held by the Trust are available for use. There are no restricted cash balances as at 31 March 2016.

26. Payables

	2016 R	2015 R
Trade creditors	3,043,864	741,742
Advance payments by debtors	13,015,112	12,321,892
Advance proceeds on property/(land) disposal	77,600	2,327,600
Sundry creditor	21,255	22,664
Leave pay accrual	621,764	789,716
	16,779,595	16,203,614

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

27. Provisions

Funds to be disbursed to beneficiaries (in terms of Board policy)	224,165,720	196,564,539
Unused provisions at beginning of year	196,564,539	170,128,149
Provision utilised for the year	(6,167,237)	(4,534,479)
	190,397,302	165,593,670
Current year's provisions	33,768,418	30,970,869
	224,165,720	196,564,539

The disbursement of funds provision is not calculated on the straight lining additional lease income of R 72,505,628 - (2015 - R 58,057,682). Time value considerations of provisions have been considered, therefore no amounts have been earmarked to be paid over the long term, also these are driven by requests on an adhoc basis.

INGONYAMA TRUST BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	2016 R	2015 R
28. Board members' gross remuneration	2,315,501	2,789,592
Chairperson - Mr S J Ngwenya	978,296	1,113,407
Basic	751,344	848,360
Backpay	24,540	6,322
Company contributions to uif and skills levy	9,246	10,097
Subtotal	785,130	864,779
Subsistence and Travel	193,166	248,628
Advocate W E R Raubenheimer	256,560	382,013
Basic	240,678	369,096
Backpay	7,634	3,574
Company contributions to uif and skills levy	3,898	5,547
Subtotal	252,210	378,217
Subsistence and Travel	4,350	3,796
Pastor N B Dinzenza	215,099	225,817
Basic	198,528	216,405
Backpay	5,280	2,563
Company contributions to uif and skills levy	3,958	4,039
Subtotal	207,766	223,007
Subsistence and Travel	7,333	2,810
Dr M S Mbatha	172,463	161,343
Basic	153,819	139,986
Backpay	2,101	-
Company contributions to uif and skills levy	2,329	1,985
Subtotal	158,249	141,971
Subsistence and Travel	14,214	19,372
Mr B L Shabalala	370,351	362,134
Basic	257,644	252,540
Backpay	6,050	1,980
Company contribution to uif and skills levy	4,240	4,304
Subtotal	267,934	258,824
Subsistence and Travel	102,417	103,310
Ms J Bhengu	322,732	321,483
Basic	304,571	305,985
Backpay	7,488	1,236
Company contribution to uif and skills levy	4,831	4,262
Subtotal	316,890	311,483
Subsistence and travel	5,842	10,000

	2016 R	2015 R
INKOSI K W MATHABA	-	223,395
Basic	-	141,096
Backpay	-	2,728
Company contributions to uif and skills levy	-	1,912
Subtotal	-	145,736
Subsistence and Travel	-	77,659

29. Gross remuneration of senior managers

2,589,385

2,451,863

Chief Executive Officer (From 01 July 2015)

	986,088	872,894
Basic	877,500	584,053
Housing allowance	-	60,349
Cash Allowance	97,500	132,155
Travel allowance	-	84,488
Telephone	-	1,777
Company contributions to uif and skills levy	11,088	10,072

Chief Financial officer (Acted as CEO to 30 June 2015)

	842,596	870,267
Basic	587,426	611,616
Travel allowance	245,569	248,760
Company contributions to uif and skills levy	9,601	9,891

Manager - Real Estate (acting)

	760,701	708,702
Basic	752,422	700,862
Company contributions to uif and skills levy	8,279	7,840

30. Contributions to the defined Provident Contribution Plan.

The total contributions (employer and employee portion) to the defined contribution plan for the year amounted to R 577,532 (2015 - R 676,097).

31. Events after statement of financial position

The entity and the eThekweni Municipality have entered into a dispute in terms of the Intergovernmental Relations Framework Act of 2005 for rates claimed by the municipality.

32. Related party transactions

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

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

- b) A lease agreement was granted to Zwelibanzi Utilities (Pty) Ltd. Mr S. J Ngwenya, a Board member is a shareholder of this company. Rental is payable in terms of the lease agreement.
- c) His Majesty the King is a shareholder in a company that has a shareholding in Bayede Marketing (Pty) Ltd. Judge S J Ngwenya is a Director of Bayede Marketing (Pty) Ltd
- d) The lease agreement is granted to Mkhathi Manufacturing and Distributors CC. Dr F. B. Madlopha, the CEO is the member of the Close Corporation. The lease commenced on 01 February 2009.

INGONYAMA TRUST BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	2016 R	2015 R
33. Change in accounting estimate - Residual value of Motor vehicles		
<p>The residual value of motor vehicles has increased to R 71,989 resulting in a change in an accounting estimate.</p> <p>The future profits will also increase by R 71,990 as the depreciable amount would be decreased thus resulting in lesser depreciation in future years.</p>		
34. Lease income and Straight lining of Lease income		
<p>The Ingonyama Trust Board leases its land on a short and long term basis for residential and commercial purposes.</p> <p>The result from changing lease income to the straight line basis has increased the surplus and Trade debtor balances as follows:</p>		
Rental income invoiced as per lease agreements	23,624,935	21,516,439
Rental income as per straight lining method	96,130,563	79,574,121
Increase in net surplus and trade debtor balances for the year	72,505,628	58,057,682
<p>The Trust as lessor enters into cancellable operating land lease agreements over a short and long term period.</p> <p>There are no contingent rents recognised as revenue for the year under review.</p> <p>The following future actual operating lease income receivable are noted in aggregate as follows:</p>		
(i) not later than one year,	25,427,814	24,950,914
(ii) later than one year and not later than five years, and	100,876,299	97,537,106
(iii) later than five years,	3,738,997,876	3,684,233,365
35.1. Commitments		
(i) not later than one year,	1,155,904	1,144,348
(ii) later than one year and not later than five years	1,169,260	2,434,964
35.2. Contingent Liability - Rates	137,884,145	98,534,942
Subsequent to year end a dispute has been declared by eThekweni Municipality in terms of the Intergovernmental Relations Framework Act 2005, as a result a contingent liability has been made.	110,234,901	98,534,942
Rates claimed by Mandeni Municipality which is being challenged in court by the Ingonyama Trust Board	26,849,244	-
The ITB is a party in the matter between Mandeni Municipality and Inkosi Mathonsi of the Mathonsi Traditional Council whereby the municipality has interdicted the iNkosi from allocating land which is not part of their township.	800,000	-

2016
R

36. Correction of prior period error - lease income (non-mining).

An adjustment has been made to correctly account for lease income for 2014/2015 and prior as the increase in income related to those years.

Trade debtors including straight lining debtors balance increased by R 17,305,600, and provisions increased by R 2,986,330 and accumulated surplus increased by R 14,319,270.

**Accumulated
Surplus**

Opening balance : 01.04.2014 110,792,925

Adjustments to retained income prior to 2014/2015

Increase in lease income prior to 2014/2015

increase in (90 %) provision for disbursement of funds due to increase in lease income

Rates due from lessee (now reversed)

Decrease in 90% provision due to decrease in rates due from lessee

Rates provision reversed

Depreciation on furniture previously reflected as heritage assets

Depreciation of phase 1 building reversed as it is now reflected as heritage assets

Increase in straight lining lease income due to increase in lease income

89,025,179

1,199,939

(1,079,945)

(525,821)

473,248

79,903,925

(1,461)

1,747,822

7,307,482

Re-stated surplus for the year

43,245,835

Surplus previously reported

17,115,960

26,129,875

Increase in lease income for 2014/2015

Increase in 90 % provision to beneficiaries due to increase in lease income for 2014/2015

Reversal of prior year Tenure Customary levy

A decrease in 90% provision due to decrease in Tenure Customary levy

Increase in straight lining income due to increase in lease income

Rates due from lessee now reversed

Decrease in 90% provision due to decrease in rates due from lessee

Rates provisions reversed

Depreciation on phase 1 building reversed as it is now reflected as a heritage asset

Depreciation on furniture previously reflected as heritage asset

2,118,205

(1,906,385)

(9,696)

8,726

6,679,974

(47,819)

43,036

18,631,017

639,484

(26,667)

Balance: 01.04.2015

243,063,939

INGONYAMA TRUST BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	2016 R	2015 R
37. Reconciliation of budget surplus with surplus in the statement of financial performance		
Net surplus per the statement of financial performance	55,267,147	43,245,835
Adjusted for:		
less : straight lining lease income not budgeted	(72,505,628)	(58,057,682)
Depreciation	3,169,159	2,380,051
Profit / Loss on disposal of assets	(4,810)	27,732
Income received in addition to the budget - transfer payment	(49,272)	(46,340)
Actual expenditure less than Budget - transfer payment	(7,834)	(7,613)
Budgeted income not received - ITB own funds	7,033,582	5,982,077
Actual expenditure over Budget - ITB own funds	7,097,656	6,475,940
 Net surplus per approved budget	 -	 -

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

38. Notes to the Cash Flow Statement

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

Surplus	55,267,147	43,245,835
Non-cash movements		
	35,345,697	31,439,744
Depreciation/amortisation	3,169,159	2,380,051
(Profit) / Loss on Asset disposal	(4,810)	27,732
Increase in provisions	27,601,181	26,436,390
Transfer to accumulated surplus	2,925,070	-
Increase in provision of doubtful debts	1,655,079	2,595,571
 Increase in payables	 575,981	 3,240,611
Increase in receivables	(79,197,206)	(67,647,194)
 Net cash flows from operating activities	 11,991,619	 10,278,996

INGONYAMA TRUST BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	2016 R	2015 R
	own funds	own funds
(B) Property, Plant and equipment and intangible assets		
During the 2015/2016 year the Trust acquired property, plant and equipment and intangible assets at a cost of R 5,497,881 as follows:		
Property - Office accommodation construction costs	150,328	1,335,675
Agricultural machinery and equipment	4,412,270	-
Computer equipment	100,493	575,088
Furniture and equipment	666,108	108,043
Motor vehicles	-	2,210,901
Intangible assets - computer software/website design	168,682	503,544
	5,497,881	4,733,251
(C) Cash and cash equivalents		
Cash and cash equivalents included in the cash flow statement comprise the following amounts indicating the financial position:		
Cash on hand and balances with banks	4,519,596	6,361,503
Short-term investments	186,924,315	178,578,057
	191,443,911	184,939,560

The entity had no borrowing facility as at 31 March 2016.

39. Financial Instruments

The Accounting policies regarding financial instruments are disclosed in note 8.

Exposure to currency, interest rate, credit risk and liquidity risks arise in the normal course of the Trust's business.

The Trust has exposure to the following risks from its use of financial instruments:

Liquidity Risk

Interest Rate Risk

Credit Risk

The following balances are exposed to Liquidity risk

Payables and Trade creditors	16,779,595	16,203,614
The following balances are exposed to Credit risk		
Consumer / trade debtors	19,657,285	15,984,426
Certain other debts	2,970,823	1,607,201

The following balances are exposed to Interest rate risk

Investments on fixed deposits	186,924,315	178,578,057
Bank Balances and Cash	4,519,596	6,361,503

INGONYAMA TRUST BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	2016 R	2015 R
40. Irregular expenditure		
Opening Balance	-	-
Add : Irregular expenditure	-	2,024,576
Less : Amount written off during the year	-	(2,024,576)
Closing Balance	<u>-</u>	<u>-</u>

INGONYAMA TRUST BOARD
TRUST FUND STATEMENT OF FINANCIAL PERFORMANCE AND BUDGET FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Approved Budget 2 016	Shift of funds & Additional funds	Final Budget 2 016	Actual 2 016	Variance 2 016	Actual 2 015
Revenue							
Leases (including straight lining income)	11 & 34	17,642,621	-	17,642,621	96,130,563	78,487,942	79,574,121
Net rental revenue		17,642,621	-	17,642,621	96,130,563	78,487,942	79,574,121
Contractual Royalty revenue		-	-	-	773,061	773,061	898,581
Interest on Bank and Short term investments		10,634,296	-	10,634,296	11,829,431	1,195,135	10,824,474
Servitude/land availability agreements/refund of legal fees		250,000	-	250,000	471,892	221,892	698,449
Interest on debtors overdue accounts		88,491	-	88,491	821,145	732,654	474,133
Rates due from lessee		14,159	-	14,159	-	(14,159)	-
From reserves		40,930,905	-	40,930,905	-	(40,930,905)	-
Profit on disposal of assets		-	-	-	4,810	4,810	-
Total Revenue		69,560,472	-	69,560,472	110,030,902	40,470,430	92,469,758
Total Expenditure							
		44,484,296	-	44,484,296	54,755,921	(10,271,625)	49,216,080
Advertisements		344,642	38,280	382,922	382,921	1	124,238
Bank charges		57,839	25,000	82,839	76,886	5,953	65,371
Board members' remuneration		900,000	570,000	1,470,000	1,295,669	174,331	1,145,269
Cleaning repairs & general expenses		-	702,000	702,000	149,418	552,582	392,921
Depreciation/amortisation	23	3,513,652	380,410	3,894,062	3,161,325	732,737	2,372,208
Loss on disposal of assets		-	-	-	-	-	27,732
Legal fees		1,412,303	-	1,412,303	1,360,957	51,346	1,161,573
Maintenance of land tenure information system		310,917	-	310,917	22,737	288,180	24,098
Secretariat administration fees		9,009,229	(904,709)	8,104,520	7,055,825	1,048,695	6,212,107
Municipal charges and office accommodation		150,000	-	150,000	-	150,000	265,447
Provision for disbursement of funds to beneficiaries		16,766,610	-	16,766,610	33,768,418	(17,001,808)	30,970,869
Agricultural expenses		3,423,824	-	3,424,824	1,785,528	1,638,296	-
Land tenure upgrade and formalisation of settlements		1,102,500	-	1,102,500	576,230	526,270	289,000
Land identification and management plan/land audits		562,146	-	562,146	-	562,146	-
Increase in provision for doubtful debts		300,000	-	300,000	1,655,097	(1,355,097)	2,595,571
Staff training		231,523	-	231,523	96,647	134,876	183,844
Project launches and informative meetings		1,102,500	1,140,000	2,242,500	1,994,297	248,203	842,363
Workshops, roadshows and co - operation agreements		810,338	-	810,338	810,337	1	224,644
Rent - Ulundi ITB office		210,000	9,615	219,615	217,800	1,815	198,000
Human resources and communication expenses		165,375	-	165,375	14,975	150,400	-
Provision of rates payable to municipalities for ITB land		3,945,523	(2,297,000)	1,648,523	-	1,648,523	-
Review and maintenance of policies		165,375	-	165,375	-	165,375	-
External audit fees		-	-	-	-	-	88,200
Internal Audit Committee members' remuneration		-	-	-	-	-	145
Internal audit fees		-	-	-	-	-	127,640
Computer licencing fees		-	17,130	17,130	17,130	-	33,580
Stationery and printing		-	119,274	119,274	119,274	-	231,878
Travel accomodation and meetings		-	200,000	200,000	194,450	5,550	880,813
Telephone expenses		-	-	-	-	-	69,277
Motor vehicle expenses		-	-	-	-	-	98,392
Bad debt written off		-	-	-	-	-	590,900
Surplus for the year before capital expenditure		25,076,176	-	25,076,176	55,274,981	30,198,805	43,253,678
Capital		25,076,176	-	25,076,176	(5,497,881)	19,578,295	4,733,251
Total budget surplus/variance		-	-	-	-	49,777,100	38,520,427

INGONYAMA TRUST BOARD
TRANSFER PAYMENT STATEMENT OF FINANCIAL PERFORMANCE AND BUDGET FOR THE YEAR ENDED 31 MARCH 2016

		Approved baseline Budget	Shift of funds	Funding in addition to baseline	Final Budget	Actual 2016	Variance 2016	Actual 2015
Revenue	Notes							
Transfer payments received		18,069,000	-	-	18,069,000	18,069,000	-	17,294,000
Investment income		12,952	-	49,272	62,224	62,224	-	58,676
Total Revenue		18,081,952	-	49,272	18,131,224	18,131,224	-	17,352,676
Total Expenditure		18,081,952	-	49,272	18,131,224	18,139,058	(7,834)	17,360,519
Bank charges		12,762	(12,762)	-	-	-	-	465
Board members' remuneration	28	692,509	-	-	692,509	692,509	-	1,178,747
Insurance		378,000	70,699	-	448,699	448,699	-	359,163
Motor vehicle expenses		198,528	61,219	-	259,747	259,747	-	70,197
Secretariat administration fees		9,887,477	1,059,127	49,272	10,995,876	10,995,876	-	10,903,245
Audit Fees - external		617,400	39,348	-	656,748	656,748	-	666,727
current		614,400	(614,400)	-	-	27,486	-	666,727
previous years		-	-	-	-	629,262	-	-
Internal Audit Committee members' remuneration		11,576	(623)	-	10,953	10,953	-	7,237
Computer software/licencing and maintenance		210,000	(108,722)	-	101,278	101,278	-	5,520
Depreciation/amortisation	23	-	-	-	-	7,834	(7,834)	7,843
Stationery & other expenses		441,000	83,703	-	524,703	524,703	-	232,851
Travel, accommodation & meeting expenses		2,494,565	(542,296)	-	1,952,269	1,952,269	-	2,576,498
Telephone		378,000	(152,346)	-	225,654	225,654	-	171,230
Security expenses		945,000	(377,169)	-	567,831	567,831	-	546,503
Cleaning, repairs and general expenses		633,833	131,418	-	765,251	765,251	-	341,884
Electricity and water		717,729	59,173	-	776,902	776,902	-	292,409
Crockery and cutlery		16,538	(14,556)	-	1,982	1,982	-	-
Asset tagging expenses		5,510	(5,510)	-	-	-	-	-
Internal Audit Fees		231,525	(80,703)	-	150,822	150,822	-	-
Contract - Real Estate		210,000	(210,000)	-	-	-	-	-
Deficit for the year before capital expenditure		-	-	-	-	(7,834)	(7,834)	(7,843)

Note :	This Statement reflects Transfer Payments received and expenditure incurred thereon. The Transfer payment received from the Department is not sufficient to defray all operating expenditure of the Trust, therefore the Trust utilised its own income as reflected on page 76 to pay for expenses.
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INGONYAMA TRUST BOARD

TRUST FUND STATEMENT OF FINANCIAL PERFORMANCE AND BUDGET FOR THE YEAR ENDED 31 MARCH 2016

		2016	2015
		R	R
Revenue	Notes		
Leases (including straight lining income)	11 & 34	96,130,563	79,574,121
Net Rental Revenue		96,130,563	79,574,121
Contractual Royalty Revenue		773,061	898,581
Other Revenue		18,545,702	17,992,449
Transfer payment		18,069,000	17,294,000
Profit on disposal of assets		4,810	-
Servitude/land availability agreements/refund of legal fees		471,892	698,449
Finance Income		12,712,800	11,357,283
Interest on Bank and Short term investments		11,891,655	10,883,150
Interest on debtors overdue accounts		821,145	474,133
Total Revenue		128,162,126	109,822,434
Total Expenditure		72,894,979	66,576,599
Agricultural project expenses		1,782,528	-
Advertisements		382,921	124,238
Audit fees		656,748	754,927
current		27,486	-
previous year		629,262	754,927
Internal audit committee members' remuneration		10,953	7,382
Bank charges		76,886	65,836
Bad debts written off		-	590,900
Board members' remuneration excluding travel	28	1,988,178	2,324,016
Cleaning repairs & general expenses		914,669	734,805
Computer software		118,408	39,100
Depreciation/amortisation	23	3,169,159	2,380,051
Loss on disposal of assets		-	27,732
Audit fees- internal		150,822	127,640
Insurance		448,699	359,163
Legal fees		1,360,957	1,161,573
Maintenance of land tenure information system		22,737	24,098
Motor vehicle expenses		259,747	168,589
Stationery and other expenses		643,977	464,729
Secretariat administration fees		18,051,701	17,115,352
Rates and municipal charges - office accommodation		776,902	557,856
Provision for disbursement of funds to beneficiaries		33,768,418	30,970,869
Land identification and management plan/land audits		576,230	289,000
Increase in provision for doubtful debts		1,655,097	2,595,571
Staff training		96,647	183,844
Travelling, accommodation and meeting expenses including Board members travel		2,146,719	3,457,311
Project launches and informative meetings		1,994,297	842,363
Crockery and Cutlery		1,982	-
Telephone		225,654	240,507
Security expenses		567,831	546,503
Workshops and roadshows		810,337	224,644
Human resources and communication expenses		14,975	-
Rent - Ulundi ITB office		217,800	198,000
Surplus for the year		55,267,147	43,245,835

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

DISTRICT	NAME OF TRADITIONAL COUNCIL / COMMUNITY
EMNAMBITHI	CUNU / MCHUNU
	INGWE
	KUNENE
	MABASO
	MBHENSE
	MTHEMBU
	NXUMALO
	SITHOLE
EMZUMBE	BHEKANI
	CELE M
	CELE P
	DLAMINI / VUSATHINAMAZULU
	DUNGE / AMADUNGE
	EMBO / SIZWE HLANGANANI
	MBHELE
	MJOLI / SIZWE
	NDELU
	NHLANGWINI
	NYAVINI
	QOLOQOLO
	HLONGWA
	HLUBI
	KHOLWA / SIZWE HLANGANANI
	MADZIKANE / SIZWE HLANGANANI
	LUSHABA
	MADLALA
	QWABE P
	QWABE Z
	THULINI
	ZIZI – SIZWE / HLANGANANI
ENSELENI	BIYELA / KWAYANGUYE
	BIYELA / OBUKA
	CEBEKHULU / OBIZO
	KHOZA
	MBONAMBI (MAXWELL)
	MTHEMBU / SOMOPHO
	NDHLAZI / MAMBUKA
	ZULU / NTEMBENI
	ZUNGU / MADLEBE
	MTHETHWA / MHLANA
EZINGOLWENI	CELE

DISTRICT	NAME OF TRADITIONAL COUNCIL / COMMUNITY
	DLAMINI / KWAFODO
	DUMA / THOKOZANI MADUMISA
	JALI / NHLANGANO
	MACI / ISIBONDA
	MAVUNDLA / MVUNDLA
	MBOTHO / MAMBOTHO
	MTHIMUDE
	NSIMBINI
	NZIMAKWE
	SHWAWU / JABULANI BESHWAYO
	XOLO
	SHWAWU / BESHWAYO
	NYUSWA / QINISELANI MANYUSWA
HLABISA	ABAKWA HLABISA
	MDLETSHE
	MPEMBENI
	MPUKUNYONI / MKHWANAZI
HLANGANANI	BATLOKOA / BASOTHO
	BOMVU / ZASHUKE
	DLAMINI / BIDLA
	DLAMINI / ESIPHAHLENI
	DUMISA / MAGUSWANA
	KHOLWA / ISIBONELO ESIHLE
	KHOLWA / VUMINDABA
	KUZENI / AMAKUZE
	MADZIKANE / BHACA
	MEMELA / SIZANANI
	MKHULISI / VEZOKUHLE
	MOLIFE / ISIMINZI
	NDLOVU / VUKANI
	NGWANE / AMANGWANE
	NXAMALALA
	PEPETA / UMACALA GWALA
INGWAVUMA	MATHENJWA
	MNGOMEZULU
	NYAWO
	TEMBE
INKANYEZI	BANGINDODA ZULU
	BHEKESHOWE ZULU

COMMUNITIES ON INGONYAMA TRUST LAND AS LISTED IN THE SCHEDULE TO THE KWAZULU - NATAL
INGONYAMA TRUST ACT No. 3KZ OF 1994

DISTRICT	NAME OF TRADITIONAL COUNCIL / COMMUNITY
	BIYELA / MOBENI
	BIYELA / MVUZANE
	BIYELA / NDLANGUBO
	KHOLWENI
	KHOZA
	KWAMONDI
	MATHONSI
	MPUNGOSE
	NTULI
	SHANGE
	SIKHONYANE
MADADENI	GULE / NYANYADU
	HLUBI / BUHLE – BOMZINYATHI COMMUNITY AUTHORITY
	MANGWENI / BUHLE – BOMZINYATHI COMMUNITY AUTHORITY
	KUBHEKA / BUHLE – BOMZINYATHI COMMUNITY AUTHORITY
	NKOSI / BUHLE – BOMZINYATHI COMMUNITY
MAHLABATHINI	BUTHELEZI
	BUTHELEZI - EMPITHIMPITHINI
	MBATHA
	MPUNGOSE
	NDEBELE
	NOBAMBA COMMUNITY AUTHORITY
	XIMBA
MAPHUMULO	ZUNGU
	ABAKWA CELE
	ABAKWA ZUBANE

DISTRICT	NAME OF TRADITIONAL COUNCIL / COMMUNITY
	AMAMBEDU / MBEDU
	BOMVU A
	BOMVU W
	EMBO
	GCWENSA
	HLONGWA
	KHABELA
	LUTHULI
	MABOMVINI
	MLAMULA / NYUSWA
	MTHEMBU / SITHOLE
	NTULI / MTULINI
	NDLOVU / MASIHAMBISANE
	NGCOLOSI
	NTANZI
	NTULI / HOHOZA / MKONTO
MPUMALANGA	QADI
	QWABE
	SITHOLE / MTHEMBU
	ZULU / NODUNGA
	DASSENHOEK COMMUNITY AUTHORITY
	EMBO
	FREDVILLE COMMUNITY AUTHORITY
	ILANGA COMMUNITY AUTHORITY
	GCUMISA
	MAPHUMULO
	MDLULI / MANYAVU
	SHANGASE
	XIMBA
	BASO
	BOMVU
MSINGA	CHUNU
	MTHEMBU
	NGOME
	QAMU
NDWEDWE	CHILI
	CIBANE

COMMUNITIES ON INGONYAMA TRUST LAND AS LISTED IN THE SCHEDULE TO THE KWAZULU - NATAL
INGONYAMA TRUST ACT No. 3KZ OF 1994

DISTRICT	NAME OF TRADITIONAL COUNCIL / COMMUNITY
	EMALANGENI / LANGA
	EMBO / KWAKHABAZELA
	INKUMBA / NYUSWA
	HLOPHE
	KHUMALO
	MANGANGA
	MTHEMBU
	NGCOLOSI
	NGONGOMA / MAVELA
	NODWENGU
	PHEPHETHA
	QADI
	QINISELANI MANYUSWA
	QWABE
	SHANGASE
	WOSIYANE
NKANDLA	AMAKHABELA
	BIYELA / AMAHLAYIZENI
	BIYELA / MANGIDINI
	CUBE
	CUNU
	IZIGQOZA
	KHABELA
	KHANYILE / EKUKHANYENI
	KHANYILE / IZINDLOZI
	MAGWAZA
	MBHELE / AMAPUTO
	MPUNGOSE
	NTULI / GODIDE
	NTULI / INGONO
	NXAMALALA
	SIBISI / CWEZI
	XULU
	ZONDI
NONGOMA	ZULU / KHAMBI
	ZULU / MANDLAKAZI
	ZULU / MATHENI
	ZULU / USUTHU
NQUTHU	HLATSHWAYO
	JAMA

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

COMMUNITIES ON INGONYAMA TRUST LAND AS LISTED IN THE SCHEDULE TO THE KWAZULU - NATAL
INGONYAMA TRUST ACT No. 3KZ OF 1994

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

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