INGONYAMA TRUST BOARD

ANNUAL REPORT

31 March 2021

Contents

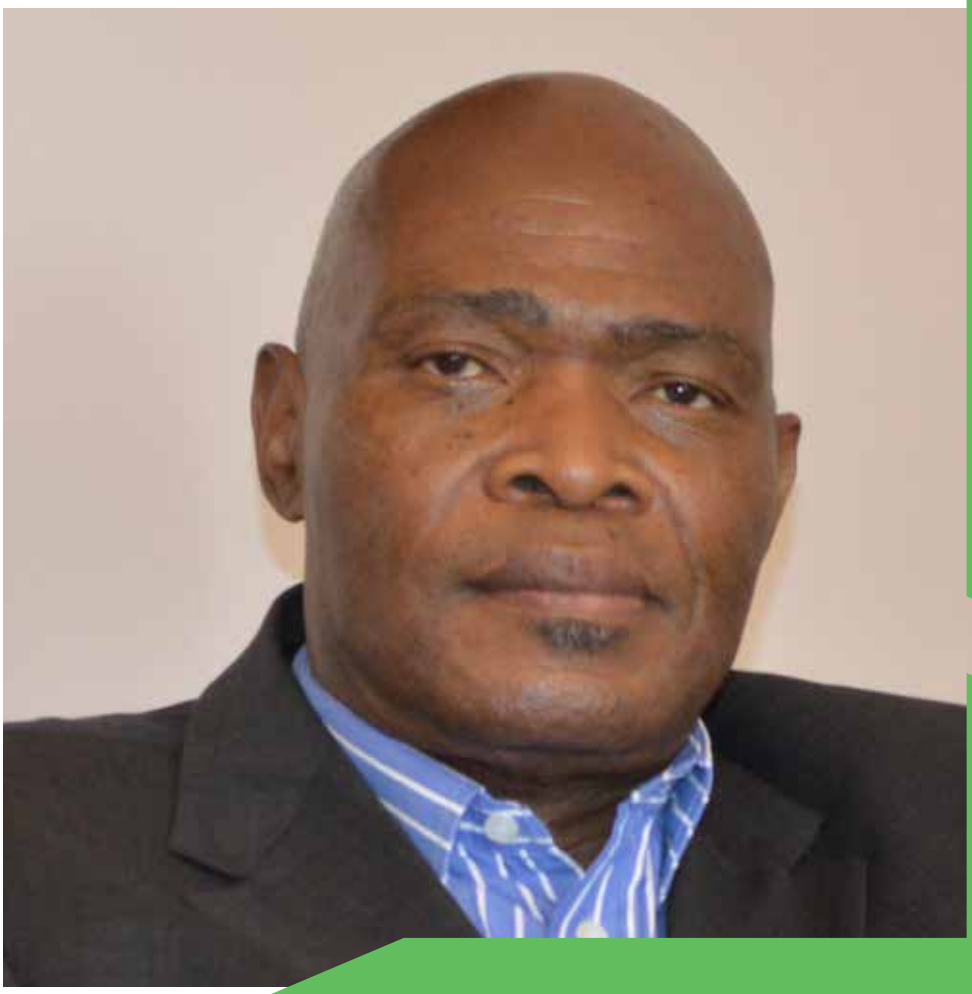
PART A

GENERAL INFORMATION

LIST OF ABBREVIATIONS/ACRONYMS

AGSA	:	Auditor General of South Africa
AFS	:	Annual Financial Statements
MEC	:	Member of Executive Council
BBBEE	:	Broad Based Black Economic Empowerment
CEO	:	Chief Executive Officer
CFO	:	Chief Financial Officer
GRAP	:	Generally Recognised Accounting Practice
ITB	:	Ingonyama Trust Board
PFMA	:	Public Finance Management Act
TR	:	Treasury Regulations
MTEF	:	Medium Term Expenditure Framework
SMME	:	Small Medium and Micro Enterprises
SCM	:	Supply Chain Management
PMS	:	Performance Management System

FOREWORD BY THE CHAIRPERSON



Mr S J Ngwenya
Chairperson

The year under review has been the most challenging and painful. I say this because it started during a hard lockdown as a result of an unprecedented pandemic in modern human history. The lockdown under various levels continues beyond the period under review.

To work properly was almost impossible. Apart from this challenging experience, ITB was undergoing fundamental challenges in terms of its role and statutory challenges. As if these were not enough, just three weeks before the end of the financial year, His Majesty, the King (ISILO/INGONYAMA) and the sole Trustee of Ingonyama Trust passed on. We remain in mourning still.

Ingonyama Trust Board is a public entity in terms of the PFMA. Its mandate is to administer the affairs of the Trust and Trust land. The Trust is not a Public entity and is

not funded by government. Trust land is administered by the Traditional Authorities which on their own are governed by different legislation. This is just but the one of the cause of many challenges confronting Ingonyama Trust and Ingonyama Trust Board. It is for these reasons in the main that the need to define the legal structure and the audit process of these entities become critical. What is crucial to note is that in the year under review the entity's approved budget was R40,754 million (Forty million seven hundred and fifty four thousand rand only). It should be noted that the entity is hugely underfunded. As a result, the meagre income of the Trust is channelled towards supplementing the administration costs of the entity and in turn deprive the Trust beneficiaries of their benefits even further. This is so because the Department only provided R22,192 million (Twenty two million one hundred and ninety two rand only). This on its own could not meet even the salary bill.

Because of COVID – 19, some of the activities of the entity were either suspended or postponed. The review of the Trust reporting principles by the AGSA has necessitated soliciting guidance and comments from the Accountant-General. This has proved too cumbersome a process as it requires more technical opinions than originally thought. Initially we thought by November 2021, we shall have finalized everything in respect of both the ITB and the Trust. Hence we advised the Executive Authority that we were not going to submit our Annual Report on time, which was the end of September 2021. In the first week of November 2021, the AGSA advised that in so far as the Trust is concerned it still needed more time. Hence the ITB resolved to meet its commitments to the Executive Authority and present its report with the audited ITB financials only. Our inability to present the audited financials of the Trust is beyond our control. We fully understand the need for the AGSA to satisfy itself with everything that it considers necessary to be attended to.

Going back to the substance of the mandate of the entity and its performance. I have said many times that as our detractors get to engage into more details with facts rather than existing prejudices and false narratives, they would begin to agree with us even more. This entity can do nothing unless the Trust has adequate funds. We are not advocating that the Trust should expect funding from the State. That could have consequences that are self-defeating. On the contrary we need a space to be heard and understood. This is because the ITB is not an institution of first

instance. Traditional Authorities are the places where access to Tribal land held by the Trust is first sought.
Part of the critical work of the ITB is to formalize oral processes and technical advice to all the Traditional Authorities and to interact with various government and other institutions. It would be noted from the audited financials that we account here for the funds appropriated by the fiscus - which are allocated "for administrative purposes of the Board." To accomplish the administrative work of the ITB, many alternatives need to be explored and that process is now underway.

We are pleased to report in the current year, that for once, the ITB has unqualified audited annual financials statement and audited annual performance information. We do hope that the understanding of the nature of Ingonyama Trust from a legal and financial framework point of view will likewise lead to an unqualified audit outcome for the Ingonyama Trust. This has taken place in circumstances where almost half the year the key senior managers were on special leave. Furthermore the life of the Board came to an end in July 2020. The Executive Authority extended it by a month. In September 2020, she appointed an interim Board, which remains in place at the time of this report.
We remain strong against many challenges. These include numerous legal and Court battles. We are hopeful that in some of these battles final solutions in some of the critical issues will be found.

Mr S. J. Ngwenya
Chairperson of the Board
Ingonyama Trust Board
Date: 11 November 2021

CHIEF EXECUTIVE OFFICER'S OVERVIEW

Adv V Z Mngwengwe
Head of Secretariat

General financial review of the public entity and spending Trends

Although the Auditor-General's Report and Annual Financial Statements in this annual report indicate an improvement (unqualified audit), the Ingonyama Trust Board is nowhere close to a financially viable and sustainable position. To illustrate this point, the 2019/2020 and 2020/2021 audited annual financial statements are analysed below.

During the 2019/2020 financial year, the Department of Agriculture, Land Reform and Rural Development made a transfer payment to the Ingonyama Trust Board of an amount of R 21,489 million whilst the expenses of the entity totalled about R 49,002 million.
The shortfall of R 27,513 million relates to operating costs of the entity that are not

funded by the Department. In the same financial year the Ingonyama Trust earned R76,7 million in income and had to provide financial assistance to the Ingonyama Trust Board to finance its operations in excess of the 10% envisaged in regulation 10.2 of the Financial Regulations, 1998, issued in terms of the KwaZulu-Natal Ingonyama Trust Act, 1994 (Act No. 3KZ of 1994).

According to Regulation 10.2. of the Financial Regulations, an amount not exceeding 10 percent of the Trust income may be utilised for the operational costs of the entity. This effectively means that the Trust transferred, in aid of the Board, which is a public entity, an amount of R 19,843 million in addition to R7 670 million that's provided for.

This trend repeats itself again in the 2020/2021 financial period with the transfer payment to the entity of R 22,192 million (received in 4 equal tranches), operational expenditure of R44,736 million and Trust income earned of R 49 ,401 million.

The funding shortfall creates a variety of problems for the entity in terms of classification of the funding from the Trust and whether or not there has been legislative compliance, depending on the classification of such funding. Whilst there may have been legitimate concerns about the entity, which possibly resulted in a funding revolt, a closer analysis of the root causes of the entity's issues seems to point to historical under-funding that limited intra-organisational development to a point of incapacity to deliver on the entity's mandate.

Capacity constraints

The organisation has been facing serious capacity constraints in terms of human resourcing. This has been an issue from the beginning, however it seems to have escaped unnoticed since there wasn't much public awareness regarding the mandate of the entity and the extent to which it can impact on land development and the lives of Ingonyama Trust beneficiaries. The lack of proper engagement mechanisms between the entity and the Department appear to have resulted in the entity's needs being misunderstood or ignored. Whilst attempts are being made to close this gap, such attempts cannot bring immediate stability in the absence of additional funding.

As indicated above, the Department's inability to provide adequate financial resources despite efforts has resulted in the current financially unviable institution. The funding shortage means that departing personnel cannot be replaced. This is so regardless of how critical the position is. The net results become poor organisational performance and general lack of compliance.

In view of the dire capacity constraints, the Board requested assistance from the Minister of Agriculture, Land Reform and Rural Development to intervene with resources in the Executive Management, Legal, Finance and Supply Chain Management functions to ensure organisational stability. The Department has, from 1 May 2021, seconded a resource to handle the critical role of Chief Financial Officer, which the entity is grateful for.

SCM processes and systems

A process of supply chain management was in place during the year, although not fully effective. The current year saw the procurement for expenditure relating to goods and services which can be categorized as travel, accommodation, stationary and other services such as cleaning, gardening, security and maintenance. Of this, management has

disclosed R7,018 million (2019/2020: R3,275 million) as irregular expenditure incurred in the current year from contravention of supply chain management prescripts and from overspending which contravenes section 53(4) of the PFMA.

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

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

Management has reviewed Supply Chain Management processes and systems and has made some significant changes to address issues of non-compliance with supply chain management related laws and

Regulations, including capacitating the supply chain management unit.

Challenges experienced and how they will be resolved

As it has been indicated above, the entity is underfunded and cannot even afford its personnel. In view of the mandate of the Ingonyama Trust, there's a public expectation that the activities of the entity must visibly result in the improvement of lives of the Trust beneficiaries. Since no capital funding is made available by Government, the implication is that the entity has to generate adequate revenue that can then be used to improve the lives of the Trust beneficiaries and yet the absence of adequate human capacity limits the entity's ability to generate revenue. Discussions are underway with the Department with a view to increase funding to the minimum reasonable level.

The entity has an unsatisfactory relationship with different spheres of Government, which sometimes causes unnecessary litigation. Whilst healthy relationships amongst Organs of the State and other stakeholders are no responsibility of a single party, the entity intends to reach out to others since its success is dependent on collaboration with other actors.

Audit report matters in the previous year and how they would be addressed

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

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

Non- compliance with laws and regulations as a result of late submission in accordance with section 65 of the Public Finance Management Act (Act 1 of 1999) had a significant impact on the audit outcomes reported by the Auditor-General, however, management has put controls in place that will ensure effective monitoring of compliance with laws and regulations and the monitoring and reporting of irregular expenditure.
For the entity to be able to design and

implement a control environment that is effective and efficient, performance management, financial and compliance monitoring systems have to be put in place and this requires appropriate operational funding.

Events after reporting date

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

Economic viability

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

The entity's ability to generate surplus funds has weakened over the years. This is as a result of misalignment in the entity's operational requirements and the willingness of the Department of Agriculture, Land Reform and Rural Development to adequately fund the entity.

In accordance with its financial trends, the entity has been making deficits and accumulating those deficits, the result of which is a net liability position in the Statement
of Changes in Net Assets of R1,512 million as at 31 March 2021. However in the current year, the entity, in its Statement of Financial Performance, realized a surplus and this is mainly attributable to the correction of some fundamental accounting principle errors in the Annual Financial Statements presented in this annual report. A surplus of R1,425 million has been made in the year under review, which reduces the accumulated deficit from R3 million to R1,512 million in the current year.

Cash and Cash equivalents, despite the insufficient cash inflows, were R1, 9 million as at the of the financial year under review and this is an attest to the effective and tight management of cash flow.

Acknowledgement

I express my appreciation for the decision of the Minister and the Director-General to second an exceptionally competent accountant in the form of Mr B S Vilakazi, as Chief Financial Officer, without whom an unqualified audit outcome would have been unreachable. I also appreciate the Board's maturity to realise that external assistance was necessary since egos could have easily stood on the way.

The late Trustee's role in keeping the organisation afloat through shortfall funding can never be forgotten since the state of this entity could have been worse.

The Secretariat of the entity, despite a variety of external and internal factors that could have demoralised them into non-action, has done what it could within the limits of their ability. Whilst the organisational performance is not something worth writing much about, there exists some sparks that can emerge into a

forceful fire if proper guidance is provided.

I extend my appreciation to the non-governmental organisations that have been critical of the entity since their voices have been one of the mirrors through which the entity can look at itself. Whilst the entity might not agree with them, their voices help it to reflect and examine why its actions and/or omissions would lead to the conclusions that its apparent adversaries reach. This can only help the entity to grow.

I thank the Ingonyama Trust beneficiaries, as represented by traditional leaders and traditional councils for opening up the space for engagement and for being the constant partners of the Ingonyama Trust Board. The interaction needs to be more structured and localised, but what has been achieved so far is appreciated.

Adv V Z Mngwengwe
Chief Executive Officer
Ingonyama Trust Board
Date: 11 November 2021

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

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

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

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

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

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

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

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

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2021.

Mr S J Ngwenya
Chairperson of the Board
Ingonyama Trust Board
Date: 11 November 2021

STRATEGIC OVERVIEW

Vision

To become a leader in communal land management

Mission

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

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

Values

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

LEGISLATIVE AND OTHER MANDATES

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

Constitutional Mandate

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

The founding Act further provides that the Trust shall, in a manner not inconsistent with the provisions of this Act, be administered for the benefit, material welfare and social

well-being of the members of the tribes and communities as contemplated in the KwaZulu Amakhosi and Iziphakanyiswa Act, 1990 (Act No. 9 of 1990), referred to in the second column of the Schedule, established in a district referred to in the first column of the Schedule and the residents of such a district. It consequently follows that the Ingonyama Trust is about land ownership, equitable access to land, human dignity, and legally secured tenure as envisaged in the Constitution.

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

Legislative Mandate

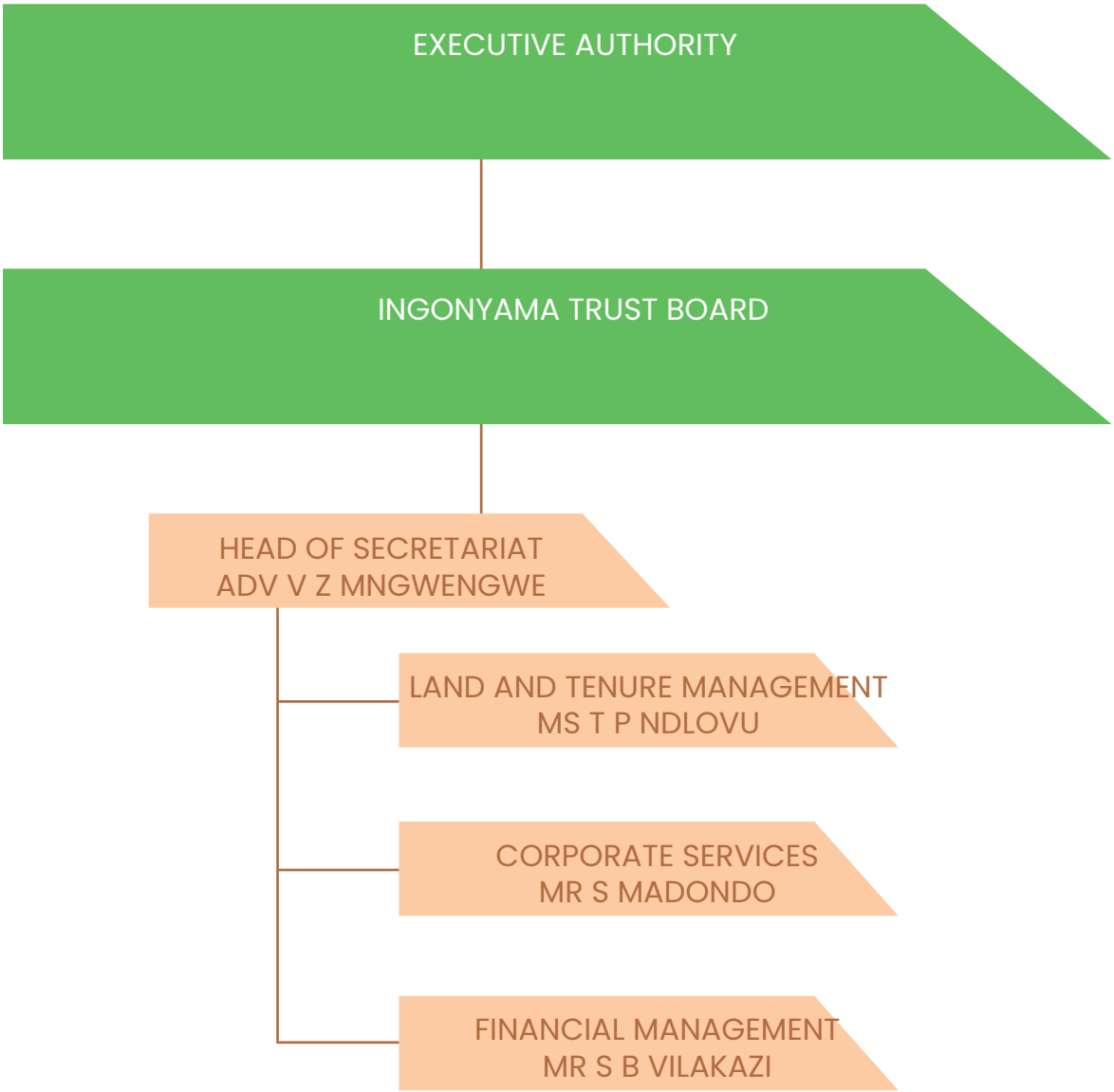
As stated above, the mandate of Ingonyama Trust Board is, in terms of the founding Act, to administer the affairs of Ingonyama Trust and the Trust land. Trust predates the Constitution.

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

Intergovernmental Relations Framework Act No. 13 of 2005
National Environmental Management Act No. 107 of 1998
Public Finance Management Act No. 1 of 1999
Traditional and Khoi-San Leadership Act No. 3 of 2019
Spatial Planning and Land Use Management Act No. 16 of 2013
KwaZulu–Natal Traditional Leadership and Governance Act No. 5 of 2005
Mineral and Petroleum Resources Development Act No. 28 of 2002
Conservation of Agricultural Resources Act No. 43 of 1983
Local Government Municipal System Act No. 32 of 2000
National Forests Act No. 84 of 1998
Local Government; Municipal Property Rates Act No. 6 of 2004
National Water Act No. 36 of 1998
National Veld and Forest Fire Act No. 101 of 1998
KwaZulu-Natal Heritage Act No. 4 of 2008
Fencing Act No. 31 of 1963

World Heritage Convention Act No. 41 of 1999
Mineral and Petroleum Royalty Act No. 28 of 2008
KwaZulu-Natal Roads Act No. 4 of 2001
Deeds Registries Act No. 47 of 1937
Land Survey Act No. 8 of 1997
Interim Protection of Informal Land Rights Act No. 31 of 1996
Restitution of Land Rights Act No. 22 of 1994
KwaZulu Land Affairs Act No. 11 of 1992

ORGANISATIONAL STRUCTURE



PART B

PERFORMANCE INFORMATION

AUDIT OF THE ANNUAL PERFORMANCE INFORMATION

The Auditor General of South Africa currently performs the neccessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the predetermined headings in the report on other legal and regulatory requirements section of the auditor's report.

In terms of the general notice issued in terms of the PAA, the opinion on the audit of reported performance information will be included in the management report.

SITUATIONAL ANALYSIS

As the Institutional Performance Information section shows, the performance of the entity during the year under review was less than desirable. This was caused by a variety of factors from persisting funding constraints to the emergence of the COVID19 pandemic.

On the issue of funding constraints, the entity is treated almost like a sub-program of the Land Redistribution and Tenure Reform Branch of the Department of Agriculture, Land Reform and Rural Development. This results in a general lack of appreciation of the nature and mandate of the ITB on the part of the Department. This in turn impacts on resource allocation and general lack of support in areas where the Department may have better capacity and able to support the ITB.

The same funding constraints impacts on the capacity of the entity to adequately deliver on its mandate, as human capacity, amongst other things, is simply insufficient. Unless this underlying cause is adequately addressed, achieving and advancing the material welfare and social wellbeing of the Trust beneficiaries will inevitably remain an operational challenge.

INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

Programme 1 : Administration

Purpose of the programme

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

Programme Structure

The administration programme comprises of the following:

- Board
- Administration (Secretariat)
- Corporate Services
- Financial services

Output Indicators, Targets and Actual Achievements

Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement 2020/21	Reasons for deviation
Number of relationship agreements signed by relevant stakeholders	New indicator	New indicator	10	0	-10	The COVID-19 related lockdown and subsequent restrictions impacted on the ability to connect with stakeholders
Number of traditional councilc capacitated and supported	New indicator	-	10	0	-10	The COVID-19 related lockdown and subsequent restrictions impacted on the ability to connect with stakeholders
Improved audit opinion of the organisation	New indicator	New indicator	Unqualified audit opinion	-	-	-

Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement 2020/21	Reasons for deviation
Number of policies approved by the Board	3	2	5	0	-5	The COVID-19 related lockdown and subsequent restrictions impacted on the ability to engage on existing draft policies

INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

Programme 2 : Land and Tenure Management

Purpose of the programme

The purpose of this programme is to provide secure tenure rights and establish a comprehensive land tenure information system.

Programme Structure

The Land and Tenure Management programme comprises of the following:

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

Output Indicators, Targets and Actual Achievements

Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement 2020/21	Reasons for deviation
Number of land tenure rights approved by the Board	1713	1409	1200	3198	1998	There was a substantial backlog of applications which were prioritised during this period.
Number of TCs with huma settlement plans	New indicator	New indicator	5	0	-5	There was a need to expand the scope of the content of each human settlement plan, which then impacted on delivery timelines.

PART C

GOVERNANCE

Introduction

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

Portfolio Committees

There were two (2) meetings held between the Accounting Authority and the Portfolio Committee on Agriculture Land Reform and Rural Development during the period under review. The first meeting was for the presentation of the quarter 3 and 4 financial and non-financial reports. The second meeting was for the presentation of the 2019/2020 Annual Report.

Executive Authority

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

1st Quarter	31 August 2020
2nd Quarter	30 October 2020
3rd Quarter	29 January 2021
4th Quarter	29 April 2021

In addition to these reports, and as a consequence of issues raised during the Portfolio Committee meetings, the Accounting Authority and the Executive Authority met on four occasions during the period under review wherein the statutory, corporate governance and compliance matters were discussed. The meetings were held on the 3rd June, 20th June, 27th August 2020 and 1st February 2021.

The Accounting Authority

Introduction

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

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

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

- Executive Committee of the Board (EXCO) / Special Tenure.
- Board Committees
- Human Resource and IT Committee.
- Finance and Investment Committee (FINCO).
- Audit Committee
- Mining and Nature Conservation Committee
- Women, Youth, Culture and Heritage Committee

Management Committees

- MANCO
- Bid Specification Committee
- Bid Evaluation Committee
- Bid Evaluation Committee

The Board, for the period ended 31 March 2021, is comprised of the following members:

Name	Date appointed	Date resigned	Education	Board Directorship (List the entities)	Other Committees or Task Teams (e.g: audit committee / Ministerial task team)
Mr S J Ngwenya (Chairperson)	01/04/2001	Active	LLB	Ingonyama Holdings; Al Mubarak Investments; Bayede Marketing; Bayede Royal Diamonds SA; Femur Trading; First Ready Development 143; Imvukuzane Resources; Insephe Petroleum; Isikhungo Sesichazamazwi Sesizulu; Isiqwayi People Management; Khetshe Investments; Khuselani Project Holdings; Mabuya Mall; and Marble Gold 427	EXCO; HR & IT (until 31 August 2020)
Dr N Z Qunta (Vice Chairperson)	01/09/2020	Active	PhD – Governance M Com (Econ)	National Nuclear Regulator; Durban ICC; Rail Safety Regulator; and Independent Commission on remuneration of Public Office Bearers (Commissioner)	EXCO; FINCO; and HR & IT Committee Chair

Name	Date appointed	Date resigned	Education	Board Directorship (List the entities)	Other Committees or Task Teams (e.g: audit committee / Ministerial task team)
Adv L Zama (Member)	01/09/2020	Active	BA. LLB	Playhouse Company; and The Linda Zama Foundation	EXCO; Mining and Nature Conservation; and HR & IT
Inkosi P R Bele (Member)	01/09/2020	Active	B Admin in Public Adim (Hons)	None	EXCO; Mining and Nature Conservation Chair
Inkosi W T Mavundla (Member)	01/09/2020	Active	B Ed (Hons) Higher Diploma in Public Admin	None	HR & IT; FINCO Chair; and EXCO
Inkosi S E Shabalala (Member)	01/09/2020	Active	N/A	Afrilion Projects	EXCO; Mining and Nature Conservation; and Women, Youth, Culture and Heritage Chair
Inkosi Z T Gumede (Member)	01/09/2020	Active	Diploma in Education Advanced Leadership Course (UKZN)	Inkosi Hulumeni Tourism; Afrilion Projects; Makhasa Security Services; Ndumela Trading; and Quantum Kingdom Holdings	EXCO
Adv V Z Mngwengwe (Member)	01/09/2020	17/06/2021	BA. LLB	None	EXCO; and FINCO
Advocate W E R Raubenheimer (Member)		31/08/2020		Unknown	FINCO
Mr B L Shabalala (Member)		31/08/2020		Unknown	FINCO

Board committee meeting statistics

Committee	No of meetings held	No of members	Name of members
Human Resources and Information Technology	5	5	Dr N Z Qunta Adv L Zama Inkosi W T Mavundla Mr L Mkhwanazi Mr S Madondo
FINCO	4	5	Inkosi W T Mavundla Dr N Z Qunta Adv V Z Mngwengwe Adv W E R Rauben-heimer Mr B L Shabalala
Board	9	8	Mr S J Ngwenya Inkosi P R Bele Inkosi S E Shabalala Inkosi W T Mavundla Dr N Z Qunta Adv V Z Mngwengwe Adv W E R Rauben-heimer Mr B L Shabalala
Mining	1	3	Inkosi P R Bele Inkosi S E Shabalala Adv L Zama

Remuneration of Board members

Name	Remuneration	Other allowance	Other re-imburse-ments	Total
S J Ngwenya	1 768	-	316	2084
N Z Qunta	207	-	23	230
W E R Rauben-heimer	185	-	2	187
B L Shabalala	168	-	53	221
P R Bele	469	-	112	581
Z T Gumede	346	-	176	522
S E Shabalala	293	-	109	402
W T Mavundla	687	-	168	855

Internal Audit

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

To comply with the aforesaid sections, the entity retained the services of Kaizen DDS JV as Internal Auditors. The objective of internal audit is the review of the effectiveness and efficiency of internal controls as designed and implemented by management. It also provides independent assurance and consulting services by assessing and reporting on the effectiveness of governance, risk management, and control processes designed to help the entity achieve its strategic, operational, financial, and compliance objectives.

To achieve this end the Internal Audit Unit evaluates, tests and reviews financial controls, governance processes and policies, makes findings and provides appropriate recommendations which are communicated to management and the Board.

The Internal Audit unit's scope of work is approved on annual basis based on a 3-year Internal Audit Plan as approved by the Audit Committee. During the 2020/2021 financial year the Internal Audit Unit completed all the following approved sections:

- Performance Management System (PMS)
- Assets Management
- Budget Management
- Human Resources
- Revenue and debtors
- Supply Chain Management (SCM) and Expenditure
- Information Technology (IT), Business Continuity Plan and Disaster Recovery Plan
- Annual Financial Statements review.

No forensic investigations were conducted by Internal Audit.

Audit Comittee

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

- To consider matters relating to internal control and advises the Board in the discharge of its duties to safeguard assets, operate adequate systems of controls, and review annual financial statements.

Board Members

Mr S J Ngwenya (Chairperson)

Dr N Z Qunta (Vice chairperson)

Inkosi W T Mavundla

Inkosi Z T Gumede

Inkosi S.E. Shabalala

Adv W E R Raubenheimer

Inkosi P R Bele

Adv L Zama

Mr B L Shabalala

- To ensure the reliability, integrity and objectivity of financial statements as prepared by management.
- Not to perform any management functions or assume any management responsi¬bilities. The Committee mainly makes recommendations to management in respect of the activities which form part of its terms of reference.

Its broad objectives are:

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

Attendance of audit committee meetings by audit committee members:

The audit charter requires the Audit Committee to meet at least 4 times a year. There were however three meet¬ings held during the current year and the attendance was as follows:

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
Mr Mzamo Khuzwayo (Chairperson)	CA(SA)	External	N/A	21 July 2017	N/A	3/3
Dr N Z Qunta	PhD	Internal	Board Member	21 October 2020	N/A	1/3
Adv V Mngwengwe	LLB	Internal	Board Member	21 October 2020	N/A	1/3
Inkosi W T Mavundla	BPaed, BEd, Higher Dip in Public Administration and Cert in Financial Management	Internal	Board Member	19 December 2019	N/A	2/3
Mr B L Shabalala	-	Internal	Board Member	19 December 2019	21 October 2020	2/3

AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2021.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 51(1)(a)(ii) of the Public Finance Management Act and Treasury Regulation 27.1. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that the committee did not review changes in accounting policies and practices.

The Effectiveness of Internal Control

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the public entity revealed certain weaknesses, which were then raised with the public entity.

The following internal audit work areas was completed during the year under review as per the Internal Audit Plan:

- Performance Management System (PMS),
- Asset Management,
- Budget Management,
- Human Resources,
- Revenue and debtors,
- Supply Chain Management (SCM) and Expenditure,
- Information Technology (IT), Business Continuity Plan and Disaster Recovery Plan
- Annual Financial Statements review.

The following were areas of concern:

- Not resolving all issues raised by the Auditor-General in the prior year,
- Changes in the entity's leadership structure leading to lack of continuity,
- Organisational lack of commitment to sound governance structures,
- Lack of administrative support to the Audit Committee,
- Slow response by management to Internal Auditors' request for information,
- Non-compliance with certain GRAP standards leading to differences of opinion with the Auditor-General,

In-Year Management and Monthly/Quarterly Report

The public entity has submitted monthly and quarterly reports to the Executive Authority as highlighted on page 23.

Evaluation of Financial Statements

We have reviewed the annual financial statements prepared by the public entity.

We have reviewed the public entity's implementation plan for audit issues raised in the prior year and we are satisfied that the matters have been adequately resolved except for the following:

- Completeness of Ingonyama Trust Board's Irregular Expenditure,

The Audit Committee concurs and accepts the conclusions of the external auditor 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 auditors.

Mr M Khuzwayo
Chairperson of the Audit Committee
Ingonyama Trust Board
Date : 11 November 2021

PART D

HUMAN RESOURCE MANAGEMENT

Overview of HR matters at the public entity

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

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

Human Resources priorities for the year under review

During the period under review, the entity prioritized the development of HR management policies.

A comprehensive review of the human resource management policy was undertaken resulting in the development of a policy universe that will result in each subject area having a specific policy.

COVID 19 Impact

- The year under review was characterised by the impact of the COVID-19 pandemic. The Ingonyama Trust Board was no exception as 5 cases of Covid-19 were reported during this period. A number of initiatives were taken to minimise the impact including, screening of employees and visitors at the entrance gate, periodic sanitisation of offices, provision of masks and sanitisers to employees.

Future HR Plans

- The Board looked at the best business model that could address existing financial constraints and the broad mandate of the Ingonyama Trust. This process is still underway and is likely to impact on the organizational structure

Employee wellness programmes

- On an annual basis, a wellness day is held to improve employee awareness on health, financial and social matters. This event however could not be held in the year under review due to the devastating impact of COVID-19.

Personnel cost by salary band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Senior Management	9 243	31%	7	1 320
Professional qualified	1 591	5%	3	530
Skilled	7 220	25%	13	556
Semi - skilled	11 460	39%	39	294
Total	29 514	100%	62	476

Performance Rewards

Programme/ activity/objective	Performance rewards	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Senior Management	20 000	9 243	0.22%
Professional qualified			
Skilled	30 000	7 220	0.42%
Semi - skilled	140 000	11 460	1.22%
Total	190 000	27 923	0.68%

Employment and vacancies

Programme/ activity/ objective	2019/2020 No. of Employees	2020/2021 Approved Posts	2020/2021 No. of Employees	2020/2021 Vacancies	% of vacancies
Senior Management	4	7		3	
Professional qualified	5	5		-	
Skilled	40	42		2	
Semi - skilled	10	10		-	
Unskilled	-	-		-	
Total	59	64		5	

Levels MALE	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Senior Management	2	0	0	0	1	0	0	0
Professional qualified	2	0	0	0	1	0	0	0
Skilled	17	0	0	0	1	0	0	0
Semi - skilled	6	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
Total	27	0	0	0	3	0	0	

Levels FEMALE	African		Coloured		Indian		White	
	Cur-rent	Target	Cur-rent	Target	Cur-rent	Target	Cur-rent	Target
Senior Manage-ment	1	0	0	0	0	0	0	0
Professional qualified	2	0	0	0	0	0	0	0
Skilled	19	0	2	0	0	0	1	0
Semi - skilled	4	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
Total	26	0	2	0	0	0	1	0

Reason for staff leaving

Reason	Number	% of total no of staff leaving
Death	-	-
Resignation	2	-
Dismissal	-	-
Retirement	1	-
Ill health	-	-
Expiry of contract	-	-
Other	3	-

PART E

ANNUAL FINANCIAL STATEMENTS

INGONYAMA TRUST BOARD
Annual Financial Statements for the year ended 31 March 2021
General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Administer the affairs of the Ingonyama Trust and Ingonyama Trust land
Board members	Mr S.J Ngwenya (Chairperson) Dr N Z Qunta (Vice chairperson) Adv. L Zama Inkosi W.T Mavundla Inkosi P.R Bele Inkosi Z.T Gumede Inkosi S.E Shabalala Adv. V.Z Mngwengwe
Business address	65 Trelawney Road Southgate Pietermaritzburg 3201
Bankers	First National Bank
Auditors	Auditor General of South Africa (AGSA)

INGONYAMA TRUST BOARD
Annual Financial Statements for the year ended 31 March 2021
Accounting Authority's Responsibilities and Approval

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

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

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

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

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

The Accounting Authority has reviewed the entity's cash flow forecast for the year to 31 March 2022 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence in the next 12 months.

INGONYAMA TRUST BOARD
Annual Financial Statements for the year ended 31 March 2021
Accounting Authority's Responsibilities and Approval

The audited annual financial statements set out on pages 48 to 93, which have been prepared on the going concern basis, were approved by the board of members on 31 July 2021 and were signed on its behalf by:

Mr S.J Ngwenya
Chairperson of the Board
Ingonyama Trust Board
Date : 07 October 2021

INGONYAMA TRUST BOARD
Annual Financial Statements for the year ended 31 March 2021
Report of the Auditor - General to Parliament on Ingonyama Trust Board

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Ingonyama Trust Board set out on pages 48 to 93, which comprise the statement of financial position as at 31 March 2021, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information and actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Ingonyama Trust Board as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No.1 of 1999) (PFMA).

Basis for opinion

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

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

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

Responsibilities of the accounting authority for the financial statements

6. The board, which constitutes the accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with SA Standards of GRAP and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INGONYAMA TRUST BOARD
Annual Financial Statements for the year ended 31 March 2021
Report of the Auditor - General to Parliament on Ingonyama Trust Board

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

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

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

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

Report on the audit of the annual performance report
Introduction and scope

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No.25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

11. My procedures address the usefulness and reliability of the reported performance information, which must be based on the entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

INGONYAMA TRUST BOARD
Annual Financial Statements for the year ended 31 March 2021
Report of the Auditor - General to Parliament on Ingonyama Trust Board

12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for programme 2: land and tenure management presented in the entity's annual performance report on page 21 for the year ended 31 March 2021.

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

14. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected programme.

Other matters

15. I draw attention to the matters below.

Achievement of planned targets

16. The annual performance report on pages 19 to 21 sets out information on the achievement of planned targets for the year and management's explanations provided for the under and over achievement of targets.

Adjustment of material misstatements

17. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of programme 2: land and tenure management. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation
Introduction and scope

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

INGONYAMA TRUST BOARD
Annual Financial Statements for the year ended 31 March 2021
Report of the Auditor - General to Parliament on Ingonyama Trust Board

19. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

20. Financial statements were not submitted for auditing within the prescribed period after the end of the financial year, as required by section 55(1)(c)(i) of the PFMA.

21. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1)(b) of the PFMA. Material misstatement of revenue identified by the auditors in the submitted financial statements was corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

22. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R7,02 million and fruitless and wasteful expenditure amounting to R29 000 as disclosed in notes 22 and 16 to the annual financial statements respectively, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by overspending of the approved budget.

Procurement and contract management

23. Some of the goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by treasury regulation 16A6.1 and paragraph 3.3.1 of Practice Note 8 of 2007/08. Similar non-compliance was also reported in the prior year.

24. Some of the quotations were accepted from prospective suppliers who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by treasury regulation 16A8.4 and paragraph 4.1.2 of Practice Note 7 of 2009/10. Similar non-compliance was also reported in the prior year.

INGONYAMA TRUST BOARD
Annual Financial Statements for the year ended 31 March 2021
Report of the Auditor - General to Parliament on Ingonyama Trust Board

25. Some of the quotations were awarded to suppliers whose tax matters had not been declared by the South African Revenue Services to be in order as required by treasury regulation 16A9.1(d). Similar non-compliance was also reported in the prior year.

Consequence management

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

Other information

27. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that has been specifically reported in this auditor's report.

28. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

29. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

30. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

INGONYAMA TRUST BOARD
Annual Financial Statements for the year ended 31 March 2021
Report of the Auditor - General to Parliament on Ingonyama Trust Board

Internal control deficiencies

31. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

32. Leadership did not effectively review the financial statements and monitor compliance with laws and regulations. This was due to inadequate controls to prevent non-compliance from occurring.

Other reports

33. I draw attention to the following engagements conducted which had, or could have, an impact on the matters reported in the entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

34. An investigation was performed at the request of the accounting authority, by an external service provider relating to allegations of possible misappropriation of the Ingonyama Trust's assets covering the period 1 April 2017 to 31 March 2018. The investigation was still in progress at the date of this auditor's report.

35. The accounting authority is conducting an investigation into the alleged supply chain management related irregularities, which occurred during the 2018-19 and 2019-20 financial years. The investigation was still in progress at the date of this auditor's report.

Auditor-general

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Pietermaritzburg
7 October 2021

INGONYAMA TRUST BOARD
Annual Financial Statements for the year ended 31 March 2021
Statement of Financial Position as at 31 March 2021

	Note(s)	2021 R '000	2020 Restated* R '000
Assets			
Current Assets		-	6
Receivables from exchange transactions	2	6	-
Prepayments	6	1 994	3
Cash and cash equivalents	3	**1 999**	**9**
Non-Current Assets			
Property, plant and equipment	4	5	8
Total Assets		**2 004**	**17**
Liabilities			
Current Liabilities			
Payables from exchange transactions	7	3 516	2 922
Bank overdraft	3	-	32
		3 516	**2 954**
Total Liabilities		**3 516**	**2 954**
Net Assets		**(1 512)**	**(2 937)**
Accumulated surplus		(1 512)	(2 937)
		(1 512)	**(2 937)**

INGONYAMA TRUST BOARD
Annual Financial Statements for the year ended 31 March 2021
Statement of Financial Performance

	Note(s)	2021 R '000	2020 Restated* R '000
Total Net Assets			
Revenue			
Revenue from exchange transactions			
Transfer funds received - Ingonyama Trust		4 946	21 219
financial regulation 10.2		19 218	4 352
Other income - Ingonyama Trust	10	9	91
Interest received			
		24 167	**25 662**
Total revenue from exchange transactions			
Revenue from non-exchange transactions			
Transfer revenue			
Transfer funds received - Department of		22 192	21 489
Agriculture, Land Reform and Rural Development	9		
		46 359	**47 151**
Total revenue	12		
Expenditure	18	(30 112)	(30 503)
Employee costs			(22)
Depreciation and amortisation			(18 243)
General Expenses		**(44 934)**	(48 768)
Total expenditure		**1 425**	1 617
Surplus (deficit) for the year			

INGONYAMA TRUST BOARD
Annual Financial Statements for the year ended 31 March 2021
Statement of Changes in Net Assets

	Accumulated surplus R '000	Total net assets R '000
Opening balance as previously reported	84	84
Adjustments	-	-
Correction of errors	(1 404)	(1 404)
Balance at 01 April 2019	**(1 320)**	**(1 320)**
Changes in net assets	-	-
Deficit for the year	(1 617)	(1 617)
Total changes	(1 617)	(1 617)
Restated* Balance at 01 April 2020 as restated*	**(2 937)**	**(2 937)**
Surplus for the year	1 425	1 425
Total changes	**(1 512)**	**(1 512)**
Balance at 31 March 2021		

INGONYAMA TRUST BOARD
Annual Financial Statements for the year ended 31 March 2021
Cash Flow Statement

	Note(s)	2021 R '000	2020 Restated* R '000
Cash flows from operating activities			
Receipts			
Transfer payment received - DALRRD		22 192	21 489
Transfer payment received - Ingonyama Trust		24 550	30 100
Interest income		9	91
Other receipts		-	364
		46 751	52 044
Payments			
Cash paid for employee costs		(28 855)	(29 463)
Cash paid to suppliers and others		(15 873)	(23 213)
		(44 728)	(52 676)
Net cash flows from operating activities	20	**2 023**	**(632)**
Net increase/(decrease) in cash and cash equivalents		**2 023**	**(632)**
Cash and cash equivalents at the beginning of the year		(29)	603
Cash and cash equivalents at the end of the year	3	**1 994**	**(29)**

INGONYAMA TRUST BOARD
Annual Financial Statements for the year ended 31 March 2021
Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget R '000	Adjustments R '000	Final budget R '000	Actual amounts on comparable basis R '000	Difference between final budget and actual R '000	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Transfer funds received -						
Ingonyama Trust financial regulation 10.2	4 306	-	**4 306**	4 940	**634**	1.
Other income - Ingonyama Trust	14 038	-	**14 038**	19 218	**5 180**	1.
Interest received - bank	119	-	**119**	9	**(110)**	2.
Total revenue from exchange transactions	**18 463**	**-**	**18 463**	**24 167**	**5 704**	
Revenue from non-exchange transactions						
Transfer revenue						
Transfer payment received - Department of Agriculture, Land Reform and Rural Development	22 291	(99)	**22 192**	22 192	**-**	
Total revenue	**40 754**	**(99)**	**40 655**	**46 359**	**5 704**	
Expenditure						
Personnel	(27 000)	-	**(27 000)**	(30 112)	**(3 112)**	3.
Depreciation	-	-	**-**	(3)	**(3)**	4.
General Expenses	(13 754)	-	**(13 754)**	(14 819)	**(1 065)**	5.
Total expenditure	**(40 754)**	**-**	**(40 754)**	**(44 934)**	**(4 180)**	
Surplus before taxation	**-**	**(99)**	**(99)**	**1 425**	**1 524**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**-**	**(99)**	**(99)**	**1 425**	**1 524**	

INGONYAMA TRUST BOARD
Annual Financial Statements for the year ended 31 March 2021
Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Reasons for difference between final budget and actual amounts

1. The transfer funds recieved relate to a transfer made by Ingonyama Trust based on its Financial Regulation 10(2). The regulation permits the Trust where estimated income is unlikely to be realised or be sufficient to make available an amount not exceeding 10% of the Trust Income. The variance is due to the fact that the budget figure was based on expected cash
inflows relating to Trust income.

In the current financial year, an amount of R4,9 million has been recognised as Income in the Trust, therefore limiting the Income recievable to the 10% of income recieved. The differences in calculation conventions between the Budget and Actual figures arises as a result of these differences and will be corrected going forward.

2. Interest is recieved from cash and cash equivalents and in the current year, the Entity opened with a negetive bank balance which in turn impacted its interest earning capabilities. In the current year interest rates reduction also played a role due to reduction of interest rates to 7% in September 2020 from 9.75%.

3.Compensation of Employees is higher than budgted and this is attributable to inflationary increases in the current year.

4. Depreciation has not been budgeted for and relates to the utilisation of Property, Plant and Equipment.

5. Variance in general expenses is also attributable to inflationary changes in the current year.

INGONYAMA TRUST BOARD
Annual Financial Statements for the year ended 31 March 2021
Accounting Policies

1. Presentation of Unaudited Annual Financial Statements

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

The audited annual financial statements have been prepared on an accrual basis of accounting and incorporated the historical cost convetions as the basis of measurement, except where specified otherwise. All amounts have been presented in the currency of the South African Rand (R), which is also the functional currency of the entity. Unless otherwise stated all financial figures have been rounded to the nearest One Thousand Rand (R'000). Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a standard of GRAP.

1.1. Going concern assumption

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

1.2 Materiality

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

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

INGONYAMA TRUST BOARD
Annual Financial Statements for the year ended 31 March 2021
Accounting Policies

1.3 Comparative Figures

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

1.4 Significant judgements and sources of estimation uncertainty

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

Depreciation

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

Impairment of non-financial assets

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

1.5 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost.

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

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value.

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

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

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

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1.5 Property, plant and equipment (continued)

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

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	12 years
Computer equipment	Straight line	3 - 5 years

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

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

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

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

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

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

1.5 Property, plant and equipment (continued)

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

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

1.6 Intangible assets

An intangible asset is an identifiable non-monitary assets without physically substance:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or

- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and

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

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

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1.6 Intangible assets (continued)

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

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

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

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

Computer software, other	12 years

1.7 Financial instruments

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

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

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

A financial asset is:

- cash;
- a residual interest of another entity; or

1.7 Financial instruments (continued)

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

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

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

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

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

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

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1.7 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

- Financial instruments at amortised cost.

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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

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

1.7 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

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

Financial liabilities

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

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

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1.7 Financial instruments (continued)

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

Presentation

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

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

1.8 Leases

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

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

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

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straightline basis.

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

1.8 Leases (continued)

Operating leases - lessee

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

1.9 Prepayments

Prepaid expenses are cash paid amounts that represent costs incurred from which a service or benefit is expected to be derived in the future.

The future write-off period of the incurred cost will normally be determined by the period of benefit covered by the prepayment. When the period arrives to which a prepaid cost relates the costs will be treated as a period cost for the period in question. Normally such prepaid costs will be written off based on the lapse of time and receipt of services rendered/goods received.

Prepaid expenses will be measured at the value of services or goods to be received/ receivable in the future

1.10 Impairment of cash-generating assets

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

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

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

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

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1.10 Impairment of cash-generating assets (continued)

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

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

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

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

Useful life is either:

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

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non cash-generating assets, are as follows:

Identification

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

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

1.11 Employee benefits

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

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

- an entity's decision to terminate an employee's employment before the normal retirement date; or

- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Short-term employee benefits

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

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Post-employment benefits: Defined contribution plans

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

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

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

- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Termination benefits

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

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

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

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

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

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

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

1.12 Provisions

Provisions are recognised when:

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

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

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

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1.13 Impairment of non-cash-generating assets

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

Non-cash-generating assets are assets other than cash-generating assets.

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

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

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

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

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

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

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

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

Judgements made by the board in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, are as follows:

Identification

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

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

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

1.14 Revenue from exchange transactions

Measurement

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

Rendering of services

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

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

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

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

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

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

Recognition

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

Measurement

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

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition.

Services in-kind

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

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

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

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1.14 Revenue from non-exchange transactions (continued)

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

1.15 Fruitless and wasteful expenditure

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

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

1.16 Irregular expenditure

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

(a) The PFMA; or

(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or

(c) any provincial legislation providing for procurement procedures in that provincial government.

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

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

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

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

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

1.17 Cash and equivalents

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

Cash equivalents - to be included on the cash line in the financial statements - will consist primarily of term deposits, and all other highly liquid investments with a maturity of twelve months or less. Cash equivalents are stated at cost.

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

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

Cash is measured at fair value.

1.18 Expense recognition

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

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

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1.19 Related parties

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

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

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

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

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

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

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Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its unaudited annual financial statements.

1.20 Prior period errors and changes in accounting estimates

Prior period error.

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

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

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

Material prior period errors are retrospectively corrected by:

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

Changes in accounting estimates:

As a result of uncertainties inherent in delivering services, conducting trading or other activities, many items in financial statements cannot be measured with precision but can only be estimated.

The use of reasonable estimates is an essential part of the preparation of financial statements and does not undermine their realibility. An estimate may need revision if changes occur in the circumstances on which the estimates was based or as a result on new information or more experience. By its nature, the revision of an estimates does not relate to prior periods and is not the correction of an error.

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

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

1.21 Contingent Liabilities and Contigent Assets

Contigent liability

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

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

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

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

Contingent Assets

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

An entity shall not recongnise a contigent asset;

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

1.22 Payable from exchange transactions

A liability is a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential.

Liabilities from exchange transactions will be recognised if:

- it is probable that any future economic benefit or service potential associated with the item will flow from the entity; and

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- The item has a cost or value that can be measured reliably

As part of the process of maintaining the accounting records in conformity with Generally Recognised Accounting Practice, once a transaction or obligating event has taken place, the liability shall be recorded in the accounting records. This will normally occur upon the earlier of receipt of the invoice or delivery of services/goods.

1.23 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.24 Events after reporting date

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

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

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

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

1.25 Budget information

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

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

The approved budget is prepared on a accrual basis and presented by economic classification.

The approved budget covers the fiscal period from 01/04/2020 to 31/03/2021.

The unaudited annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.26 GRAP Standards Approved and Not Yet Effective

The following standards have been approved but not yet effective and have not been adopted by the entity:

GRAP 20	Related party disclosures
GRAP 32	Service concession arrangement: Grantor
GRAP 104	Financial Instruments
GRAP 108	Statutory receivables
GRAP 109	Accounting by principals and agents
GRAP 110	Living and Non-living Resources

All the GRAP standards above have no impact to the entities financial statements in the period of initial application.

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	2021 R '000	2020 R '000

2. Receivables from exchange transactions

Private usage of telephone and staff debt	-	6

3. Cash and cash equivalents

Cash and cash equivalents consist of:		
Cash on hand (Petty Cash)	2	3
Bank balances - FNB current account	1 991	-
Overdrawn bank account	-	(32)
	1 993	**(29)**
Current assets	1 993	3
Current liabilities	-	(32)
	1 993	**(29)**

The entity has the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
FNB Current account - 62007837620	1 991	(32)	1 991	(32)

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4. Property, plant and equipment

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	45	(40)	5	45	(38)	7
Computer equipment	21	(21)	-	21	(20)	1
Total	**66**	**(61)**	**5**	**66**	**(58)**	**8**

Reconciliation of property, plant and equipment - March 2021

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

Reconciliation of property, plant and equipment - March 2020

	Opening balance	Depreciation	Total
Furniture and fixtures	9	(2)	7
Computer equipment	6	(5)	1
	15	**(7)**	**8**

5. Intangible assets

	2021			2020		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	47	(47)	-	47	(47)	-

Reconciliation of intangible assets - 2020 March

	Opening balance	Depreciation	Total
Computer software	15	(15)	-

6. Prepayments

Add and : prepayments during the year	6	-

An amount of R6 412 is prepaid for data of management cellphones.

7. Payables from exchange transactions

	2021 R '000	2020 R '000
Trade payables	1 046	757
FNB credit card	-	1 624
Accrued leave pay	1 846	539
Accrued expense - PAYE, UIF & SDL	624	
	3 516	**2 922**

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	2021 R '000	2020 R '000
8. Financial instruments disclosure **Categories of financial instruments**	At amortised cost	Total
2021 **Financial assets - March 2021**		
Cash and cash equivalents	1 994	1 994
Financial liabilities - March 2021		
Trade and other payables from exchange transactions	1 668	1 668
2020		
Financial assets - March 2020		
Trade and other payables from exchange transactions	6	6
Financial liabilities - March 2020		
Trade and other payables from exchange transactions	1 296	1 296

None of the financial assets are impaired.

9. Revenue	2021 R '000	2020 R '000
Transfer funds received - Ingonyama Trust financial regulation 10.2	4 940	21 219
Other income - Ingonyama Trust	19 218	4 352
Interest received - Bank	9	91
Transfer funds received - DALRRD	22 192	21 489
	46 359	**47 151**
The amount included in revenue arising from exchanges of goods or services are as follows:		
Transfer funds received - Ingonyama Trust financial regulation 10.2	4 940	21 219
Other income -Ingonyama Trust	19 218	4 352
Interest received - Bank	9	91
	24 167	**25 662**

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	2021 R '000	2020 R '000

9. Revenue (continued)

The amount included in revenue arising from non-exchange transactions is as follows:

Transfer revenue		
Transfer funds received - DALRRD	22 192	21 489

10. Investment revenue

Interest revenue		
Interest received - bank	9	91

11. Auditors' remuneration

External audit fees	2 205	3 620

External audit fees (Auditor General) amounted to R2,205 million (2020: R3,620 million).

12. Employee related costs

Basic salary	27 162	26 178
Bonus	190	-
Medical aid contributions	488	525
Unemployment Insurance Funds	212	213
Skills Development Levy	177	278
Leave pay provision charge	371	1 624
Provident fund contribution	1 442	1 666
Overtime	41	-
Union fees payments	29	19
	30 112	**30 503**

13. Operating lease

The following amounts are due in future financial years due to contractual obligations. Operating leases relate to service level agreements.

Minimum lease payments due:		
Due within 1 year	125	277
Due within 2 - 5 years	45	-
	170	**277**

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	2021 R '000	2020 R '000

14. Commitments

Authorised Future operational expenditure
Already contracted for but not provided for

- Due within 1 year	1 245	1 044
- Due within 2 - 5 years	166	1 033
	1 411	**2 077**

15. Related parties

Relationships

INGONYAMA TRUST
A related party transaction exists between the Ingonyama Trust Board and the Ingonyama Tust . The Ingonyama Trust Board administers the affairs of the Ingonyama Trust and Trust land.

The Ingonyama Trust Board is partially funded by the State and the shortfall of R21,84 million for the current year was paid for by the Ingonyama Trust. In administering the Trust, the Ingonyama Trust Board incurs operational and administrative expenditure noted in the statement of Financial performance.

The Ingonyama Trust which is regulated by Treasury regulation 14 mainly incurs expenditure on the core business "land management". The Ingonyama Trust Board is the employer and therefore employee cost is accordingly reflected in the books of the Ingonyama Trust Board.

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	2021 R '000	2020 R '000

15. Related parties (continued)

DEPARTMENT OF AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT
The Ingonyama Trust Board is a public entity under the Department of Agriculture, Land Reform and Rural Development as such certain services between the DALRRD and ITB are rendered and are not in arm's length.

These have been disclosed below:

Related party transactions		
Transfer received from Ingonyama Trust		
Transfer funds received - Ingonyama Trust financial regulations 10.2	4 940	21 219
Transfer funds received others	1 9218	2 896
Services paid by Ingonyama Trust on behalf of Ingonyama Trust Board		
Services paid by Ingonyama Trust	1 608	1 456
Transfer received from Department of Agriculture, Land Reform and Rural Development		
Transfer funds from DALRRD	22 192	21 489

Remuneration of management **Board Member's Fees** **2021 - March**	**Board member's fees**	**Total**
Name		
Mr SJ Ngwenya - Chairperson	1 768	1 768
Dr NZ Qunta - vice chairperson	207	207
Adv. WER Raubenheimer	185	185
Mr BL Shabalala	168	168
Inkosi PR Bele	469	469
Inkosi ZT Gumede	346	346
Inkosi SE Shabalala	293	293
Inkosi WT Mavundla	687	687
	4 123	**4 123**

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2020 - March **Name**	**Board members' fees**	**Total**
Mr SJ Ngwenya - Chairperson	1 655	1 655
Ms J Bhengu - vice chairperson	201	201
Adv. WER Raubenheimer	382	382
Dr MS Mbatha	130	130
Mr BL Shabalala	440	440
Inkosi PR Bele	591	591
Inkosi ZT Gumede	376	376
Inkosi SE Shabalala	305	305
Inkosi WT Mavundla	588	588
	4 668	**4 668**

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15. Related parties (continued)

Executive management

2021

Name	Basic salary	Bonuses and per-formance related payments	Other short - term employee benefits	Post employment benefits	Termination benefits	Acting allowance	Total
Mr S Gabela - Acting CEO	1 152	-	10	98	-	136	1 396
Mr BL Mkhwanazi - CEO	1 242	-	8	146	127	-	1 523
Mr SE Madondo - Manager Corporate Services	905	-	7	97	-	-	1 009
Ms TP Ndlovu - Head of Land Management Services	1 463	-	10	-	-	-	1 473
Ms S Ellis - Acting Head of **LandManagement Services**	512	20	11	109	-	**677**	1 329
Mr A Mia - Acting CFO	1 101	-	8	-	-	**-**	1 109
	6 375	**20**	**20**	**450**	**127**	**813**	**7 839**

Executive management

March 2020

Name	Basic salary	Other short - term employee benefits	Post employment benefits	Acting allowance	Total
Mr S Gabela - Acting CEO	186	2	22	36	246
Mr BL Mkhwanazi - CEO	1 656	18	194	-	1 868
Mr SE Madondo - Manager Corporate Services	969	11	104	-	1 084
Ms TP Ndlovu - Head of Land Management Services	1 463	9	-	-	1 472
Mr A Mia - Acting CFO	1 081	12	-	-	1 093
	5 355	**52**	**320**	**36**	**5 763**

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	2021 R '000	2020 R '000
16. Fruitless and wasteful expenditure		
Opening balance -	26	-
Add: fruitless and wasteful expenditure - current year	29	26
Closing balance	**55**	**26**

Hiring of mobile fridge from the 13th June 2019 - 16th July 2019 amounting to R25 875 for financial year ended 2019/20.

Procurement of Walk-in Sanitising booth for COVID 19 compliance amounting to R29 087 for financial year ended 2020/21.

17. Contingents

Contingent assets

Municipal service deposit amounting to R88 000 (2020: R88 000) is held by local municipality (Msunduzi municipality). The deposit shall be retained by the municipality untill the municipal account has been closed, whereupon it will be applied to any amount owing in terms of any charges from municipality. The balance remaining shall be returned to the entity.

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	2021 R '000	2020 R '000
17. General expenses		
Accounting fees	338	393
Auditors remuneration	2 205	3 620
Bank charges	16	11
Cleaning, maintenance, repairs and others	511	638
Consulting and professional fees	579	711
General expenses other	-	1
IT expenses	-	155
Motor vehicle expenses	-	206
Printing and stationery	169	499
Security	1 080	1 009
Telephone and fax	652	389
Training		210
Travel and accomodation	1 056	2 627
Electricity and water	847	770
Organogram - restructuring cost	-	13
Operating lease expense	257	340
Board member's fees	5 173	5 306
Audit committee fees	17	22
Other expense - Ingonyama Trust	1 266	1 059
Internal audit fees	653	317
	14 819	**18 243**

19. Prior period errors

The prior period error is a result of the following:

Reversal of a receivable for services in kind received from Ingonyama Trust amounting to R1,213 million. These have been correctly adjusted to accumulated surplus in accordance with GRAP 23.99.

A correction of receivables from non-exchange transactions as a result of a VAT receivable amounting to R1,399 million being recognised in the prior years. ITB is a public authority and therefore follows the same principles of VAT as National and Provincial Departments. An amount of R1, 239 million charged for VAT in general expenses was added back and remaining amount of R160 000 related to opening balance in the 2019/20 financial year was also de-recognised.

Financial Regulation 10(2) allows in cases of shortfall for the Trust to supplement the Board expenditure by up to 10% of Trust Income in the prior years, the revenue from financial regulation 10(2) has been calculated incorrectly. The prior year calculation has been adjusted to take into account the total income that accrued to the trust in the financial year.

An amount of R318 248 for operating lease machines for photo copying and printing was incorrectly classified under stationery and printing and has been corrected.

An amount of R1,059 million for services paid by Ingonyama Trust was incorrectly classified under Board member's fees.

A classification error amounting to R710 526 has been corrected, this results in the correct allocation of consultation fees paid to a consultant which were previously classified as employee costs.

GRAP 20.20 requires that disclosure of remuneration exclude re-imbursive expenditure. An amount of R1,057 million for re-imbursive expenditure of Board members had been incorrectly disclosed as part of management remuneration.

An amount of security deposit with the uMsunduzi municipality has been erroneously omitted from the contingent asset disclosure.

An amount of R688 245 for accrued expenses - PAYE and basic salaries was erroneously overstated. A further amount of R538 565 was erroneously not recorded as acrruals in the 2020 financial year.

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A credit card amount of R79 112 for payment of travel and accomodation has been incorrectly classified as other receivables.

Reversal of 2019/20 expenditure of R21 156 for general expenses (telephone and computer license fees) to the 2018/19 financial year as the expenditure was incured in 2018/19.

Reversal of 2020/21 expenditure of R529 129 for general expenses (external audit fees and operating leases) to the 2019/20 financial year as the expenditure was incured in 2019/20.

An amount of R53 080 was incorrectly credited twice in payables from exchange transactions. This also had the impact of overstating expenses (stationery and printing) in the 2019/20 financial year .

Statement of financial position

Decrease in receivables from exchange transactions	1 213
Decrease in receivable from non-exchange transactions	(1 399)
Increase in accumulated loss	1 404
Decrease in accrued expenses - PAYE	688
Increase in accrued expenses	(539)
Decrease in other receivables	(79)
Decrease in payables from exchange transactions	53

Statement of financial performance

Decrease in Ingonyama Trust payment of re-imbursement of Board expenses	24 512
Increase in other income - Ingonyama Trust	(4 352)
Increase in Transfer funds received - FR 10.2	(21 219)
Increase in general expenses	1 239
Decrease in stationery and printing	(318)
Increase in operating lease expenses	318
Increase in other general expenses - Ingonyama Trust	1 059
Decrease in secretariat administration fees	(711)
ncrease in consulting and professional fees	711
Decrease in basic salaries	(688)
Increase in external audit fees	468
Increase in travel and accomodation	79
Decrease in telephone expenses	(11)
Decrease in computer license fees	(10)
Decrease in printing and stationery	(53)
Increase in operating leases	61

Prior year error disclosure

Board members fees - Subsistance and travel	1 057
Contingent assets	88
Irregular expenditure	2 331

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	2021 R '000	2020 R '000

20. Risk management

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover commitments. The entity manages liquidity risk through an ongoing review of future commitments and the budgeting process which monitors against available resources.

Maturity analysis	**12 months**	**Over 12 months**
Financial liabilities	1 668	1 296

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.
Financial assets exposed to credit risk at year end were as follows:

Financial instruments:		-
Deposits with banks	1 991	(32)
Bank overdraft	-	

Interest rate risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.
Deposits attract interest at rates that vary with the rate of interest prime. The entity manages interest rate risk such that fluctuations in rate do not have a material impact on surplus or deficit. At year end, the financial instruments exposed to interest rate risk were balances with the bank.

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	2021 R '000	2020 R '000
21. Cash generated from (used in) operations		
Surplus (deficit)	1 425	(1 617)
Adjustments for:		
Depreciation and amortisation	3	22
Other non-cash items	-	(1 213)
Changes in working capital:		
Receivables from exchange transactions	6	1 363
Prepayments	(6)	-
Payables from exchange transactions	595	813
	2 023	**(632)**
22. Irregular expenditure		
Opening balance	5 176	1 901
Add: Irregular expenditure - current year	7 018	944
Add: Irregular expenditure - prior year error		2 331
Closing balance	**12 194**	**5 176**

The irregular expenditure of R2,901 million (2020: R3,275 million) relates to contravention of Supply Chain Management policies, procedures and regulations. The travel and accomodation irregular expenditure exclude VAT as they have been paid by Ingonyama Trust on behalf of Ingonyama Trust Board and VAT had already been claimed.

The irregular expenditure of R4,117 million relates to overspending of employee costs and General expenses which is in contravention with section 53(4) of PFMA.

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		2021 R '000	2021 R '000
22. Irregular expenditure (continued)			
Description	**Status**		
Protea Hotel Umfolozi -Procurement not done in line with procurement prescripts	In progress	85	-
Garden Court Marine Parade - Procurement not done in line with procurement prescripts	In progress	37	-
		2 663	**944**