

**DUZI-UMNGENI CONSERVATION
TRUST**

(Registration No. 2006/006370/08)

ANNUAL FINANCIAL STATEMENTS

29 February 2016

DUZI-UMNGENI CONSERVATION TRUST

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ANNUAL FINANCIAL STATEMENTS

29 FEBRUARY 2016

These annual financial statements include statements which have been audited in compliance with the Companies Act and are presented as follows:

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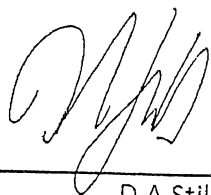
Preparation of financial statements

These financial statements were internally prepared by:

CD Gold (Financial Manager)

Approval

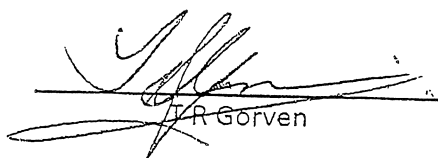
The annual financial statements set out on pages 1 to 20 are the responsibility of the directors, have been approved and are signed on their behalf by:



D A Still

07. 11. 2016

Date



J R Gorven

07. 11. 2016

Date

DUZI-UMNGENI CONSERVATION TRUST

GENERAL INFORMATION

Company name	Duzi-Umngeni Conservation Trust
Registration number	2006/006370/08
Public benefit organisation number	930027679
Country of incorporation and domicile	Republic of South Africa
Nature of business and principal activities	To assess, monitor, champion and enhance river health along the length of the Msunduzi and Umngeni rivers.
Directors	E J Taylor C S Everson T R Gorven P M Graham K Oliver D A Still S J Ndawonde M M J F Talbot
Registered office	51 Roberts Road Clarendon Pietermaritzburg 3201
Business address	4 Edmond Place Campsdrift Pietermaritzburg 3200
Postal address	P O Box 101648 Scottsville Pietermaritzburg 3200
Bankers	Nedbank Limited
Auditors	Colenbrander Incorporated

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DUZI-UMNGENI CONSERVATION TRUST

Report on the financial statements

We have audited the financial statements of Duzi-Umngeni Conservation Trust set out on pages 7 to 20, which comprise the statement of financial position as at 29 February 2016, the statement of profit and loss, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Compilation of the financial statements

These financial statements were internally compiled.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for qualified opinion

As is common to non profit organisations which receive a significant amount of their income by way of donations, we are unable to satisfy ourselves as to the completeness of income disclosed in the financial statements.

Qualified opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the completeness of income, the financial statements present fairly, in all material respects, the financial position of the entity at 29 February 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 29 February 2016, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. The Directors' Report is the responsibility of the directors. Based on reading the Directors' Report we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited the Directors' Report and accordingly do not express an opinion thereon.

Report on other legal and regulatory requirements

With the written consent of all shareholders, we have performed certain accounting and secretarial duties.



Colenbrander Incorporated

Per: G L Banfield

Registered Auditors

Chartered Accountants (S.A.)

Hilton

Date: 7/11/2016

DUZI-UMNGENI CONSERVATION TRUST

DIRECTORS' REPORT

FOR THE YEAR ENDED 29 FEBRUARY 2016

The directors have pleasure in submitting their report together with the annual financial statements for the year ended 29 February 2016.

General review

Duzi-Umngeni Conservation Trust is an entity incorporated in the Republic of South Africa. The principal activities of the entity are to assess, monitor, champion and enhance river health along the length of the Msunduzi and Umngeni rivers.

Statements of responsibility

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information.

The auditors are responsible to report on the fair presentation of the financial statements. The financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities, and in the manner required by the Companies Act, 2008.

The directors are also responsible for the entity's system of internal financial controls. This is designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the company has adequate resources in place to continue in operation for the foreseeable future.

These financial statements will be presented at the company's annual general meeting for the approval of shareholders. It is possible that amendments may be required prior to shareholder approval being given.

Financial results

The results of the entity for the year under review are fully set out in the attached financial statements and require no further comment.

Events after the end of the reporting period

No material fact or circumstance, which requires comment, has occurred between the reporting date and the date of this report.

DUZI-UMNGENI CONSERVATION TRUST

DIRECTORS' REPORT

FOR THE YEAR ENDED 29 FEBRUARY 2016

Directors

The directors of the company during the accounting period and up to the date of this report were as follows:

E J Taylor

C S Everson

T R Gorven

P M Graham

K Oliver

D A Still

S J Ndawonde

M M J F Talbot

Auditors

Colenbrander Incorporated will continue in office.

DUZI-UMNGENI CONSERVATION TRUST

STATEMENT OF FINANCIAL POSITION AT 29 FEBRUARY 2016

	Notes	2016 R	2015 R
Assets			
Non-current assets			
Plant and equipment	2	502 816	556 591
Current assets			
Inventories	3	47 050	61 103
Trade and other receivables	4	575 964	289 456
Bank, cash and cash equivalents	5	4 975 673	2 779 452
Total assets		<u>6 101 503</u>	<u>3 686 602</u>
Equity and liabilities			
Equity			
Retained earnings		1 632 873	1 359 790
Current liabilities			
Trade and other payables	6	1 011 463	1 001 070
Project funds	7	3 457 167	1 325 742
Total equity and liabilities		<u>6 101 503</u>	<u>3 686 602</u>

DUZI-UMNGENI CONSERVATION TRUST

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 29 FEBRUARY 2016

	Note	2016 R	2015 R
Income			
Revenue		449 336	495 018
Other income		106 450	303 919
Project income		18 805 427	16 354 328
Total income		<u>19 361 213</u>	<u>17 153 265</u>
Expenses			
Operating expenses		(19 087 380)	(17 087 801)
Finance expenses	8	(750)	(52)
Net surplus for the year		<u><u>273 083</u></u>	<u><u>65 412</u></u>

DUZI-UMNGENI CONSERVATION TRUST

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 29 FEBRUARY 2016

	Retained earnings R	Total R
Balance at 28 February 2014	1 294 378	1 294 378
Net surplus for the year	65 412	65 412
Balance at 28 February 2015	1 359 790	1 359 790
Net surplus for the year	273 083	273 083
Balance at 29 February 2016	1 632 873	1 632 873

DUZI-UMNGENI CONSERVATION TRUST

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 29 FEBRUARY 2016

	Notes	2016 R	2015 R
Net cash retained in operating activities		54 937	415 312
Cash generated from operating activities	11.1	(20 191)	358 173
Interest received		75 878	57 191
Interest paid		(750)	(52)
 Cash flows from investing activities		9 857	(112 676)
Purchase of plant and equipment	11.2	(10 143)	(119 829)
Proceeds from sale of assets		20 000	7 153
 Cash flows from financing activities		2 131 427	(761 843)
Proceeds from / (repayment of) project funds		2 131 427	(761 843)
Net increase / (decrease) in cash and cash equivalents		2 196 221	(459 207)
Cash and cash equivalents at beginning of year		2 779 452	3 238 659
Cash and cash equivalents at end of year	11.3	4 975 673	2 779 452

DUZI-UMNGENI CONSERVATION TRUST

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2016

1. Basis of preparation and accounting policies

The basis of preparation and principal accounting policies of the company, are consistent in all material respects with those applied in the previous year, except as otherwise indicated.

Basis of preparation

The financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa. They are presented in South African Rands.

Plant and equipment

Plant and equipment are tangible assets that:

- (a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and
- (b) are expected to be used during more than one period.

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of an item is its cash price equivalent at the recognition date.

The company adds to the carrying amount of an item of plant and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits. The carrying amount of the replaced part is also derecognised. All other repairs and maintenance and servicing costs are charged to profit or loss as incurred.

Depreciation on other assets is charged to profit or loss so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following rates are used for the depreciation of plant and equipment:

	Useful life
Computer equipment	1 - 3
Office equipment	1 - 3
Motor vehicles	5 - 10
Other	1 - 5
Furniture and fittings	1

DUZI-UMNGENI CONSERVATION TRUST

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2016

1. Basis of preparation and accounting policies (continued)

The residual values, useful lives and economic consumption patterns for all items of property, plant and equipment are reviewed if there is an indication that there has been a significant change since the last reporting date. If necessary, the consequent depreciable amounts, rates and methods are adjusted. Any changes are accounted for as changes in accounting estimates and included in profit or loss for the current and future periods by adjusting the relevant future depreciation charges.

Gains or losses on disposal are calculated by deducting the carrying value from the proceeds on the date of disposal and are included in profit or loss.

Inventories

Inventories are initially measured at cost and subsequently stated at the lower of estimated selling price less costs to complete and sell. Cost is calculated using the first-in-first-out method and comprises direct materials, packaging, labour costs and overheads. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell and the impairment loss is recognised immediately in profit or loss.

Impairments

The carrying value of the assets is reviewed at each reporting date to assess whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. Where the carrying value exceeds the estimated recoverable amount, such assets are written down to their estimated recoverable amount.

Revenue

Income from donations received is recognised on receipt, in cash or any other form. Revenue from projects is recognised as and when the funds are utilised.

Cash flows

For the purposes of the cash flow statement, cash includes cash on hand, deposits held on call with banks, investments in money market instruments, and bank overdraft.

Comparative figures

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

DUZI-UMNGENI CONSERVATION TRUST

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2016

2. Plant and equipment

	2016			2015		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
	R	R	R	R	R	R
Computer equipment	55 071	(30 379)	24 692	58 438	(30 379)	28 059
Office equipment	19 095	(19 095)	-	19 095	(19 095)	-
Motor vehicles	802 980	(324 856)	478 124	891 928	(363 396)	528 532
Other	78 571	(78 571)	-	78 571	(78 571)	-
Furniture and fittings	24 201	(24 201)	-	24 201	(24 201)	-
	<u>979 918</u>	<u>(477 102)</u>	<u>502 816</u>	<u>1 072 233</u>	<u>(515 642)</u>	<u>556 591</u>

The carrying amounts for 2016 can be reconciled as follows:

	Carrying value at beginning of year	Additions	Disposals	Other	Depreciation	Carrying value at end of year
	R	R	R	R	R	R
	Computer equipment	28 059	10 143	-	-	(13 510)
Motor vehicles	528 532	-	(20 000)	-	(30 408)	478 124
	<u>556 591</u>	<u>10 143</u>	<u>(20 000)</u>	<u>-</u>	<u>(43 918)</u>	<u>502 816</u>

	2016 R	2015 R
3. Inventories		
Inventories comprise:		
Clothing	<u>47 050</u>	<u>61 103</u>
4. Trade and other receivables		
MSU SLA project	198 206	-
SANBI project	62 194	-
IDT project	145 176	-
Duzi charity batch	66 667	-
Staff loans	-	6 090
Durban Green Corridor	75 874	-
Accrued income	27 847	283 366
	<u>575 964</u>	<u>289 456</u>

DUZI-UMNGENI CONSERVATION TRUST

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2016

	2016	2015
	R	R
5. Bank, cash and cash equivalents		
Bank and cash balances at year end comprise:		
Project account balance	3 457 169	1 325 742
DUCT account balance	1 517 298	1 452 935
Petty cash	1 206	775
	<u>4 975 673</u>	<u>2 779 452</u>
6. Trade and other payables		
Trade creditors	752 676	846 433
VAT payable	197 262	109 147
DGC accounts payable	13 353	-
PAYE - control account	2 259	-
UIF - control account	6 413	-
Leave pay provision	11 300	-
Bonus pay provision	8 200	-
Audit fee accrual	20 000	-
Salary control accounts	-	45 490
	<u>1 011 463</u>	<u>1 001 070</u>

DUZI-UMNGENI CONSERVATION TRUST

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2016

	2016 R	2015 R
7. Project funds		
<i>Durban Green Corridor</i>	1 033 048	297 319
<i>Global Greengrants Fund</i>	-	31 770
<i>Richmond Project Fund</i>	260 218	260 218
<i>WWF Nedbank Green Fund</i>	-	52 571
KZN Wetland Forum	30 840	30 840
WWF MGC	821 907	419 598
ACT PMMB Trust donation	-	50 000
A Flower	19 500	-
MSU SLA	80 886	-
IDT	31 592	-
DEA WaterWeeds	97 748	-
DEA RCP	351 218	-
UMDM	510 027	-
Hulamin project	248 036	183 426
Short fall funding	71 046	-
The following are projects that Duct has advanced funds to as at 29 February 2016		
N3 Toll Concession	(5 741)	-
Midmar Mile	(1 913)	-
Water Health	(65 305)	-
Ubuntu Earth Festival	(16 006)	-

DUZI-UMNGENI CONSERVATION TRUST

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2016

	2016	2015
	R	R
7. Project Funds (continued)		
Duzi Charity Batch	(1 232)	-
WWF Ground Truth	(8 702)	-
	<u>3 457 167</u>	<u>1 325 742</u>
8. Finance expenses		
Interest expense	<u>750</u>	<u>52</u>
9. Project income		
Project management and administration fees	2 626 196	-
Project operation income	13 674 379	16 354 328
Administered project income	2 504 852	-
	<u>18 805 427</u>	<u>16 354 328</u>

10. Taxation

Taxation has not been provided for as the entity is registered with the South African Revenue Services as a Non Profit Organisation and is therefore, not liable for income tax in terms of section 10(1)(Cn) of the Income Tax Act.

DUZI-UMNGENI CONSERVATION TRUST

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2016

	2016 R	2015 R
11. Notes to the cash flow statement		
11.1 Reconciliation of net profit before taxation to cashflows from operations		
Net profit before taxation	273 083	65 412
Adjustments for :		
Depreciation	43 917	42 179
Profit on disposal of property, plant and equipment	-	(1 004)
Interest received	(75 878)	(57 191)
Finance expenses - net	750	52
Operating profit before working capital changes	241 872	49 448
Working capital changes		
Decrease / (increase) in inventories	14 053	(7 313)
(Increase) / decrease in trade receivables	(286 509)	85 435
Increase in trade and other payables	10 393	230 603
Cash generated from operations	(20 191)	358 173
11.2 Property, plant and equipment		
During the year, the company acquired property, plant and equipment with a cost of R 10 143 (2015: R 119 829).	10 143	119 829
11.3 Cash and cash equivalents		
Cash and cash equivalents consist of cash on hand and balances with banks and investments in money market instruments. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:		
Bank, cash and cash equivalents	4 975 673	2 779 452
	<u>4 975 673</u>	<u>2 779 452</u>

DUZI-UMNGENI CONSERVATION TRUST

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2016

12. Related party disclosures

The following material related parties have been identified:

Related party	Relationship
S D Cohen	Director
E J Taylor	Director
C S Everson	Director
T R Gorven	Director
P M Graham	Director
J D Lindsay	Director
K Oliver	Director
D A Still	Director
Partners in Development (Pty) Ltd	Common director

DUZI-UMNGENI CONSERVATION TRUST

DETAILED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 29 FEBRUARY 2016

	Notes	2016 R	2015 R
General income		449 336	495 018
Donations		14 193	27 145
Educational and enviromental awarness		-	100 000
Funds from event income		351 763	123 313
KNCU levies		83 380	94 560
River Care Teams - lottery income		-	150 000
Other income		106 450	303 919
Disposal of assets		-	1 004
Interest received		75 878	57 191
Youth wage subsidy		30 572	245 724
Project Income	9	18 805 427	16 354 328
Total Income		19 361 213	17 153 265
Operating expenses (refer to next page)		(19 087 380)	(17 087 801)
Finance expenses	8	(750)	(52)
Net surplus for the year		273 083	65 412

DUZI-UMNGENI CONSERVATION TRUST

DETAILED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 29 FEBRUARY 2016

	2016 R	2015 R
Operating expenses	(2 884 890)	(2 037 958)
Advertising and marketing	25 386	57 659
Audit fees and general assistance	50 108	31 349
Bank charges	11 589	14 296
Bonus provision	8 200	-
Cleaning maintenance and sundries	13 212	11 281
Computer and internet expenses	17 232	20 959
Courier and postage	465	449
Depreciation	43 917	42 179
Education	63 472	-
Insurance	114 357	82 431
Leave provision	11 300	-
Loss on sale of asset	20 000	-
Management costs	1 664 224	1 216 989
Meetings	23 374	23 659
Office rental, electricity and security	136 587	125 880
Shortfall Funding - N3TC	71 046	-
Staff training	-	18 037
Staff transport	176 785	134 911
Stationery, subscriptions and printing	33 408	31 150
Statutory costs	137 632	171 883
Sundry expenses	12 201	4 645
Telephone	56 964	50 201
Vehicle maintenance and oil	193 431	-
Project expenses	(16 202 490)	(15 049 843)
Total expenses	<u>(19 087 380)</u>	<u>(17 087 801)</u>