

**DUZI-UMNGENI CONSERVATION TRUST  
(ASSOCIATION INCORPORATED UNDER SECTION 21)  
(Registration No. 2006/006370/08)**

**ANNUAL FINANCIAL STATEMENTS  
28 February 2009**

**DUZI-UMNGENI CONSERVATION TRUST  
(ASSOCIATION INCORPORATED UNDER SECTION 21)  
(Registration No. 2006/006370/08)**


**ANNUAL FINANCIAL STATEMENTS  
28 FEBRUARY 2009**

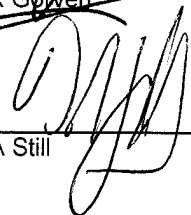
The following reports and statements are presented in compliance with the Companies Act:

	Pages
Independent auditor's report	2 - 3
Directors' report	4
Balance sheet	5
Income statement	6
Statement of changes in equity	7
Cash flow statement	8
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**Approval of the annual financial statements**

The annual financial statements set out on pages 4 to 16 are the responsibility of the directors, have been approved by the Board of Directors and are signed on their behalf by:

  
\_\_\_\_\_  
T R Gowen

  
\_\_\_\_\_  
D A Still

12 - 11 - 2009  
Date

12 - 11 - 2009  
Date

## **INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF DUZI-UMNGENI CONSERVATION TRUST (ASSOCIATION INCORPORATED UNDER SECTION 21)**

### **Report on the financial statements**

We have audited the annual financial statements of Duzi-Umngeni Conservation Trust, which comprise the directors' report, the balance sheet as at 28 February 2009, the income statement, the statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 14.

### **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 South African Statements of Generally Accepted Accounting Practice for Small and Medium Sized Entities, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's responsibility**

Except as discussed in the following paragraph, we conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

As is common to non profit organisations who 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 these financial statements.

### **Qualified audit opinion**

In our opinion, except for the effects of the abovementioned qualification, the financial statements present fairly, in all material aspects, the financial position of the company at 28 February 2009, and of the its financial performance and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice for Small and Medium Sized Entities, and in the manner required by the Companies Act of South Africa.

### **Emphasis of matter**

Without qualifying our opinion, we draw attention to note 13 in the financial statements, which indicates that the company incurred a net deficit of R58,372 (2008: R15,625) during the year ended 28 February 2009 and, as of that date, the company's total liabilities exceed its assets by R76,838 (2008: R18,466). These conditions indicate the existence of a material uncertainty, which may cast significant doubt about the company's ability to continue as a going concern. In our opinion the going concern assumption is still adequate, as indicated in note 13 of the financial statements.

### **Supplementary information**

Without qualifying our opinion, we draw attention to the fact that the supplementary schedule set out on pages 15 - 16 do not form part of the annual financial statements and is presented as additional information. We have not audited this schedule and accordingly do not express an opinion on it.

**Secretarial duties**

Without qualifying our opinion, we draw attention to the fact that with the written consent of all shareholders, we have performed certain accounting and secretarial duties.

*Colenbrander Inc*

**Colenbrander Incorporated**

Per: C P van Huyssteen

Registered Auditors

Pietermaritzburg

Date : 16/11/09

**DUZI-UMNGENI CONSERVATION TRUST  
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**DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2009**

The directors have pleasure in submitting their report together with the audited annual financial statements for the year ended 28 February 2009.

**General review**

The company commenced operations in 2006. The main business which the company carries on is to assess, monitor, champion and enhance river health along the length of the uMsunduzi and uMngeni rivers through research and strategic partnerships with communities and organisations and raising, facilitating and channelling funding for such purpose.

No matter which is material to the financial affairs of the company has occurred between 28 February 2009 and the date of approval of the financial statements.

**Financial results**

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

**Post balance sheet events**

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

**Directors and secretary**

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

D A Still  
P M Graham  
T R Gorven  
C S Everson  
I W Bailey  
J D Lindsay  
S Cohen  
E J Taylor  
G M Cullen  
G F Evans (resigned 25/11/2008)  
B M James (resigned 25/11/2008)  
T V Cockbain (resigned 25/11/2008)

The name and address of the secretary is as follows:

Colenbrander Incorporated  
P O Box 3699  
Pietermaritzburg  
3200

**Auditors**

Colenbrander Incorporated will continue in office in accordance with section 270(2) of the Companies Act.

**DUZI-UMNGENI CONSERVATION TRUST  
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**BALANCE SHEET AT 28 FEBRUARY 2009**

	Notes	2009 R	2008 R
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment	2	45 403	25 550
<b>Current assets</b>			
Contract work in progress	3	128 000	66 000
Trade receivables	4	8 213	-
Bank and cash balances	5	41 862	62 031
<b>Total assets</b>		<u>223 478</u>	<u>153 581</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Accumulated deficit		(76 838)	(18 466)
<b>Current liabilities</b>			
Trade and other payables	6	72 497	66 998
Short-term borrowings	7	227 819	105 049
<b>Total equity and liabilities</b>		<u>223 478</u>	<u>153 581</u>

**DUZI-UMNGENI CONSERVATION TRUST  
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**INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2009**

	<b>Note</b>	<b>2009 R</b>	<b>2008 R</b>
Income		600 831	349 213
Expenditure		(640 922)	(364 838)
Finance expenses	8	(18 281)	-
<b>Deficit for the year</b>		<u>(58 372)</u>	<u>(15 625)</u>

**DUZI-UMNGENI CONSERVATION TRUST  
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**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED  
28 FEBRUARY 2009**

	<b>Accumulated deficit R</b>
<b>Balance at 1 March 2007</b>	(2 841)
Net deficit for the year	(15 625)
<b>Balance at 1 March 2008</b>	<u>(18 466)</u>
Net deficit for the year	(58 372)
<b>Balance at 28 February 2009</b>	<u><u>(76 838)</u></u>



**DUZI-UMNGENI CONSERVATION TRUST  
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**CASH FLOW STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2009**

	Notes	2009 R	2008 R
<b>Net cash utilised by operating activities</b>		(102 865)	(21 301)
<b>Cash utilised by operating activities</b>	11.1	(84 584)	(21 301)
Interest paid		(18 281)	-
 <b>Cash flows from investing activities</b>		(40 074)	2 921
Purchase of plant and equipment		(40 074)	-
Disposal of long term loans		-	2 921
 <b>Cash flows from financing activities</b>		122 770	38 074
Proceeds from long term borrowing		-	38 074
Proceeds from short-term borrowings		122 770	-
 <b>Net (decrease) / increase in cash and cash equivalents</b>		(20 169)	19 694
<b>Cash and cash equivalents at beginning of year</b>		62 031	42 337
<b>Cash and cash equivalents at end of year</b>	11.2	41 862	62 031

**DUZI-UMNGENI CONSERVATION TRUST  
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
28 FEBRUARY 2009**

**1. Accounting policies**

The following are the principal accounting policies of the company, which 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 on the historical cost basis.

*Plant and equipment*

Plant and equipment are stated at cost less accumulated depreciation. Depreciation is recorded by a charge to income computed on the straight line basis so as to write off the cost of the assets over their expected useful lives. The expected useful lives are as follows:

	Years
Computer equipment	1
Field equipment	1 - 5
Furniture and fittings	1

Expenditure on additions and improvements to plant and equipment including the cost of related interest is capitalised as the expenditure is incurred.

*Contract work in progress*

Contract work in progress consists of time spent, materials purchased and other costs incurred on contracts, which are in progress at year end, but have not yet been invoiced to the client. Work in progress is stated at estimated net realisable value.

*Leased assets*

Leases under which the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Obligations incurred under operating leases are charged to the income statement in equal instalments over the period of the lease, except when an alternative method is more representative of the time pattern from which benefits are derived.

*Revenue*

Income from donations received is recognised on receipt in cash or any other form.

*Financial instruments*

- Initial recognition

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

**DUZI-UMNGENI CONSERVATION TRUST  
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
28 FEBRUARY 2009**

**1. Accounting policies (continued)**

- Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired.

The carrying amount of the asset is reduced through the use of the allowance account, and the amount of the loss is recognised in the income statement within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of the amounts previously written off are credited against operating expenses in the income statement.

- Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at cost, using the effective interest rate method.

- Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to a insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

*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 overdrafts.

*Comparative figures*

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

**DUZI-UMNGENI CONSERVATION TRUST  
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
28 FEBRUARY 2009**

**2. Plant and equipment**

	2009			2008		
	Cost / valuation R	Accumulated depreciation R	Carrying value R	Cost / valuation R	Accumulated depreciation R	Carrying value R
Computer equipment	1 316	-	1 316	-	-	-
Field equipment	76 500	(33 309)	43 191	48 500	(22 950)	25 550
Furniture and fittings	10 758	(9 862)	896	-	-	-
	<u>88 574</u>	<u>(43 171)</u>	<u>45 403</u>	<u>48 500</u>	<u>(22 950)</u>	<u>25 550</u>

The carrying amounts can be reconciled as follows:

	Carrying value at beginning of year R	Additions R	Revaluation R	Disposals R	Depreciation R	Carrying value at end of year R
Computer equipment	-	1 316	-	-	-	1 316
Field equipment	25 550	28 000	-	-	(10 359)	43 191
Furniture and fittings	-	10 758	-	-	(9 862)	896
	<u>25 550</u>	<u>40 074</u>	<u>-</u>	<u>-</u>	<u>(20 221)</u>	<u>45 403</u>

**3. Contract work in progress**

	2009 R	2008 R
Water Research Commission Project	<u>128 000</u>	<u>66 000</u>

Contract work in progress relates to time spent, materials purchased and other costs incurred on specific contracts at balance sheet date, which have not yet been invoiced to the respective clients.

**4. Trade receivables**

Trade debtors	2 560	-
Value Added Tax	5 653	-
	<u>8 213</u>	<u>-</u>

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

**5. Bank and cash balances**

*Bank and cash balances comprise:*

Petty cash	708	550
Nedbank current account	41 154	61 481
	<u>41 862</u>	<u>62 031</u>

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
28 FEBRUARY 2009**

	<b>2009</b>	<b>2008</b>
	<b>R</b>	<b>R</b>
<b>6. Trade and other payables</b>		
Trade creditors	57 497	-
Other payables	15 000	66 998
	<u>72 497</u>	<u>66 998</u>
<b>7. Short-term borrowings</b>		
Partners in Development (Pty) Ltd	223 719	105 049
A Booth	4 100	-
	<u>227 819</u>	<u>105 049</u>
<p>A Booth's loan is unsecured, bears no interest and is repayable on demand. The loan from Partners in Development (Pty) Ltd has been guaranteed by D A Still in his personal capacity, bears interest at 12% on average balance and is repayable on demand.</p>		
<b>8. Finance expenses</b>		
Partners in Development (Pty) Ltd	<u>18 281</u>	<u>-</u>
<b>9. Deficit for the year</b>		
<p><i>Deficit from operations is arrived at after taking into account the following:</i></p>		
<b>Income</b>		
Revenue from:		
Project income	399 155	211 398
<b>Expenses</b>		
Auditors remuneration	16 045	435
Depreciation		
Field equipment	10 359	12 040
Furniture and fittings	9 862	-
	<u>20 221</u>	<u>12 040</u>
Operating lease rentals - property	15 614	-
Employee costs - salaries and wages	201 202	127 201

**DUZI-UMNGENI CONSERVATION TRUST  
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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	<b>2009</b>	<b>2008</b>
	<b>R</b>	<b>R</b>
<b>10. Taxation</b>		
No taxation has been provided as the company has been registered as an association incorporated under section 21 of the Companies Act, as well as with South African Revenue Services as a Non Profit Organisation and is therefore not liable to income tax expenses.		
<b>11. Notes to the cash flow statement</b>		
<b>11.1 Reconciliation of deficit before taxation to cash flows from operations</b>		
<b>Deficit before taxation</b>	(58 372)	(15 625)
Adjustments for :		
Depreciation	20 221	12 040
Interest paid	18 281	-
Operating deficit before working capital changes	<u>(19 870)</u>	<u>(3 585)</u>
Working capital changes		
Increase in contract work in progress	(62 000)	(66 000)
(Increase) / decrease in trade receivables	(8 213)	3 542
Increase in trade and other payables	5 499	44 742
<b>Cash utilised from operations</b>	<u><u>(84 584)</u></u>	<u><u>(21 301)</u></u>
<b>11.2 Cash and cash equivalents</b>		
<i>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:</i>		
Cash on hand and balances with banks	<u><u>41 862</u></u>	<u><u>62 031</u></u>

**DUZI-UMNGENI CONSERVATION TRUST  
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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**12. Related party disclosure**

The following material related parties have been identified:

<b>Related party</b>	<b>Relationship</b>
I W Bailey	Director
S D Cohen	Director
E J Taylor	Director
C S Everson	Director
T R Gorven	Director
P M Graham	Director
J D Lindsay	Director
G M Cullen	Director
D A Still	Director
A Booth	Manager
Partners in Development (Pty) Ltd	D A Still is the director of this entity
Mayihlome Construction and Training Services CC	D A Still is the member of this entity
51 Roberts Road Property CC	D A Still is the member of this entity
Diamon - Specialized Water Analysis CC	P M Graham is a member of this entity
Groundtruth CC	P M Graham is a member of this entity
Groundtruth Wetlands CC	P M Graham is a member of this entity
Exclusive Red Ivory Trading CC	C S Everson is a member of this entity

**The following material transactions with related parties occurred during the year:**

Interest paid		
Partners in Development (Pty) Ltd	18 281	-
Rental paid		
Partners in Development (Pty) Ltd	10 000	-

**The following material balances with related parties existed at year end:**

**Included in trade payables:**

The following related party balances		
Partners in Development (Pty) Ltd	39 464	-

**Refer to note 7 for all related party balances.**

**13. Going concern**

As at 28 February 2009, the company is technically insolvent. It incurred a net deficit of R58,372 (2008: R15,625) and its total liabilities exceeded its total assets by R76,838 (R18,466). In our opinion the going concern assumption is still adequate due to the following factors:

- This is the company's third year of trading.
- This is a company incorporated under section 21 and is not created to be profitable, but rather to achieve its main objectives and to be sustainable.
- The directors are not aware of any reason why the entity may not continue as a going concern for the foreseeable future.
- The entity's directors are actively attempting to improve fundraising. They have sent out proposals for contract work and are in the process of compiling their first annual financial report to assist with this.
- D A Still has personally guaranteed the loan from Partners in Development (Pty) Ltd.

**DUZI-UMNGENI CONSERVATION TRUST  
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**DETAILED INCOME STATEMENT FOR THE YEAR ENDED  
28 FEBRUARY 2009**

	<b>2009 R</b>	<b>2008 R</b>
<b>Income</b>	600 831	349 213
<i>Project income</i>	<u>399 155</u>	<u>211 398</u>
Baynespruit conservancy	500	-
Durban river care initiatives	33 700	7 200
CD industrial conservancy	2 700	600
CSIR research	26 400	6 000
Duzi charity batch	37 599	55 597
Duzi river care team	8 260	1 000
Duzi-Mfula race	10 512	11 952
Howick	8 750	1 245
Land care - erosion control	40 118	-
Ngwenya race	1 000	3 330
Solid waste management	4 701	17 271
Sandwinning monitoring	15 715	-
September river clean-up	45 000	47 203
WRC stormwater ingress research	164 200	60 000
<i>Other income</i>	201 676	137 815
Levies KNCU	67 040	70 030
Sundry donations	134 436	65 615
Sundry income	200	2 170
<b>Expenditure (refer to page 16)</b>	(640 922)	(364 838)
<b>Finance expenses</b>	(18 281)	-
<b>Net deficit for the year</b>	<u><u>(58 372)</u></u>	<u><u>(15 625)</u></u>

This schedule does not form part of the financial statements and is unaudited.



**DUZI-UMNGENI CONSERVATION TRUST  
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**DETAILED INCOME STATEMENT FOR THE YEAR ENDED  
28 FEBRUARY 2009 (continued)**

	<b>2009</b>	<b>2008</b>
	<b>R</b>	<b>R</b>
<b>Expenditure</b>	<b>(640 922)</b>	<b>(364 838)</b>
<i>Project expenses</i>	<b>295 390</b>	<b>186 029</b>
Baynespruit conservancy	6 367	-
Durban river care initiatives	40 150	10 700
CSIR research	12 480	6 260
Dorpspruit conservancy	2 400	-
Duzi charity batch	1 460	2 318
Duzi river care team	33 281	44 315
Duzi-Mfula race	9 842	7 080
Howick	17 924	-
Land care - erosion control	26 088	3 002
Msunduzi sewer monitoring	-	3 375
Ngwenya race costs	500	34
Solid waste management	12 394	17 271
September river clean-up	36 071	41 464
Trash booms	9 574	6 648
WRC stormwater ingress research	86 859	43 562
<i>Operating expenses</i>	<b>345 532</b>	<b>178 809</b>
Advertising	5 233	7 858
Audit fees	16 045	435
Bank charges	575	858
Catering and room hire	5 431	4 931
Clothing	890	314
Depreciation	20 221	12 040
Equipment (field)	3 231	-
Equipment (office)	1 690	1 247
General office expenses	2 094	-
Howick working group expenses	9 603	391
Legal fees	-	1 770
Maintenance	78	-
Postage and courier	313	940
Printing and stationery	7 651	8 905
Rent paid	15 614	-
Salaries and wages	201 202	127 201
Telephone	2 382	1 818
Training	14 995	-
Transport, tolls and parking	33 617	7 650
Website	4 667	2 451

This schedule does not form part of the financial statements and is unaudited.