

**DUZI-UMNGENI CONSERVATION
TRUST**

(Registration No. 2006/006370/08)

ANNUAL FINANCIAL STATEMENTS

28 February 2013

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ANNUAL FINANCIAL STATEMENTS


28 FEBRUARY 2013

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

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Approval and statement of responsibility

The annual financial statements set out on pages 5 to 20 are the responsibility of the directors and have been approved for issue by the Board of Directors and are signed on their behalf by:



T.R. Garven

18/10/2013
Date



D.A. Still

18/10/2013
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 statement of financial position as at 28 February 2013, the statement of income and retained earnings, 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 5 to 20.

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 Standard 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 compiled by an independent accounting professional whose compilation report is presented on page 4.

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.

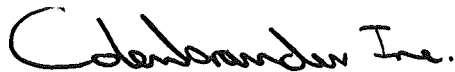
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Qualification

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 audit opinion

In our opinion, except for the effects of such adjustments, if any, of the matter referred to in the preceding paragraph, the financial statements present fairly, in all material aspects, the financial position of the company at 28 February 2013, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities, and in the manner required by the Companies Act of South Africa.



Colenbrander Incorporated

Per: G L Banfield

Registered Auditors

Chartered Accountants (S.A.)

Pietermaritzburg

Date: 29/10/2013

INDEPENDENT COMPILER'S REPORT TO THE MEMBERS OF DUZI-UMNGENI CONSERVATION TRUST

Report on the financial statements

We have compiled the annual financial statements of Duzi-Umngeni Conservation Trust based on information provided by management. These financial statements are presented in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the requirements of the Companies Act of South Africa. They comprise the directors' report, the statement of financial position as at 28 February 2013, the statement of income and retained earnings, 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 5 to 20.

Management responsibility for the financial statements

The company's management are responsible for these financial statements, including adoption of the applicable reporting framework, and the accuracy and completeness of the information used to compile the financial statements.

Compiler's responsibility

We performed this compilation engagement in accordance with International Standard on Related Services 4410, Compilation Engagements. This Standard requires that we comply with quality control standards and relevant ethical requirements, including ethical principles of integrity, objectivity, professional competence and due care.

A compilation engagement involves applying expertise in accounting and financial reporting to assist management in preparing and presenting financial information. A compilation engagement does not include gathering evidence for the purpose of expressing an audit opinion or a review conclusion. Accordingly, we do not express an audit opinion or a review conclusion on these financial statements.



Colenbrander Incorporated

Per: I S Colenbrander

Registered Auditors

Chartered Accountants (S.A.)

Pietermaritzburg

Date: 29/10/13

DUZI-UMNGENI CONSERVATION TRUST

DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2013

The directors have pleasure in submitting their report together with the audited annual financial statements for the year ended 28 February 2013.

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 Msunduzi and Umngeni rivers through research and strategic partnerships with communities and organisations and raising, facilitating and channeling funding for such purpose.

No matter which is material to the financial affairs of the company has occurred between 28 February 2013 and the date of approval of the financial statements.

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 International Financial Reporting Standard for Small and Medium-sized Entities, and in the manner required by the Companies Act, 2008.

The directors are also responsible for the company'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.

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.

DUZI-UMNGENI CONSERVATION TRUST

DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2013

Directors

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
K Oliver

Auditors

Colenbrander Incorporated will continue in office.

DUZI-UMNGENI CONSERVATION TRUST

STATEMENT OF FINANCIAL POSITION

AT 28 FEBRUARY 2013

	Notes	2013 R	2012 R
Assets			
Non-current assets			
Plant and equipment	2	386 418	148 711
		<u>386 418</u>	<u>148 711</u>
Current assets			
Trade and other receivables	3	2 747 656	1 356 391
Project funds	5	156 088	1 353 170
Bank and cash balances	4	-	2 387
		2 591 568	834
		<u>2 591 568</u>	<u>834</u>
Total assets		<u>3 134 074</u>	<u>1 505 102</u>
Equity and liabilities			
Equity			
Retained funds		1 023 009	741 781
		<u>1 023 009</u>	<u>741 781</u>
Current liabilities			
Project funds	5	2 111 065	763 321
Trade and other payables	6	1 907 657	-
Bank overdraft	7	203 408	598 766
		-	164 555
		<u>2 111 065</u>	<u>763 321</u>
Total equity and liabilities		<u>3 134 074</u>	<u>1 505 102</u>

DUZI-UMNGENI CONSERVATION TRUST

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 28 FEBRUARY 2013

	Note	2013 R	2012 R
Project income		9 956 393	7 815 563
Project expenses		(9 193 562)	(6 941 009)
Gross surplus		<u>762 831</u>	<u>874 554</u>
Other income		458 486	111 783
Total surplus		<u>1 221 317</u>	<u>986 337</u>
Operating expenses		(926 160)	(694 151)
Finance expenses	8	(13 929)	(796)
Net surplus for the year		<u><u>281 228</u></u>	<u><u>291 390</u></u>

Colin Anderson Inc.

DUZI-UMNGENI CONSERVATION TRUST

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2013

	Retained funds R	Total R
Balance at 28 February 2011	450 391	450 391
Net surplus for the year	291 390	291 390
Balance at 29 February 2012	<hr/> 741 781	<hr/> 741 781
Net surplus for the year	281 228	281 228
Balance at 28 February 2013	<hr/> <hr/> 1 023 009	<hr/> <hr/> 1 023 009

Colin Anderson Inc.

DUZI-UMNGENI CONSERVATION TRUST

CASH FLOW STATEMENT

FOR THE YEAR ENDED 28 FEBRUARY 2013

	Notes	2013 R	2012 R
Net cash retained in / (withdrawn from) operating activities		1 170 885	(255 016)
Cash generated from / (utilised in) operating activities	11.1	1 177 157	(366 003)
Interest received		7 657	5 558
Finance expenses		(13 929)	(796)
Sundry income		-	106 225
Cash flows from investing activities		(325 640)	(41 867)
Purchase of plant and equipment	11.2	(325 640)	(41 867)
Cash flows from financing activities		1 910 044	(3 893 588)
Utilisation of project funds		(18 244 884)	(5 879 491)
Advancements from project funds		20 154 928	1 985 903
Net increase / (decrease) in cash and cash equivalents		2 755 289	(4 190 471)
Cash and cash equivalents at beginning of year		(163 721)	4 026 750
Cash and cash equivalents at end of year	11.3	2 591 568	(163 721)

DUZI-UMNGENI CONSERVATION TRUST

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2013

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 on the historical cost basis.

Plant and equipment

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 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	3
Field equipment	1 - 5
Furniture and fittings	1

Vehicles purchased in accordance with the National Lottery agreement are expensed as the vehicles are transferred to the supervisors at the end of the three year project.

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.

Financial instruments

- Initial recognition

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2013

1. Basis of preparation and accounting policies (continued)

Financial instruments (continued)

- Trade and other receivables

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 converted to a known amount of cash and are subject to an insignificant risk if 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 reclassified to conform with changes in presentation for the current year.

2. Plant and equipment

	2013			2012		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
	R	R	R	R	R	R
Computer equipment	38 475	(31 117)	7 358	31 117	(31 117)	-
Office equipment	19 095	(19 095)	-	17 613	(17 613)	-
Motor vehicles	701 928	(322 868)	379 060	385 128	(236 417)	148 711
Field equipment	78 571	(78 571)	-	78 571	(78 571)	-
Furniture and fittings	17 293	(17 293)	-	17 293	(17 293)	-
	<u>855 362</u>	<u>(468 944)</u>	<u>386 418</u>	<u>529 722</u>	<u>(381 011)</u>	<u>148 711</u>

DUZI-UMNGENI CONSERVATION TRUST

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2013

2. Plant and equipment (continued)

The carrying amounts for 2013 can be reconciled as follows:

	Carrying value at beginning of year R	Additions R	Disposals R	Other R	Depreciation R	Carrying value at end of year R
Computer equipment	-	7 358	-	-	-	7 358
Office equipment	-	1 482	-	-	(1 482)	-
Motor vehicles	148 711	316 800	-	-	(86 451)	379 060
	<u>148 711</u>	<u>325 640</u>	<u>-</u>	<u>-</u>	<u>(87 933)</u>	<u>386 418</u>

3. Trade and other receivables

	2013 R	2012 R
Other accruals	155 588	1 349 241
Staff loans	500	3 929
	<u>156 088</u>	<u>1 353 170</u>

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

4. Bank and cash balances

Bank and cash balances at year end comprise:

Nedbank Limited - current account	149 928	-
Nedbank Limited - DUCT call account	607 657	882
Nedbank Limited - 24hour call account	1 700 080	-
Nedbank Limited - DGC current account	25 342	(48)
Nedbank Limited - DGC call account	101 987	-
Petty cash	6 574	-
	<u>2 591 568</u>	<u>834</u>

DUZI-UMNGENI CONSERVATION TRUST

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2013

	2013 R	2012 R
5. Project funds		
<i>National Lottery Fund</i>		
Opening balance	-	3 322 186
Funds received	7 828 338	-
Interest received	61 728	355 421
Utilised	(6 189 986)	(3 677 607)
	<u>1 700 080</u>	<u>-</u>
<i>Durban Green Corridor</i>		
Opening balance	(2 387)	569 015
Funds received	4 528 142	1 598 371
Interest received	1 986	12 111
Loan - G Cullen	(20 000)	20 000
Utilised	(4 370 884)	(2 201 884)
	<u>136 857</u>	<u>(2 387)</u>
<i>Global Greengrants Fund</i>		
Funds received	70 720	-
	<u>70 720</u>	<u>-</u>
	<u>1 907 657</u>	<u>(2 387)</u>
These funds are advanced according to certain performance criteria and the retention is conditional.		
6. Trade and other payables		
Trade creditors	112 954	477 817
VAT payable	90 454	70 776
Nedbank Limited - credit card account	-	50 173
	<u>203 408</u>	<u>598 766</u>
7. Bank overdraft		
Nedbank Limited - current account	<u>-</u>	<u>164 555</u>

DUZI-UMNGENI CONSERVATION TRUST

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2013

	2013 R	2012 R
10. Taxation		
<p>Taxation has not been provided as the company has been registered with the South African Revenue Services as a Non Profit Organisation and is therefore not liable for income tax expenses in terms of Section 10(1)(cN) of the Income Tax Act.</p>		
11. Notes to the cash flow statement		
11.1. Reconciliation of net surplus for the year to cashflows from operations		
Net surplus for the year	281 228	291 390
Adjustments for :		
Depreciation	87 933	152 213
Sundry income	-	(106 225)
Interest received	(7 657)	(5 558)
Finance expenses	13 929	796
Operating profit before working capital changes	<u>375 433</u>	<u>332 616</u>
Working capital changes		
Decrease / (increase) in trade receivables	1 197 082	(1 231 924)
(Decrease) / increase in trade and other payables	(395 358)	533 305
Cash generated from / (utilised in) operations	<u><u>1 177 157</u></u>	<u><u>(366 003)</u></u>
11.2. Plant and equipment		
During the year, the company acquired plant and equipment with a cost of R325 640 (2012: R41 867).	<u><u>325 640</u></u>	<u><u>41 867</u></u>
11.3. Cash and cash equivalents		
<p>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:</p>		
Bank and cash balances	2 591 568	834
Bank overdrafts	-	(164 555)
	<u><u>2 591 568</u></u>	<u><u>(163 721)</u></u>

DUZI-UMNGENI CONSERVATION TRUST

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2013

12. Related party disclosures

The following material related parties have been identified:

Related party	Relationship
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
K Oliver	Director
D A Still	Director
Partners in Development (Pty) Ltd	Common director

DUZI-UMNGENI CONSERVATION TRUST

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2013

	Note	2013 R	2012 R
Project income		9 956 393	7 815 563
Advocacy and awareness		152 290	-
Benefit races and fundraisers		31 494	27 122
DUCT membership		5 750	5 300
Durban river care		4 176 420	2 857 174
IDT income		496 614	-
Land care - erosion control		-	43 280
Lottery income		4 584 528	4 647 628
Mpophomeni education programme		322 500	77 500
Other project income		59 881	70 053
Schools education		42 650	43 515
Trail runs		84 266	43 991
Project expenses (refer to page 19)		(9 193 562)	(6 941 009)
Gross surplus		762 831	874 554
Other income		458 486	111 783
Donation income		324 639	2 264
Duzi marathon income		35 990	-
Interest received		7 657	5 558
KNCU levies		90 200	103 961
Total surplus		1 221 317	986 337
Operating expenses (refer to page 20)		(926 160)	(694 151)
Finance expenses	8	(13 929)	(796)
Net surplus for the year		281 228	291 390

DUZI-UMNGENI CONSERVATION TRUST

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2013

	2013 R	2012 R
Project expenses	(9 193 562)	(6 941 009)
Benefit races and fundraisers	28 416	9 900
Bins	7 594	-
Blue lagoon clean-up	11 220	9 600
Clothing	73 238	58 537
Conferences and workshops	-	2 267
Consumables	58 978	82 418
Depreciation	87 933	152 213
Dorpspruit river care expenses	3 600	-
Durban river care expenses	3 832 135	2 642 300
Environmental education	60 209	68 736
Equipment maintenance	122 712	(2 560)
Fuel	231 010	182 405
Howick education programme expenses	221 694	43 483
Howick river care expenses	500	75 740
Land care - erosion control	-	102 758
Marketing, events and advocacy	205 650	21 360
Medical costs	1 520	2 558
Pietermaritzburg river care expenses	23 420	5 464
Pollution control	70 165	71 319
Salaries, wages and consulting fees	3 876 419	3 324 953
Schools education	21 000	30 007
Tools and equipment	36 631	9 535
Trail runs	61 677	16 151
Training	27 960	26 238
Trash boom expenses	6 077	3 162
Travel	123 804	2 465

DUZI-UMNGENI CONSERVATION TRUST

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2013

	2013 R	2012 R
Operating expenses	(926 160)	(694 151)
Advertising and website	32 500	42 559
Audit fees	18 793	28 161
Bank charges	14 897	15 952
Catering and room hire	5 257	7 438
Computer expenses	12 392	12 513
Electricity and water	8 385	5 888
General office expenses	34 388	20 121
Howick work group expenses	52 122	3 001
Insurance	107 703	143 220
Legal fees	2 529	1 168
Office management	351 084	287 105
Printing and stationery	26 474	15 416
Rent paid	90 669	89 666
Repairs and maintenance	3 746	170
Security	2 125	-
Sundry expenses	3 569	4 026
Telephone and fax	40 187	17 747
Workers compensation	119 340	-