

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

**ANNUAL FINANCIAL STATEMENTS
28 February 2010**

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

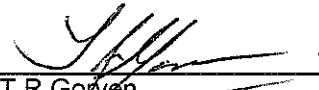
**ANNUAL FINANCIAL STATEMENTS
28 FEBRUARY 2010**

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

	Pages
Independent auditor's report	2
Directors' report	3
Balance sheet	4
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Statement of changes in equity	6
Cash flow statement	7
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The following supplementary information does not form part of the annual financial statements and is unaudited.	
Detailed income statement	14 - 15

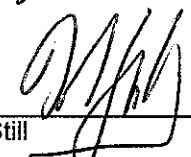
Approval of the annual financial statements

The annual financial statements set out on pages 3 to 15 are the responsibility of the directors, have been approved by the Board of Directors and are signed on their behalf by:



T R Govven

2 - 12 - 2010
Date



D A Still

2 - 12 - 2010
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 2010, 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 3 to 13.

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.

Qualification

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.

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 2010, and of 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 page 4 in the financial statements, which indicates that the company incurred a net deficit of R50,331 (2009: R58,372) during the year ended 28 February 2010 and, as of that date, the company's total liabilities exceed its assets by R127,169 (2009: R76,838). 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 14 - 15 does 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.

Colenbrander Inc.

Colenbrander Incorporated
Per: C P van Huyssteen
Registered Auditors
Pietermaritzburg

Date: 17/12/2010

**DUZI-UMNGENI CONSERVATION TRUST
(ASSOCIATION INCORPORATED UNDER SECTION 21)**

DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2010

The directors have pleasure in submitting their report together with the audited annual financial statements for the year ended 28 February 2010.

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 2010 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 (resigned 16/04/2010)

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.

Colenbrander Inc.

**DUZI-UMNGENI CONSERVATION TRUST
(ASSOCIATION INCORPORATED UNDER SECTION 21)**

BALANCE SHEET AT 28 FEBRUARY 2010

	Notes	2010 R	2009 R
ASSETS			
Non-current assets			
Plant and equipment	2	14 999	45 403
Current assets			
Contract work in progress	3	198 749	178 075
Trade receivables	4	-	128 000
Bank and cash balances	5	189 613	8 213
		9 136	41 862
Total assets		<u>213 748</u>	<u>223 478</u>
EQUITY AND LIABILITIES			
Equity			
Accumulated deficit		(127 169)	(76 838)
Current liabilities			
Trade and other payables	6	340 917	300 316
Short-term borrowings	7	135 947	72 497
		204 970	227 819
Total equity and liabilities		<u>213 748</u>	<u>223 478</u>

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**DUZI-UMNGENI CONSERVATION TRUST
(ASSOCIATION INCORPORATED UNDER SECTION 21)**

INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2010

	Note	2010 R	2009 R
Project income		500 537	399 155
Project expenditure		(323 975)	(295 390)
Gross income		<u>176 562</u>	<u>103 765</u>
Other income		190 003	201 676
Total income		<u>366 565</u>	<u>305 441</u>
Administration expenses		(404 104)	(345 532)
Finance expenses	8	(12 792)	(18 281)
Net loss for the year	9	<u>(50 331)</u>	<u>(58 372)</u>

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**DUZI-UMNGENI CONSERVATION TRUST
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**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED
28 FEBRUARY 2010**

	Accumulated deficit R
Balance at 1 March 2008	(18 466)
Net loss for the year	(58 372)
Balance at 1 March 2009	<u>(76 838)</u>
Net loss for the year	(50 331)
Balance at 28 February 2010	<u><u>(127 169)</u></u>

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**DUZI-UMNGENI CONSERVATION TRUST
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CASH FLOW STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2010

	Notes	2010 R	2009 R
Net cash utilised by operating activities		(94)	(102 865)
Cash generated from / (utilised by) operating activities	11.1	12 698	(84 584)
Interest paid		(12 792)	(18 281)
Cash flows from investing activities		(9 783)	(40 074)
Purchase of plant and equipment		(9 783)	(40 074)
Cash flows from financing activities		(22 849)	122 770
(Payment of) / Proceeds from short-term borrowings		(22 849)	122 770
Net decrease in cash and cash equivalents		(32 726)	(20 169)
Cash and cash equivalents at beginning of year		41 862	62 031
Cash and cash equivalents at end of year	11.2	9 136	41 862

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**DUZI-UMNGENI CONSERVATION TRUST
(ASSOCIATION INCORPORATED UNDER SECTION 21)**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
28 FEBRUARY 2010**

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.

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 2010**

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 an 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.

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**DUZI-UMNGENI CONSERVATION TRUST
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
28 FEBRUARY 2010**

2. Plant and equipment

	2010			2009		
	Cost / valuation R	Accumulated depreciation R	Carrying value R	Cost / valuation R	Accumulated depreciation R	Carrying value R
Computer equipment	9 842	(9 842)	-	1 316	-	1 316
Field equipment	77 113	(62 114)	14 999	76 500	(33 309)	43 191
Furniture and fittings	11 402	(11 402)	-	10 758	(9 862)	896
	<u>98 357</u>	<u>(83 358)</u>	<u>14 999</u>	<u>88 574</u>	<u>(43 171)</u>	<u>45 403</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	8 526	-	-	(9 842)	-
Field equipment	43 191	613	-	-	(28 805)	14 999
Furniture and fittings	896	644	-	-	(1 540)	-
	<u>45 403</u>	<u>9 783</u>	<u>-</u>	<u>-</u>	<u>(40 187)</u>	<u>14 999</u>

3. Contract work in progress

	2010 R	2009 R
Water Research Commission Project	<u>-</u>	<u>128 000</u>

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

4. Trade receivables

Trade debtors	141 417	2 560
Other accruals	47 586	-
Staff loans	610	-
VAT receivable	-	5 653
	<u>189 613</u>	<u>8 213</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	(449)	708
Nedbank current account	9 585	41 154
	<u>9 136</u>	<u>41 862</u>

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**DUZI-UMNGENI CONSERVATION TRUST
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
28 FEBRUARY 2010**

	2010 R	2009 R
6. Trade and other payables		
Trade creditors	122 956	57 497
VAT payable	12 991	-
Other payables	-	15 000
	<u>135 947</u>	<u>72 497</u>
 7. Short-term borrowings		
Partners in Development (Pty) Ltd	185 780	223 719
A Booth	19 190	4 100
	<u>204 970</u>	<u>227 819</u>
<p>The loan from Partners in Development (Pty) Ltd bears interest at 12% (2009: 12%) on average balance and is repayable on demand. A Booth's loan is unsecured, bears no interest and is repayable on demand.</p>		
 8. Finance expenses		
Partners in Development (Pty) Ltd	<u>12 792</u>	<u>18 281</u>
 9. Net loss for the year		
<p><i>Deficit from operations is arrived at after taking into account the following:</i></p>		
Income		
Revenue from:		
Project income	500 537	399 155
Expenses		
Auditors remuneration	18 143	16 045
Depreciation		
Field equipment	28 805	10 358
Computer equipment	9 842	-
Furniture and fittings	1 540	9 863
	<u>40 187</u>	<u>20 221</u>
Operating lease rentals - property	36 491	15 614
Employee costs - salaries and wages	210 854	201 202

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**DUZI-UMNGENI CONSERVATION TRUST
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
28 FEBRUARY 2010**

	2010 R	2009 R
10. Taxation		
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 for income tax expenses.		
11. Notes to the cash flow statement		
11.1 Reconciliation of deficit before taxation to cash flows from operations		
Deficit before taxation	(50 331)	(58 372)
Adjustments for :		
Depreciation	40 187	20 221
Interest paid	12 792	18 281
Operating profit / (deficit) before working capital changes	<u>2 648</u>	<u>(19 870)</u>
Working capital changes		
Decrease / (increase) in contract work in progress	128 000	(62 000)
Increase in trade receivables	(181 400)	(8 213)
Increase in trade and other payables	63 450	5 499
Cash utilised from operations	<u><u>12 698</u></u>	<u><u>(84 584)</u></u>
11.2 Cash and cash equivalents		
<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>9 136</u></u>	<u><u>41 862</u></u>

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**DUZI-UMNGENI CONSERVATION TRUST
(ASSOCIATION INCORPORATED UNDER SECTION 21)**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
28 FEBRUARY 2010**

12. Related party disclosure

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
G M Cullen	Director (resigned 16/04/2010)
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

2010	2009
R	R

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

Interest paid		
Partners in Development (Pty) Ltd	12 792	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	77 925	39 465
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Included in short - term borrowings

A Booth	19 190	4 100
Partners in Development (Pty) Ltd	185 780	223 719

Refer to note 7 for all related party balances.

13. Going concern

As at 28 February 2010, the company is technically insolvent. It incurred a net deficit of R50,331 (2009: R58,372) and its total liabilities exceeded its total assets by R127,169 (2009: R76,838). In our opinion the going concern assumption is still adequate due to the following factors:

- This is the company's fourth 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.
- Sponsorship from the National Lottery Board has, subsequent to year end, been secured for the next three years for an amount of R 8 000 000 per annum.

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**DUZI-UMNGENI CONSERVATION TRUST
(ASSOCIATION INCORPORATED UNDER SECTION 21)**

**DETAILED INCOME STATEMENT FOR THE YEAR ENDED
28 FEBRUARY 2010**

	2010 R	2009 R
Income	690 540	600 831
<i>Project income</i>	500 537	399 155
Benefit races and fundraisers	19 061	10 512
Durban river care	5 000	33 700
Duzi-charity donation	57 542	37 599
Duzi river care	37 944	17 161
Howick river care	8 750	8 750
Land care - erosion control	158 866	40 118
Research	124 050	190 600
Sandwinning monitoring	7 288	15 715
Schools education	41 594	45 000
Trail runs	40 442	-
<i>Other income</i>	190 003	201 676
General donation	110 100	134 436
KNCU Levies	78 424	67 040
Sundry income	1 479	200
Expenditure(refer to page 15)	(728 079)	(640 922)
Finance expenses	(12 792)	(18 281)
Net loss for the year	<u>(50 331)</u>	<u>(58 372)</u>

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DUZI-UMNGENI CONSERVATION TRUST
(ASSOCIATION INCORPORATED UNDER SECTION 21)

DETAILED INCOME STATEMENT FOR THE YEAR ENDED
28 FEBRUARY 2010

	2010 R	2009 R
Expenditure	(728 079)	(640 922)
<i>Project expenses</i>	323 975	295 390
Benefit races and fundraisers	10 244	1 960
Durban river care	31 800	49 992
Duzi river care	82 426	64 016
Howick river care	20 290	17 924
Land care - erosion control	92 666	26 088
Research	33 894	99 339
Schools education	33 282	36 071
Trail runs	19 373	-
<i>Administration expenses</i>	404 104	345 532
Advertising and website	3 367	9 900
Audit fees	18 143	16 045
Bank charges	1 528	575
Catering and room hire	5 584	5 431
Computer expenses	3 754	-
Depreciation	40 187	20 221
Equipment	-	4 921
General office expenses	8 058	2 094
Howick working group expenses	5 633	9 603
Legal fees	3 633	-
Management, salaries and wages	210 854	201 202
Office management	6 620	-
Printing and stationery	2 194	7 651
Rent paid	36 491	15 614
Sundry	6 548	1 281
Telephone and fax	12 784	2 382
Training	-	14 995
Transport, tolls and parking	38 726	33 617

Colenbrander Inc.