

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

**ANNUAL FINANCIAL STATEMENTS
28 February 2011**

DUZI-UMNGENI CONSERVATION TRUST
(Registration No. 2006/006370/08)


ANNUAL FINANCIAL STATEMENTS
28 FEBRUARY 2011

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

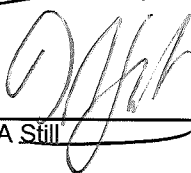
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Approval of the annual financial statements

The annual financial statements set out on pages 3 to 14 are the responsibility of the directors, have been approved by the Board of Directors and are signed on their behalf by:



T R Gorven



D A Still

19 October 2011

Date

19 October 2011

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 2011, 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 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

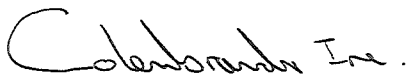
Except as discussed in the following paragraph, we conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit also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

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.

Opinion

In our opinion the financial statements fairly present, in all material aspects, the financial position of the company as at 28 February 2011, and of its financial performance and its 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.



Colenbrander Incorporated

Per: G L Banfield
Registered Auditors
Chartered Accountants
Pietermaritzburg

Date : 19/10/2011

DUZI-UMNGENI CONSERVATION TRUST

DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2011

The directors have pleasure in submitting their report together with the audited annual financial statements for the year ended 28 February 2011.

General review

The company commenced operations in 2006. The main business which the company carries on is to access, 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 2011 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
P Reddy

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

BALANCE SHEET AT 28 FEBRUARY 2011

	Notes	2011 R	2010 R
ASSETS			
Non-current assets			
Plant and equipment	2	259 056	14 999
Current assets			
Trade and other receivables	3	121 245	189 613
Bank and cash balances	4	4 026 752	9 136
Total assets		<u>4 407 053</u>	<u>213 748</u>
EQUITY AND LIABILITIES			
Equity			
Retained earnings		450 385	(127 168)
		<u>450 385</u>	<u>(127 168)</u>
Current liabilities			
Trade and other payables	5	3 956 668	340 916
Short-term borrowings	6	65 467	135 946
Project funds received in advance	7	-	204 970
		<u>3 891 201</u>	<u>-</u>
Total equity and liabilities		<u>4 407 053</u>	<u>213 748</u>

DUZI-UMNGENI CONSERVATION TRUST

INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2011

	Notes	2011 R	2010 R
Project income		5 932 665	500 537
Project expenses		<u>(4 960 672)</u>	<u>(323 975)</u>
Gross profit		<u>971 993</u>	<u>176 562</u>
Other income		<u>116 377</u>	<u>190 003</u>
Total income		<u>1 088 370</u>	<u>366 565</u>
Operating expenses		(503 029)	(404 104)
Finance expenses	8	<u>(7 788)</u>	<u>(12 792)</u>
Net profit / (loss) for the year	9	<u><u>577 553</u></u>	<u><u>(50 331)</u></u>

DUZI-UMNGENI CONSERVATION TRUST

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED
28 FEBRUARY 2011**

	Retained earnings R	Total R
Balance at 1 March 2009	(76 837)	(76 837)
Net loss for the year	(50 331)	(50 331)
Balance at 1 March 2010	<u>(127 168)</u>	<u>(127 168)</u>
Net profit for the year	577 553	577 553
Balance at 28 February 2011	<u><u>450 385</u></u>	<u><u>450 385</u></u>

DUZI-UMNGENI CONSERVATION TRUST

CASH FLOW STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2011

	Notes	2011 R	2010 R
Net cash retained in / (withdrawn from) operating activities		720 883	(94)
Cash generated from operating activities	11.1	728 320	12 698
Interest received		351	-
Interest paid		(7 788)	(12 792)
Cash flows from investing activities		(389 498)	-
Purchase of plant and equipment		(389 498)	-
Cash flows from financing activities		3 686 231	-
Proceeds from project funds		3 891 201	-
Payment of short-term borrowings		(204 970)	-
Net increase / (decrease) in cash and cash equivalents		4 017 616	(94)
Cash and cash equivalents at beginning of year		9 136	9 230
Cash and cash equivalents at end of year	11.2	4 026 752	9 136

DUZI-UMNGENI CONSERVATION TRUST

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2011

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.

Property, plant and equipment

Property, 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
Plant and equipment	1
Computer equipment	1
Office equipment	1
Motor vehicles	3
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.

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.

- 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.

DUZI-UMNGENI CONSERVATION TRUST

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
28 FEBRUARY 2011**

1. Accounting policies (continued)

- 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 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.

2. Plant and equipment

	2011			2010		
	Cost / valuation R	Accumulated depreciation R	Carrying value R	Cost / valuation R	Accumulated depreciation R	Carrying value R
Computer equipment	21 775	(21 775)	-	9 842	(9 842)	-
Office equipment	5 613	(5 613)	-	613	-	613
Motor vehicles	367 584	(108 528)	259 056	-	-	-
Field equipment	78 571	(78 571)	-	76 500	(62 114)	14 386
Furniture and fittings	14 312	(14 312)	-	11 402	(11 402)	-
	<u>487 855</u>	<u>(228 799)</u>	<u>259 056</u>	<u>98 357</u>	<u>(83 358)</u>	<u>14 999</u>

The carrying amounts can be reconciled as follows:

	Carrying value at beginning of year R	Additions R	Reval. /other R	Disposals R	Depreciation R	Carrying value at end of year R
Computer equipment	-	11 933	-	-	(11 933)	-
Office equipment	613	5 000	-	-	(5 613)	-
Motor vehicles	-	367 584	-	-	(108 528)	259 056
Field equipment	14 386	2 071	-	-	(16 457)	-
Furniture and fittings	-	2 910	-	-	(2 910)	-
	<u>14 999</u>	<u>389 498</u>	<u>-</u>	<u>-</u>	<u>(145 441)</u>	<u>259 056</u>

DUZI-UMNGENI CONSERVATION TRUST

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
28 FEBRUARY 2011**

	2011 R	2010 R
3. Trade and other receivables		
Trade debtors	-	141 417
Other accruals	23 546	47 586
Staff loans	12 074	610
VAT receivable	85 625	-
	<u>121 245</u>	<u>189 613</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 - DGC call account	563 568	-
Nedbank - Duct call account	87 353	-
Nedbank - 24 hour call account	3 322 187	-
Nedbank - current account	43 604	9 585
Nedbank - DGC current account	5 447	-
Petty Cash cheques/withdrawals	3 000	-
Petty cash	1 593	(449)
	<u>4 026 752</u>	<u>9 136</u>

5. Trade and other payables

Trade creditors	65 467	122 955
VAT payable	-	12 991
	<u>65 467</u>	<u>135 946</u>

6. Short-term borrowings

Partners in Development (Pty) Ltd	-	185 780
A Booth	-	19 190
	<u>-</u>	<u>204 970</u>

The loan from Partners in Development (Pty) Ltd, bore interest at prime rates and was repaid in full during the year. The loan from A Booth was interest free and was repaid in full during the year.

7. Project funds received in advance

National Lottery

Funds received	8 000 000	-
Interest received	231 648	-
Utilised	(4 909 462)	-
Income received in advance	<u>3 322 186</u>	<u>-</u>

Durban Green Corridor

Funds received	1 290 174	-
Interest received	3 886	-
Utilised	(725 045)	-
Income received in advance	<u>569 015</u>	<u>-</u>
	<u>3 891 201</u>	<u>-</u>

These funds are advanced according to certain performance criteria and the retention is conditional.

DUZI-UMNGENI CONSERVATION TRUST

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
28 FEBRUARY 2011

	2011 R	2010 R
8. Finance expenses		
Partners in Development (Pty) Ltd	<u>7 788</u>	<u>12 792</u>
9. Profit / (loss) for the year		
Profit from operations is arrived at after taking into account the following:		
Income		
Revenue from:		
Project income	5 932 665	500 537
Expenses		
Auditors remuneration	19 465	18 143
Depreciation		
Computer equipment	11 933	-
Office equipment	5 613	-
Motor vehicles	108 528	-
Field equipment	16 457	10 358
Furniture and fittings	2 910	9 863
	<u>145 441</u>	<u>20 221</u>
Operating lease rentals - property	80 100	36 491
Employee costs - salaries and wages	204 579	49 760

10. Taxation

No taxation has 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.

11. Notes to the cash flow statement

11.1 Reconciliation of profit / (loss) before taxation to cash flows from operations

Profit / (loss) before taxation	577 553	(50 331)
Adjustments for :		
Depreciation	145 441	40 187
Interest received	(351)	-
Interest paid	7 788	12 792
Operating profit before working capital changes	<u>730 431</u>	<u>2 648</u>
Working capital changes		
Decrease in contract work in progress	-	128 000
Decrease / (increase) in trade receivables	68 368	(181 400)
(Decrease) / increase in trade and other payables	(70 479)	63 450
Cash generated from operations	<u>728 320</u>	<u>12 698</u>

DUZI-UMNGENI CONSERVATION TRUST

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
28 FEBRUARY 2011**

	2011 R	2010 R
11.2 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:		
Cash on hand and balances with banks	4 026 752	9 585
Bank overdraft	-	(449)
	<u>4 026 752</u>	<u>9 136</u>

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
P Reddy	Director
D A Still	Director
A Booth	Manager (Resigned in January 2011)
Partners in Development (Pty) Ltd	D A Still is the director of this entity

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

Interest paid		
Partners in Development (Pty) Ltd	7 788	12 792

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

Included in trade payables:

The following related party balances		
Partners in Development (Pty) Ltd	-	77 925

Included in short - term borrowings

A Booth	-	19 190
Partners in Development (Pty) Ltd	-	185 780

Refer to note 6 for all related party balances.

DUZI-UMNGENI CONSERVATION TRUST

**DETAILED INCOME STATEMENT FOR THE YEAR ENDED
28 FEBRUARY 2011**

	2011	2010
	R	R
Income	5 932 665	500 537
Benefit races and fundraisers	16 331	19 061
Durban river care	725 045	5 000
Duct membership	7 800	-
Duzi charity donation	-	57 542
Duzi river care	15 708	37 944
Howick river care	6 000	8 750
Land care - erosion control	97 164	158 866
Lottery income	4 909 462	-
Research	-	124 050
Sandwinning monitoring	-	7 288
Schools education	55 419	41 594
Trail runs	99 736	40 442
Other income	116 377	190 003
Other income	116 026	190 003
Interest received	351	-
Expenditure (refer to page 14)	(5 463 701)	(728 079)
Finance expenses	(7 788)	(12 792)
Net profit / (loss) for the year	<u>577 553</u>	<u>(50 331)</u>

DUZI-UMNGENI CONSERVATION TRUST

**DETAILED INCOME STATEMENT FOR THE YEAR ENDED
28 FEBRUARY 2011**

	2011 R	2010 R
Project expenses	(4 960 672)	(567 254)
Benefit races and fundraisers	6 030	10 244
Bins	76 870	-
Blue lagoon clean-up	11 200	12 800
Clothing	110 581	-
Conferences and workshops	250	1 750
Consulting fees	90 000	-
Consumables	149 788	231
Depreciation	145 441	40 187
Durban Green Corridor	610 482	19 000
Duzi river care	10 790	82 426
Environmental education	49 965	-
Equipment maintenance	94 992	1 379
Fuel	108 624	-
Howick river care	55 120	20 290
Howick working group expenses	5 991	1 853
Infrastructure	19 997	-
Land care - erosion control	89 379	92 666
Lotteries vehicles	994 496	-
Marketing and events	29 568	-
Pollution control	53 639	-
Research	42 554	33 894
Salaries, wages and consulting fees	1 799 414	161 094
Schools education	64 264	33 282
Supervisor's equipment	11 333	-
Tools and equipment	160 266	-
Trail runs	51 557	19 373
Training	92 791	-
Travel	25 290	36 785
Operating expenses	(503 029)	(160 825)
Advertising and website	8 382	3 367
Audit fees	19 465	18 143
Bank charges	13 132	1 528
Catering and room hire	11 812	3 834
Computer expenses	15 166	3 754
General office expenses	10 911	8 058
Howick working group expenses	3 152	2 170
Insurance	71 344	-
Legal fees	-	3 633
Office management	14 555	6 620
Printing and stationery	13 445	2 194
Rent paid	80 100	36 491
Repairs and maintenance	3 141	3 129
Sundry	8 026	3 419
Telephone and fax	17 277	12 784
Travel	8 542	1 941
UIF, PAYE and admin costs	204 579	49 760
Total expenses	<u>5 463 701</u>	<u>728 079</u>