

Statement of Directors' Responsibility and Approval of the Annual Financial Statements

The directors acknowledge their responsibility for the preparation of the annual financial statements for the year ended 30 June 2010, which, in their opinion, fairly presents the results and cash flows for the financial year and the state of affairs of Umgeni Water and its subsidiaries at the end of the financial year. The annual financial statements set out in this report have been prepared in accordance with International Financial Reporting Standards, and in the manner required by the Water Services Act No. 108 of 1997 and sub-section 55(1)(b) of the Public Finance Management Act No. 1 of 1999, as amended. The annual financial statements are based on appropriate accounting policies, supported by reasonable and prudent judgements and estimates and are prepared on a going concern basis.

The annual financial statements comprise:

- Statements of comprehensive income;
- Statements of financial position;
- Statements of changes in equity;
- Statements of cash flows;
- Segmental report; and
- Summary of significant accounting policies and explanatory notes

The directors are also responsible for the systems of internal control. These are designed to provide reasonable but not absolute, assurance as to the reliability of the annual financial statements, and to adequately safeguard, verify and maintain accountability of assets and recorded liabilities, and to prevent and detect material misstatement and loss. The systems of internal control are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. 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 directors are of the opinion, based on the information and explanations given by management, the internal auditors and the external auditors, that the systems of internal control provide reasonable assurance that the financial records may be relied on for the preparation of the consolidated annual financial statements.

The external auditors are responsible for reporting on the fair presentation of these annual financial statements. The entity's external auditors, Deloitte & Touche, have audited the annual financial statements after having been provided unrestricted access to all financial records and related data. The directors believe that all representations made to the external auditors during their audit were valid, appropriate and complete.

The directors have reviewed the group's forecast financial performance for the year to 30 June 2011 as well as the longer term business plans and, in the light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue as a going concern for the foreseeable future.

Approval of Annual Financial Statements

The annual financial statements set out on pages 106 to 150, were approved by the Board of Directors on 22 September 2010, and thus signed on their behalf by:



Mr Andile Mahlalutye
Chairman of the Board



Mr Mzimkulu Msiwa
Chief Executive