



2014

ANNUAL REPORT

**JAMES 1:27
TRUST**

ACKNOWLEDGEMENTS

The trust, on behalf of our board of trustees, secretariat and advisory committees, hereby acknowledges the manifold contributions of our supporters, sponsors and donors. We have now reached a landmark 10 years together.

This has been made possible through the dedicated efforts of multiple stakeholder organisations and individuals. In particular, the technical support of Automated Product Development (APD) and SAP has made possible the going-to-market of our service offering, the James 1:27 Care Platform.

To our Community and Faith Based Partners we would like to acknowledge your confidence in providing a bridge for the Trust into the community. Our commitment to best practice has ensured that the Trust has built community development principles into our management systems.

To our auditors, Grant Thornton, we appreciate your professionalism and guidance in ensuring the long-term fiduciary credibility of the Trust. To Shem Comion at Shemimages (www.shemimages.com) we are proud to use your beautiful donated photographic images. And finally, we the Trust, would like to express our appreciation to our constituency, the children that we serve. We take courage from the testimony of your lives and are proud to play a part in your narrative. You remain the reason for our existence!





OUR PROFILE

OUR VISION is to escalate holistic care through family based care plans to orphans and children made vulnerable within the context of poverty and an HIV and AIDS epidemic.

OUR STRATEGIC PURPOSE is to promote innovation, social entrepreneurship and enterprise development, enabling carebased organisations to escalate holistic care to orphans and vulnerable children using care plans within a child's rights framework.

OUR PRODUCT OFFERING consists of the James 1:27 care platform, a business information management solution consisting of PCT Windchill, a life cycle management system, SAP Business One, an enterprise resource planning solution and other software solutions. The platform enables the professional management of children's holistic development plans.

OUR VALUES

Faith
Integrity
Simplicity

Holism
Solidarity
Sustainability



CHAIRMAN'S REPORT

I have had the privilege of serving as Chairman on the Board of Trustees for a full decade. As I look back, I marvel at the faithfulness of a God who has blessed the Trust. It is with thanksgiving that we reflect and welcome the journey of the Trust, from proof of concept to our go-to-market phase.

While governance is more than adequately addressed, and the Trust in 2013/2014 has appointed a number of specialist advisory boards, we continue to monitor the financial sustainability of the Trust. The big shift is that the Trust has adopted a mixed funding strategy.

The specialized services of the Trust as evidenced by our use of SAP Business One, PTC Windchill, Episerver7, makes for a potential agency approach as well as professional donor management capability. In addition, the launch of the 127 campaign has opened the income generating source to a mass public appeal. Developments using this social capital approach to create an annuity type income are ground breaking. I look forward to the emergence of a "social market" in which community-based organisations can package and sell their services and care products.

This shift away from charity to social entrepreneurship is more fitting for the economic realities of our time and I believe will feed the social entrepreneurial approach of asset based community development. The sense that I have is that this is going to address an important root in poverty and inequality. The high levels of absent fathers and dysfunctional families make for sober reflection for us as a society and as a culture. The scale of the problem is just too big for government. No matter how efficient and effective in service delivery, government needs business to shift from corporate social investment to shared value in which systematic problems in society are addressed.

Shareholder value and profit are dependent on addressing social risk. Business needs stability, economic growth and a healthy society to grow their market. Into this market space, civil society is able to deliver a critical service. Not only can it address the problems by supplementing welfare and care, but it can in the process generate jobs, the scale of which are still undeterminable, but offers ground breaking breakthrough.

The Trust's 1:1 of cost to benefit ratio is commendable given that they are developing an industry standard business information management platform. More than 2000 children are associated in some way with the Trust, either with direct holistic care, care management, or technical support. While this is not at a scalable level, evidence indicates that the projector to increase impact is on track. What is also exciting is the partnership with new social justice partners from combatting trafficking to rape management protocols. The Trust's lifecycle management approach has practical use beyond our original scope.

It is incumbent upon me to thank all our stakeholders and partners for an amazing journey to date. The concept of Ubuntu is given new meaning as we create a relational dynamic that focuses on social transformation and change. South Africa has a dream that together we must start to believe in and live!

Catherine Makwakwa, Chairman of the Board of Trustees



REFLECTION FROM THE CEO

What we are learning is that while information technology and business management solutions can contribute to the efficient and effective removing of systemic blockages in community development, real change in society requires a change in relational thinking. At the heart of change is what the Relational Foundation terms relational proximity. Relationships within the family, community, school and society remain instrumental in influencing individual choices and collective responses. The Trust as a development agency, is often frustrated by the degree of indifference of a self-absorbed broader society oblivious to the social risk in the country.

The restless unemployed youth of today angry by the non-delivery of benefits from the democratic SA will be in the next decade and half a majority electorate. In this tension between rights and responsibilities lies issues such as teenage pregnancy. It seems that there is a desperate attempt to mitigate a nightmare scenario in the face of an incredible dream filled with potential, promise, purpose and identity. In this vortex, we find ourselves at multiple levels moving from the dream to the dance to the choice.

What has emerged this past year is that we are turning increasingly to economics as a discipline to assist in our social enterprise. In sort, we find ourselves turning to a social market in which social consumers subscribe as an annuity and social risk insurance, to a social product or service, supplied by a local community based social entrepreneur. Thus, the social problems lend themselves to social innovation where carers respond with ideas and initiatives. These then become commercialised, monetised and productised. The selling of which takes place on an electronic e-commerce portal. As is the case with financial service products, social service products are sold in response to the same drivers of risk mitigation and wealth creation. The difference being that the risk is social and probably higher and with the wealth creation lying in human and child development. In this is the distillation of inspiration of what we believe.

The battle is not ours but indeed belongs to the Dreamer who knows the value of each child and has the inspiration and power for their realisation. So despite the hardships and frustration we remain hopeful and inspired, perhaps most all by the courage of the many young people that we serve. Tomorrow will be a better day because we know that He is already working on tomorrow.

Robert Botha CEO of James 1:27 trust

REVIEW OF 2013/14

Our annual review has relied on our own information management system to provide evidence based reporting. The Trust has under our care management through our in-house programmes such as Take Action, more than 338 children under care management.

In addition, the Trust has a sample of 20 children within a more comprehensive holistic care management system. We also through several community based partners have an additional 1930 children listed on our data base. What we are learning from this sample is that the transformation of the child from vulnerability and risk to autonomy and independence requires intensive development. In this regard, we continue to be open to “unlearning” and listening actively to other partners such as Give a Child a Family, who located in Kwa Zulu Natal are at the epicenter of the HIV and AIDS epidemic.

Together we support and advocate for family based care within an asset based community development approach. What is now among all our civil society partners involved in this field is an appropriate business case that can deliver on a sustainable income model. The movement from philanthropy and charity to social entrepreneurship is challenging. Beyond the jargon lies an ocean of opportunity which if we can translate into practical breakthrough can have a significant game changing role on the nations national development plan (NDP).

We remain convinced that child vulnerability is rooted in the NDP's diagnostic focus areas on poverty, inequality and unemployment. In terms of our financial stewardship, the Trust Secretariat managed to increase revenue by 91% from R1 067 385 in (2013) to R2 042 128 in (2014). In addition, we managed to only increase expenditure by 38%. We therefore shifted from a deficit of (R263 852) in (2013) to a surplus of R266 655 (2014). In terms of our direct care to children we have increased our expenditure by more than 122%. In 2013, we distributed R699 148 in direct care to vulnerable families. Much credit for this increase goes to Take Action's marketing drive. If we include expenditure on our professional services costs of our psychologist and social workers we spent an additional R300 000.

This means that we are despite our technical development costs spending ratio of 1:1 in terms of Secretariat Costs to Care Costs for our beneficiaries. We also run our whole operations with several staff under a R85000 per month budget. This is only possible with high levels of sacrifice and commitment from those serving within our Secretariat.

AUDITED FINANCIAL STATEMENTS

Grant Thornton

Independent Auditors' Report

To the trustees of James 1:27 Trust

We have audited the annual financial statements of James I Trust, which comprise the statement of financial position as at 28 February 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash

flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on

pages 5 to 11.

Trustees' Responsibility for the Annual Financial Statements

The trusts trustees are responsible for the preparation and fair presentation of these annual financial statements in accordance with the basis of accounting as set out in Note I to the financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these annual 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 whether the annual financial statements are

free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the annual 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 annual financial statements

in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an

James 1:27 Trust
Annual financial statements
for the year ended 28 February 2014

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James 1:27 Trust

(Registration number 10446/04)

Annual Financial Statements for the year ended 28 February 2014

General Information

Country of incorporation and domicile	South Africa
Type of trust	Inter-vivos trust
Trustees	Robert Botha (CEO) Catherine Makwakwa (Chairperson) Servaas de Kock Raphael Kasonga Justus van der Berg (Treasurer) Robert Urry (Secretary)
Business address	Innovation Centre, Office 68 6 Mark Shuttleworth Street Presequor Business Park, Ext 10, Pretoria
Postal address	P. O. Box 58 Innovation Hub, 0087
Bankers	ABSA Bank Limited First Rand Bank Limited
Auditors	Grant Thornton Chartered Accountants (S.A.) Registered Auditors Member of Grant Thornton International
Trust registration number	10446/04
Preparer	The annual financial statements were internally compiled by: Grant Thornton Pretoria Advisory Services Proprietary Limited



James 1:27 Trust

(Registration number 10446/04)

Annual Financial Statements for the year ended 28 February 2014

Index

The reports and statements set out below comprise the annual financial statements presented to the trustees:

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The following supplementary information does not form part of the annual financial statements and is unaudited:

Detailed Statement of Comprehensive Income	12
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James 1:27 Trust

(Registration number 10446/04)

Annual Financial Statements for the year ended 28 February 2014

Trustees' Responsibilities and Approval

The trustees are required to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the trust as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the basis of accounting as set out in Note 1 to the financial statements. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the basis of accounting as set out in Note 1 to the financial statements and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

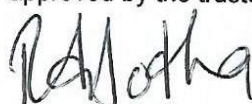
The trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the trust and place considerable importance on maintaining a strong control environment. To enable the trustees to meet these responsibilities, the trustees sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the trust and all employees are required to maintain the highest ethical standards in ensuring the trust's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the trust is on identifying, assessing, managing and monitoring all known forms of risk across the trust. While operating risk cannot be fully eliminated, the trust endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The trustees are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

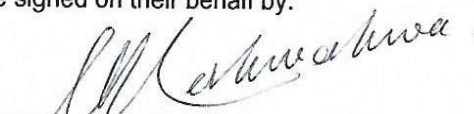
The trustees have reviewed the trust's cash flow forecast for the year to 28 February 2015 and, in the light of this review and the current financial position, they are satisfied that the trust has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the trust's annual financial statements. The annual financial statements have been examined by the trust's external auditors and their report is presented on page 4.

The annual financial statements set out on pages 5 to 11, which have been prepared on the going concern basis, were approved by the trustees on 14 November 2014 and were signed on their behalf by:



Trustee



Trustee

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 annual financial statements.

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

Basis for Qualified Opinion

In common with similar organisations, it is not feasible for the organisation to institute accounting controls over cash collections from donations prior to the initial entry of the collections in the accounting records. Accordingly, it was impracticable for us to extend our examination beyond the receipts actually recorded.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the annual financial statements have been prepared, in all material aspects, in accordance with the basis of accounting

described in note I.

Other matter

We draw attention to the fact that supplementary information set out on page 12 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

Gant Thornton

Chartered Accountants (SA) Registered Auditors

NC Kyriacou

Chartered Accountant (SA) Registered Auditor

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14 November 2014

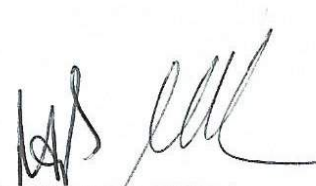
James 1:27 Trust

(Registration number 10446/04)

Annual Financial Statements for the year ended 28 February 2014

Statement of Financial Position

	Note(s)	2014 R	2013 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	24 821	30 853
Current Assets			
Trade and other receivables		28 061	197 888
Cash and cash equivalents		935 248	487 251
Total Assets		963 309	685 139
		988 130	715 992
Equity and Liabilities			
Equity			
Trust capital		100	100
Reserves		750 000	600 000
Accumulated surplus		194 539	77 884
		944 639	677 984
Liabilities			
Current Liabilities			
Trade and other payables		43 491	38 008
Total Equity and Liabilities		988 130	715 992



James 1:27 Trust

(Registration number 10446/04)

Annual Financial Statements for the year ended 28 February 2014

Statement of Comprehensive Income

	Note(s)	2014 R	2013 R
Revenue		2 042 128	1 067 385
Other income		-	356
Operating expenses		(1 800 079)	(1 360 418)
Operating surplus (deficit)		242 049	(292 677)
Investment revenue		27 868	28 826
Finance costs		(3 262)	(1)
Surplus (deficit) for the year		266 655	(263 852)

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James 1:27 Trust

(Registration number 10446/04)

Annual Financial Statements for the year ended 28 February 2014

Statement of Changes in Equity

	Trust capital	Long Term Investment Reserve	Accumulated surplus	Total equity
	R	R	R	R
Balance at 01 March 2012	100	600 000	341 736	941 836
Changes in equity				
Surplus for the year	-	-	(263 852)	(263 852)
Total changes	-	-	(263 852)	(263 852)
Balance at 01 March 2013	100	600 000	77 884	677 984
Changes in equity				
Surplus for the year	-	-	266 655	266 655
Transfer of income surplus to trust capital	-	150 000	(150 000)	-
Total changes	-	150 000	116 655	266 655
Balance at 28 February 2014	100	750 000	194 539	944 639



James 1:27 Trust

(Registration number 10446/04)

Annual Financial Statements for the year ended 28 February 2014

Statement of Cash Flows

	Note(s)	2014 R	2013 R
Cash flows from operating activities			
Cash generated from (used in) operations	5	434 669	(300 240)
Interest income		27 868	28 826
Finance costs		(3 262)	(1)
Net cash from operating activities		459 275	(271 415)
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(11 279)	(18 110)
Total cash movement for the year		447 996	(289 525)
Cash at the beginning of the year		487 251	776 775
Total cash at end of the year		935 247	487 250



James 1:27 Trust

(Registration number 10446/04)

Annual Financial Statements for the year ended 28 February 2014

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period.

1.1 Property, plant and equipment

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment, which is as follows:

Item	Average useful life
Furniture and fixtures	6 Years
Office equipment	5 Years
Computer equipment	3 Years
Computer software	2 Years

The depreciation charge for each period is recognised in profit and loss.

1.2 Revenue

Interest is recognised, in profit or loss, using the effective interest rate method.

Donations received are accounted for on the cash receipt basis. Donations in kind are accounted for at fair value.



James 1:27 Trust

(Registration number 10446/04)

Annual Financial Statements for the year ended 28 February 2014

Notes to the Annual Financial Statements

	2014 R	2013 R
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2. Property, plant and equipment

	2014			2013		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Computer software	73 708	(72 922)	786	72 859	(72 771)	88
Furniture and fixtures	22 532	(14 250)	8 282	22 532	(11 047)	11 485
Computer equipment	127 745	(113 064)	14 681	117 316	(99 524)	17 792
Office equipment	2 883	(1 811)	1 072	2 883	(1 395)	1 488
Total	226 868	(202 047)	24 821	215 590	(184 737)	30 853

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Depreciation	Total
Computer software	88	849	(151)	786
Furniture and fixtures	11 485	-	(3 203)	8 282
Computer equipment	17 792	10 430	(13 541)	14 681
Office equipment	1 488	-	(416)	1 072
	30 853	11 279	(17 311)	24 821

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Depreciation	Total
Computer software	5 793	81	(5 786)	88
Furniture and fixtures	9 711	4 793	(3 019)	11 485
Computer equipment	20 870	12 349	(15 427)	17 792
Office equipment	945	887	(344)	1 488
	37 319	18 110	(24 576)	30 853

3. Taxation

No provision has been made as the trust is exempt from income tax in terms of section 10(1)(CN) of the Income Tax Act.

4. Auditors' remuneration

Fees	10 700	10 000
Adjustment for previous year	-	4 217
	10 700	14 217

5. Cash generated from (used in) operations

Surplus (deficit) before taxation	266 655	(263 852)
Adjustments for:		
Depreciation	17 311	24 575
Interest received	(27 868)	(28 826)
Finance costs	3 262	1
Changes in working capital:		
Trade and other receivables	169 827	(44 227)
Trade and other payables	5 482	12 089
	434 669	(300 240)

James 1:27 Trust

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Annual Financial Statements for the year ended 28 February 2014

Notes to the Annual Financial Statements

	2014 R	2013 R
6. Commitments		
Operating leases – as lessee (expense)		
Minimum lease payments due		
- within one year	8 360	17 860
Operating lease payments represent rentals payable by the trust for office premises.		
7. Related parties		
Relationships		
Trustees	Robert Botha Catherine Makwakwa Robert Urry	
Related party transactions		
Donations received from trustees		
Robert Botha	11 150	3 238
Catherine Makwakwa	2 600	2 400
Robert Urry	83 000	77 127
	96 750	82 765



James 1:27 Trust

(Registration number 10446/04)

Annual Financial Statements for the year ended 28 February 2014

Detailed Statement of Comprehensive Income

	2014	2013
Revenue		
Donations	2 042 128	1 067 385
Other income		
Discount received	-	356
Interest received	27 868	28 826
	27 868	29 182
Operating expenses		
Accounting fees	47 299	45 050
Advertising	4 445	2 700
Auditors' remuneration	4 10 700	14 217
Bank charges	22 693	17 577
Conference fees	2 130	8 700
Consulting fees	7 664	156 611
Consumables	4 853	11 020
Computer expenses	21 641	12 156
Depreciation	17 311	24 575
Donations	31 308	12 751
Education fund expenses	2 000	-
Employee costs	781 149	617 714
Entertainment	11 011	5 929
Food parcel fund expenses	-	755
Legal expenses	-	2 975
License fees	35 187	32 854
Magazines, books and periodicals	922	2 818
Office expenses	521	240
Postage	877	493
Printing and stationery	4 172	14 543
Rental operating lease	49 176	44 960
Shelter & care fund expenses	667 840	302 090
Telephone and fax	22 562	14 800
Training	2 497	4 850
Travel - local	34 344	8 583
Travel - overseas	17 777	1 456
	1 800 079	1 360 417
Operating surplus (deficit)	269 917	(263 850)
Finance costs	(3 262)	(1)
Surplus (deficit) for the year	266 655	(263 851)

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