

James 1:27 Trust
Annual financial statements
for the year ended 28 February 2017

James 1:27 Trust

(Registration number 10446/04)

Annual Financial Statements for the year ended 28 February 2017

General Information

Country of incorporation and domicile	South Africa
Type of trust	Inter-vivos trust
Trustees	TK Bolton (Chairperson) NP Goosen (Vice-Chairperson & Treasurer) RA Botha (Founder) JW Radley RH Urry EM Pitsoane
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 (SA) Registered Auditors Member of Grant Thornton International
Trust registration number	10446/04
Preparer	The annual financial statements were independently compiled by: Grant Thornton Pretoria Advisory Services Proprietary Limited

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

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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 2018 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.

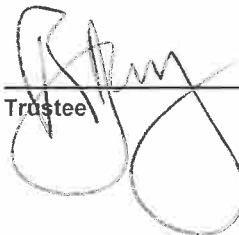
The trustees are satisfied that the activities undertaken by the trust are public benefit activities as listed in the Ninth Schedule of the Income Tax Act 58 of 1962.

The external auditors are responsible for independently auditing 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 6 to 13, which have been prepared on the going concern basis, were approved by the trustees on 28 February 2018 and were signed on their behalf by:



Trustee



Trustee

Independent Auditors' Report

To the trustees of James 1:27 Trust

Qualified opinion

We have audited the annual financial statements of James 1:27 Trust set out on pages 6 to 12, which comprise the statement of financial position as at 28 February 2017, and the statement of profit and loss and comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, financial statements of James 1:27 Trust for the year ended 28 February 2017 are prepared, in all material respects, in accordance with basis of accounting described in Note 1 to the financial statements and the requirements of the Local legislation over trusts.

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 impractical for us to extend our examination beyond the receipts actually recorded.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the trust in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of matter - Basis of accounting

We draw attention to note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the entity's own accounting policies to satisfy the financial information needs of the trustees. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Supplementary information

The trustees are responsible for the other information. The other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the trustees for the Annual Financial Statements

The trustees are responsible for the preparation and fair presentation of the annual financial statements in accordance with basis of accounting as set out in Note 1 to the financial statements and the requirements of the Local legislation over trusts, and for such internal control as the trustees determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditors' Report

Auditors' responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton

Chartered Accountants (SA)
Registered Auditor

NC Kyriacou

Partner
Chartered Accountant (SA)
Registered Auditor

28 February 2018

Building 2, Summit Place
221 Garstfontein Road
Menlyn
0181

James 1:27 Trust

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Annual Financial Statements for the year ended 28 February 2017

Statement of Financial Position as at 28 February 2017

	Note(s)	2017 R	2016 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	274	4 417
Current Assets			
Trade and other receivables	3	32 769	146 306
Cash and cash equivalents		639 960	806 757
		672 729	953 063
Total Assets		673 003	957 480
Equity and Liabilities			
Equity			
Trust capital		100	100
Reserves		28 845	52 171
Accumulated surplus		600 270	801 111
		629 215	853 382
Liabilities			
Current Liabilities			
Trade and other payables	4	43 788	104 098
Total Equity and Liabilities		673 003	957 480

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Statement of Comprehensive Income

	Note(s)	2017 R	2016 R
Revenue		4 667 117	3 832 564
Other income		62 065	-
Operating expenses		(4 964 484)	(4 000 381)
Operating deficit		(235 302)	(167 817)
Investment revenue		11 151	29 909
Finance costs		(16)	-
Deficit for the year		(224 167)	(137 908)

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Statement of Changes in Equity

	Trust capital	Long Term Investment Reserve	Accumulated surplus	Total equity
	R	R	R	R
Balance at 1 March 2015	100	750 000	241 190	991 290
Deficit for the year	-	-	(137 908)	(137 908)
Transfer from reserve	-	(697 829)	697 829	-
Balance at 1 March 2016	100	52 171	801 111	853 382
Deficit for the year	-	-	(224 167)	(224 167)
Transfer from reserve	-	(23 326)	23 326	-
Balance at 28 February 2017	100	28 845	600 270	629 215

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Statement of Cash Flows

	Note(s)	2017 R	2016 R
Cash flows from operating activities			
Cash used in operations	7	(177 551)	(67 728)
Interest income		11 151	29 909
Finance costs		(16)	-
Net cash from operating activities		(166 416)	(37 819)
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(381)	(638)
Total cash movement for the year		(166 797)	(38 457)
Cash at the beginning of the year		806 757	845 214
Total cash at end of the year		639 960	806 757

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Annual Financial Statements for the year ended 28 February 2017

Accounting Policies

1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with the accounting policies as set out below. The annual financial statements have been prepared on the historical cost basis. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Property, plant and equipment

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

Cost 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.

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 as follows:

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

1.2 Financial instruments

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in surplus or deficit.

1.3 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.

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Notes to the Annual Financial Statements

	2017	2016
	R	R

2. Property, plant and equipment

	2017			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	23 782	(23 765)	17	23 782	(20 328)	3 454
Office equipment	2 883	(2 880)	3	2 883	(2 630)	253
IT equipment	127 745	(127 711)	34	127 745	(127 626)	119
Computer software	75 162	(74 942)	220	74 781	(74 190)	591
Total	229 572	(229 298)	274	229 191	(224 774)	4 417

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	3 454	-	(3 437)	17
Office equipment	253	-	(250)	3
IT equipment	119	-	(85)	34
Computer software	591	381	(752)	220
	4 417	381	(4 524)	274

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	5 928	350	(2 824)	3 454
Office equipment	655	-	(402)	253
IT equipment	7 050	-	(6 931)	119
Computer software	1 063	288	(760)	591
	14 696	638	(10 917)	4 417

3. Trade and other receivables

Deposits	32 769	24 259
Prepayments	-	4 180
Trade receivables	-	101 500
VAT	-	16 367
	32 769	146 306

4. Trade and other payables

Accrued audit fees	12 720	10 700
Trade payables	21 524	93 398
VAT	9 544	-
	43 788	104 098

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Notes to the Annual Financial Statements

	2017 R	2016 R
5. Taxation		
No provision has been made for taxation as the trust is exempt from income tax in terms of section 10(1)(CN) of the income Tax Act.		
6. Auditors' remuneration		
Fees	12 720	11 300
7. Cash used in operations		
Deficit for the year	(224 167)	(137 908)
Adjustments for:		
Depreciation and amortisation	4 524	10 917
Interest received	(11 151)	(29 909)
Finance costs	16	-
Changes in working capital:		
Trade and other receivables	113 537	9 788
Trade and other payables	(60 310)	79 384
	(177 551)	(67 728)
8. Commitments		
Operating leases – as lessee (expense)		
Minimum lease payments due		
- within one year	38 838	10 450
- in second to fifth year inclusive	14 113	-
	52 951	10 450
Operating lease payments represent rentals payable by the trust for office properties.		
9. Related parties		
Relationships		
Trustees	RA Botha RH Urry JW Radley NP Goosen TK Bolton EM Pitsoane	
Related party transactions		
Donations received from trustees		
RH Urry	135 000	102 000
TK Bolton	22 000	-
	157 000	102 000

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Detailed Income Statement

	Note(s)	2017 R	2016 R
Revenue			
Donations		4 667 117	3 832 564
Other income			
Accounting services rendered		62 065	-
Interest received		11 151	29 909
		73 216	29 909
Operating expenses			
Accounting fees		135 511	53 865
Advertising		1 050	5 019
Auditors' remuneration	6	12 720	11 300
Bank charges		37 048	21 399
Cleaning		244	-
Computer expenses		42 307	13 909
Conference fees		25 107	32 982
Consulting fees		-	41 656
Consumables		15 843	8 798
Depreciation		4 524	10 917
Donations		44 761	4 400
Donations - Take action		894 689	-
Employee costs		541 940	591 388
Entertainment		44 913	4 539
Insurance		10 249	-
Licence fees		53 700	10 061
Magazines, books and periodicals		65	863
Municipal expenses		100	-
Office expenses		6 028	116
Postage		190	380
Printing and stationery		9 554	7 142
Rental operating lease		167 340	61 750
Repairs and maintenance		13 747	-
Shelter and care fund expenses		2 707 504	3 020 743
Subscriptions		-	624
Telephone and fax		56 315	19 591
Training		15 000	40 569
Travel - local		124 035	38 370
		4 964 484	4 000 381
Operating deficit		(224 151)	(137 908)
Finance costs		(16)	-
Deficit for the year		(224 167)	(137 908)