

King David Schools' Foundation Trust  
Annual Financial Statements  
For the year ended 28 February 2023  
(Registration No: T6890/94)  
(PBO No: 930013716)

## General Information

<b>Country of incorporation and domicile</b>	South Africa
<b>Type of trust</b>	Educational Trust
<b>Trustees</b>	Adrian Gore (Chairman) Eli Atie David Frankel Raoul Gamsu Cy Jacobs Steven Joffe Stephen Koseff Brett Levy Lynette Saltzman Cecil Wulfsohn
<b>Key Management</b>	Raelene Tradonsky (Executive Director) Daniel Tucker (Chief Operating Officer)
<b>Business Address</b>	100 Club Street Linksfeld 2192
<b>Postal Address</b>	PO Box 46204 Orange Grove 2119
<b>Bankers</b>	Standard Bank of South Africa Limited
<b>Auditors</b>	PricewaterhouseCoopers Inc.
<b>Trust registration number</b>	T6890/94
<b>Level of assurance</b>	These annual financial statements have been audited.
<b>Preparer</b>	The annual financial statements were independently compiled under the supervision of M Nienaber CA(SA).

## Index

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

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## Responsibilities of the Trustees and Approval of the Annual Financial Statements

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 Foundation 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 International Financial Reporting Standard for Small and Medium-sized Entities. 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 International Financial Reporting Standards for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the Foundation and place considerable importance on maintaining a strong control environment. To enable the trustees to meet these responsibilities, the trustees set 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 Foundation and all employees are required to maintain the highest ethical standards in ensuring the Foundation's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the Foundation is on identifying, assessing, managing and monitoring all known forms of risk across the Foundation. While operating risk cannot be fully eliminated, the Foundation 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 acknowledge that the Foundation is approved by the Commissioner of the South African Revenue Services as a public benefit organisation under Section 30 of the Income Tax Act so and also enjoys Section 18A status in terms of that Act. The Trustees agree to comply with all the provisions necessary to retain such status.

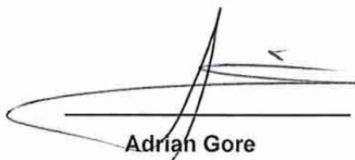
The Foundation is also approved as a Non-profit Organisation in terms of the Non-profit Organisations Act 1997, as amended and undertake to comply on an on-going basis with the provisions of the Act so as to maintain approval as a Non-profit organisation.

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.

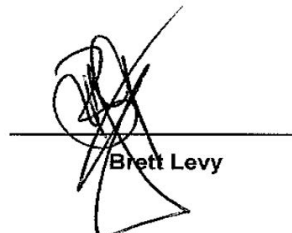
The trustees have reviewed the Foundation's cash position at 28 February 2023, and, in light of this review and the current financial position, they are satisfied that the Foundation has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Foundation's annual financial statements. The annual financial statements have been examined by the Foundation's external auditors and their report is presented on page 7 to 9.

The annual financial statements set out on pages 10 to 22, which have been prepared on the going concern basis, were approved by the trustees on 30 June 2023 and were signed on its behalf by:



Adrian Gore



Brett Levy

## Report of the Trustees

The Trustees present their annual report, which forms part of the audited financial statements of the Trust for the year ended 28 February 2023.

### 1. Nature of business

The Foundation is committed to and engages in fund raising and the distribution of the funds raised in order to secure the future of the King David Schools.

### 2. Foundation Fundraising

The King David Schools' Foundation was founded in 1994 as an educational trust by the South African Board of Jewish Education, having as its beneficiaries at that time, the King David Schools in Johannesburg and Sandton. Its main object was to administer and control a special fund for the sole purpose of receiving donations to be used exclusively for the benefit of the King David schools. In March 2011, the Foundation was re-launched as the fund-raising arm of the Board, having as its primary beneficiaries all of the schools controlled and/or managed by the Board. Whilst the initial aim of the Foundation was to provide scholarships and bursaries for a number of deserving learners, this vision has expanded to include creating an endowment fund using the *Dor Le Dor Generation to Generation Campaign*, to drive a sustainable future for the King David Schools. Capital growth and income arising from the endowment fund is applied to achieve the afore-mentioned objectives. Since its re-launch in 2011 until February 2023, the Foundation has received commitments of approximately R477.3 million (2022: R382.2 million) of which R396.3 million (2022: R307.7 million) has been received. The R396.3 million is made up as follows:

<i>R' Millions</i>	Receipts	DISTRIBUTIONS			Invested
		SABJE Projects	Scholarships	Disbursements	
<b>Endowment Donations – Local</b>	298.6	(202.6)	-	(6.6)	89.4
<b>Endowment Donations - Overseas</b>	44.4	-	-	(44.4)	-
<b>Total Endowments</b>	<b>343.0</b>	<b>(202.6)</b>	<b>-</b>	<b>(51.0)</b>	<b>89.4</b>
<b>Donations to Learners</b>	40.4	-	(40.0)	-	0.4
<b>Other</b>	12.9	(10.2)	-	-	2.7
<b>Total Received</b>	<b>396.3</b>	<b>(212.8)</b>	<b>(40.0)</b>	<b>(51.0)</b>	<b>92.5</b>

No provision has been made for Income Tax as the Foundation has been approved as a public benefit organisation in terms of Section 30 of the Income Tax Act. The Foundation has also been approved under section 18A(1)(a) and 18A(1)(b) of the Income Tax Act. As such, subject to the provisions of Section 10(1)(cN) of the Income Tax Act, the Foundation is exempt from Income Tax. Insofar as donations are made to the Foundation by South African tax payers for the purpose of enabling the Foundation itself and through the Foundation, acting as a conduit, the Board, to undertake activities contemplated in Part II of the Ninth Schedule of the Income Tax Act, the Foundation issues to these taxpayers section 18A certificates. In terms of a service level agreement which the Foundation entered into with the South African Board of Jewish Education on 11 August 2015, as may be amended from time to time, the Foundation has an unconditional contractual obligation and liability to distribute to the Board (which controls and/or manages all the King David Schools) at least 50% of all funds received by way of donations during that year and in respect of which receipts under section 18A of the Income Tax Act were issued. The aforementioned restriction does not apply to donations received from overseas donors who are not South African taxpayers. Since the Foundation's re-launch in March 2011, of the R396.3 million received, R212.8 million has to date been distributed to the Board for various capital projects and donations of R40.0 million have been made available to learners at the King David Schools.

## **Report of the Trustees (Continued)**

### **3. Investment Strategy**

This is in line with the sub-committee mandate to evaluate risk on an ongoing basis and change strategy as and when the state of the market requires it.

### **4. SABJE - Service Level Agreement**

The King David Schools Foundation and the SABJE regulate their relationship in terms of a service level agreement. The key points of the SLA are:

- The Foundation is the official fundraiser for SABJE and all schools under their control.
- The Foundation aims to fund a significant portion of the combined cost of SABJE's subsidies and capital excellence projects in terms of and in accordance with an algorithm as approved and adopted by the Foundation in November 2013.
- To build up a fund whose present value at any point in time is aligned with the algorithm.
- To disburse to SABJE funds on an annual basis.
- As far as is practical all donations are to flow through the Foundation as opposed to the SABJE.
- Targets are agreed between the two parties at a joint meeting to be held annually.
- SABJE is required to give the Foundation a quarterly update on progress.
- The Foundation pays SABJE a management fee in return for all administration and financial services.
- By virtue of the obligation mentioned in paragraph 2 above, the Foundation has an unconditional contractual liability to distribute to SABJE at least 50% of all funds received from time to time by way of donation from South African taxpayers to whom a section 18A certificate is issued.

### **5. Financial Results**

Full details of the financial position, results of operations and cash flows of the Foundation are set out in these annual financial statements.

### **6. Events after the reporting period**

The trustees are not aware of any matter or circumstance subsequent to balance sheet date which would have had a material effect on these financial statements.

## Report of the Trustees (Continued)

### 7. Going Concern

The trustees believe that the Foundation has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements been prepared on a going concern basis. The trustees have satisfied themselves that the Foundation is in a sound financial position and that it has access to sufficient cash and financial assets to meet its foreseeable cash requirements. The trustees are not aware of any material changes that may adversely impact the Foundation. The trustees are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Foundation.

### 8. Endowment Reserve

An Endowment Fund Reserve has been created by transferring donations received for this purpose to the reserve. This is done at the end of each year in the Statement of Changes in Equity. The reserve is shown net of any transfers to the SABJE during the year.

### 9. Trustees

The trustees of the Foundation during the year and at the date of this report are as follows:

<b>Name</b>	
Adrian Gore	(Chairman)
Eli Atie	
David Frankel	
Raoul Gamsu	
Cy Jacobs	
Steven Joffe	
Stephen Koseff	
Brett Levy	
Lynette Saltzman	
Cecil Wulfsohn	

The Trustees wish to thank Lynette Saltzman for her valued contribution and dedication to the Foundation and its vision, and wish her every success in her future endeavours. The Trustees further wish to welcome David Bloch, and thank him for his commitment to the Foundation. Applications for both the formal resignation and appointment have been submitted to the Master of the High Court for approval.

### 10. Key management

Key management of the Foundation are as follows:

Raelene Tradonsky (Executive Director) and Daniel Tucker (Chief Operating Officer)

### 11. Auditors

PricewaterhouseCoopers Inc. will remain in office for the next financial year.



## *Independent auditor's report*

To the Members of the Executive of the King David Schools Foundation

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### *Our opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of King David Schools Foundation (the Trust) as at 28 February 2023, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.

### **What we have audited**

King David Schools Foundation's financial statements set out on pages 10 to 22 comprise:

- the statement of financial position as at 28 February 2023;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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### *Basis for opinion*

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 financial statements* section of our report.

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

### **Independence**

We are independent of the Company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards

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Chief Executive Officer: L S Machaba

The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.  
Reg. no. 1998/012055/21, VAT reg.no. 4950174682.



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### *Other information*

The directors are responsible for the other information. The other information comprises the information included in the document titled “King David Schools Foundation Trust Annual Financial Statements for the year ended 28 February 2023” The other information does not include the financial statements and our auditor’s report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the 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.

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### *Responsibilities of the directors for the financial statements*

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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### *Auditor’s responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the 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 ISAs 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

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*PricewaterhouseCoopers Inc*

PricewaterhouseCoopers Inc.  
Director: Andrew Taylor  
Registered Auditor  
Johannesburg, South Africa  
20 July 2023

## Statement of Financial Position

		As at 28 February 2023	As at 28 February 2022
	Notes	Rands	Rands
<b>Assets</b>			
<b>Non-Current Assets</b>			
Plant and equipment	3	58,623	47,502
Financial assets	4	106,912,951	96,268,585
		<b>106,971,574</b>	<b>96,316,087</b>
<b>Current Assets</b>			
Cash and cash equivalents	2	90,897,385	93,246,318
Other receivables		-	26,067
		<b>90,897,385</b>	<b>93,272,385</b>
<b>Total Assets</b>		<b>197,868,959</b>	<b>189,588,472</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Trust capital	6	1,005,000	1,005,000
Reserves	7	167,417,050	165,750,959
Accumulated surplus		28,018,416	22,772,615
		<b>196,440,466</b>	<b>189,528,574</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	5	1,428,493	59,898
<b>Total Equity and Liabilities</b>		<b>197,868,959</b>	<b>189,588,472</b>

The accounting policies on pages 14 to 16 and the notes on pages 17 to 22 form an integral part of the annual financial statements.

## Statement of Comprehensive Income

		Year ended February 2023	Year ended February 2022
	Notes	Rands	Rands
Revenue	9	42,366,154	47,735,406
Other income		1,300	1,200
Operating expenses	10	(6,912,063)	(5,019,275)
Funds applied for school projects	10	(19,457,582)	(10,962,175)
<b>Operating surplus</b>	11	<b>15,997,809</b>	<b>31,755,156</b>
Investment income	12	5,101,116	2,892,142
Fair value adjustments	13	10,644,367	14,566,211
Foreign exchange loss - unrealised	14	(1,331,400)	-
<b>Surplus for the year</b>		<b>30,411,892</b>	<b>49,213,509</b>
<b>Total comprehensive income for the year</b>		<b>30,411,892</b>	<b>49,213,509</b>

The accounting policies on pages 14 to 16 and the notes on pages 17 to 22 form an integral part of the annual financial statements.

### Statement of Changes in Equity

	Trust Capital Rands	Endowment Reserve Rands	Other Reserves Rands	Revaluation Reserve Rands	Total Reserves Rands	Accumulated Surplus Rands	Total Equity Rands
<b>Balance at 01 March 2021</b>	<b>1,005,000</b>	<b>63,739,771</b>	<b>12,214,652</b>	<b>52,356,359</b>	<b>128,310,782</b>	<b>20,705,415</b>	<b>150,021,197</b>
Surplus for the year	-	-	-	-	-	49,213,509	49,213,509
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>49,213,509</b>	<b>49,213,509</b>
Transfer of endowment income to the South African Board of Jewish Education	-	(9,706,132)	-	-	(9,706,132)	-	(9,706,132)
Transfer to endowment reserve	-	16,860,651	-	-	16,860,651	(16,860,651)	-
Transfer of fair value adjustment to revaluation reserve	-	-	-	14,566,211	14,566,211	(14,566,211)	-
Transfer of other reserves	-	-	15,719,447	-	15,719,447	(15,719,447)	-
<b>Total changes</b>	<b>-</b>	<b>7,154,519</b>	<b>15,719,447</b>	<b>14,566,211</b>	<b>37,440,177</b>	<b>(47,146,309)</b>	<b>(9,706,132)</b>
<b>Balance at 28 February 2022</b>	<b>1,005,000</b>	<b>70,894,290</b>	<b>27,934,099</b>	<b>66,922,570</b>	<b>165,750,959</b>	<b>22,772,615</b>	<b>189,528,574</b>
Surplus for the year	-	-	-	-	-	30,411,892	30,411,892
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,411,892</b>	<b>30,411,892</b>
Transfer of endowment income to the South African Board of Jewish Education	-	(23,500,000)	-	-	(23,500,000)	-	(23,500,000)
Transfer to endowment reserve	-	17,250,946	-	-	17,250,946	(17,250,946)	-
Transfer of fair value adjustment to revaluation reserve	-	-	-	10,644,364	10,644,364	(10,644,364)	-
Transfer of other reserves	-	-	(2,729,219)	-	(2,729,219)	2,729,219	-
<b>Total changes</b>	<b>-</b>	<b>(6,249,054)</b>	<b>(2,729,219)</b>	<b>10,644,364</b>	<b>1,666,091</b>	<b>(25,166,091)</b>	<b>(23,500,000)</b>
<b>Balance at 28 February 2023</b>	<b>1,005,000</b>	<b>64,645,236</b>	<b>25,204,880</b>	<b>77,566,934</b>	<b>167,417,050</b>	<b>28,018,416</b>	<b>196,440,466</b>
	6		8		7		

The accounting policies on pages 14 to 16 and the notes on pages 17 to 22 form an integral part of the annual financial statements.

## Statement of Cash Flows

		Year ended 28 February 2023	Year ended 28 February 2022
	Notes	Rands	Rands
<b>Cash flows from operating activities</b>			
Cash generated from operations	17	16,084,336	31,796,329
Finance income		5,101,116	2,892,142
<b>Net cash from operating activities</b>		<b>21,185,452</b>	<b>34,688,471</b>
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment		(34,385)	(61,195)
COVID Grant repayment by The South African Board of Jewish Education		-	18,293,868
Payment of endowment funds for capital commitments to The South African Board of Jewish Education		(23,500,000)	(28,000,000)
<b>Net cash from investing activities</b>		<b>(23,534,385)</b>	<b>(9,767,327)</b>
<b>Total cash movement for the period</b>		<b>(2,348,933)</b>	<b>24,921,144</b>
Cash at the beginning of the period		93,246,318	68,325,174
<b>Total cash at the end of the period</b>	2	<b>90,897,385</b>	<b>93,246,318</b>

## **Accounting Policies**

### **Presentation of annual financial statements**

The King David School Foundation is an educational trust established in South Africa and in favour of whose trustees Letters of Authority have been issued by the Master of High Court in terms section 6 of the Trust Property Control Act of 1988, as amended. The address of its registered office and principal place of business is 100 Club Street, Linksfield, 2192. Their principal activities are the fundraising and the distribution of the funds raised in order to secure the future of the King David Schools.

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities. The annual financial statements have been prepared on the historical cost basis and incorporate the principal accounting policies set out below. They are presented in South African Rands. These accounting policies are consistent with the previous period.

#### **1.1 Significant judgements and sources of estimation uncertainty**

In preparing the annual financial statements, management is required to make judgements, estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

No significant estimates and judgements have been applied in the preparation of these financial statements.

#### **1.2 Financial instruments**

When a financial asset or financial liability is recognised initially, it is measured at the transaction price (including transaction costs) unless the arrangement constitutes, in effect, a financing transaction.

##### **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 rate 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.

##### **Financial instruments at fair value**

All other financial instruments are measured at fair value through surplus and deficit. The fair value of forward exchange contracts is based on their market prices.

##### **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less.

##### **Trade and other payables**

Trade and other payables relate to expenses which have been incurred in the normal course of business.

## Accounting Policies (Continued)

### 1.3 Plant and equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, or for rental to others or for administrative purposes; and are expected to be used during more than one period.

Property, plant and equipment is 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	Average useful life
Furniture and equipment	3 years
Computer equipment	3 years

If the major components of an item of property, plant and equipment have significantly different patterns of consumption of economic benefits, the cost of the asset is allocated to its major components and each such component is depreciated separately over its useful life.

The residual value, depreciation method and useful life of each asset are reviewed only where there is an indication that there has been a significant change from the previous estimate.

Gains and losses on disposals are recognised in surplus or deficit.

### 1.4 Impairment of non-financial assets

The Foundation assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its 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.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in surplus or deficit.

### 1.5 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.



## **Accounting Policies (Continued)**

### **1.6 Revenue**

Revenue which comprises donations, endowment income and monies from fundraising net of commissions paid to service providers and is measured at the fair value of the consideration received. Donations are recognised on receipt.

Interest income is recognised on an accrual basis.

Dividends are recognised when the right to receive payment is legally established.

### **1.7 Foreign Exchange**

#### **Foreign Currency Transactions**

A foreign currency transaction is recorded, on initial recognition in the functional currency of the trust, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. At the end of each reporting period:

- 1.7.1 foreign currency monetary items, including forward exchange contracts, are translated using the closing rate;
- 1.7.2 non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- 1.7.3 non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in surplus or deficit in the period in which they arise.

When a gain or loss on a non-monetary item is recognised in other comprehensive income or directly in equity, any exchange component of that gain or loss is recognised in other comprehensive income or directly in equity. When a gain or loss on a non-monetary item is recognised in surplus or deficit, any exchange component of that gain or loss is recognised in surplus or deficit.

### **1.8 Endowment reserve**

At year end, endowment income is transferred to or from an Endowment Reserve in the Statement of Changes in Equity. Distributions paid to The South African Board of Jewish Education are debited directly to the reserve.

### **1.9 Revaluation reserve**

Fair value adjustments to financial assets are transferred to a Revaluation Reserve in the Statement of Changes in Equity and align to investment statements from the respective asset managers.

## Notes to the Annual Financial Statements

	As at 28 February 2023 Rands	As at 28 February 2022 Rands
<b>2. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	1,667	1,892
Bank balances	88,721,652	90,582,891
Other cash equivalents	2,174,066	2,661,535
	<u>90,897,385</u>	<u>93,246,318</u>

Other cash equivalents comprise funds of \$117 642 (2022: \$172 281) held at the Jewish Community Foundation in San Diego, on behalf of the Foundation. These funds have been marked-to-market at the closing exchange rate of \$18.48 (2022: \$15.45) to the Rand.

### 3. Plant and equipment

	February 2023			February 2022		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying Value
	Rands	Rands	Rands	Rands	Rands	Rands
Furniture equipment	137,567	(137,567)	-	137,567	(137,567)	-
Computer equipment	95,580	(36,957)	58,623	61,195	(13,693)	47,502
	<u>233,147</u>	<u>(174,524)</u>	<u>58,623</u>	<u>198,762</u>	<u>(151,260)</u>	<u>47,502</u>

#### Reconciliation of plant and equipment – February 2023

	Opening balance	Additions	Depreciation	Total
	Rands	Rands	Rands	Rands
Furniture and equipment	-	-	-	-
Computer equipment	47,502	34,385	(23,264)	58,623
	<u>47,502</u>	<u>48,078</u>	<u>(23,264)</u>	<u>58,623</u>

#### Reconciliation of plant and equipment – February 2022

	Opening balance	Additions	Depreciation	Total
	Rands	Rands	Rands	Rands
Furniture and equipment	-	-	-	-
Computer equipment	-	61,195	(13,693)	47,502
	<u>-</u>	<u>61,195</u>	<u>(13,693)</u>	<u>47,502</u>

**Notes to the Annual Financial Statements (Continued)**

	<b>As at 28 February 2023 Rands</b>	<b>As at 28 February 2022 Rands</b>
<b>4. Financial assets</b>		
<b>At fair value</b>		
Visio SNN Market Neutral Retail Hedge Fund The Foundation holds 169 117 (2022: 161 969) units with a net asset value of R280.78 (2022: R265.21) per unit	47 484 560	42 955 604
36ONE SNN QI Hedge Fund The Foundation holds 55 494 (2022:53 240) units with a net asset value of R1 070.89(2022: R1 001.38) per unit	59,428,391	53,312,981
	<u><b>106,912,951</b></u>	<u><b>96,268,585</b></u>
<b>Non-current assets</b>		
At fair value	<u><b>106,912,951</b></u>	<u><b>96,268,585</b></u>
<b>5. Trade and other payables</b>		
Accrued expenses	31,597	59,898
Leave pay provision	65,496	-
Forward exchange contracts liability	14 1,331,400	-
	<u><b>1,428,493</b></u>	<u><b>59,898</b></u>

The carrying amount of trade and other payables approximates its fair value. The fair value of forward exchange contracts is based on their market prices. The Foundation has hedged its foreign currency risk exposure by taking out forward exchange contracts (FECs). All forward exchange contracts have maturities of less than one year after the balance sheet date.

	<b>As at 28 February 2023 Rands</b>	<b>As at 28 February 2022 Rands</b>
<b>6. Trust capital</b>		
Trust capital	5,000	5,000
Trust Fund – Marie Shwesinger	1,000,000	1,000,000
	<u><b>1,005,000</b></u>	<u><b>1,005,000</b></u>
<b>7. Reserves</b>		
Endowment reserve	64,645,236	70,894,290
Revaluation reserve - financial assets	77,566,934	66,922,570
Other reserves	8 25,204,880	27,934,099
	<u><b>167,417,050</b></u>	<u><b>165,750,959</b></u>

The King David Schools Foundation *Dor Le Dor – Generation to Generation Campaign* is focused on creating an Endowment Fund: the engine that will drive a sustainable future for King David Schools. This is represented by the Endowment Reserve.

Revaluation of financial assets is recognised in surplus or deficit and then transferred to a Revaluation Reserve. The reserve consists of the cumulative increase in market value of the investments since inception.

**Notes to the Annual Financial Statements (Continued)**

**8. Other reserves**

	Balance as at 29 February 2021	Movement	Balance as at 28 February 2022	Movement	Balance as at 28 February 2023
Scholarship Reserve	7,205,267	7,406,278	14,611,545	2,808,650	17,420,195
Linksfeld Projects Reserve	(46,654)	4,451,216	4,404,562	(2,997,500)	1,407,062
PJ Library Reserve	350,749	1,768,000	2,118,749	(172,785)	1,945,964
Victory Park Projects Reserve	1,655,259	(27,002)	1,628,257	108,035	1,736,292
Other reserves	3,050,031	2,120,955	5,170,986	(2,475,619)	2,695,367
	<b>12,214,652</b>	<b>15,719,447</b>	<b>27,934,099</b>	<b>(2,729,219)</b>	<b>25,204,880</b>

	Year ended February 2023	Year ended February 2022
	Rands	Rands
<b>9. Revenue</b>		
Donations received	7,890,739	17,192,153
Endowment income donations	17,250,946	16,860,651
Fundraising - other	17,167,989	13,568,202
Outreach income	56,480	114,400
	<b>42,366,154</b>	<b>47,735,406</b>
<b>10. Operating expenses and funds applied for other purposes</b>		
Operating expenses consist of:		
Actual expenses incurred in running the foundation	<b>6,912,063</b>	<b>5,019,275</b>
Funds applied against the income received for scholarships and project expenses	<b>19,457,582</b>	<b>10,962,175</b>

**Notes to the Annual Financial Statements (Continued)**

	<b>12 Months ended February 2023</b>	<b>12 Months ended February 2022</b>
	<b>Rands</b>	<b>Rands</b>
<b>11. Operating surplus</b>		
Operating surplus for the year is stated after accounting for the following:		
Depreciation on property, plant and equipment	23,264	13,693
Employee costs	4,861,659	3,503,773
Auditors' remuneration	100,588	137,671
<b>12. Investment income</b>		
<b>Finance income</b>		
Interest received on cash at bank	5,101,116	2,892,142
	<b>5,101,116</b>	<b>2,892,142</b>
<b>13. Fair value adjustments</b>		
Financial assets	<b>10,644,367</b>	<b>14,566,211</b>
<b>14. Foreign exchange loss</b>		
Unrealised foreign exchange loss on forward exchange contracts 5	<b>(1,331,400)</b>	-
<p>The Foundation has hedged its foreign currency risk exposure by taking out forward exchange contracts (FECs). All forward exchange contracts have maturities of less than one year after the balance sheet date.</p>		
<b>15. Taxation</b>		
<p>No provision has been made for Income Tax as the Foundation has been approved as a public benefit organisation in terms of Section 30 of the Income Tax Act. The Foundation has also been approved under Section 18A(1)(a) and 18A(1)(b) of the Income Tax Act. As such, subject to the provisions of section 10(1)(cN) of the Income Tax Act, the Foundation is exempt from income tax.</p>		
<b>16. Auditors' remuneration</b>		
Audit fees	100,588	137,671
	<b>100,588</b>	<b>137,671</b>
<b>17. Cash generated from operations</b>		
Surplus for the period	30,411,892	49,213,509
Adjustments for:		
Depreciation	23,264	13,693
Finance income	(5,101,116)	(2,892,142)
Fair value adjustments	(10,644,367)	(14,566,211)
<b>Changes in working capital</b>		
Other receivables	26,067	(26,065)
Trade and other payables	1,368,596	53,545
	<b>16,084,336</b>	<b>31,796,329</b>

**Notes to the Annual Financial Statements (Continued)**

**18. Related parties**

**Relationships**

Discovery Holdings Limited	A Trustee, Adrian Gore, is a director of Discovery Limited which administers the medical aid scheme of which SABJE and KDSF staff are members.
ENSAfrica	A Trustee, Cecil Wulfohn, is a director of ENSAfrica which provides legal services to KDSF.
36ONE	A Trustee, Cy Jacobs, is a director of 36ONE who administers an investment fund for the KDSF.
The South African Board of Jewish Education	<p><b>Office Bearers</b>  Cecil Wulfohn (Honorary President)  Adrian Gore (Honorary President)  Raoul Gamsu (Honorary President)  Steven Joffe (Honorary President)  Eli Atie (Past Chairman)</p> <p><b>Executive Members</b>  Rabbi Ricky Seeff</p>
Members of key management	Raelene Tradonsky Daniel Tucker

	Year ended February 2023	Year ended February 2022
	Rands	Rands
<b><u>Related party balances and transactions with other related parties</u></b>		
<b>Related party balances</b>	-	-
<b>Related party transactions:</b>		
<b>Amounts paid to / (received from) related parties</b>		
ENSAfrica	1,455	-
The South African Board of Jewish Education		
-Accounting fees	364,691	343,513
-Donations for school fees	3,448,273	7,877,746
-COVID grant	-	(18,293,868)
-Donations for building expansions and maintenance	23,500,000	28,000,000
-Salary cost recovery	4,861,659	3,503,773

**Notes to the Annual Financial Statements (Continued)**

**19. Events after the reporting period**

The Trustees are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that would have a material effect on the financial position of the Foundation.

**20. Going concern**

The trustees believe that the Foundation has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The trustees have satisfied themselves that the Foundation is in a sound financial position. The trustees are not aware of any material changes that may adversely impact the Foundation. The trustees are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Foundation.

**21. Financial instruments by category**

	<b>Financial assets at amortised cost</b>	<b>Financial assets at fair value</b>	<b>Financial liabilities at amortised cost</b>	<b>Total</b>
	<b>Rands</b>	<b>Rands</b>	<b>Rands</b>	<b>Rands</b>
<b>28 February 2023</b>				
Cash and cash equivalents	90,897,385	-	-	90,897,385
Financial assets	-	106,912,951	-	106,912,931
Trade and other payables	-	-	(1,428,497)	(1,428,497)
	<b>90,897,385</b>	<b>106,912,951</b>	<b>(1,428,497)</b>	<b>196,381,819</b>

**28 February 2022**

Cash and cash equivalents	93,246,318	-	-	93,246,318
Financial assets	-	96,268,585	-	96,268,585
Trade and other payable	-	-	(59,898)	(59,898)
	<b>93,246,318</b>	<b>96,268,585</b>	<b>(59,898)</b>	<b>189,455,005</b>

The Foundation has exposure to certain risks from its use of financial instruments: liquidity risk, foreign currency risk, interest rate risk and market price risk. Credit risk is the risk of financial loss to the Foundation if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from its investments in cash and cash equivalents and financial assets.

**Detailed Income Statement**

	Notes	Year ended 28 February 2023 Rands	Year ended 28 February 2022 Rands
<b>Revenue</b>	9	<b>42,366,154</b>	<b>47,735,406</b>
Donations received		7,890,739	17,192,153
Endowment income donations		17,250,946	16,860,651
Fundraising - other		17,167,989	13,568,202
Outreach income		56,480	114,400
<b>Other income</b>		<b>15,746,783</b>	<b>17,459,553</b>
Fair value adjustments	13	10,644,367	14,566,211
Interest received	12	5,101,116	2,892,142
Sundry income		1,300	1,200
<b>Operating expenses to run the foundation</b>		<b>(6,912,063)</b>	<b>(5,019,275)</b>
Accounting fees		(364,691)	(343,513)
Advertising		(495,198)	(307,245)
Auditors' remuneration	16	(100,588)	(137,671)
Bank charges		(381,962)	(338,646)
Computer expenses		(50,885)	(71,047)
Consulting and professional fees		(33,361)	(11,265)
Depreciation		(23,264)	(13,693)
Employee costs		(4,861,659)	(3,503,773)
Entertainment		-	(392)
Fee collection expenses		(34,774)	(106,478)
Function expenses		(211,240)	-
Gifts		(15,280)	(11,673)
Legal fees		(1,455)	-
Postage		-	-
Printing and stationary		(8,609)	(4,681)
Staff welfare		(5,274)	(2,094)
Subscriptions		(15,667)	-
Telephone and fax		(47,506)	(39,639)
Training		-	(1,244)
Travel- local and overseas		(181,256)	(8,816)
Website expenses		(79,394)	(117,405)
<b>Funds applied for other purposes</b>		<b>(19,457,582)</b>	<b>(10,962,175)</b>
Outreach expenses		(78,458)	(150,588)
Payments to beneficiaries		(19,142,345)	(10,260,987)
Sports payments		(236,780)	(550,600)
<b>Foreign exchange loss</b>	14	<b>(1,331,400)</b>	-
<b>Surplus for the period</b>		<b>30,411,892</b>	<b>49,213,509</b>

The Detailed Income Statement is supplementary information and has not been audited.