

**THE MIRACLE DRIVE TRUST**  
**(Registration number IT 8635/02)**  
**ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2018**

**The Miracle Drive Trust**  
**(Registration number IT 8635/02)**  
**Annual Financial Statements for the year ended 28 February 2018**  
**General Information**

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<b>Country of registration and domicile</b>	South Africa
<b>Type of trust</b>	Charitable organisation
<b>Trustees</b>	Rabbi A M Katz G Kaplan L Lipschitz Rabbi D H Masinter
<b>Business address</b>	27 Aintree Avenue Savoy Estate Johannesburg 2090
<b>Postal address</b>	P.O. Box 29616 Sandringham 2131
<b>Bankers</b>	First National Bank (A division of First Rand Bank Limited) The Standard Bank of South Africa Limited
<b>Auditors</b>	Mazars Registered Auditors
<b>Trust registration number</b>	IT 8635/02
<b>Level of assurance</b>	These annual financial statements have been audited in compliance with the applicable requirements of the trust deeds.
<b>Preparer</b>	The annual financial statements were independently compiled by: Ronnie Buch Chartered Accountant (S.A.)
<b>Issued</b>	05 December 2018

**The Miracle Drive Trust  
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The reports and statements set out below comprise the annual financial statements presented to the trustees:

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**The Miracle Drive Trust**  
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**Trustees' Responsibilities and Approval**

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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 requirements of the trust deed. 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 requirements of the trust deed 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 board of 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 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 pages 4 to 6.

The annual financial statements set out on pages 7 to 24, which have been prepared on the going concern basis, were approved by the board of trustees on 05 December 2018 and were signed on its behalf by:

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**Trustee**

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**Trustee**

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**Trustee**

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**Trustee**

## **Independent Auditor's Report**

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**To the trustees of The Miracle Drive Trust**

**Report on the Audit of the Annual Financial Statements**

### **Qualified opinion**

We have audited the annual financial statements of The Miracle Drive Trust set out on pages 8 to 23, which comprise the statement of financial position as at 28 February 2018, and the statement of surplus or deficit and other 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, except for the possible effect of the matter described in the basis for qualified opinion section of our report, the annual financial statements present fairly, in all material respects, the financial position of The Miracle Drive Trust as at 28 February 2018, and its financial performance and cash flows for the year then ended in accordance with the requirements of the trust deed.

### **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 collection in the accounting records. Accordingly, it was impracticable for us to extend our examination beyond the receipts actually recorded.

### **Other information**

The trustees are responsible for the other information. The other information comprises the Trustees Report as required by the trust deeds. 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.

### **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 the requirements of the trust deeds, 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.

In preparing the annual financial statements, the trustees are responsible for assessing the trust'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 trustees either intend to liquidate the trust or to cease operations, or have no realistic alternative but to do so.

## Independent Auditor's Report

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### Auditor's 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 skepticism 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.

## **Independent Auditor's Report**

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### **Report on other legal and regulatory requirements**

As part of our audit of the annual financial statements for the year ended 28 February 2018, we have read the Trustees Report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. The Trustees Report is the responsibility of the trustees. Based on our reading of the Trustees Report we have not identified material inconsistencies between the report and the audited annual financial statements.

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**Mazars**

**Partner: Brian Bank**

**Registered Auditors**

**30 November 2018**

**Johannesburg**

**The Miracle Drive Trust  
(Registration number IT 8635/02)  
Annual Financial Statements for the year ended 28 February 2018  
Trustees' Report**

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The trustees have pleasure in submitting their report on the annual financial statements of The Miracle Drive Trust for the year ended 28 February 2018.

**1. Nature of business**

The Miracle Drive Trust was formed in South Africa and is a charitable organisation. The trust operates in South Africa.

**2. Review of financial results and activities**

The annual financial statements have been prepared in accordance with the requirements of the trust deed. The accounting policies have been applied consistently compared to the prior year.

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

**3. Trustees**

The trustees in office at the date of this report are as follows:

**Trustees**

Rabbi A M Katz  
G Kaplan  
L Lipschitz  
Rabbi D H Masinter

There have been no changes to the trustees for the period under review.

**4. Property, plant and equipment**

There was no change in the nature of the property, plant and equipment of the trust or in the policy regarding their use.

At 28 February 2018 the trust's investment in property, plant and equipment amounted to R 35,375,475 (2017:R 34,213,948), of which R1,797,381 (2017: R1,016,982) was added in the current year through additions.

**5. Events after the reporting period**

The trustees are not aware of any material reportable event which occurred after the reporting date and up to the date of this report.

**6. Going concern**

The trustees believe that the trust 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 trust is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The trustees are not aware of any new material changes that may adversely impact the trust. 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 trust.

**7. Auditors**

Mazars will continue in office for the 2019 financial year.



**The Miracle Drive Trust**  
**(Registration number IT 8635/02)**  
**Annual Financial Statements for the year ended 28 February 2018**  
**Statement of Financial Position as at 28 February 2018**

<b>Figures in Rand</b>	<b>Notes</b>	<b>2018</b>	<b>2017</b>
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	35,375,475	34,213,948
Other financial assets	3	7,884,230	7,324,352
		<b>43,259,705</b>	<b>41,538,300</b>
<b>Current Assets</b>			
Trade and other receivables	4	1,109,214	1,366,497
Cash and cash equivalents	5	30,051,323	30,594,607
		<b>31,160,537</b>	<b>31,961,104</b>
<b>Total Assets</b>		<b>74,420,242</b>	<b>73,499,404</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Accumulated surplus		56,309,296	55,676,044
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Other financial liabilities	6	15,484,849	15,182,043
<b>Current Liabilities</b>			
Trade and other payables	7	2,016,985	1,236,062
Other financial liabilities	6	609,112	1,405,255
		<b>2,626,097</b>	<b>2,641,317</b>
<b>Total Liabilities</b>		<b>18,110,946</b>	<b>17,823,360</b>
<b>Total Equity and Liabilities</b>		<b>74,420,242</b>	<b>73,499,404</b>

**The Miracle Drive Trust**  
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**Annual Financial Statements for the year ended 28 February 2018**  
**Statement of Surplus or deficit**

<b>Figures in Rand</b>	<b>Notes</b>	<b>2018</b>	<b>2017</b>
Revenue	8	24,587,774	24,092,782
Other income	9	2,737,762	3,731,147
Operating expenses		(28,451,350)	(26,439,562)
<b>Operating (deficit) surplus</b>	10	<b>(1,125,814)</b>	<b>1,384,367</b>
Investment revenue	11	1,865,171	1,666,375
Fair value adjustments	12	(62,534)	(129,396)
Finance costs	13	(43,571)	(52,041)
<b>Surplus for the year</b>		<b>633,252</b>	<b>2,869,305</b>

**The Miracle Drive Trust  
(Registration number IT 8635/02)  
Annual Financial Statements for the year ended 28 February 2018  
Statement of Changes in Equity**

<b>Figures in Rand</b>	<b>Accumulated Total equity surplus</b>	
<b>Balance at 01 March 2016</b>	<b>52,806,739</b>	<b>52,806,739</b>
<b>Surplus for the year</b>	<b>2,869,305</b>	<b>2,869,305</b>
<b>Balance at 01 March 2017</b>	<b>55,676,044</b>	<b>55,676,044</b>
<b>Surplus for the year</b>	<b>633,252</b>	<b>633,252</b>
<b>Balance at 28 February 2018</b>	<b>56,309,296</b>	<b>56,309,296</b>

**The Miracle Drive Trust**  
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**Annual Financial Statements for the year ended 28 February 2018**  
**Statement of Cash Flows**

<b>Figures in Rand</b>	<b>Notes</b>	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities</b>			
Cash used in operations	15	(74,166)	(403,528)
Interest income		1,844,051	1,644,572
Finance costs		(43,571)	(52,041)
<b>Net cash from operating activities</b>		<b>1,726,314</b>	<b>1,189,003</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(1,797,381)	(1,016,982)
Sale of property, plant and equipment	2	-	2,701,789
Dividends received		21,120	21,803
<b>Net cash from investing activities</b>		<b>(1,776,261)</b>	<b>1,706,610</b>
<b>Cash flows from financing activities</b>			
Proceeds from other financial liabilities		-	470,373
Repayment of other financial liabilities		(493,337)	(45,000)
<b>Net cash from financing activities</b>		<b>(493,337)</b>	<b>425,373</b>
<b>Total cash movement for the year</b>		<b>(543,284)</b>	<b>3,320,986</b>
Cash at the beginning of the year		30,594,607	27,273,621
<b>Total cash at end of the year</b>	5	<b>30,051,323</b>	<b>30,594,607</b>

**The Miracle Drive Trust**  
**(Registration number IT 8635/02)**  
**Annual Financial Statements for the year ended 28 February 2018**  
**Accounting Policies**

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## **1. Presentation of Annual Financial Statements**

The annual financial statements have been prepared in accordance with the requirements of the trust deed. The annual financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value, 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. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

#### **Key sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### **Financial assets measured at cost and amortised cost**

The trust assesses its financial assets measured at cost and amortised cost for impairment at each reporting date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the trust makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

#### **Impairment testing**

The company assesses its loans and receivables for impairment on an ongoing basis. In determining whether an impairment loss should be recorded in profit or loss, the trust makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows of that financial asset.

#### **Depreciation of property, plant and equipment**

Depreciation on assets is calculated using the straight-line method to allocate their cost to residual values over the period management expects to use the asset. Property, plant and equipment are depreciated over their useful lives, taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining lives of the assets and projected disposable values.

#### **Going concern**

Management expects that there will be adequate resources to continue in operational existence for the foreseeable future. Accordingly, the company continues to adopt the going concern basis in preparing its annual financial statements.

**The Miracle Drive Trust**  
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**Accounting Policies**

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## **1.2 Property, plant and equipment**

Property, plant and equipment are tangible items that:

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

Property, plant and equipment is initially recognised at cost. Cost is the cash price equivalent at the recognition date.

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.

This includes cost incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated 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:

<b>Item</b>	<b>Average useful life</b>
Furniture and fixtures	10 years
Motor vehicles	5 years
Office equipment	4 years
Computer equipment	3 years
Computer software	2 years
Shoe shine machine	4 years

The residual value, depreciation method and useful life of each asset are reviewed at each annual reporting period if there are indicators present that there has been a significant change from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item and have significantly different patterns of consumption of economical benefits is depreciated separately over its useful life.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in surplus or deficit in the period.

Properties are held at cost as per the trust deed.

The Sefar Torah is not depreciated.

## **1.3 Financial instruments**

### **Trade and other receivables**

Trade and other receivables are recognised initially at the transaction price and subsequently at the undiscounted amount of the cash or other consideration expected to be received, less provision for impairment.

### **Trade and other payables**

Trade and other payables are recognised initially at the transaction price and subsequently at the undiscounted amount of the cash or other consideration expected to be paid.

Trade and other payables are recognised initially at present value of the future payments discounted at a market rate of interest for a similar debt instrument, and subsequently at amortised cost using the effective interest method.

**The Miracle Drive Trust**  
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**Accounting Policies**

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### **1.3 Financial instruments (continued)**

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

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value

These are classified as loans and receivables.

#### **Loans receivable**

Loans receivable are classified as current if the entity expects to receive repayment within 12 months after the reporting date. All other loans receivable are classified as non-current.

Loans receivable are measured at amortised cost using the effective interest rate method. Loans receivable for which the future cash flows cannot be estimated reliably are measured at cost.

Loans receivable that are classified as current are measured at the undiscounted amount of the cash or other consideration expected to be received.

#### **Loans payable**

Loans payable are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Loans payable are measured at amortised cost using the effective interest rate method. Loans payable for which the future cash flows cannot be estimated reliably are measured at cost.

Loans payable that are classified as current are measured at the undiscounted amount of the cash or other consideration expected to be paid.

#### **Investments**

Investments in listed ordinary shares that are publicly traded or whose fair value can otherwise be measured reliably are measured at fair value with changes in fair value recognised in profit or loss.

#### **Fair value determination of financial instruments**

The fair value of quoted investments are based on current bid price.

The effective interest rate method is a method of calculating the amortised cost of a financial instrument and of allocating the interest on that instrument over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the instrument.

#### **Impairment of financial instruments**

At the end of each reporting period, the carrying amounts of trade and other receivables, loans receivable and investments carried at cost are reviewed to determine whether there is objective evidence of impairment. If there is objective evidence of impairment, the entity recognises an impairment loss in profit or loss immediately.

For amounts due to the company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered objective indicators of impairment. Other factors, such as significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, are also considered for evidence of indicators of impairment.

The impairment loss is the difference between the assets carrying amount and the present value of estimated cash flows discounted at the debtor's original effective interest rate.

**The Miracle Drive Trust**  
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**Annual Financial Statements for the year ended 28 February 2018**  
**Accounting Policies**

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### **1.3 Financial instruments (continued)**

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss.

### **1.4 Leases**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

#### **Finance leases – lessee**

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Initial direct costs are added to the amount recognised as an asset.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability using the effective interest rate method. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

The assets recognised are depreciated in accordance with the property, plant and equipment classification or over the lease period if shorter and obtaining ownership is not certain.

Leased assets are tested for impairment at each reporting date.

Contingent rent is expensed as incurred.

#### **Operating leases - lessor**

Operating lease income is recognised as an income on a straight-line basis over the lease term except in cases where another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the receipt of payments is not on that basis, or where the payments are structured to increase in line with expected general inflation.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

#### **Operating leases – lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term except in cases where another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the receipt of payments is not on that basis, or where the payments are structured to increase in line with expected general inflation.

### **1.5 Revenue**

The revenue comprises of donations received and income from educational, welfare and humanitarian functions and projects.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Dividends are recognised, in surplus or deficit, when the trust's right to receive payment has been established.



**The Miracle Drive Trust  
(Registration number IT 8635/02)  
Annual Financial Statements for the year ended 28 February 2018  
Accounting Policies**

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**1.6 Employee benefits**

**Short-term employee benefits**

The cost of short-term employee benefits are recognised in the period in which the service is rendered and are not discounted.

**1.7 Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred.

**1.8 Related parties**

A related party is related to an entity if any of the following situations apply to it:

- Individual control/significant influence: The party is controlled or significantly influenced by a member of key management personnel or by a person who controls the entity.
- Key Management: The party is a member of an entity's or its parent's key management personnel.

All transactions entered into with related parties are under terms no more favourable than those with third parties.

**The Miracle Drive Trust**  
**(Registration number IT 8635/02)**  
**Annual Financial Statements for the year ended 28 February 2018**  
**Notes to the Annual Financial Statements**

**Figures in Rand**

**2. Property, plant and equipment**

	2018			2017		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land and buildings	32,771,196	-	32,771,196	31,870,280	-	31,870,280
Furniture and fixtures	474,138	(351,928)	122,210	380,940	(340,763)	40,177
Motor vehicles	1,868,385	(1,141,698)	726,687	1,868,385	(839,013)	1,029,372
Office equipment	534,669	(442,046)	92,623	467,408	(431,687)	35,721
Computer equipment	435,862	(320,426)	115,436	381,901	(291,183)	90,718
Computer software	52,902	(52,898)	4	52,902	(45,648)	7,254
Sefer Torah	232,095	-	232,095	232,095	-	232,095
Library	2,373,983	(1,058,759)	1,315,224	1,691,941	(783,610)	908,331
Shoe shine machine	100,000	(100,000)	-	100,000	(100,000)	-
<b>Total</b>	<b>38,843,230</b>	<b>(3,467,755)</b>	<b>35,375,475</b>	<b>37,045,852</b>	<b>(2,831,904)</b>	<b>34,213,948</b>

**Reconciliation of property, plant and equipment - 2018**

	Opening balance	Additions	Depreciation	Total
Land and buildings	31,870,280	900,916	-	32,771,196
Furniture and fixtures	40,177	93,199	(11,166)	122,210
Motor vehicles	1,029,372	-	(302,685)	726,687
Office equipment	35,721	67,261	(10,359)	92,623
Computer equipment	90,718	53,962	(29,244)	115,436
Computer software	7,254	-	(7,250)	4
Sefer Torah	232,095	-	-	232,095
Library	908,331	682,043	(275,150)	1,315,224
	<b>34,213,948</b>	<b>1,797,381</b>	<b>(635,854)</b>	<b>35,375,475</b>

**Reconciliation of property, plant and equipment - 2017**

	Opening balance	Additions	Disposals	Depreciation	Total
Land and buildings	32,263,338	352,666	(745,724)	-	31,870,280
Furniture and fixtures	18,982	28,894	(3,666)	(4,033)	40,177
Motor vehicles	792,752	482,497	(4,337)	(241,540)	1,029,372
Office equipment	10,536	41,214	-	(16,029)	35,721
Computer equipment	106,030	-	-	(15,312)	90,718
Computer software	15,165	-	-	(7,911)	7,254
Sefer Torah	232,095	-	-	-	232,095
Library	964,319	111,711	-	(167,699)	908,331
	<b>34,403,217</b>	<b>1,016,982</b>	<b>(753,727)</b>	<b>(452,524)</b>	<b>34,213,948</b>

**The Miracle Drive Trust**  
**(Registration number IT 8635/02)**  
**Annual Financial Statements for the year ended 28 February 2018**  
**Notes to the Annual Financial Statements**

Figures in Rand	2018	2017
<b>2. Property, plant and equipment (continued)</b>		
<b>Details of properties</b>		
<b>Property 1</b>		
Erf 167 Savoy Estate Township, Registration Division, I.R, Gauteng Province at cost.		
- Purchase price:	1,710,000	1,710,000
- Capitalised expenditure	1,004,702	1,004,702
	<b>2,714,702</b>	<b>2,714,702</b>
<b>Property 2</b>		
Erf 532 Morningside Extension 40 Township, Registration Division, I.R. Gauteng Province, at cost.		
- Purchase price:	1,380,000	1,380,000
- Capitalised expenditure	2,574,974	2,574,974
	<b>3,954,974</b>	<b>3,954,974</b>
<b>Property 3</b>		
Erf 530 Morningside Extension 40 Township, Registration Division Province at cost.		
- Purchase price:	1,800,000	1,800,000
- Capitalised expenditure	39,350	39,350
	<b>1,839,350</b>	<b>1,839,350</b>
<b>Property 4</b>		
Lot No. 4 of Lot 385 Umhlanga, Registration Division, F.U. Province of KwaZulu-Natal at cost.		
- Purchase price:	3,500,000	3,500,000
- Capitalised expenditure	252,995	-
	<b>3,752,995</b>	<b>3,500,000</b>
<b>Property 5</b>		
Town house number 105, Sandown Place, 121 Pretoria Avenue, Sandton.		
- Purchase price:	1,900,000	1,900,000
- Capitalised expenditure	15,000	15,000
	<b>1,915,000</b>	<b>1,915,000</b>
<b>Property 6</b>		
Portion 1 of Erf 8 Sandown Township Registration Division, I.R. Province of Gauteng.		
- Purchase price:	7,700,000	7,700,000
- Capitalised expenditure	1,133,017	485,095
	<b>8,833,017</b>	<b>8,185,095</b>

**The Miracle Drive Trust**  
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Figures in Rand	2018	2017
<b>2. Property, plant and equipment (continued)</b>		
<b>Property 7</b>		
Erf 1985, Uvongo, Registration Division E.T. Province of KwaZulu-Natal.		
- Purchase price:	4,000,000	4,000,000
- Capitalised expenditure	58,310	58,310
	<b>4,058,310</b>	<b>4,058,310</b>
<b>Property 8</b>		
Erf 531, Morningside Ext 40 Province of Gauteng.		
- Purchase price:	1,800,000	1,800,000
- Capitalised expenditure	12,849	12,849
	<b>1,812,849</b>	<b>1,812,849</b>
<b>Property 9</b>		
Erf 12607, Milnerton Province of Western Cape.		
- Purchase price:	1,480,000	1,480,000
<b>Property 10</b>		
Erf 57, 59, Norwood Province of Gauteng.		
- Purchase price:	1,360,000	1,360,000
<b>Property 11</b>		
Erf 72, Orchads Province of Gauteng.		
- Purchase price:	1,050,000	1,050,000
<b>3. Other financial assets</b>		
<b>At fair value through profit or loss - held for trading</b>		
Listed shares at market price	7,884,230	7,324,352
<b>Non-current assets</b>		
At fair value through profit or loss - held for trading	7,884,230	7,324,352

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Figures in Rand	2018	2017
<b>4. Trade and other receivables</b>		
Project Natan	1,008,736	1,078,466
Other receivable	10,100	10,010
Prepayments	1,997	1,997
Deposits	52,652	69,652
Value added taxation	35,729	206,372
	<b>1,109,214</b>	<b>1,366,497</b>
<b>5. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	1,584	7,936
Bank balances	30,049,739	30,586,671
	<b>30,051,323</b>	<b>30,594,607</b>
<b>6. Other financial liabilities</b>		
<b>At amortised cost</b>		
ABSA Home Loan	461,089	568,150
Long term loan bears interest at the prime less 2% per annum, repayable in monthly installments of R 8,209. The loan is secured by a mortgage on Stand 532 Morningside Ext 40 situated in Gauteng.		
Mortgage Bond - ABSA	317,032	340,853
Long term loan bears interest at the prime less 1% per annum, repayable in monthly installments of R 5,381. The loan is secured by a mortgage on Stand 12607 situated in Milnerton, Capetown.		
Mortgage Bond - First National Bank	1,030,239	941,440
Long term loan bears interest at the prime interest rate per annum, repayable in monthly installments of R 10,844. The loan is secured by a mortgage on 10 Lucy Lane, Erf 57,59 situated in Norwood, Gauteng.		
Mortgage Bond - First National Bank	665,191	715,545
Long term loan bears interest at the prime interest rate per annum, repayable in monthly installments of R 9,369. The loan is secured by a mortgage on 8th avenue and Garden Road, Portion 1 Erf 72 situated in Orchards, Gauteng.		
Sasfin Bank Loan	306,314	461,730
The loan is unsecured, interest free and is repayable in five years.		
	<b>2,779,865</b>	<b>3,027,718</b>

**The Miracle Drive Trust**  
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Figures in Rand	2018	2017
<b>6. Other financial liabilities (continued)</b>		
Loan - Chabad of Norwood The loan is unsecured, interest free and have no fixed terms of payment.	714,571	753,014
Loan - Chabad of Cape Town The loan is unsecured, interest free and have no fixed terms of payment.	1,147,154	1,236,357
Loan - Torah Academy Investment on behalf of Torah Academy on which the interest earned is paid over to Torah Academy on a monthly basis.	900,000	900,000
Loan - Chabad of Umhlanga The loan is unsecured, interest free and has no fixed terms of repayment.	3,562,765	3,562,765
Loan - Trans Distress The loan is unsecured, interest free and have no fixed terms of repayment.	-	15,500
Loan - D Masinter The loan is unsecured, interest free and has no fixed terms of repayment.	6,500	764,500
	<hr/>	<hr/>
	9,110,855	6,467,636
Loan to AM Katz The loan is unsecured, interest free and have no fixed terms of repayment.	(150)	(33,400)
Pension and bursary fund Owing to certain employees together with unallocated amounts, which amounts are payable at the trustees discretion.	6,983,256	6,360,844
	<hr/>	<hr/>
	<b>16,093,961</b>	<b>16,587,298</b>
<b>Non-current liabilities</b>		
At amortised cost	15,484,849	15,182,043
<b>Current liabilities</b>		
At amortised cost	609,112	1,405,255
	<hr/>	<hr/>
	<b>16,093,961</b>	<b>16,587,298</b>
<b>7. Trade and other payables</b>		
Trade payables	1,999,931	1,219,008
Accrued expense	17,054	17,054
	<hr/>	<hr/>
	<b>2,016,985</b>	<b>1,236,062</b>
<b>8. Revenue</b>		
Donations	24,587,774	24,092,782
	<hr/>	<hr/>

**The Miracle Drive Trust**  
**(Registration number IT 8635/02)**  
**Annual Financial Statements for the year ended 28 February 2018**  
**Notes to the Annual Financial Statements**

<b>Figures in Rand</b>	<b>2018</b>	<b>2017</b>
<b>9. Other income</b>		
Profit and loss on sale of assets and liabilities	-	1,948,062
Rental income	586,117	450,715
Recoveries	-	294,522
Sundry income	988,472	117,561
Other income	1,163,173	920,287
	<b>2,737,762</b>	<b>3,731,147</b>
<b>10. Operating (deficit) surplus</b>		
Operating (deficit) surplus for the year is stated after accounting for the following:		
<b>Operating lease charges</b>		
Premises		
• Contractual amounts	629,818	594,622
Equipment		
• Contractual amounts	9,897	8,481
	<b>639,715</b>	<b>603,103</b>
Loss on sale of property, plant and equipment	-	(1,948,062)
Depreciation on property, plant and equipment	635,854	452,524
Employee costs	7,288,920	4,516,527
Advertising	2,653,163	2,019,053
Donations paid	13,012,896	12,557,472
<b>11. Investment revenue</b>		
<b>Dividend revenue</b>		
Other financial asset	21,120	21,803
<b>Interest revenue</b>		
Bank	1,844,051	1,644,572
	<b>1,865,171</b>	<b>1,666,375</b>
<b>12. Fair value adjustments</b>		
Other financial assets	(62,534)	(129,396)
<b>13. Finance costs</b>		
Interest on bank	43,571	52,041
<b>14. Auditor's remuneration</b>		
Current year	114,009	157,491

**The Miracle Drive Trust**  
**(Registration number IT 8635/02)**  
**Annual Financial Statements for the year ended 28 February 2018**  
**Notes to the Annual Financial Statements**

Figures in Rand	2018	2017
<b>15. Cash used in operations</b>		
Profit before taxation	633,252	2,869,305
<b>Adjustments for:</b>		
Depreciation on property, plant and equipment	635,854	452,524
Surplus on sale of assets	-	(1,948,062)
Dividends received	(21,120)	(21,803)
Interest received	(1,844,051)	(1,644,572)
Finance costs	43,571	52,041
Fair value adjustments	62,534	129,396
Movement in financial assets	(622,412)	(495,435)
<b>Changes in working capital:</b>		
Trade and other receivables	257,283	360,433
Trade and other payables	780,923	(157,355)
	<b>(74,166)</b>	<b>(403,528)</b>

**16. Related parties**

Relationships  
Trustees

Rabbi A M Katz  
Rabbi D H Masinter

**Related party balances**

**Loan accounts owing to related parties**

Rabbi D H Masinter	(6,500)	(764,500)
Rabbi A M Katz	150	33,400



**The Miracle Drive Trust**  
**(Registration number IT 8635/02)**  
**Annual Financial Statements for the year ended 28 February 2018**

**Detailed Income Statement and Project Expenditure**

<b>Figures in Rand</b>	<b>2018</b>	<b>2017</b>
<b>Revenue</b>		
Revenue	24,587,774	24,092,782
Other Income	4,540,399	5,397,522
Project and Operating Expenses	(28,494,921)	(26,620,999)
<b>Surplus for the year</b>	<b>633,252</b>	<b>2,869,305</b>
<b>Revenue and Other Income Includes</b>		
Miracle Drive Revenue	21,311,219	20,236,991
Interest and Dividends Received	1,865,171	1,666,375
Rental Income	586,117	450,715
Gains on disposal of fixed assets	-	1,948,062
Other Revenue	666,338	412,083
Youth Camp & Events Income	1,422,773	920,287
Funds raised for other Countrywide Chabad Centre Projects	3,917,942	3,855,791
	<b>29,769,560</b>	<b>29,490,304</b>
<b>Miracle Drive Revenue includes</b>		
Miracle Drive Johannesburg	19,762,805	19,340,642
Miracle Drive Cape Town - Total Raised R1,750,000 (2017: R1,980,000)	1,259,970	653,060
Miracle Drive Umhlanga - Total Raised R1,507,180 (2017: R1,140,000)	288,444	243,289
	<b>21,311,219</b>	<b>20,236,991</b>
<b>Operating Expenses - According to our pillars</b>		
Youth - Camps, Factories, Events and Kids Programmes	(4,095,310)	(3,811,586)
Learning Programmes - JLI, Ladies Learning, Guest Lectures, Events and Multimedia Centre	(1,535,323)	(1,254,806)
Seniors - Learning, Social Programmes, Festivals and Events, Daily Lunches	(3,180,040)	(2,948,580)
Mivtzoim - Mitzvah Campaigns including Kashrut, Mezuzah, Tefillin and books	(2,726,946)	(2,797,763)
Care - Prison Chaplaincy, Hospital Visitation, Addiction Counselling, Hospitality, Something Filling and the Distress Fund	(1,406,052)	(1,373,838)
Non Sectarian Programmes- ARK, Grow Your Life School and Libraries programme, Job Creation	(4,399,451)	(4,579,616)
Countrywide Chabad Centre Projects (including Cape Town and Umhlanga)	(7,416,778)	(5,297,620)
Fundraising & Operational Expenditure - including Miracle Drive, Fundraisers	(2,433,102)	(3,074,982)
Property and Depreciation Expenditure	(1,301,918)	(1,482,208)
	<b>(28,494,920)</b>	<b>(26,620,999)</b>
<b>Operating expenses - Expenditure analysis</b>		
Delivery of Charitable Services	(20,832,424)	(17,576,749)
Administration Costs - overheads	(2,029,192)	(2,727,793)
Administration Costs - salaries	(2,591,368)	(2,551,101)
Fundraising Costs - overheads	(1,449,401)	(1,957,487)
Fundraising Costs - salaries	(521,645)	(589,605)
Other Costs	(1,070,890)	(1,218,263)
	<b>(28,494,920)</b>	<b>(26,620,998)</b>