



TUT Enterprise Holdings (Pty) Ltd
(Registration number 2018/091105/07)
Trading as TUT Enterprise Holdings (Pty) Ltd
Financial statements
for the year ended 31 December 2019
Issued 28 August 2020

TUT Enterprise Holdings (Pty) Ltd

(Registration number: 2018/091105/07)

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Financial Statements for the year ended 31 December 2019

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Management of the Third Stream Income Generation Activities of the Tshwane University of Technology.
Directors	Mr. Molefi N Motsatse Ms. Gillian N Jiyane HRH Tina Ndamase Ms. Sibusisiwe L Ntuli Mr. Andreas S Mahlalela Ms Dianne Richards
Registered office	CSIR BUILDING 23 MEIRING NAUDE ROAD BRUMMERIA PRETORIA 0184
Holding company	Tshwane University of Technology (TUT)
Bankers	NEDBANK LIMITED
Auditors	PricewaterhouseCoopers Inc. Chartered Accountants (SA) Registered Auditors 4 Lisbon Lane Waterfall City Jukskei View Johannesburg 2090
Secretary	FluidRock Co Sec (Pty) Ltd
Legal advisors	Ramushu Mashile Twala Inc Strathavon Sandton
Company registration number	2018/091105/07
Tax reference number	9827835167
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The financial statements were internally compiled by: Ralph Jefferies : TUT Enterprise Holdings (Pty) Ltd Finance and Administration Manager
Issued	28 August 2020

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Level of assurance

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Published

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Directors' Responsibilities and Approval

The directors are required by the Companies Act 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company 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 financial statements.

The financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors 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 company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors 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 financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 December 2020 and, in the light of this review and the current financial position, they are satisfied that the company has or 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 company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on page 6 to 8.

The financial statements set out on page 9 to 25, which have been prepared on the going concern basis, were approved by the board of directors on 28 August 2020 and were signed on its behalf by:

Signed on behalf of the Board of Directors by:


Ms. Gillian N Jiyane


Mr. Molefi N Motsatse

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Directors' Report

The directors have pleasure in submitting their report on the financial statements of TUT Enterprise Holdings (Pty) Ltd for the year ended 31 December 2019.

1. Review of financial results and activities

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

TUT Enterprise Holdings (Pty) Ltd was established in terms of the Tshwane University of Technology Council resolution of September 2017. Its establishment was necessitated by the need to generate, grow and sustain the third stream income of Tshwane University of Technology. In February 2018 the registration of TUT Enterprise Holdings (Pty) Ltd was completed and the company formally started operating as from March 2018.

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

2. Directors

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

Directors	Office	Designation	Nationality	Changes
Prof. Lourens R Van Staden		Non-executive	South African	Resigned 16 May 2020
Mr. Molefi N Motsatse	Chief Executive Officer	Executive	South African	
Ms. Gillian N Jiyane	Acting Chairperson	Non-executive	South African	
		Independent		
Mr. Rodney M Leshaba		Non-executive	South African	Resigned 05 June 2020
Mr. Mphati T Manyoni		Non-executive	South African	Resigned 28 February 2020
		Independent		
Ms. Potso E B Mathekg		Non-executive	South African	Resigned 14 August 2019
		Independent		
Dr. Thandiswa Mgwebi		Non-executive	South African	Resigned 05 December 2019
HRH Tina Ndamase		Non-executive	South African	
Ms. Sibusisiwe L Ntuli		Non-executive	South African	
		Independent		
Mr. Andreas S Mahlalela		Non-executive	South African	
Ms Dianne Richards		Non-executive	South African	Appointed 19 June 2020

3. Property, plant and equipment

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

At 31 December 2019 the company's investment in property, plant and equipment amounted to R515,017 (2018: R481,148), of which R193,966 (2018: R521,098) was added in the current year through additions.

4. Holding company

The company is 100% owned by Tshwane University of Technology (TUT), a Higher Education Institution established in terms of the Higher Education Act 101 of 1997.

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Directors' Report

5. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors 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 company.

The Board of Directors of TUT Enterprise Holdings (Pty) Ltd at its meeting of 17 November 2018 resolved to approach the Shareholder for funding in respect of the short fall on the budget for 2019. The funding of R9 052 141 in respect of Operational Expenses was approved as Equity and transmitted to the Company during March 2019. The funding of R6 533 000 in respect of capital expenditure was approved as a Loan and transmitted to the Company during April 2019.

The Shareholder has also agreed to issue a letter of support to TUT Enterprise Holdings (Pty) Ltd and has approved a subordination agreement in respect of the capital expenditure loan of R6 533 000.

6. Auditors

PricewaterhouseCoopers Inc. was in office as auditors for the company for the 2019 financial year and was appointed in terms of the Companies Act No.71 of 2008.

7. Secretary

The company secretary is FluidRock Co Sec (Pty) Ltd.

Postal address

P O Box 25160
Monument Park
Pretoria
Gauteng
0105

Business address

Monument Office park
Block 5 , Suite 201
79 Steenbok Avenue
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0181

8. Statement of disclosure to the company's auditors

With respect to each person who is a director on the day that this report is approved:

- there is, so far as the person is aware, no relevant audit information of which the company's auditors are unaware; and
- the person has taken all the steps that he or she ought to have taken as a director to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

9. Terms of appointment of the auditors

PricewaterhouseCoopers Inc. were appointed as the company's auditors at the general meeting held on 28 November 2018. Included in loss for the year is the agreed auditor's remuneration of R219,000. Shareholder wishing to inspect a copy of the terms on which the company's auditors is appointed and remunerated may do so by contacting the Company Secretary.

10. Dividends

No dividends were declared during the year under review.



Independent auditor's report

To the Shareholder of TUT Enterprise Holdings (Pty) Limited

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of TUT Enterprise Holdings (Pty) Limited (the Company) as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

What we have audited

TUT Enterprise Holdings (Pty) Limited's financial statements set out on pages 9 to 25 comprise:

- the statement of financial position as at 31 December 2019;
- 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;
- the summary of significant accounting policies; and
- the notes to the financial statements.

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 Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively.

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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 *Financial Statements*, which includes the Directors' Report as required by the Companies Act of South Africa. 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.

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 International Financial Reporting Standards 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.

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.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: PJ Mothibe
Registered Auditor
Johannesburg

16 September 2020