



# **RSL Enterprise Solutions Proprietary Limited**

Registration number: **2002/025014/07**

Annual financial statements for the year ended  
**31 March 2018**

## **Audited**

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Prepared under the supervision of  
Vijayaraghavan Srinivasan (Finance Manager)

# **RSL Enterprise Solutions Proprietary Limited**

*Registration number 2002/025014/07*

## **Annual financial statements**

*for the year ended 31 March 2018*

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# **RSL Enterprise Solutions Proprietary Limited**

## **Directors' report**

*for the year ended 31 March 2018*

### **Principal activity of the Company**

The Company is involved in the information technology industry and its principal activity is software and systems development.

### **Share capital**

There was a change in the authorised and issued share capital during the year under review. Authorised share capital increased to 20 000 000 and issued shares increased to 19 350 100.

### **Dividends**

No dividends were declared during the 2018 and 2017 financial year.

### **Holding company**

The Company's holding company at 31 March 2018 is Ramco Systems Limited, a company registered and controlled in India.

### **Going concern**

The Company generated a net loss of R 10 780 447 (2017 profit: R764 732) during the year ended 31 March 2018 and as of that date, in the prior year Company's total assets exceeded its total liabilities by R174 615 and current liabilities exceeded current assets by R2 215 573, while in the current year total assets exceed total liabilities by R 8 744 168 and current assets exceed current liabilities by R 8 703 316.

The Directors have also reviewed the Company's cash flow forecast for the year to 31 March 2018 and, in light of this review and the current financial position, they are satisfied that the Company has access to adequate resources to continue in operational existence for the foreseeable future.

### **Events subsequent to statement of financial position date**

No matter which is material to the financial affairs of the Company has occurred between the statement of financial position date and the date of approval of the financial statements.

# **RSL Enterprise Solutions Proprietary Limited**

## **Directors' report (continued)**

*for the year ended 31 March 2018*

### **Directors**

The directors at the date of the audit report were:

Pusapadi Ramasubramania Raja Venketrama Raja\*  
R Ravikula Chandran\*

\* - Indian

### **Secretary**

The Company did not have a secretary for the year under review.

### **Business and postal address**

Smartxchange Building, 2<sup>nd</sup> Floor  
5 Walnut Road  
Durban  
4001

### **Auditors**

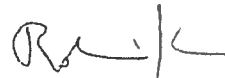
KPMG Inc will continue in office in accordance with section 90 of the Companies Act.

### **Approval of annual financial statements**

The annual financial statements of RSL Enterprise Solutions Proprietary Limited, as identified in the first paragraph, were approved by the board of directors on 21 May 2018 and signed on its behalf by



PRR Venketrama Raja  
Director



R Ravikula Chandran  
Director



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## Independent Auditor's Report

To the Shareholders of RSL Enterprise Solutions Proprietary Limited

### *Opinion*

We have audited the financial statements of RSL Enterprise Solutions Proprietary Limited set out on pages 7 to 33, which comprise the statement of financial position as at 31 March 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of RSL Enterprise Solutions Proprietary Limited as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

### *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 are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Other Information*

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act of South Africa, the Directors' Responsibility Statement and the Detailed Statement of Comprehensive Income. 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 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.

KPMG Inc. is a company incorporated under the South African Companies Act and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG Inc. is a Registered Auditor, in public practice, in terms of the Auditing Profession Act, 26 of 2005.

Registration number 1999/021543/21

Chief Executive N Dlomu

Directors Full list on website

The company's principal place of business is at KPMG Crescent, 85 Empire Road, Parktown, where a list of the directors' names is available for inspection.

### *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 judgment and maintain professional skepticism 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.

KPMG Inc.

A handwritten signature in black ink, appearing to read 'Jay Datadin'.

Jay Datadin  
Chartered Accountant (SA)  
Registered Auditor  
Director  
22 May 2018

# RSL Enterprise Solutions Proprietary Limited

## Statement of financial position

as at 31 March 2018

	<i>Note</i>	<b>2018</b> R	2017 R
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>35 852</b>	2 326 188
Property, plant and equipment	2	35 252	94 873
Investment	3	600	600
Deferred taxation	7	-	2 230 715
<b>Current assets</b>		<b>30 807 471</b>	33 909 091
Trade and other receivables	4	4 462 960	5 533 484
Work in progress	5	25 398 266	27 888 643
Cash and cash equivalents	13.2	946 245	486 964
<b>Total assets</b>		<b>30 843 323</b>	36 235 279
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>		<b>8 744 168</b>	174 615
Share capital	6	19 350 100	100
Accumulated (losses)/ profits		(10 605 932)	174 515
<b>Current liabilities</b>		<b>22 099 155</b>	36 060 664
Trade and other payables	8	7 913 735	7 053 476
Intercompany payables	9	14 185 420	29 007 188
<b>Total equity and liabilities</b>		<b>30 843 323</b>	36 235 279



# RSL Enterprise Solutions Proprietary Limited

## Statement of comprehensive income for the year ended 31 March 2018

	<i>Note</i>	<b>2018</b> R	2017 R
Revenue		<b>30 184 471</b>	51 890 403
Cost of sales		<b>(10 280 674)</b>	(18 326 785)
<b>Gross profit</b>		<b>19 903 797</b>	33 563 618
Operating expenses		<b>(27 259 373)</b>	(31 544 699)
<b>(Loss)/profit from operations</b>		<b>(7 355 576)</b>	2 018 919
<b>Net finance expense</b>	<i>10</i>	<b>(1 194 156)</b>	(1 222 642)
Finance income		<b>618</b>	866
Finance cost		<b>(1 194 774)</b>	(1 223 508)
<b>(Loss)/profit before income taxation</b>	<i>11</i>	<b>(8 549 732)</b>	796 277
Income taxation	<i>12</i>	<b>(2 230 715)</b>	(31 545)
<b>Net (loss)/profit for the year</b>		<b>(10 780 447)</b>	764 732
Other comprehensive income		-	-
<b>Total comprehensive (loss)/income</b>		<b>(10 780 447)</b>	764 732

## RSL Enterprise Solutions Proprietary Limited

### Statement of changes in equity

for the year ended 31 March 2018

	Share capital R	Accumulated profit/losses R	Total R
<b>Balance at 31 March 2015</b>	100	(1 872 135)	(1 872 035)
Total comprehensive income for the year	-	1 281 918	1 281 918
<b>Balance at 31 March 2016</b>	100	(590 217)	(590 117)
Total comprehensive income for the year	-	764 732	764 732
<b>Balance at 31 March 2017</b>	100	174 515	174 615
Intercompany loan conversion	19 350 000	-	19 350 000
Total comprehensive loss for the year	-	(10 780 447)	(10 780 447)
<b>Balance at 31 March 2018</b>	<b>19 350 100</b>	<b>(10 605 932)</b>	<b>8 744 168</b>



# RSL Enterprise Solutions Proprietary Limited

## Statement of cash flows

for the year ended 31 March 2018

	<i>Note</i>	<b>2018</b> R	2017 R
<b>Cash flows from operating activities</b>			
Cash utilised from operations	13.1	(2 862 145)	(1 213 188)
Finance received	10	618	866
Finance paid	10	(1 194 774)	(1 223 508)
<i>Net cash outflow from operating activities</i>		<u>(4 056 301)</u>	<u>(2 435 830)</u>
<b>Cash flows from investing activities</b>			
Acquisition of plant and equipment	2	(12 650)	-
<i>Net cash outflow from investing activities</i>		<u>(12 650)</u>	<u>-</u>
<b>Cash flows from financing activities</b>			
Loan received : Ramco Systems Limited - India	9	16 300 000	(1 029 050)
Interest paid : Ramco Systems Limited - India		(884 862)	3 607 127
Loan repayment: Intercompany payable		(11 428 324)	-
Loan received from Ramco Switzerland		541 418	-
<i>Net cash inflow from financing activities</i>		<u>4 528 232</u>	<u>2 578 077</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>			
		459 281	142 247
Cash and cash equivalents at the beginning of the year		<u>486 964</u>	<u>344 717</u>
<b>Cash and cash equivalents at the end of the year</b>	13.2	<u>946 245</u>	<u>486 964</u>

# RSL Enterprise Solutions Proprietary Limited

## Notes to the financial statements

for the year ended 31 March 2018

### 1. Significant accounting policies

#### 1.1 Reporting entity

RSL Enterprise Solutions Proprietary Limited (the "Company") is a Company domiciled in the Republic of South Africa with the holding company located in India. The address of the Company's registered office is Smartxchange Building, 2<sup>nd</sup> Floor, 5 Walnut Road, Durban, 4001. The Company is primarily involved in systems and software development.

#### 1.2 Statement of compliance

The annual financial statements of the Company have been prepared in accordance with International Financial Reporting Standards for Small and Medium sized Entities and the requirements of the Companies Act, 2008 and Companies Regulations, 2012.

##### (a) Basis of preparation

The financial statements are presented in South African Rands which is the Company's functional currency and they are prepared on the historical cost basis.

The preparation of financial statements in conformity with IFRS for SME's requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

##### (b) Functional currency

These financial statements are presented in South African Rands, which is the entity's functional currency.

# RSL Enterprise Solutions Proprietary Limited

## Notes to the financial statements (continued)

for the year ended 31 March 2018

### 1. Significant accounting policies (continued)

#### 1.3 Revenue

Revenue consists of license fees and net amounts invoiced in respect of goods and services rendered and excludes taxes. Revenue is recognised as follows:

- *Goods sold*

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

- *Services*

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

- *License fees*

License fees are recognised on an accrual basis in accordance with the substance of the relevant agreement.

#### 1.4 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Subsequent expenditure relating to an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated. Depreciation methods, useful lives and residual values are reviewed at each reporting date.

# RSL Enterprise Solutions Proprietary Limited

## Notes to the financial statements (continued)

for the year ended 31 March 2018

### 1. Significant accounting policies (continued)

#### 1.4 Property, plant and equipment (continued)

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within "other income" in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

The current depreciation rates are as follows:

• Computer Equipment	33.3%	per annum
• Electrical Equipment	20%	per annum
• Furniture and Equipment	10.67%	per annum
• Linen	20%	per annum
• Office equipment	16.67%	per annum
• Utensils	10%	per annum

#### 1.5 Leases

##### 1.5.1 Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised on the Company's statement of financial position.

##### 1.5.2 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

# RSL Enterprise Solutions Proprietary Limited

## Notes to the financial statements (continued)

for the year ended 31 March 2018

### 1. Significant accounting policies (continued)

#### 1.6 Investment in joint venture

Investment in joint venture is carried at historical cost less accumulated impairment losses.

#### 1.7 Financial instruments

##### *Non-derivative financial instruments*

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Company's obligations specified in the contract expire or are discharged or cancelled.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits.

##### *Other*

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the Company has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

# RSL Enterprise Solutions Proprietary Limited

## Notes to the financial statements (continued)

for the year ended 31 March 2018

### 1. Significant accounting policies (continued)

#### 1.8 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

#### 1.9 Finance income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, dividends on preference shares classified as liabilities, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

#### 1.10 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.



# RSL Enterprise Solutions Proprietary Limited

## Notes to the financial statements (continued)

for the year ended 31 March 2018

### 1. Significant accounting policies (continued)

#### 1.10 Taxation (continued)

Deferred taxation is provided using the liability method based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their taxation bases. Deferred taxation is calculated using the taxation rates enacted or substantively enacted at the reporting date that are expected to apply when the asset is realized or liability settled.

Deferred taxation is not provided on temporary differences relating to:

- The initial recognition of goodwill;
- The initial recognition (other than in a business combination) of an asset or liability to the extent that neither accounting nor taxable profit is affected on acquisition; and
- Investments in subsidiaries to the extent they will probably not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### 1.11 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

#### 1.12 Impairment

##### *Financial assets*

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

# RSL Enterprise Solutions Proprietary Limited

## Notes to the financial statements (continued)

for the year ended 31 March 2018

### 1. Significant accounting policies (continued)

#### 1.12 Impairment (continued)

##### *Financial assets (continued)*

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss.

##### *Non-financial assets*

The carrying amounts of the entity's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in respect of prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

# RSL Enterprise Solutions Proprietary Limited

## Notes to the financial statements (continued)

for the year ended 31 March 2018

### 1. Significant accounting policies (continued)

#### 1.13 Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the statement of financial position date. Gains and losses arising on transactions are credited to or charged against income.

#### 1.14 Employee benefits

##### *Short term employee benefits*

The cost of all short term employee benefits is recognised during the period in which the employee renders the related service.

The accrual for employee entitlements to wages, salaries and annual leave represent the amount which the Company has a present obligation to pay as a result of employees' services provided at the balance sheet date. The accruals have been calculated at undiscounted amounts based on current wage and salary rates.

##### *Retirement benefits*

The Company does not contribute to any retirement benefit plan.

#### 1.15 Related parties

A party is related to the Company if any one of the following are met:

- (i) Directly, or indirectly through one or more intermediaries, the party controls, is controlled by or is under common control with the Company;
- (ii) The party is a member of the key management personnel of the entity or its parent;
- (iii) The party is a close member of the family of an individual referred to in (i) or (ii);
  - Close family member of the family of an individual includes:
    - The individual's domestic partner and children;
    - Children of the individual's domestic partner; and
    - Dependents of the individual or the individual's domestic partner
- (iv) The party is a post-employment benefit plan for the benefit of employees of the Company.

#### 1.16 Work in process

Software development contracts in progress represents the gross amount expected to be collected from customers for contract work performed to date. It is measured at costs incurred less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

## RSL Enterprise Solutions Proprietary Limited

### Notes to the financial statements (continued) for the year ended 31 March 2018

#### 2. Property, plant and equipment

Cost	Computer equipment R	Equipment R	Furniture R	Office equipment R	Total R
Balance at 1 April 2016	434 154	11 310	141 390	97 789	684 643
Disposals	-	-	-	-	-
Acquisitions	-	-	-	-	-
Balance at 31 March 2017	434 154	11 310	141 390	97 789	684 643
Balance at 1 April 2017	434 154	11 310	141 390	97 789	684 643
Disposals	(160 102)	(11 310)	(74 506)	(18 474)	(264 392)
Acquisitions	12 650	-	-	-	12 650
Balance at 31 March 2018	286 702	-	66 884	79 315	432 901

## RSL Enterprise Solutions Proprietary Limited

### Notes to the financial statements (continued)

*for the year ended 31 March 2018*

#### 2. Property, plant and equipment (continued)

Accumulated depreciation	Computer equipment R	Equipment R	Furniture R	Office equipment R	Total R
Balance at 1 April 2016	(264 822)	(11 310)	(138 683)	(97 788)	(512 603)
Disposals	-	-	-	-	-
Depreciation	(74 638)	-	(2 529)	-	(77 167)
Balance at 31 March 2017	(339 460)	(11 310)	(141 212)	(97 788)	(589 770)
<b>Balance at 1 April 2017</b>	(339 460)	(11 310)	(141 212)	(97 788)	(589 770)
Disposals	160 102	11 310	74 506	18 474	264 392
Depreciation	(72 099)	-	(172)	-	(72 271)
<b>Balance at 31 March 2018</b>	(251 457)	-	(66 878)	(79 314)	(397 649)

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## RSL Enterprise Solutions Proprietary Limited

### Notes to the financial statements (continued) for the year ended 31 March 2018

2. Property, plant and equipment (continued)

	Computer equipment R	Equipment R	Furniture R	Office equipment R	Total R
Carrying amounts					
At 31 March 2017	94 694	-	178	1	94 873
At 31 March 2018	35 245	-	6	1	35 252

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# RSL Enterprise Solutions Proprietary Limited

## Notes to the financial statements (continued)

for the year ended 31 March 2018

	2018 R	2017 R
<b>3. Investment</b>		
City Works Proprietary Limited – At cost	<u>600</u>	<u>600</u>
The group has a 30% interest in a Joint Venture named City Works Proprietary Limited, the principal activity of which is software and systems development.		
<b>4. Trade and other receivables</b>		
Net trade debtors	4 144 443	5 121 919
Gross Trade debtors	6 000 613	5 121 919
Bad debts written off	(1 856 170)	-
Staff loans	18 664	61 366
VAT Receivable	234 008	212 117
Prepayments	65 845	138 082
	<u>4 462 960</u>	<u>5 533 484</u>
Trade debtors have no specific repayment terms and bear no interest.		
<b>5. Work in progress</b>		
Gross work in progress	30 079 124	27 888 643
Allowance for impairment loss	(4 680 858)	-
Net work in progress	<u>25 398 266</u>	<u>27 888 643</u>
<b>6. Share capital</b>		
<i>Authorised</i>		
20 000 000 (2017: 1 000) ordinary shares of R1.00 each	<u>20 000 000</u>	<u>1 000</u>
<i>Issued</i>		
19 350 100 (2017: 1 000) ordinary shares of R1.00 each	<u>19 350 100</u>	<u>100</u>
A shareholders resolution was passed by Ramco Systems Limited in terms of section 57 of the Companies Act 71 of 2018 to convert intercompany loan of R19 350 000 (2017: Nil) to share equity (refer to note 9).		
<b>7. Deferred taxation</b>		
<b>Unrecognised deferred taxation asset</b>		
Balance at beginning of year	2 230 715	2 262 260
Current		
- temporary differences	2 377 597	(31 545)
Balance at end of year	<u>4 608 312</u>	<u>2 230 715</u>

# RSL Enterprise Solutions Proprietary Limited

## Notes to the financial statements (continued)

for the year ended 31 March 2018

	2018 R	2017 R
<b>7. Deferred taxation</b>		
<b>Unrecognised deferred taxation asset (continued)</b>		
<i>Comprising</i>		
- assessed loss	4 798 628	3 109 980
- movement in accruals	1 309 347	365 822
- work in progress	(1 499 663)	(1 245 087)
Balance at end of year	<u>4 608 312</u>	<u>2 230 715</u>
	<b>Recognised in statement of comprehensive income</b>	<b>Balance at 31 March 2018</b>
	<b>R</b>	<b>R</b>
	Balance at 1 April 2017	
	R	
<i>Reconciliation</i>		
Assessed loss	3 109 980	1 688 648
Accruals	365 822	943 525
Work in progress	(1 245 087)	(254 576)
	<u>2 230 715</u>	<u>4 608 312</u>

The Company has an estimated assessed loss of R 17 137 958 (2017: R 11 107 072) available for offset against future taxable income. A deferred taxation asset in respect of unutilised taxation losses and other temporary differences has not been recognised as it is not probable that future profits will be available against which it can be utilised.

	Balance at 1 April 2016 R	Recognised in statement of comprehensive income R	Balance at 31 March 2017 R
<i>Reconciliation</i>			
Assessed loss	9 192 754	6 082 774	3 109 980
Accruals	99 193	(266 629)	365 822
Work in progress	(7 029 687)	(5 784 600)	(1 245 087)
	<u>2 262 260</u>	<u>31 545</u>	<u>2 230 715</u>



# RSL Enterprise Solutions Proprietary Limited

## Notes to the financial statements (continued)

for the year ended 31 March 2018

	2018 R	2017 R
<b>8. Trade and other payables</b>		
Trade creditors	756 383	348 908
Tax payable	701 730	918 639
Accrued expenses	6 455 622	5 785 929
	<u>7 913 735</u>	<u>7 053 476</u>

Trade creditors have no specific repayment terms and bear no interest.

### 9. Intercompany payable

Loan from Ramco Systems Limited - India	8 091 752	12 026 614
Opening balance	12 026 614	13 055 664
Loan received	16 300 000	1 300 000
Loan repayment (principle)	-	(3 000 000)
Net accumulated interest (paid)/payable	(884 862)	670 950
Loan converted to share capital (refer to note 6)	(19 350 000)	-

Loan from Ramco Systems Limited - Switzerland

541 418

-

The above loans have no specific repayment terms and bear interest at the prime interest rate.

Intercompany payables – Ramco Systems Limited

5 552 250

16 980 574

The above intercompany payable has no specific repayment terms and does not bear interest.

14 185 420

29 007 188

### 10. Net finance expense

Finance income		
Bank interest	618	866
Finance cost		
Interest on intercompany loan	(1 194 774)	(1 223 508)
	<u>(1 194 156)</u>	<u>(1 222 642)</u>

### 11. (Loss)/profit before income taxation

(Loss)/profit before income taxation is stated after the following:

#### Income

Finance income	618	866
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# RSL Enterprise Solutions Proprietary Limited

## Notes to the financial statements (continued)

for the year ended 31 March 2018

	2018 R	2017 R
<b>11. (Loss)/profit before income taxation (continued)</b>		
<b>Expenses</b>		
Auditor's remuneration	181 604	189 789
Commission paid	7 966 131	9 446 009
Consultancy fees	73 600	825 787
Depreciation of property, plant and equipment	72 271	77 167
- computer equipment	72 099	74 638
- furniture	172	2 529
Finance cost	1 194 156	1 223 508
Operating lease charges – buildings	-	168 852
<b>12. Income taxation</b>		
South African normal tax		
-Current	-	-
-Deferred	(2 230 715)	31 545
Total income taxation expense	(2 230 715)	31 545
(loss)/Profit before income taxation	(2 230 715)	796 277
Taxation at 28% (2017: 28%)		
Reconciling items-tax effect:		
Tax at the standard rate	(2 393 925)	222 958
Deferred tax- permanent differences	163 210	29 390
Deferred tax- prior period under provision	-	(220 803)
	(2 230 715)	31 545
	%	%
Standard tax rate	28	28
Tax effect on:		
Permanent differences	(6)	4
Deferred tax – prior period under provision	-	(28)
Effective rate	22	4

# RSL Enterprise Solutions Proprietary Limited

## Notes to the financial statements (continued) for the year ended 31 March 2018

	2018 R	2017 R
<b>13. Notes to the statement of cash flows</b>		
<b>13.1 Cash utilised from operations</b>		
Operating (loss)/profit before taxation	(8 549 732)	796 277
Adjustments for:		
Finance income	(618)	(866)
Finance cost	1 194 774	1 223 508
Depreciation	72 271	77 167
	<u>(7 283 305)</u>	<u>2 096 086</u>
<b>Movements in working capital</b>		
Decrease/(Increase) in accounts receivable	810 661	(744 421)
Increase in accounts payable	1 120 122	217 763
Decrease/(Increase) in work-in-progress	2 490 377	(2 782 616)
	<u>(2 862 145)</u>	<u>(1 213 188)</u>
<b>13.2 Cash and cash equivalents</b>		
Bank balances	946 245	471 498
Call deposits	-	15 466
	<u>946 245</u>	<u>486 964</u>
<b>14. Operating leases</b>		
Total future minimum lease payments under non-cancellable operating leases		
Not later than 1 year	-	37 334
Between 1 and 5 years	-	-
Later than 5 years	-	-
	<u>-</u>	<u>37 334</u>

# RSL Enterprise Solutions Proprietary Limited

## Notes to the financial statements (continued)

for the year ended 31 March 2018

### 15. Related parties

RSL Enterprise Solutions Proprietary Limited is a wholly-owned subsidiary of Ramco Systems Limited, which is incorporated in India.

The joint venture has been disclosed in note 3.

The directors for the year under review were PRR Venketrama Raja and R Ravikula Chandran. Directors do not receive remuneration from RSL Enterprise Solutions Proprietary Limited. PRR Venketrama Raja is also a director of Ramco Systems Limited, however R Ravikula Chandran is not a director of Ramco Systems Limited, but as chief financial officer, is a key managerial personnel of Ramco Systems Limited. Both individuals are remunerated by Ramco Systems Limited. The percentage attributable to services performed for RSL Enterprise Solutions Proprietary Limited is represented below.

#### Directors emoluments:

	Total received from Ramco	Percentage attributable to RSL	Amount attributable to RSL
<b>2018</b>			
PRR Venketrama Raja			
- Salary	39 070	3%	1 172
-Contributions	3 126	3%	94
	<b>42 196</b>		<b>1 266</b>
<b>R Ravikula Chandran</b>			
- Salary	984 966	1%	9 850
- Contribution	152 062	1%	1 521
- Bonus	255 814	1%	2 558
- Perquisites	433 564	1%	4 336
	<b>1 826 406</b>		<b>18 265</b>
<b>2017</b>			
PRR Venketrama Raja			
- Salary	233 933	1%	2 339
-Contributions	18 715	1%	187
	<b>252 648</b>		<b>2 526</b>
<b>R Ravikula Chandran</b>			
- Salary	959 535	3%	28 786
- Contribution	141 720	3%	4 252
- Bonus	231 378	3%	6 941
- Perquisites	720 231	3%	21 607
	<b>2 052 864</b>		<b>61 586</b>

# RSL Enterprise Solutions Proprietary Limited

## Notes to the financial statements (continued)

for the year ended 31 March 2018

	2018 R	2017 R
<b>15.1 Material related party transactions</b>		
a) <i>Ramco Systems Limited - holding company</i>		
Included in trade payables	5 552 250	16 980 574
<i>Types and elements of transactions:</i>		
• Goods and services purchased from holding company	10 280 674	18 326 785
• Expenses charged to RSL Enterprise Solutions Proprietary Limited by the holding company.	4 809 619	6 657 813
• Loan received (from holding company and its subsidiaries)	8 633 170	12 026 615
• Interest on intercompany Loans		
b) <i>City Works Proprietary Limited - joint venture</i>		
Included in trade receivables	4 144 443	5 121 919
Less: Provision for doubtful debts	-	-
	4 144 443	5 121 919
<i>Types and elements of transactions:</i>		
Good and services supplied to the joint venture	27 993 988	41 939 120

## 16. Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk.

### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

### Interest rate risk

The Company adopts a policy of ensuring that between 40 and 60 percent of its exposure to changes in interest rates on borrowings is on a fixed rate basis. This is achieved by entering into interest rate swaps.

# RSL Enterprise Solutions Proprietary Limited

## Notes to the financial statements (continued)

for the year ended 31 March 2018

### 16. Financial risk management (continued)

#### Fair value

The fair values of financial instruments are substantially identical to carrying amounts reflected in the statement of financial position.

	2018 Carrying amount	2018 Fair value	2017 Carrying amount	2017 Fair value
Trade and other receivables	4 462 960	4 462 960	5 533 484	5 533 484
Trade and other payables	7 913 735	7 913 735	7 053 644	7 053 644
Intercompany payables	14 185 420	14 185 420	29 007 188	29 007 188
	<u>26 562 115</u>	<u>26 562 115</u>	<u>41 594 336</u>	<u>41 594 336</u>

The Company's financial instruments consist primarily of deposits with banks, trade receivables and trade payables, interest-bearing loans and borrowings. Financial instruments are carried at fair value or amounts that approximate fair value.

2018 R	2017 R
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#### Categories of financial instruments

##### Financial assets

Loans and receivables	5 409 205	6 020 448
Trade and other receivables	4 462 960	5 533 484
Cash and cash equivalents	946 245	486 964

##### Financial liabilities

Loans and payables	22 099 155	41 594 336
Trade and other payables	7 913 735	7 053 664
Intercompany payables	14 185 420	29 007 188

# RSL Enterprise Solutions Proprietary Limited

## Notes to the financial statements (continued)

for the year ended 31 March 2018

### 16. Financial risk management (continued)

#### Credit risk management (continued)

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The loss allowance is determined based on historical data of payment statistics for similar financial assets.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at reporting date was:

	Carrying amount 2018 R	Carrying amount 2017 R
Trade and other receivables	4 462 960	5 533 484
Cash and cash equivalents	946 245	486 964
	<u>5 409 205</u>	<u>6 020 448</u>

#### Trade receivables – by geographic region:

The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was:

South Africa	<u>4 462 960</u>	<u>5 533 484</u>
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#### Trade receivables – Ageing

	Gross value 2018 R	Impairment Provision 2018 R	Gross Value 2017 R	Impairment Provision 2017 R
Not past due date	4 144 443	-	5 533 484	-
Past due date by more than a year	-	-	-	-
	<u>4 144 443</u>	<u>-</u>	<u>5 533 484</u>	<u>-</u>

# RSL Enterprise Solutions Proprietary Limited

## Notes to the financial statements (continued)

for the year ended 31 March 2018

### 16. Financial risk management (continued)

#### *Liquidity risk management*

Prudent liquidity risk management implies maintaining sufficient cash resources and ensuring the availability of funding through an adequate amount of credit facilities. The Company aims to maintain flexibility by monitoring cash flow forecast; good working capital management and ensuring adequate borrowing facilities are maintained.

The following table details the Company's remaining contractual maturity of its non-derivative financial liabilities.

2018

	6 months or less	Greater than 6 months	Total
Trade and other payables	7 913 735	-	7 913 735
Intercompany payables	14 185 420	-	14 185 420

2017

	6 months or less	Greater than 6 months	Total
Trade and other payables	7 053 476	-	7 053 476
Intercompany payables	29 007 188	-	29 007 188

#### *Currency risk management*

The Company does not manage its exposure to currency risk. The transactions are translated at spot rate and no hedging occurs.

The Company did not incur currency risk as a result of purchases, sales and loan transactions which were denominated in functional currency in the current period.

#### *Interest rate risk management*

Interest rate risk is the risk that the value of a financial instrument will fluctuate owing to changes in market interest rates. The Company's level of borrowing and consequently the debt servicing costs are closely monitored and controlled by the Board of Directors having regard to the prevailing and projected interest rates and the Company's capacity to service such debt from future earnings.



# RSL Enterprise Solutions Proprietary Limited

## Notes to the financial statements (continued)

for the year ended 31 March 2018

### 16. Financial risk management (continued)

#### *Interest rate risk management (continued)*

At the reporting date the interest rate profile of the Company's interest bearing financial instrument was:

	Carrying amount 2018 R	Carrying amount 2017 R
<i>Interest rate risk</i>		
Variable rates linked to prime:		
Interest on intercompany loan	(1 194 156)	(1 223 508)
	<u>(1 194 156)</u>	<u>(1 223 508)</u>

#### *Cashflow sensitivity for variable rate instruments*

A change in the prime interest rate of 1% would have the following impact on cash flows and profit:

	2018 1% increase	2017 1% increase
Interest expense	11 942	12 335
Taxation	(3 344)	(3 426)
	<u>8 598</u>	<u>8 809</u>

### 17. Going Concern

The Company generated a net loss of R 10 780 447 (2017 profit: R764 732) during the year ended 31 March 2018 and as of that date, in the prior year Company's total assets exceeded its total liabilities by R174 615 and current liabilities exceeded current assets by R2 2151 573, while in the current year total assets exceed total liabilities by R 8 744 168 and current assets exceed current liabilities by R 8 708 316.

The Directors have also reviewed the Company's cash flow forecast for the year to 31 March 2018 and, in light of this review and the current financial position, they are satisfied that the Company has access to adequate resources to continue in operational existence for the foreseeable future.

# RSL Enterprise Solutions Proprietary Limited

## Notes to the financial statements (continued)

*for the year ended 31 March 2018*

### 18. Standards and Interpretations not yet effective

In May 2016 the International Accounting Standards Board (IASB) completed its comprehensive review of the IFRS for SMEs. After consulting widely with constituents, the IASB concluded that the IFRS for SMEs is working well in practice. However, some areas were identified where targeted improvements could be made. Consequently, after considering the feedback it received, and taking into account the fact that the IFRS for SMEs is still a relatively new Standard, the IASB has made limited amendments to the IFRS for SMEs.

The most significant amendments that relate to transactions commonly encountered by SMEs are:

- permitting SMEs to use a revaluation model for property, plant and equipment; and
- aligning the main recognition and measurement requirements for deferred income tax with International Financial Reporting Standards (IFRS, sometimes referred to as 'full IFRS' when compared to the IFRS for SMEs).

Most of the other amendments clarify existing requirements or add supporting guidance, rather than change the underlying requirements in the IFRS for SMEs. Consequently, for most SMEs and users of their financial statements, the amendments are expected to improve understanding of the existing requirements, without having a significant effect on an SME's financial reporting practices and financial statements. The amendments are effective for annual periods beginning on or after 1 January 2017. Earlier application is permitted.

The Company is in the process of evaluating the effect of these new/revised standards and interpretations but they are not expected to have a significant impact in the results or disclosures.

### 19. Events subsequent to statement of financial position date

No matter which is material to the financial affairs of the Company has occurred between the statement of financial position date and the date of approval of the financial statements.

# RSL Enterprise Solutions Proprietary Limited

## Schedule of expenditure

for the year ended 31 March 2018

	2018	2017
	R	R
Accounting and legal fees	3 000	-
Administration	36 134	209 044
Advertising and promotions	20 064	279 978
Audit fees	181 604	189 789
Bad debts/doubtful debts	6 537 028	-
Bank charges	43 084	36 112
Commissions paid	7 966 131	9 446 009
Consultancy fees	73 600	825 787
Courier and postage	9 025	6 742
Depreciation	72 271	77 167
Guest house services	583 732	404 269
Rent	966 724	1 167 796
Staff costs	5 309 037	8 493 142
Stationery	58 713	21 191
Staff welfare	266 407	588 713
Sundry expenses	26 470	89 809
Telephone and fax	888 033	1 541 636
Transport	623 230	1 052 287
Travel	3 590 186	7 104 826
Training expenditure	4 900	10 402
	<u>27 259 373</u>	<u>31 544 699</u>
Finance cost	1 194 774	1 223 508
<b>Total</b>	<b><u>28 454 147</u></b>	<b><u>32 768 207</u></b>

This statement does not form part of the annual financial statements and is unaudited.