RSL Enterprise Solutions Proprietary Limited

Registration Number: **2002/025014/07**

Annual financial statements for the year ended

31 March 2017

Audited

Prepared by

Vijayaraghavan Srinivasan

RSL Enterprise Solutions Proprietary Limited
Registration number 2002/025014/07

Annual financial statements
for the year ended 31 March 2017

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RSL Enterprise Solutions Proprietary Limited

Directors' report

for the year ended 31 March 2017

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 were no changes in the authorised and issued share capital during the year under review.

Dividends

No dividends were declared during the 2017 and 2016 financial year.

Holding company

The Company's holding company at 31 March 2017 is Ramco Systems Limited, a company registered and controlled in India.

Going concern

The Company generated a net profit of R 764 732 (2016 profit: R 1 281 918) during the year ended 31 March 2017 and as of that date, in the prior year Company's total liabilities exceeded its total assets by R 590 117, total assets exceed its total liabilities by R 174 615.

The Directors have also reviewed the Company's cash flow forecast for the year to 31 March 2017 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.

The holding company has subordinated the intercompany payables to the value of R 4 000 000. This subordination claim has been classified as a current liability so long as the current liabilities of the entity exceed the current assets, fairly valued, and shall lapse immediately upon the date the current assets of the entity exceed the current liabilities fairly valued.

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 2017

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, 2nd 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 26 April 2017 and signed on its behalf by

PRR Venketrama Raja Director	R Ravikula Chandran Director

KPMG

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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 2017, 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 2017, 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

Policy Board:
Chief Executive: TH Hoole

Executive Directors: M Letsitsi, SL Louw, NKS Malaba, M Oddy, CAT Smit

Other Directors: ZA Beseti, LP Fourie, N Fubu, AH Jaffer (Chairman of the Board), ME Magondo, F Mall, GM Pickering, JN Pierce

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.

J Datadin
Chartered Accountant (SA)
Registered Auditor
Director
26 April 2017

RSL Enterprise Solutions Proprietary Limited

Statement of financial position
as at 31 March 2017

	Note	2017 R	2016 R
ASSETS			
Non-current assets		**2 326 188**	2 434 900
Property, plant and equipment	*2*	**94 873**	172 040
Investment	*3*	**600**	600
Deferred taxation	*6*	**2 230 715**	2 262 260
Current assets		**33 909 091**	30 239 807
Trade and other receivables	*4*	**5 533 484**	4 789 063
Work in progress		**27 888 643**	25 106 027
Cash and cash equivalents	*12.2*	**486 964**	344 717
Total assets		**36 235 279**	32 674 707
EQUITY AND LIABILITIES			
Capital and reserves		**174 615**	(590 117)
Share capital	*5*	**100**	100
Accumulated profits/(losses)		**174 515**	(590 217)
Non-current liabilities		**-**	-
Current liabilities		**36 060 664**	33 264 824
Trade and other payables	*7*	**7 053 476**	6 835 713
Intercompany payables	*8*	**29 007 188**	26 429 111
Total equity and liabilities		**36 235 279**	32 674 707

RSL Enterprise Solutions Proprietary Limited

Statement of comprehensive income

for the year ended 31 March 2017

	Note	**2017**	2016
		R	R
Revenue		**51 890 403**	54 834 001
Cost of sales		**(18 326 785)**	(22 420 256)
Gross profit		**33 563 618**	32 413 745
Operating expenses		**(31 544 699)**	(29 382 814)
Profit from operations		**2 018 919**	3 030 931
Net finance expense	*9*	**(1 222 642)**	(1 208 024)
Finance income		**866**	835
Finance cost		**(1 223 508)**	(1 208 859)
Profit before income taxation	*10*	**796 277**	1 822 907
Income taxation	*11*	**(31 545)**	(540 989)
Net profit for the year		**764 732**	1 281 918
Other comprehensive income		**-**	-
Total comprehensive income		**764 732**	1 281 918

RSL Enterprise Solutions Proprietary Limited

Statement of changes in equity
for the year ended 31 March 2017

	Share Capital R	Accumulated profit/losses R	Total R
Balance at 31 March 2014	100	(3 984 488)	(3 984 388)
Total comprehensive income for the year	-	2 112 353	2 112 353
Balance at 31 March 2015	100	(1 872 135)	(1 872 035)
Total comprehensive income for the year	-	1 281 918	1 281 918
Balance at 31 March 2016	100	(590 217)	(590 117)
Total comprehensive income for the year	-	764 732	764 732
Balance at 31 March 2017	100	174 515	174 615

RSL Enterprise Solutions Proprietary Limited

Statement of cash flows

for the year ended 31 March 2017

	Note	2017	2016
		R	R
Cash flows from operating activities			
Cash utilised by operations	*12.1*	**(1 213 188)**	(323 951)
Finance received	*9*	**866**	835
Finance paid	9	**(1 223 508)**	(1 208 859)
Net cash outflow from operating activities		**(2 435 830)**	(1 531 975)
Cash flows from investing activities			
Acquisition of plant and equipment	2	**-**	(210 963)
Net cash outflow from investing activities		**-**	(210 693)
Cash flows from financing activities			
Interest/loan received: Ramco Systems Limited-India		**(1 029 050)**	1 040 573
Loan received: Intercompany Payable		**3 607 127**	1 813 728
(Repayment): Ramco Switzerland loan		**-**	(2 393 109)
Net cash inflow from financing activities		**2 578 077**	461 192
Net increase/(decrease) in cash and cash equivalents		**142 247**	(1 281 746)
Cash and cash equivalents at the beginning of the year		**344 717**	1 626 463
Cash and cash equivalents at the end of the year	*12.2*	**486 964**	344 717

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, 2nd 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.

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.

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.

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 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.

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.

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.

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.

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.

Notes to the financial statements (continued)
for the year ended 31 March 2017

2. Property, plant and equipment

	Computer equipment R	Equipment R	Furniture R	Office equipment R	Total R
Cost					
Balance at 1 April 2015	223 191	11 310	141 390	97 789	473 680
Disposals	-	-	-	-	-
Acquisitions	210 963	-	-	-	210 963
Balance at 31 March 2016	434 154	11 310	141 390	97 789	684 643
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

RSL Enterprise Solutions Proprietary Limited

Notes to the financial statements (continued)
for the year ended 31 March 2017

2. Property, plant and equipment (continued)

	Computer equipment R	Equipment R	Furniture R	Office equipment R	Total R
Accumulated depreciation					
Balance at 1 April 2015	(209 071)	(11 310)	(133 661)	(97 788)	(451 830)
Disposals	-	-	-	-	-
Depreciation	(55 751)	-	(5 022)	-	(60 773)
Balance at 31 March 2016	(264 822)	(11 310)	(138 683)	(97 788)	(512 603)
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)

RSL Enterprise Solutions Proprietary Limited

Notes to the financial statements (continued)
for the year ended 31 March 2017

2. Property, plant and equipment (continued)

	Computer equipment R	Equipment R	Furniture R	Office equipment R	Total R
Carrying amounts					
At 31 March 2016	169 332	-	2 707	1	172 040
At 31 March 2017	94 694	-	178	1	94 873

RSL Enterprise Solutions Proprietary Limited

Notes to the financial statements (continued)

for the year ended 31 March 2017

		2017 R	2016 R
3.	**Investment**		
	City Works Proprietary Limited – At cost	**600**	600

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.

4.	**Trade and other receivables**		
	Trade debtors	**5 121 919**	4 395 639
	Staff loans	**61 366**	-
	VAT Receivable	**212 117**	115 986
	Prepayments	**138 082**	277 438
		5 533 484	4 789 063

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

5.	**Share capital**		
	Authorised		
	1 000 ordinary shares of R1.00 each	**1000**	1 000
	Issued		
	100 ordinary shares of R1.00 each	**100**	100
6.	**Deferred taxation**		
	Balance at beginning of year	**2 262 260**	2 803 249
	Current		
	- temporary differences	**(31 545)**	(540 989)
		2 230 715	2 262 260
	Comprising		
	- assessed loss	**3 109 980**	9 192 754
	- movement in accruals	**365 822**	99 193
	- work in progress	**(1 245 087)**	(7 029 687)
	Balance at end of year	**2 230 715**	2 262 260

6. Deferred tax (continued)

	Balance at 1 April 2016	Recognised in statement of comprehensive income	Balance at 31 March 2017
	R	R	R
Reconciliation			
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)**
	2 262 260	31 545	**2 230 715**

	Balance at 1 April 2015	Recognised in statement of comprehensive income	Balance at 31 March 2016
	R	R	R
Reconciliation			
Assessed loss	3 485 434	(5 707 320)	9 192 754
Accruals	850 771	751 578	99 193
Deferred income	441 597	441 597	-
Work in progress	(1 974 553)	5 055 134	(7 029 687)
	2 803 249	540 989	2 262 260

	2017	2016
	R	R
7. Trade and other payables		
Trade creditors	**348 908**	250 730
Tax payable	**918 639**	-
Accrued expenses	**5 785 929**	6 584 983
	7 053 476	6 835 713

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

		2017 R	2016 R
8.	**Intercompany payable**		
	Loan from Ramco Systems Limited - India The above loan has no specific repayment terms and bears interest at the prime interest rate.	**12 026 614**	13 055 664
	Intercompany payables – Ramco Systems Limited	**16 980 574**	13 373 447
	The above intercompany payables has no specific repayment terms and does not bear interest. Intercompany payables represent amounts payable to Ramco Systems Limited. The holding company has subordinated the intercompany payables to the value of R4 000 000.		
		29 007 188	26 429 111
9.	**Net finance expense**		
	Finance income		
	Bank interest	**866**	835
	Finance cost		
	Interest on inter-Company loan	**(1 223 508)**	(1 208 859)
		(1 222 642)	(1 208 024)
10.	**Profit before income taxation**		
	Profit before income taxation is stated after the following:		
	Income		
	Finance income	**866**	835

RSL Enterprise Solutions Proprietary Limited

Notes to the financial statements (continued)

for the year ended 31 March 2017

		2017 R	2016 R
10.	**Profit before income taxation (continued)**		
	Expenses		
	Auditor's remuneration	**189 789**	154 000
	Commission paid	**9 446 009**	11 099 444
	Consultancy fees	**825 787**	1 313 661
	Depreciation of property, plant and equipment	**77 167**	60 773
	- computer equipment	**74 638**	55 751
	- furniture	**2 529**	5 022
	Finance cost	**1 223 508**	1 208 859
	Operating lease charges – buildings	**168 852**	11 051

		2017 R	2016 R
11.	**Income taxation**		
	South African normal tax		
	-Current	**-**	-
	-Deferred	**31 545**	540 989
	Total income taxation expense	**31 545**	540 989
	Profit before income taxation	**796 277**	1 822 907
	Taxation at 28% (2016: 28%)		
	Reconciling items-tax effect:		
	Tax at the standard rate	**222 958**	510 414
	Deferred tax- permanent differences	**29 390**	30 575
	Deferred tax- prior period under provision	**(220 803)**	-
		31 545	540 989
		%	%
	Standard tax rate	**28**	28
	Tax effect on:		
	Permanent differences	**4**	2
	Deferred tax – prior period under provision	**(28)**	-
	Effective rate	**4**	30

lcr.

		2017 R	2016 R
12.	**Notes to the statement of cash flows**		
12.1	**Cash utilised by operations**		
	Operating profit before taxation	**796 277**	1 822 907
	Adjustments for:		
	Finance income	**(866)**	(835)
	Finance cost	**1 223 508**	1 208 859
	Depreciation	**77 167**	60 773
		2 096 086	3 091 704
	Movements in working capital		
	(Increase) in accounts receivable	**(744 421)**	(1 035 824)
	Increase in accounts payable	**217 763**	2 900 454
	(Increase) in work-in-progress	**(2 782 616)**	(5 280 285)
		(1 213 188)	(323 951)
12.2	**Cash and cash equivalents**		
	Bank balances	**471 498**	330 117
	Call deposits	**15 466**	14 600
		486 964	344 717
13.	**Operating leases**		
	Total future minimum lease payments under non-cancellable operating leases		
	Not later than 1 year	**37 334**	197 360
	Between 1 and 5 years	**-**	37 334
	Later than 5 years	**-**	-
		37 334	234 694

14. 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 the managing director of Ramco Systems Limited. 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:

2017	Total received from Ramco	Percentage attributable to RSL	Amount attributable to RSL
PRR Venketrama Raja			
- Salary	**233 933**	**1%**	**2 339**
-Contributions	**18 715**	**1%**	**187**
	252 648		**2 526**
R Ravikula Chandran			
- Salary	**959 535**	**3%**	**28 786**
- Contribution	**141 720**	**3%**	**4 252**
- Bonus	**231 378**	**3%**	**6 941**
- Perquisites	**720 231**	**3%**	**21 607**
	2 052 864		**61 586**

	2017 R	2016 R
14.1 Material related party transactions		
a) Ramco Systems Limited - holding company		
Included in trade payables	**16 980 574**	13 373 447
Types and elements of transactions:		
• Goods and services purchased from holding company	**18 326 785**	22 420 256
• Expenses charged to RSL Enterprise Solutions Proprietary Limited by the holding company.	**6 657 813**	2 315 707
• Loan received (from holding company and its subsidiaries)	**12 026 615**	13 055 664

148.

- Interest on intercompany Loans 1 208 859

		2017	2016
		R	R
14.1	**Material related party transactions (continued)**		
b)	*City Works Proprietary Limited - joint venture*		
	Included in trade receivables	**5 121 919**	3 184 390
	Less: Provision for doubtful debts	**-**	-
		5 121 919	3 184 390
	Types and elements of transactions:		
	Good and services supplied to the joint venture	**41 939 120**	31 855 198

15. 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.

15. 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.

	2017 Carrying amount	**2017 Fair value**	2016 Carrying amount	2016 Fair value
Trade receivables and other receivables	**5 533 484**	**5 533 484**	4 789 063	4 789 063
Trade and other payables	**7 053 664**	**7 053 664**	6 835 713	6 835 713
Intercompany payables	**29 007 188**	**29 007 188**	26 429 111	26 429 111
	41 594 336	**41 594 336**	38 053 887	38 053 887

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.

	2017 R	2016 R
Categories of financial instruments		
Financial assets		
Loans and receivables	**6 020 448**	5 133 780
Trade and other receivables	**5 533 484**	4 789 063
Cash and cash equivalents	**486 964**	344 717
Financial liabilities		
Loans and payables	**36 060 852**	33 264 824
Trade and other payables	**7 053 664**	6 835 713
Intercompany payables	**29 007 188**	26 429 111

Credit risk management

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.

15. Financial risk management (continued)

Credit risk management (continued)

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

	Carrying amount 2017 R	Carrying amount 2016 R
Trade and other receivables	**5 533 484**	4 789 063
Cash and cash equivalents	**486 964**	344 717
	6 020 448	5 133 780

Trade receivables – by geographic region:

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

South Africa	**5 533 484**	4 395 639

Trade receivables – Ageing

	Gross value 2017 R	**Impairment provision 2017 R**	Gross Value 2016 R	Impairment provision 2016 R
Not past due date	**5 533 484**	-	4 395 639	-
Past due date by more than a year	-		-	-
	5 533 484	-	4 395 639	-

15. 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.

2017

	6 months or less	**Greater than 6 months**	**Total**
Trade and other payables	**7 053 476**	**-**	**7 053 476**
Intercompany payables	**16 980 574**	**-**	**16 980 574**

2016

	6 months or less	Greater than 6 months	Total
Trade and other payables	6 835 713	-	6 835 713
Intercompany payables	26 429 111	-	26 429 111

Currency risk management

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

Currency risk management (continued)

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.

15. 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 2017 R	Carrying amount 2016 R
Interest rate risk		
Variable rates linked to prime:		
Interest on intercompany loan	**(1 223 508)**	(1 208 859)
	(1 223 508)	(1 208 859)

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:

	2017 1% increase	2016 1% increase
Interest expense	**12 235**	12 089
Taxation	**(3 426)**	(3 384)
	8 809	8 705

16. Going Concern

The Company generated a net profit of R 764 732 (2016 profit: R 1 281 918) during the year ended 31 March 2017 and as of that date, in the prior year Company's total liabilities exceeded its total assets by R 590 117, in the current year Company's total assets exceed its total liabilities by R 174 615.

The Directors have also reviewed the Company's cash flow forecast for the year to 31 March 2017 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.

The holding company has subordinated the intercompany payables to the value of R 4 000 000.

RSL Enterprise Solutions Proprietary Limited

Notes to the financial statements (continued)

for the year ended 31 March 2017

17. 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.

18. 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 2017

	2017 R	2016 R
Accounting and legal fees	**-**	5 660
Administration	**209 044**	277 663
Advertising and promotions	**279 978**	98 991
Audit fees	**189 789**	154 000
Bank charges	**36 112**	34 666
Commissions paid	**9 446 009**	11 094 107
Consultancy fees	**825 787**	1 313 661
Courier and postage	**6 742**	5 768
Depreciation	**77 167**	60 773
Guest house services	**404 269**	293 832
Rent	**1 167 796**	587 806
Staff costs	**8 493 142**	9 737 624
Stationery	**21 191**	41 253
Staff welfare	**588 713**	91 130
Sundry expenses	**89 809**	80 739
Telephone and fax	**1 541 636**	1 191 163
Transport	**1 052 287**	901 270
Travel	**7 104 826**	3 412 708
Training expenditure	**10 402**	-
	31 544 699	29 382 814
Finance cost	**1 223 508**	1 208 859
Total	**32 768 207**	30 591 673

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