

RSL Enterprise Solutions (Pty) Ltd

Registration number 2002/025014/07

Annual financial statements

for the year ended 31 March 2015

The preparation of these annual financial statements were supervised by:
S Vijayaraghavan (Business Accountant).

The annual financial statements have been audited in compliance with applicable requirements of the
Companies Act 71 of 2008.

The financial statements for the year ended 31 March 2014 were published on 25 April 2014.



RSL Enterprise Solutions (Pty) Ltd

Registration number 2002/025014/07

Annual financial statements

for the year ended 31 March 2015

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RSL Enterprise Solutions (Pty) Ltd
Directors' responsibility statement
For the year ended 31 March 2015

The directors are responsible for the preparation and fair presentation of the annual financial statements of RSL Enterprise Solutions (Pty) Ltd, comprising the statement of financial position at 31 March 2015, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, and the directors' report, in accordance with International Financial Reporting Standard for Small and Medium-sized Entities, and in the manner required by the Companies Act of South Africa.

The directors are also responsible 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, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the company to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of annual financial statements

The annual financial statements of RSL Enterprise Solutions (Pty) Ltd, as identified in the first paragraph, were approved by the board of directors on 14 April 2015 and signed by



PRR Venketrama Raja
Director



R Ravikula Chandran
Director

RSL Enterprise Solutions (Pty) Ltd

Directors' report

for the year ended 31 March 2015

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 2015 and 2014 financial year.

Holding company

The company's holding company at 31 March 2015 is Ramco Systems Limited, a company registered and controlled in India.

Going Concern

The Company incurred a net profit of R 2 112 353 (2014 loss: R 3 170 085) during the year ended 31 March 2015 and as of that date, the Company's total liabilities exceeded its total assets by R 1 872 035 (2014: R 3 990 771).

The Directors have also reviewed the Company's cash flow forecast for the year to 31 March 2015 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 non-current liability so long as the current liabilities of the entity exceed the assets, fairly valued, and shall lapse immediately upon the date the assets of the entity exceed the current liabilities fairly valued.

Events subsequent to statement of financial position date

No material facts or circumstances have occurred between the accounting date and the date of this report, which are material to the appreciation of the annual financial statements, other than those disclosed herein.

RSL Enterprise Solutions (Pty) Ltd

Directors' report (continued)

for the year ended 31 March 2015

Directors

The directors for the year under review 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

Independent Auditor's Report

To the Shareholders of RSL Enterprise Solutions (Pty) Ltd

We have audited the financial statements of RSL Enterprise Solutions (Pty) Ltd, which comprise the statement of financial position at 31 March 2015, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 33.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of RSL Enterprise Solutions (Pty) Ltd at 31 March 2015, 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.

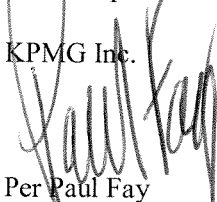
Other Matter

Supplementary information set out on page 34 does not form part of the annual financial statements and is presented as additional information. We have not audited this schedule and accordingly we do not express an opinion on this schedule.

Other Reports Required by the Companies Act

As part of our audit of the financial statements for the year ended 31 March 2015, we have read the Directors' report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. This report is the responsibility of the respective preparers. Based on reading this report we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited this report and accordingly do not express an opinion on this report.

KPMG Inc.



Per Paul Fay
Chartered Accountant (SA)
Registered Auditor
Director
14 April 2015

RSL Enterprise Solutions (Pty) Ltd

Statement of financial position

as at 31 March 2015

	<i>Note</i>	2015 R	2014 R
ASSETS			
Non-current assets		2 825 699	4 092 419
Property, plant and equipment	2	21 850	29 329
Deferred taxation	6	2 803 249	4 062 490
Investment	3	600	600
Current assets		25 205 444	18 259 755
Trade and other receivables	4	3 753 239	5 043 356
Work in progress		19 825 742	12 409 159
Cash and cash equivalents	12.3	1 626 463	807 240
Total assets		28 031 143	22 352 174
EQUITY AND LIABILITIES			
Capital and reserves		(1 872 035)	(3 984 388)
Share capital	5	100	100
Retained earnings		(1 872 135)	(3 984 488)
Non-current liabilities		4 000 000	4 000 000
Current liabilities		25 903 178	22 336 562
Trade and other payables	7	3 935 259	2 918 141
Intercompany payables	8	21 967 919	19 418 421
Total equity and liabilities		28 031 143	22 352 174



RSL Enterprise Solutions (Pty) Ltd

Statement of comprehensive income

for the year ended 31 March 2015

	<i>Note</i>	2015 R	2014 R
Revenue		44 485 347	45 606 450
Cost of sales		(13 672 157)	(23 121 713)
Gross profit		30 813 190	22 484 737
Operating expenses		(27 332 319)	(26 850 300)
Profit/(loss) from operations		3 480 871	(4 365 563)
Net finance expense	9	(109 277)	(28 854)
Finance income		1 112	1 062
Finance cost		(110 389)	(29 916)
Profit/(loss) before income taxation	10	3 371 594	(4 394 417)
Income taxation	11	(1 259 241)	1 224 332
Net profit/(loss) for the year		2 112 353	(3 170 085)
Other comprehensive income		-	-
Total comprehensive income/(loss)		2 112 353	(3 170 085)

RSL Enterprise Solutions (Pty) Ltd

Statement of changes in equity *for the year ended 31 March 2015*

	Share Capital R	Retained earnings R	Total R
Balance at 31 March 2012	100	7 168 090	7 168 190
Total comprehensive loss	-	(7 982 493)	(7 982 493)
Balance at 31 March 2013	100	(814 403)	(814 303)
Total comprehensive loss	-	(3 170 085)	(3 170 085)
Balance at 31 March 2014	100	(3 984 488)	(3 984 388)
Total comprehensive income	-	2 112 353	2 112 353
Balance at 31 March 2015	100	(1 872 135)	(1 872 035)

RSL Enterprise Solutions (Pty) Ltd

Statement of cash flows

for the year ended 31 March 2015

	<i>Note</i>	2015	2014
		R	R
Cash flows from operating activities			
Cash utilised by operations	12.1	(1 613 500)	(4 225 223)
Finance received	9	1 112	1 062
Finance paid	9	(17 230)	(29 916)
Income taxation paid	12.2	-	-
<i>Net cash outflow from operating activities</i>		<u>(1 629 618)</u>	<u>(4 254 077)</u>
Cash flows from investing activities			
Acquisition of plant and equipment		<u>(7 499)</u>	<u>(17 027)</u>
<i>Net cash outflow from investing activities</i>		<u>(7 499)</u>	<u>(17 027)</u>
Cash flows from financing activities			
Loan paid: Ramco Canada Inc.		-	(1 108 710)
Loan received: Ramco India		12 015 090	-
Loan Paid: Intercompany Payable		(11 858 700)	-
Loan received : Swiss Bank		<u>2 299 950</u>	3 844 090
<i>Net cash inflow from financing activities</i>		<u>2 456 340</u>	<u>2 735 380</u>
Net (decrease)/increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		819 223	(1 535 724)
		<u>807 240</u>	<u>2 342 964</u>
Cash and cash equivalents at the end of the period	12.3	<u>1 626 463</u>	<u>807 240</u>

RSL Enterprise Solutions (Pty) Ltd

Notes to the annual financial statements

for the year ended 31 March 2015

1. Significant accounting policies

1.1 Reporting Entity

RSL Enterprise Solutions (Pty) Ltd (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.

RSL Enterprise Solutions (Pty) Ltd

Notes to the annual financial statements

for the year ended 31 March 2015

1. Significant accounting policies (continued)

(b) Functional Currency

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

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 (Pty) Ltd

Notes to the annual financial statements

for the year ended 31 March 2015

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.

RSL Enterprise Solutions (Pty) Ltd

Notes to the annual financial statements (continued)

for the year ended 31 March 2015

1. Significant accounting policies (continued)

1.5.2 Lease Payments (continued)

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.

1.6 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 recognized 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 derecognized 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 (Pty) Ltd

Notes to the annual financial statements (continued)

for the year ended 31 March 2015

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 (Pty) Ltd

Notes to the annual financial statements (continued)

for the year ended 31 March 2015

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 (Pty) Ltd

Notes to the annual financial statements (continued)

for the year ended 31 March 2015

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 recognized 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 (Pty) Ltd

Notes to the annual financial statements (continued)

for the year ended 31 March 2015

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 (Pty) Ltd

Notes to the annual financial statements for the year ended 31 March 2015

2 Property, plant and equipment

	Computer equipment R	Equipment R	Furniture R	Office equipment R	Total R
Cost					
Balance at 1 April 2013	198 665	11 310	141 390	97 789	449 154
Disposals	-	-	-	-	-
Acquisitions	17 027	-	-	-	17 027
Balance at 31 March 2014	215 692	11 310	141 390	97 789	466 181
Balance at 1 April 2014	215 692	11 310	141 390	97 789	466 181
Disposals	-	-	-	-	-
Acquisitions	7 499	-	-	-	7 499
Balance at 31 March 2015	223 191	11 310	141 390	97 789	473 680

RSL Enterprise Solutions (Pty) Ltd

Notes to the annual financial statements for the year ended 31 March 2015

2 Property, plant and equipment (continued)

	Computer equipment R	Equipment R	Furniture R	Office equipment R	Total R
Accumulated depreciation					
Balance at 1 April 2013	(182 540)	(11 310)	(118 303)	(97 788)	(409 941)
Disposals	-	-	-	-	-
Depreciation for the year	(18 682)	-	(8 231)	-	(26 913)
Balance at 31 March 2014	(201 222)	(11 310)	(126 534)	(97 788)	(436 854)
Balance at 1 April 2014	(201 222)	(11 310)	(126 534)	(97 788)	(436 854)
Disposals	-	-	-	-	-
Depreciation	(7 849)	-	(7 127)	-	(14 976)
Balance at 31 March 2015	(209 071)	(11 310)	(133 661)	(97 788)	(451 830)

RSL Enterprise Solutions (Pty) Ltd

Notes to the annual financial statements for the year ended 31 March 2015

2 Property, plant and equipment (continued)

	Computer equipment R	Equipment R	Furniture R	Office equipment R	Total R
Carrying amounts					
At 31 March 2014	14 470	-	14 858	1	29 329
At 31 March 2015	14 119	-	7 730	1	21 850

RSL Enterprise Solutions (Pty) Ltd

Notes to the annual financial statements for the year ended 31 March 2015

	2015 R	2014 R
3 Investment		
City Works (Pty) Ltd – At cost	<u>600</u>	<u>600</u>
The group has a 30% interest in a Joint Venture named City Works (Pty) Ltd, the principal activity of which is software and systems development.		
	2015 R	2014 R
4 Trade and other receivables		
Trade debtors	3 456 725	8 261 901
Provision for bad debts	-	(3 681 076)
Staff loans		81 441
Input VAT Receivable	129 047	135 238
Deposits		93 977
Retention	-	151 875
Prepayments	167 467	-
	<u>3 753 239</u>	<u>5 043 356</u>
Trade debtors have no specific repayment terms and bear no interest.		
5 Share capital		
<i>Authorised</i>		
1 000 ordinary shares of R1.00 each	<u>1 000</u>	<u>1 000</u>
<i>Issued</i>		
100 ordinary shares of R1.00 each	<u>100</u>	<u>100</u>
6 Deferred taxation		
Balance at beginning of year	4 062 490	2 838 158
Current		-
- temporary differences	(1 259 241)	1 224 332
	<u>2 803 249</u>	<u>4 062 490</u>
<i>Comprising</i>		
- assessed loss	3 485 434	5 084 103
- movement in accruals	850 771	264 602
- deferred rental	-	3 713
- deferred income	441 597	-
- Work in progress	(1 974 553)	(1 289 928)
Balance at end of year	<u>2 803 249</u>	<u>4 062 490</u>

RSL Enterprise Solutions (Pty) Ltd

Notes to the annual financial statements (continued) for the year ended 31 March 2015

6 Deferred tax (continued)

	Balance at 1 April 2014 R	Recognised in statement of comprehensive income R	Balance at 31 March 2015 R
<i>Reconciliation</i>			
Assessed loss	5 084 103	1 598 669	3 485 434
Accruals	264 602	(586 169)	850 771
Deferred rental	3 713	3 713	-
Deferred income	-	(441 597)	441 597
Work in progress	<u>(1 289 928)</u>	<u>684 625</u>	<u>(1 974 553)</u>
	<u>4 062 490</u>	<u>1 259 241</u>	<u>2 803 249</u>
		2015 R	2014 R

7 Trade and other payables

Trade creditors	152 343	464 087
Accrued expenses	<u>3 782 916</u>	<u>2 454 054</u>
	<u>3 935 259</u>	<u>2 918 141</u>

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

8 Intercompany payables

Loan from Ramco Systems Ltd -India	12 015 090	-
- Switzerland	2 393 109	

The above loan has no specific repayment terms and bears interest at the prime interest rate.

Intercompany payables – Ramco Systems India	11 559 720	23 418 421
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The above intercompany payables has no specific repayment terms and does not bear interest.

RSL Enterprise Solutions (Pty) Ltd

Notes to the annual financial statements (continued)

for the year ended 31 March 2015

8 Intercompany payables (continued)

Intercompany payables represent amounts payable to Ramco India. The holding company has subordinated the intercompany payables to the value of R4 000 000.

	2015 R	2014 R
	<u>25 967 919</u>	<u>23 418 421</u>
Non-current Liabilities	4 000 000	4 000 000
Current Liabilities	<u>21 967 919</u>	<u>19 418 421</u>
Total Intercompany Payables	<u>25 967 919</u>	<u>23 418 421</u>
9 Net finance expense		
Finance income		
Bank interest	1 112	1 062
Finance cost	(110 389)	
Interest on inter-company loan		(29 916)
	<u>(109 227)</u>	<u>(28 854)</u>
10 Profit/(loss) before income taxation		
Profit/(loss) before income taxation is stated after the following:		
Income		
Finance income	1 112	1 062

RSL Enterprise Solutions (Pty) Ltd

Notes to the annual financial statements (continued) for the year ended 31 March 2015

10 Profit/(loss) before income taxation (continued)

	2015 R	2014 R
Expenses		
Auditor's remuneration	255 000	155 000
Commission paid	12 609 521	11 001 480
Consultancy fees	354 089	12 177
Depreciation of property, plant and equipment	14 976	26 913
- computer equipment	7 849	18 682
- furniture	7 127	8 231
Staff costs	11 147 206	11 508 503
Finance cost	110 389	29 916
Operating lease charges – buildings		62 571
Foreign exchange loss realised	-	(1 269)

11 Income taxation

South African normal tax		
-Current	-	-
-Deferred	1 259 241	(1 224 332)
Total income taxation expense	<u>1 259 241</u>	<u>(1 224 332)</u>
Profit/(loss) before income taxation	<u>3 371 594</u>	<u>(4 394 417)</u>
Taxation at 28% (2014: 28%)		
Reconciling items-tax effect:		
Deferred tax- decrease in assessed loss	385 326	(429 600)
Deferred tax- temporary difference	601 914	(794 732)
Deferred tax- prior period underprovision	272 001	-
	<u>1 259 241</u>	<u>(1 224 332)</u>
Standard tax rate	%	%
Tax effect on:	28	28
Deferred tax asset not raised on assessed loss	1	(1)
Previously unrecognised assessed loss	8	-
Effective rate	<u>37</u>	<u>27</u>

RSL Enterprise Solutions (Pty) Ltd

Notes to the annual financial statements (continued) for the year ended 31 March 2015

	2015 R	2014 R
12 Notes to the statement of cash flows		
12.1 Cash utilised by operations		
Operating profit/(loss) before taxation	3 371 594	(4 394 417)
Adjustments for:		
Finance income	(1 112)	(1 062)
Finance cost	110 389	29 916
Depreciation	14 976	26 913
	<u>3 495 847</u>	<u>(4 338 650)</u>
Movements in working capital		
(Increase)/decrease in accounts receivable	1 290 117	(3 698 555)
(Decrease)/increase in Deferred Income	-	(911 250)
(Decrease)/increase in accounts payable	1 017 119	(3 752 293)
Decrease/(increase) in work-in-progress	(7 416 583)	8 475 525
	<u>(1 613 500)</u>	<u>(4 225 223)</u>
12.2 Income taxation paid		
Opening balance	-	-
Current taxation charge in statement of comprehensive income	-	-
Closing balance	-	-
	<u>-</u>	<u>-</u>
12.3 Cash and cash equivalents		
Bank balances	1 612 401	793 863
Call deposits	14 062	13 377
	<u>1 626 463</u>	<u>807 240</u>

RSL Enterprise Solutions (Pty) Ltd

Notes to the annual financial statements (continued)

for the year ended 31 March 2015

13 Operating leases

	2015 R	2014 R
Total future minimum lease payments under non-cancellable operating leases		
Not later than 1 year	149 515	207 037
Between 1 and 5 years	234 694	186 673
Later than 5 years	-	-
	384 209	393 710

14 Related parties

RSL Enterprise Solutions (Pty) Ltd is a wholly-owned subsidiary of Ramco Systems Ltd, 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 (Pty) Ltd. Director PRR Venketramam Raja is also director of Ramco Systems Ltd, however Ravikula Chandram is neither a Director nor prescribed officer of Ramco Systems Ltd. Both individuals are remunerated by Ramco Systems Ltd. The percentage attributable to services performed for RSL is represented below.

Directors Emoluments:

	Total received from Ramco	Percentage attributable to RSL	Amount attributable to RSL
PRR Venketrama Raja			
- Salary	215 139	1%	2 151
-Contributions	17 211	1%	172
	232 350		2 323
R Ravikula Chandran			
- Salary	780 370	3%	23 411
- Other contribution	98 804	3%	2 964
- Bonus	340 065	3%	10 202
	1 219 239		36 577

RSL Enterprise Solutions (Pty) Ltd

Notes to the annual financial statements (continued)

for the year ended 31 March 2015

14 Related parties (continued)

	2015 R	2014 R
14.1 Material related party transactions		
<i>Ramco Systems Ltd - holding company</i>		
a)		
Included in trade payables	11 559 720	23 418 421
<i>Types and elements of transactions:</i>		
• Goods and services purchased from holding company	13 672 157	23 121 713
• Expenses charged to RSL Enterprise Solutions (Pty) Ltd by the holding company.	(394 390)	1 348 620
• Loan received (from holding company and its subsidiaries)	14 315 040	-
• Interest on intercompany Loans	110 389	-
b) <i>City Works (Pty) Ltd - joint venture</i>		
Included in trade receivables	1 825 807	8 261 902
Less: Provision for doubtful debts	-	(3 681 076)
	<u>1 825 807</u>	<u>4 580 826</u>
<i>Types and elements of transactions:</i>		
Good and services supplied to the joint venture	28 137 727	51 787 685

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.

RSL Enterprise Solutions (Pty) Ltd

Notes to the annual financial statements (continued)

for the year ended 31 March 2015

15 Financial risk management (continued)

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.

Fair value

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

	2015	2015	2014	2014
	Carrying	Fair value	Carrying	Fair value
	amount		amount	
Trade receivables	3 753 239	3 753 239	5 043 356	5 043 356
Trade and other payables	3 935 259	3 935 259	2 918 141	2 918 141
Intercompany payables	25 967 919	25 967 919	23 418 421	23 418 421
	33 656 417	33 656 417	31 379 918	31 379 918

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.

RSL Enterprise Solutions (Pty) Ltd

Notes to the annual financial statements (continued)

for the year ended 31 March 2015

15 Financial risk management (continued)

	2015 R	2014 R
Categories of financial instruments		
Financial assets		
Loans and receivables	5 379 702	5 850 596
Trade and other receivables	3 753 239	5 043 356
Cash and cash equivalents	1 626 463	807 240
Financial liabilities		
Loans and payables	29 903 178	26 336 562
Trade and other payables	3 935 259	2 918 141
Intercompany payables	25 967 919	23 418 421

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.

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

	Carrying amount	
	2015 R	2014 R
Trade and other receivables	3 753 239	5 043 356
Cash and cash equivalents	1 626 463	807 240
	5 379 702	5 850 596

Trade receivables – by geographic region:

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

South Africa	3 753 239	5 043 356
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RSL Enterprise Solutions (Pty) Ltd

Notes to the annual financial statements (continued)

for the year ended 31 March 2015

15 Financial risk management (continued)

Trade receivables – Ageing

	Gross value 2015 R	Impairment provision 2015 R	Gross Value 2014 R	Impairment provision 2014 R
Not past due date	3 753 239	-	4 065 475	-
Past due date by more than a year	-	-	4 196 427	(3 681 076)
	<u>3 753 239</u>	<u>-</u>	<u>8 261 902</u>	<u>(3 681 076)</u>

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.

	2015		
	6 months or less	Greater than 6 months	Total
Trade and other payables			
Intercompany payables	<u>3 935 259</u>	<u>-</u>	<u>3 935 259</u>
		2014	
	6 months or less	Greater than 6 months	Total
Trade and other payables	2 454 054	464 087	2 918 141
Loan payable	<u>19 418 421</u>	<u>4 000 000</u>	<u>23 418 421</u>

Currency risk management

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

RSL Enterprise Solutions (Pty) Ltd

Notes to the annual financial statements (continued)

for the year ended 31 March 2015

15 Financial risk management (continued)

Liquidity risk management (continued)

	2015 R	2014 R
Foreign exchange loss realized	-	(1 269)

The following significant exchange rates applied during the year.

	Average rate 2015 R	Average rate 2014 R
USD	-	10.1052

Sensitivity analysis

A one percent weakening of the average South African Rand against the US Dollar for the year ended 31 March 2015 would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2014.

	Profit/(loss) R
31 March 2015	-
31 March 2014	-

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.

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

RSL Enterprise Solutions (Pty) Ltd

Notes to the annual financial statements (continued)

for the year ended 31 March 2015

15 Financial risk management (continued) Interest rate risk management (continued)

	Carrying amount	
	2015 R	2014 R
<i>Interest rate risk</i>		
Variable rates linked to prime:		
Interest on inter-company loan	(110 389)	(29 916)
	<u>(110 389)</u>	<u>(29 916)</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:

	2015 1% increase	2014 1% increase
Interest expense	1 104	299
Taxation	(309)	(84)
	<u>795</u>	<u>215</u>

16 Going Concern

The Company incurred a net profit of R 2 112 353 (2014 loss: R 3 170 085) during the year ended 31 March 2015 and as of that date, the Company's total liabilities exceeded its total assets by R 1 872 035 (2014: 820 686).

The Directors have also reviewed the Company's cash flow forecast for the year to 31 March 2015 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 4000 000.

17 Summary of Standards and Interpretations not yet effective for March 2015

The relevant Standards and Interpretations which are not yet effective and which should be disclosed for March 2015 year-ends are identified in the table below, together with the dates on which these were issued by the IASB:

Standard/Interpretation		Date issued by IASB ⁽¹⁾	Effective date Periods beginning on or after
IAS 16 and IAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	May 2014	1 January 2016
IFRS 15	<i>Revenue from contracts with customers</i>	May 2014	1 January 2017
IAS 1	<i>Disclosure Initiative</i>	December 2014	1 January 2016

RSL Enterprise Solutions (Pty) Ltd

Schedule of expenditure

for the year ended 31 March 2015

	2015	2014
	R	R
Accounting and legal fees	55 839	-
Administration	135 054	75 443
Advertising and promotions	32 597	31 706
Audit fees	255 000	155 000
Bad debts written off	-	-
Bank charges	48 610	23 254
Commissions paid	12 609 521	11 001 480
Consultancy fees	43 250	12 177
Courier and postage	25 533	27 977
Depreciation	14 976	26 913
Foreign exchange loss realised	-	(1 269)
Guest house services	185 237	247 034
Professional service stipend and outsourcing	-	-
Rent	732 858	932 957
Staff costs	10 559 998	11 508 503
Stationery	39 081	33 681
Staff welfare	123 810	126 120
Sundry expenses	55 515	56 262
Telephone and fax	342 662	327 913
Transport	652 524	527 203
Travel	1 417 254	1 737 948
Seminar	3000	-
	<u>27 332 319</u>	<u>26 850 300</u>
Finance cost	110 389	29 916
	<u>27 442 708</u>	<u>26 880 216</u>
Total	27 442 708	26 880 216