



# **RSL Enterprise Solutions Proprietary Limited**

Registration number: 2002/025014/07

Annual financial statements for the year ended  
**31 March 2016**

Audited

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Prepared under the supervision of  
S Vijayaraghavan (Business Accountant)

# **RSL Enterprise Solutions Proprietary Limited**

*Registration number 2002/025014/07*

## **Annual financial statements**

*for the year ended 31 March 2016*

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# **RSL Enterprise Solutions Proprietary Limited**

*Registration number 2002/025014/07*

## **Directors' responsibility statement**

*for the year ended 31 March 2016*

The directors are responsible for the preparation and fair presentation of the annual financial statements of RSL Enterprise Solutions Proprietary Limited, comprising the statement of financial position at 31 March 2016, and the statements of other 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, in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, and the directors' report.

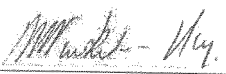
The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedule included in these financial statements.

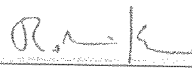
The directors have made an assessment of the ability of the Company to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the 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 Proprietary Limited, as identified in the first paragraph, were approved by the board of directors on 21 April 2016 and signed by

  
\_\_\_\_\_  
PRR Venketrama Raja  
Director

  
\_\_\_\_\_  
R Ravikula Chandran  
Director

# **RSL Enterprise Solutions Proprietary Limited**

## **Directors' report**

*for the year ended 31 March 2016*

### **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 2016 and 2015 financial year.

### **Holding company**

The Company's holding company at 31 March 2016 is Ramco Systems Limited, a company registered and controlled in India.

### **Going Concern**

The Company generated a net profit of R 1 281 918 (2015 profit: R 2 112 353) during the year ended 31 March 2016 and as of that date, the Company's total liabilities exceeded its total assets by R 590 117 (2015: R 1 872 035).

The Directors have also reviewed the Company's cash flow forecast for the year to 31 March 2016 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 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 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 2016*

### **Directors**

The directors at the date of the audit report were:

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

\* - Indian

### **Secretary**

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

### **Business and postal address**

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

### **Auditors**

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



KPMG Inc  
KPMG House, 5 Arundel Close,  
Kingsmead Office Park, Durban, 4000  
PO Box 1496, Durban, 4000, South Africa

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Docex 246 Durban  
Internet <http://www.kpmg.co.za/>

## Independent Auditor's Report

To the Shareholders of RSL Enterprise Solutions Proprietary Limited

We have audited the financial statements of RSL Enterprise Solutions Proprietary Limited, which comprise the statement of financial position at 31 March 2016, 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, 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.

Policy Board:  
Chief Executive: TH Hoole

Executive Directors: M Lotzels, SL Louw, NKS Molebetsi,  
M Odity, CAT Smit

Other Directors: LP Fourie, N Futsi,  
AH Jaffer (Chairman of the Board), FA Karreem,  
ME Maganda, AMS Motzgebuck, GM Plokerling,  
JN Perce

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

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



*Opinion*

In our opinion, these financial statements present fairly, in all material respects, the financial position of RSL Enterprise Solutions Proprietary Limited at 31 March 2016, 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 2016, we have read the directors' report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. The directors' report is the responsibility of the directors. Based on reading the directors' report we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited the directors' report and accordingly do not express an opinion thereon.

KPMG Inc.

Per Paul Fay  
Chartered Accountant (SA)  
Registered Auditor  
Director  
26 April 2016

# RSL Enterprise Solutions Proprietary Limited

## Statement of financial position

as at 31 March 2016

	<i>Note</i>	2016 R	2015 R
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	2 434 900	2 825 699
Deferred taxation	6	172 040	21 850
Investment	3	2 262 260	2 803 249
		600	600
<b>Current assets</b>			
Trade and other receivables	4	30 239 807	25 205 444
Work in progress		4 789 063	3 753 239
Cash and cash equivalents	12.2	25 106 027	19 825 742
		344 717	1 626 463
<b>Total assets</b>		<b>32 674 707</b>	<b>28 031 143</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	5	(590 117)	(1 872 035)
Accumulated losses		100	100
		(590 217)	(1 872 135)
<b>Non-current liabilities</b>			
		-	-
<b>Current liabilities</b>			
Trade and other payables	7	33 264 824	29 903 178
Intercompany payables	8	6 835 713	3 935 259
		26 429 111	25 967 919
<b>Total equity and liabilities</b>		<b>32 674 707</b>	<b>28 031 143</b>



## RSL Enterprise Solutions Proprietary Limited

### Statement of comprehensive income for the year ended 31 March 2016

	<i>Note</i>	2016 R	2015 R
Revenue		54 834 001	44 485 347
Cost of sales		(22 420 256)	(13 672 157)
<b>Gross profit</b>		<b>32 413 745</b>	<b>30 813 190</b>
Operating expenses		(29 382 814)	(27 332 319)
<b>Profit from operations</b>		<b>3 030 931</b>	<b>3 480 871</b>
<b>Net finance expense</b>	9	<b>(1 208 024)</b>	<b>(109 277)</b>
Finance income		835	1 112
Finance cost		(1 208 859)	(110 389)
<b>Profit before income taxation</b>	10	<b>1 822 907</b>	<b>3 371 594</b>
Income taxation	11	(540 989)	(1 259 241)
<b>Net profit for the year</b>		<b>1 281 918</b>	<b>2 112 353</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>1 281 918</b>	<b>2 112 353</b>

## RSL Enterprise Solutions Proprietary Limited

### Statement of changes in equity for the year ended 31 March 2016

	Share Capital R	Accumulated losses R	Total R
<b>Balance at 31 March 2013</b>	100	(814 403)	(814 303)
Total comprehensive loss	-	(3 170 085)	(3 170 085)
<b>Balance at 31 March 2014</b>	100	(3 984 488)	(3 984 388)
Total comprehensive income	-	2 112 353	2 112 353
<b>Balance at 31 March 2015</b>	100	(1 872 135)	(1 872 035)
Total comprehensive income	-	<b>1 281 918</b>	<b>1 281 918</b>
<b>Balance at 31 March 2016</b>	<b>100</b>	<b>(590 217)</b>	<b>(590 117)</b>

## RSL Enterprise Solutions Proprietary Limited

### Statement of cash flows for the year ended 31 March 2016

	<i>Note</i>	2016 R	2015 R
<b>Cash flows from operating activities</b>			
Cash utilised by operations	12.1	(323 951)	(1 613 500)
Finance received	9	835	1 112
Finance paid	9	(1 208 859)	(17 230)
<i>Net cash outflow from operating activities</i>		<u>(1 531 975)</u>	<u>(1 629 618)</u>
<b>Cash flows from investing activities</b>			
Acquisition of plant and equipment	2	(210 963)	(7 499)
<i>Net cash outflow from investing activities</i>		<u>(210 963)</u>	<u>(7 499)</u>
<b>Cash flows from financing activities</b>			
Interest/loan received: Ramco Systems Limited-India		1 040 573	12 016 090
Loan received/(paid): Intercompany Payable		1 813 728	(11 858 700)
(Repayment)/proceeds: Ramco Switzerland loan		(2 393 109)	2 299 950
<i>Net cash inflow from financing activities</i>		<u>461 192</u>	<u>2 456 340</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the year		(1 281 746)	819 223
		<u>1 626 463</u>	<u>807 240</u>
<b>Cash and cash equivalents at the end of the year</b>	12.2	<u>344 717</u>	<u>1 626 463</u>

# RSL Enterprise Solutions Proprietary Limited

## Notes to the financial statements

for the year ended 31 March 2016

### 1. Significant accounting policies

#### 1.1 Reporting entity

RSL Enterprise Solutions Proprietary Limited (the “Company”) is a Company domiciled in the Republic of South Africa with the holding company located in India. The address of the Company’s registered office is Smartxchange Building, 2<sup>nd</sup> Floor, 5 Walnut Road, Durban, 4001.

The Company is primarily involved in systems and software development.

#### 1.2 Statement of compliance

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

##### (a) Basis of preparation

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

##### (b) Functional currency

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

# RSL Enterprise Solutions Proprietary Limited

## Notes to the financial statements (continued)

for the year ended 31 March 2016

### 1. Significant accounting policies (continued)

#### 1.3 Revenue

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

- Goods sold

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

- Services

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

- License fees

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

#### 1.4 Property, plant and equipment

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

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

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

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

# RSL Enterprise Solutions Proprietary Limited

## Notes to the financial statements (continued)

for the year ended 31 March 2016

### 1. Significant accounting policies (continued)

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

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

The current depreciation rates are as follows:

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

#### 1.5 Leases

##### 1.5.1 Leased assets

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

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

##### 1.5.2 Lease payments

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

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

# RSL Enterprise Solutions Proprietary Limited

## Notes to the financial statements (continued)

for the year ended 31 March 2016

### 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.

# RSL Enterprise Solutions Proprietary Limited

## Notes to the financial statements (continued)

for the year ended 31 March 2016

### 1. Significant accounting policies (continued)

#### 1.8 Share capital

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

#### 1.9 Finance income and expenses

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

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

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

#### 1.10 Taxation

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

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



# RSL Enterprise Solutions Proprietary Limited

## Notes to the financial statements (continued)

for the year ended 31 March 2016

### 1. Significant accounting policies (continued)

#### 1.10 Taxation (continued)

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

Deferred taxation is not provided on temporary differences relating to:

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

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

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

#### 1.11 Provisions

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

#### 1.12 Impairment

##### *Financial assets*

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

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

# RSL Enterprise Solutions Proprietary Limited

## Notes to the financial statements (continued)

for the year ended 31 March 2016

### 1. Significant accounting policies (continued)

#### 1.12 Impairment (continued)

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

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

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

##### *Non-financial assets*

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

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

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

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

# RSL Enterprise Solutions Proprietary Limited

## Notes to the financial statements (continued)

for the year ended 31 March 2016

### 1. Significant accounting policies (continued)

#### 1.13 Foreign currency

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

#### 1.14 Employee benefits

##### *Short term employee benefits*

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

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

##### *Retirement benefits*

The Company does not contribute to any retirement benefit plan.

#### 1.15 Related parties

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

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

#### 1.16 Work in process

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

## RSL Enterprise Solutions Proprietary Limited

Notes to the financial statements (continued)  
for the year ended 31 March 2016

### 2. Property, plant and equipment

Cost	Computer equipment R	Equipment R	Furniture R	Office equipment R	Total R
Balance at 1 April 2014	215 692	11 310	141 390	97 789	466 181
Disposals	-	-	-	-	-
Acquisitions	7 499	-	-	-	7 499
<b>Balance at 31 March 2015</b>	<b>223 191</b>	<b>11 310</b>	<b>141 390</b>	<b>97 789</b>	<b>473 680</b>
Balance at 1 April 2015	223 191	11 310	141 390	97 789	473 680
Disposals	-	-	-	-	-
Acquisitions	210 963	-	-	-	210 963
<b>Balance at 31 March 2016</b>	<b>434 154</b>	<b>11 310</b>	<b>141 390</b>	<b>97 789</b>	<b>684 643</b>

## RSL Enterprise Solutions Proprietary Limited

### Notes to the financial statements (continued) for the year ended 31 March 2016

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

	Computer equipment R	Equipment R	Furniture R	Office equipment R	Total R
<b>Accumulated depreciation</b>					
Balance at 1 April 2014	(201 222)	(11 310)	(126 534)	(97 788)	(436 854)
Disposals	-	-	-	-	-
Depreciation for the year	(7 849)	-	(7 127)	-	(14 976)
Balance at 31 March 2015	(209 071)	(11 310)	(133 661)	(97 788)	(451 830)
<b>Balance at 1 April 2015</b>	<b>(209 071)</b>	<b>(11 310)</b>	<b>(133 661)</b>	<b>(97 788)</b>	<b>(451 830)</b>
Disposals	-	-	-	-	-
Depreciation	(55 751)	-	(5 022)	-	(60 773)
<b>Balance at 31 March 2016</b>	<b>(264 822)</b>	<b>(11 310)</b>	<b>(138 683)</b>	<b>(97 788)</b>	<b>(512 603)</b>

## RSL Enterprise Solutions Proprietary Limited

### Notes to the financial statements (continued) for the year ended 31 March 2016

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

	Computer equipment R	Equipment R	Furniture R	Office equipment R	Total R
Carrying amounts					
At 31 March 2015	14 120	-	7 729	1	21 850
At 31 March 2016	169 332	-	2 707	1	172 040

## RSL Enterprise Solutions Proprietary Limited

### Notes to the financial statements (continued)

for the year ended 31 March 2016

	2016 R	2015 R
<b>3. Investment</b>		
City Works Proprietary Limited – At cost	<u>600</u>	<u>600</u>
The group has a 30% interest in a Joint Venture named City Works Proprietary Limited, the principal activity of which is software and systems development.		
<b>4. Trade and other receivables</b>	2016 R	2015 R
Trade debtors	4 395 639	3 456 725
VAT Receivable	115 986	129 047
Prepayments	<u>277 438</u>	<u>167 467</u>
	<u>4 789 063</u>	<u>3 753 239</u>
Trade debtors have no specific repayment terms and bear no interest.		
<b>5. Share capital</b>		
<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>
<b>6. Deferred taxation</b>		
Balance at beginning of year	2 803 249	4 062 490
Current		
- temporary differences	<u>(540 989)</u>	<u>(1 259 241)</u>
	<u>2 262 260</u>	<u>2 803 249</u>
<i>Comprising</i>		
- assessed loss	9 192 754	3 485 434
- movement in accruals	99 193	850 771
- deferred income	-	441 597
- work in progress	<u>(7 029 687)</u>	<u>(1 974 553)</u>
Balance at end of year	<u>2 262 260</u>	<u>2 803 249</u>

## RSL Enterprise Solutions Proprietary Limited

### Notes to the financial statements (continued)

for the year ended 31 March 2016

#### 6. Deferred tax (continued)

	Balance at 1 April 2015 R	Recognised in statement of comprehensive income R	Balance at 31 March 2016 R
<i>Reconciliation</i>			
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)
	<u>2 803 249</u>	<u>540 989</u>	<u>2 262 260</u>

	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	(1 289 928)	684 625	(1 974 553)
	<u>4 062 490</u>	<u>1 259 241</u>	<u>2 803 249</u>

	2016 R	2015 R
<b>7. Trade and other payables</b>		
Trade creditors	250 730	152 343
Accrued expenses	<u>6 584 983</u>	<u>3 782 916</u>
	<u>6 835 713</u>	<u>3 935 259</u>

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



## RSL Enterprise Solutions Proprietary Limited

### Notes to the financial statements (continued)

for the year ended 31 March 2016

	2016 R	2015 R
<b>8. Intercompany payable</b>		
Loan from Ramco Systems Limited - India	13 055 664	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 Limited	13 373 447	11 559 720
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.		
	<b>26 429 111</b>	<b>25 967 919</b>
<b>9. Net finance expense</b>		
Finance income		
Bank interest	835	1 112
Finance cost		
Interest on inter-Company loan	(1 208 859)	(110 389)
	<b>(1 208 024)</b>	<b>(109 277)</b>
<b>10. Profit before income taxation</b>		
Profit before income taxation is stated after the following:		
<b>Income</b>		
Finance income	835	1 112

## RSL Enterprise Solutions Proprietary Limited

### Notes to the financial statements (continued)

for the year ended 31 March 2016

	2016 R	2015 R
<b>10. Profit before income taxation (continued)</b>		
<b>Expenses</b>		
Auditor's remuneration	154 000	255 000
Commission paid	11 099 444	12 609 521
Consultancy fees	1 313 661	354 089
Depreciation of property, plant and equipment	60 773	14 976
- computer equipment	55 751	7 849
- furniture	5 022	7 127
Finance cost	1 208 859	110 389
Operating lease charges – buildings	11 051	-
<b>11. Income taxation</b>		
South African normal tax		
-Current	-	-
-Deferred	540 989	1 259 241
Total income taxation expense	540 989	1 259 241
Profit before income taxation	1 822 907	3 371 594
Taxation at 28% (2015: 28%)		
Reconciling items-tax effect:		
Deferred tax- decrease in assessed loss	510 414	385 326
Deferred tax- permanent differences	30 575	601 914
Deferred tax- prior period under provision	-	272 001
	540 989	1 259 241
	%	%
Standard tax rate	28%	28
Tax effect on:		
Permanent differences	2	1
Deferred tax – prior period under provision	-	8
Effective rate	30	37

## RSL Enterprise Solutions Proprietary Limited

### Notes to the financial statements (continued)

for the year ended 31 March 2016

	2016 R	2015 R
<b>12. Notes to the statement of cash flows</b>		
<b>12.1 Cash utilised by operations</b>		
Operating profit before taxation	1 822 907	3 371 594
Adjustments for:		
Finance income	(835)	(1 112)
Finance cost	1 208 859	110 389
Depreciation	60 773	14 976
	<u>3 091 704</u>	<u>3 495 847</u>
<b>Movements in working capital</b>		
(Increase)/decrease in accounts receivable	(1 035 824)	1 290 117
Increase in accounts payable	2 900 454	1 017 119
(Increase) in work-in-progress	(5 280 285)	(7 416 583)
	<u>(323 951)</u>	<u>(1 613 500)</u>
<b>12.2 Cash and cash equivalents</b>		
Bank balances	330 117	1 612 401
Call deposits	14 600	14 062
	<u>344 717</u>	<u>1 626 463</u>
<b>13. Operating leases</b>		
Total future minimum lease payments under non-cancellable operating leases		
Not later than 1 year	197 360	149 515
Between 1 and 5 years	37 334	234 694
Later than 5 years	-	-
	<u>234 694</u>	<u>384 209</u>

## RSL Enterprise Solutions Proprietary Limited

### Notes to the financial statements (continued)

for the year ended 31 March 2016

#### 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 also a director of Ramco Systems Limited, however R Ravikula Chandran is neither a director nor prescribed officer of Ramco Systems Limited. Both individuals are remunerated by Ramco Systems Limited. The percentage attributable to services performed for RSL Enterprise Solutions Proprietary Limited is represented below.

#### Directors emoluments:

	Total received from Ramco	Percentage attributable to RSL	Amount attributable to RSL
<b>2016</b>			
PRR Venketrama Raja			
- Salary	250 000	1%	2 500
-Contributions	20 000	1%	200
	<u>270 000</u>		<u>2 700</u>
R Ravikula Chandran			
- Salary	1 009 157	3%	30 275
- Contribution	147 102	3%	4 413
- Bonus	545 885	3%	16 377
	<u>1 702 144</u>		<u>51 065</u>
		2016	2015
		R	R

#### 14.1 Material related party transactions

##### a) Ramco Systems Limited - holding company

Included in trade payables

	13 373 447	11 559 720
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##### Types and elements of transactions:

• Goods and services purchased from holding company	22 420 256	13 672 157
• Expenses charged to RSL Enterprise Solutions Proprietary Limited by the holding company.	2 315 707	394 390
• Loan received (from holding company and its subsidiaries)	13 055 664	14 315 040
• Interest on intercompany Loans	1 208 859	110 389

# RSL Enterprise Solutions Proprietary Limited

## Notes to the financial statements (continued)

for the year ended 31 March 2016

	2016 R	2015 R
<b>14.1 Material related party transactions (continued)</b>		
b) <i>City Works Proprietary Limited - joint venture</i>		
Included in trade receivables	3 184 390	1 825 807
Less: Provision for doubtful debts	-	-
	3 184 390	1 825 807
<i>Types and elements of transactions:</i>		
Good and services supplied to the joint venture	31 855 198	28 137 727

## 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.

# RSL Enterprise Solutions Proprietary Limited

## Notes to the financial statements (continued)

for the year ended 31 March 2016

### 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.

	2016 Carrying amount	2016 Fair value	2015 Carrying amount	2015 Fair value
Trade receivables and other receivables	4 789 063	4 789 063	3 753 239	3 753 239
Trade and other payables	6 835 713	6 835 713	3 935 259	3 935 259
Intercompany payables	26 429 111	26 429 111	25 967 919	25 967 919
	<u>38 053 887</u>	<u>38 053 887</u>	<u>33 656 417</u>	<u>33 656 417</u>

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

	2016 R	2015 R
<b>Categories of financial instruments</b>		
<b>Financial assets</b>		
Loans and receivables	5 133 780	5 379 702
Trade and other receivables	4 789 063	3 753 239
Cash and cash equivalents	344 717	1 626 463
<b>Financial liabilities</b>		
Loans and payables	33 264 824	29 903 178
Trade and other payables	6 835 713	3 935 259
Intercompany payables	26 429 111	25 967 919

#### 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.

## RSL Enterprise Solutions Proprietary Limited

### Notes to the financial statements (continued)

for the year ended 31 March 2016

#### 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	
	2016 R	2015 R
Trade and other receivables	4 789 063	3 753 239
Cash and cash equivalents	344 717	1 626 463
	<u>5 133 780</u>	<u>5 379 702</u>

##### **Trade receivables – by geographic region:**

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

South Africa	<u>4 395 639</u>	<u>3 753 239</u>
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##### **Trade receivables – Ageing**

	Gross value 2016 R	Impairment provision 2016 R	Gross Value 2015 R	Impairment provision 2015 R
Not past due date	4 395 639	-	3 753 239	-
Past due date by more than a year	-	-	-	-
	<u>4 395 639</u>	<u>-</u>	<u>3 753 239</u>	<u>-</u>

## RSL Enterprise Solutions Proprietary Limited

### Notes to the financial statements (continued)

for the year ended 31 March 2016

#### 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.

	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
	2015		
	6 months or less	Greater than 6 months	Total
Trade and other payables	3 935 259	-	3 935 259
Intercompany payables	21 967 919	-	21 967 919

##### *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.



## RSL Enterprise Solutions Proprietary Limited

### Notes to the financial statements (continued)

for the year ended 31 March 2016

#### 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	
	2016 R	2015 R
<i>Interest rate risk</i>		
Variable rates linked to prime:		
Interest on intercompany loan	<u>(1 208 859)</u>	<u>(110 389)</u>
	<u>(1 208 859)</u>	<u>(110 389)</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:

	2016 1% increase	2015 1% increase
Interest expense	12 089	1 104
Taxation	<u>(3 384)</u>	<u>(309)</u>
	<u>8 705</u>	<u>795</u>

#### 16. Going Concern

The Company generated a net profit of R 1 281 918 (2015 profit: R 2 112 353) during the year ended 31 March 2016 and as of that date, the Company's total liabilities exceeded its total assets by R 590 117 (2015: R 1 872 035).

The Directors have also reviewed the Company's cash flow forecast for the year to 31 March 2016 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 2016

#### 17. Standards and Interpretations not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations were in use but not yet effective:

Standard/Interpretation		Date issued by IASB <sup>(1)</sup>	Effective date Periods beginning on or after
IFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>	May 2014	1 January 2016
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 2018
IAS 1	<i>Disclosure Initiative</i>	December 2014	1 January 2016

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 2016

	2016	2015
	R	R
Accounting and legal fees	5 660	55 839
Administration	277 663	135 054
Advertising and promotions	98 991	32 597
Audit fees	154 000	255 000
Bank charges	34 666	48 610
Commissions paid	11 094 107	12 609 521
Consultancy fees	1 313 661	43 250
Courier and postage	5 768	25 533
Depreciation	60 773	14 976
Guest house services	293 832	185 237
Rent	587 806	732 858
Staff costs	9 737 624	10 559 998
Stationery	41 253	39 081
Staff welfare	91 130	123 810
Sundry expenses	80 739	55 515
Telephone and fax	1 191 163	342 662
Transport	901 270	652 524
Travel	3 412 708	1 417 254
Seminar	-	3000
	<u>29 382 814</u>	<u>27 332 319</u>
Finance cost	1 208 859	110 389
<b>Total</b>	<u><u>30 591 673</u></u>	<u><u>27 442 708</u></u>

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