

RSL Enterprise Solutions (Pty) Ltd

Registration number 2002/025014/07

Annual financial statements

for the year ended 31 March 2014

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 11 June 2014.



RSL Enterprise Solutions (Pty) Ltd

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Annual financial statements

for the year ended 31 March 2014

Contents	Page
Directors' responsibility statement	2
Directors' report	3 - 4
Independent auditor's report	5 - 6
Statement of financial position	7
Statement of comprehensive income	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11 – 32
Other information not covered by audit opinion	
Schedule of expenditure	33

RSL Enterprise Solutions (Pty) Ltd

Directors' responsibility statement

for the year ended 31 March 2014

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 2014, 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, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. In addition, the directors are responsible for preparing 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

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 (Pty) Ltd, as identified in the first paragraph, were approved by the board of directors on 23 April 2014 and signed by



PRR Venketrama Raja
Authorised Director



R Ravikula Chandran
Authorised Director

RSL Enterprise Solutions (Pty) Ltd

Directors' report

for the year ended 31 March 2014

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 2014 and 2013 financial year.

Holding company

The company's holding company at 31 March 2014 is Ramco Systems Limited, a company registered and controlled in India.

Going Concern

The Company incurred a net loss of R 3 170 085 (2013 loss: 7 982 493) during the year ended 31 March 2014 and as of that date, the Company's total liabilities exceeded its total assets by R 3 990 771 (2013: 820 686).

The major reason for the net loss incurred for the year ended 31 March 2014 is due to general operational cost increase.

The Directors have also reviewed the Company's cash flow forecast for the year to 31 March 2014 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.

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 2014

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 2014, 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 32.

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 2014, 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 33 does not form part of the 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 2014, 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
11 June 2014

RSL Enterprise Solutions (Pty) Ltd

Statement of financial position

as at 31 March 2014

	<i>Note</i>	2014 R	2013 R
ASSETS			
Non-current assets		4 086 036	2 871 590
Property, plant and equipment	2	22 946	32 832
Deferred taxation	6	4 062 490	2 838 158
Investment	3	600	600
Current assets		18 259 755	24 572 449
Trade and other receivables	4	5 043 356	1 344 801
Work in progress		12 409 159	20 884 684
Cash and cash equivalents	12.3	807 240	2 342 964
Total assets		22 345 791	27 444 039
EQUITY AND LIABILITIES			
Capital and reserves		(3 990 771)	(820 686)
Share capital	5	100	100
Retained earnings		(3 990 871)	(820 786)
Non-current liabilities		4 000 000	825 000
Deferred taxation	6	-	-
Intercompany payables	8	4 000 000	825 000
Current liabilities		22 336 562	27 439 725
Trade and other payables	7	2 918 141	6 670 434
Deferred Income		-	911 250
Intercompany payables	8	19 418 421	19 858 041
Total equity and liabilities		22 345 791	27 444 039

RSL Enterprise Solutions (Pty) Ltd

Statement of comprehensive income

for the year ended 31 March 2014

	<i>Note</i>	2014 R	2013 R
Revenue		45 606 450	38 388 574
Cost of sales		(23 121 713)	(21 833 337)
Gross profit		22 484 737	16 555 237
Operating expenses		(26 850 300)	(27 256 900)
Profit/(loss) from operations		(4 365 563)	(10 701 663)
Net finance expense	<i>9</i>	(28 854)	(345 182)
Finance income		1 062	15 340
Finance cost		(29 916)	(360 522)
Profit/(loss) before income taxation	<i>10</i>	(4 394 417)	(11 046 845)
Income taxation	<i>11</i>	1 224 332	3 064 352
Net profit/(loss) for the year		(3 170 085)	(7 982 493)
Other comprehensive income		-	-
Total comprehensive income/(loss)		(3 170 085)	(7 982 493)

RSL Enterprise Solutions (Pty) Ltd

Statement of changes in equity *for the year ended 31 March 2014*

	Share Capital R	Retained earnings R	Total R
Balance at 31 March 2011	100	6 591 899	6 591 999
Total comprehensive income	-	569 808	569 808
Balance at 31 March 2012	100	7 161 707	7 161 807
Total comprehensive income	-	(7 982 493)	(7 982 493)
Balance at 31 March 2013	100	(820 786)	(820 686)
Total comprehensive loss	-	(3 170 085)	(3 170 085)
Balance at 31 March 2014	100	(3 990 871)	(3 990 771)



RSL Enterprise Solutions (Pty) Ltd

Statement of cash flows

for the year ended 31 March 2014

	Note	2014 R	2013 R
Cash flows from operating activities			
Cash utilised by operations	12.1	(4 225 223)	(3 386 646)
Finance income	9	1 062	15 340
Finance cost	9	(29 916)	(360 522)
Income taxation paid	12.2	-	260 000
<i>Net cash outflow from operating activities</i>		<u>(4 254 077)</u>	<u>(3 471 828)</u>
Cash flows from investing activities			
Acquisition of plant and equipment		<u>(17 027)</u>	<u>(9 276)</u>
<i>Net cash outflow from investing activities</i>		<u>(17 027)</u>	<u>(9 276)</u>
Cash flows from financing activities			
Loan paid: Ramco Canada Inc.		(1 108 710)	(7 661 536)
Loan received: Ramco India (including intercompany payables)		<u>3 844 090</u>	<u>12 638 644</u>
<i>Net cash inflow from financing activities</i>		<u>2 735 380</u>	<u>4 977 108</u>
Net (decrease)/increase in cash and cash equivalents		(1 535 724)	1 496 004
Cash and cash equivalents at the beginning of the period		<u>2 342 964</u>	<u>846 960</u>
Cash and cash equivalents at the end of the period	12.3	<u>807 240</u>	<u>2 342 964</u>

RSL Enterprise Solutions (Pty) Ltd

Notes to the financial statements

for the year ended 31 March 2014

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 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 financial statements

for the year ended 31 March 2014

1. Significant accounting policies (continued)

(c) *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 financial statements

for the year ended 31 March 2014

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 financial statements (continued)

for the year ended 31 March 2014

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 financial statements (continued)

for the year ended 31 March 2014

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 financial statements (continued)

for the year ended 31 March 2014

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 financial statements (continued)

for the year ended 31 March 2014

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 financial statements (continued)

for the year ended 31 March 2014

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 progress

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 plus profit recognized to date 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 financial statements for the year ended 31 March 2014

2 Property, plant and equipment

Cost	Computer equipment R	Equipment R	Furniture R	Linen R	Office equipment R	Utensils R	Total R
Balance at 1 April 2012	189 389	42 458	162 583	8 388	97 789	8 266	508 873
Disposals	-	(31 148)	(21 192)	(8 388)	-	(8 266)	(68 994)
Acquisitions	9 276	-	-	-	-	-	9 276
Balance at 31 March 2013	198 665	11 310	141 391	-	97 789	-	449 155
Balance at 1 April 2013	198 665	11 310	141 391	-	97 789	-	449 155
Disposals	-	-	-	-	-	-	-
Acquisitions	17 027	-	-	-	-	-	17 027
Balance at 31 March 2014	215 692	11 310	141 391	-	97 789	-	466 182

RSL Enterprise Solutions (Pty) Ltd

Notes to the financial statements

for the year ended 31 March 2014

2 Property, plant and equipment (continued)

	Computer equipment R	Equipment R	Furniture R	Linen R	Office equipment R	Utensils R	Total R
Accumulated depreciation							
Balance at 1 April 2012	(170 817)	(42 458)	(118 029)	(8 388)	(97 789)	(5 877)	(443 358)
Disposals	-	31 148	21 192	8 388	-	8 266	68 994
Depreciation for the year	(18 103)	-	(21 467)	-	-	(2 389)	(41 959)
Balance at 31 March 2013	(188 920)	(11 310)	(118 304)	-	(97 789)	-	(416 323)
Balance at 1 April 2013	(188 920)	(11 310)	(118 304)	-	(97 789)	-	(416 323)
Disposals	-	-	-	-	-	-	-
Depreciation	(18 682)	-	(8 231)	-	-	-	(26 913)
Balance at 31 March 2014	(207 602)	(11 310)	(126 535)	-	(97 789)	-	(443 236)

RSL Enterprise Solutions (Pty) Ltd

Notes to the financial statements for the year ended 31 March 2014

2 Property, plant and equipment (continued)

	Computer equipment R	Equipment R	Furniture R	Linen R	Office equipment R	Utensils R	Total R
Carrying amounts							
At 31 March 2013	9 745	-	23 087	-	-	-	32 832
At 31 March 2014	8 090	-	14 856	-	-	-	22 946

RSL Enterprise Solutions (Pty) Ltd

Notes to the financial statements

for the year ended 31 March 2014

	2014 R	2013 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.		
4 Trade and other receivables		
Trade debtors	8 261 901	4 565 967
Provision for bad debts	(3 681 076)	(3 681 076)
Staff loans	81 441	193 018
Input VAT Receivable	135 238	5 640
Deposits	93 977	261 252
Retention	151 875	-
	<u>5 043 356</u>	<u>1 344 801</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	2 838 158	(226 194)
Current	-	-
- temporary differences	<u>1 224 332</u>	<u>3 064 352</u>
	<u>4 062 490</u>	<u>2 838 158</u>
<i>Comprising</i>		
- assessed loss	5 084 103	4 621 352
- movement in provisions	264 602	292 022
- deferred rental	3 713	3 713
- deferred income	-	255 150
- Work in progress	(1 289 928)	(2 334 079)
Balance at end of year	<u>4 062 490</u>	<u>2 838 158</u>

RSL Enterprise Solutions (Pty) Ltd

Notes to the financial statements (continued)

for the year ended 31 March 2014

6 Deferred tax (continued)

	Balance at 1 April 2013 R	Recognised in statement of comprehensive income R	Balance at 31 March 2014 R
<i>Reconciliation</i>			
Assessed loss	4 621 352	462 751	5 084 103
Provisions	292 022	(27 420)	264 602
Deferred rental	3 713	-	3 713
Deferred income	255 150	(255 150)	-
Work in progress	(2 334 079)	1 044 151	(1 289 928)
	<u>2 838 158</u>	<u>1 224 332</u>	<u>4 062 490</u>
		2014 R	2013 R

7 Trade and other payables

Trade creditors	464 087	81 876
Accrued expenses	2 454 054	6 588 558
	<u>2 918 141</u>	<u>6 670 434</u>

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

8 Intercompany payables

Loan from Ramco Systems Ltd	-	1 108 710
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The above loan has no specific repayment terms and bears interest at the prime interest rate.

Intercompany payables	23 418 421	19 574 331
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Intercompany payables represent amounts payable to Ramco India. The holding company has subordinated the intercompany payables to the value of R4 000 000.

	<u>23 418 421</u>	<u>20 683 041</u>
Current Liabilities	19 418 421	19 858 041
Non-Current Liabilities	4 000 000	825 000
	<u>23 418 421</u>	<u>20 683 041</u>

RSL Enterprise Solutions (Pty) Ltd

Notes to the financial statements (continued) for the year ended 31 March 2014

	2014 R	2013 R
9 Net finance expense		
Finance income		
Bank interest	1 062	15 340
Finance cost		
Interest on inter-company loan	<u>(29 916)</u>	<u>(360 522)</u>
	(28 854)	(345 182)
10 Profit/(loss) before income taxation		
Profit/(loss) before income taxation is stated after the following:		
Income		
Finance income	1 062	15 340
Expenses		
Auditor's remuneration	155 000	145 000
Commission paid	11 001 480	6 038 581
Consultancy fees	12 177	49 181
Depreciation of property, plant and equipment	26 913	41 959
- computer equipment	18 682	18 103
- furniture	8 231	21 467
- utensils	-	2 389
- office equipment	-	-
Staff costs	11 508 503	9 152 910
Finance cost	29 916	360 522
Operating lease charges – buildings	62 571	328 259
Foreign exchange loss realised	(1 269)	-

RSL Enterprise Solutions (Pty) Ltd

Notes to the financial statements (continued) for the year ended 31 March 2014

	2014 R	2013 R
11 Income taxation		
South African normal tax		
-Current	-	-
-Deferred	<u>(1 224 332)</u>	<u>(3 064 352)</u>
Total income taxation expense	<u>(1 224 332)</u>	<u>(3 064 352)</u>
Profit/(loss) before income taxation	<u>(4 394 417)</u>	<u>(11 046 845)</u>
Taxation at 28% (2013: 28%)		-
Reconciling items-tax effect:		
Deferred tax- increase in assessed loss	(429 600)	(4 583 250)
Deferred tax- temporary difference	(794 732)	1 516 589
Deferred tax- prior period underprovision	-	2 309
	<u>(1 224 332)</u>	<u>(3 064 352)</u>
	%	%
Standard tax rate	28	28
Tax effect on:	-	
Deferred tax asset not raised on assessed loss	-	-
Previously unrecognised assessed loss	-	-
Effective rate	<u>28</u>	<u>28</u>

12 Notes to the statement of cash flows

12.1 Cash utilised by operations

Operating (loss)/profit before taxation	(4 394 417)	(11 046 845)
Adjustments for:		
Finance income	(1 062)	(15 340)
Finance cost	29 916	360 522
Depreciation	26 913	41 959
	<u>(4 338 650)</u>	<u>(10 659 704)</u>

RSL Enterprise Solutions (Pty) Ltd

Notes to the financial statements (continued) for the year ended 31 March 2014

	2014 R	2013 R
12 Notes to the statement of cash flows (continued)		
12.1 Cash utilised by operations (continued)		
Movements in working capital		
(Increase)/decrease in accounts receivable	(3 698 555)	6 593 926
(Decrease)/increase in Deferred Income	(911 250)	911 250
(Decrease)/increase in accounts payable	(3 752 293)	2 883 330
Decrease/(increase) in work-in-progress	8 475 525	(3 115 448)
	<u>(4 225 223)</u>	<u>(3 386 646)</u>
12.2 Income taxation paid		
Opening balance	-	(260 000)
Current taxation charge in statement of comprehensive income	-	-
Closing balance	<u>-</u>	<u>(260 000)</u>
12.3 Cash and cash equivalents		
Bank balances	793 863	2 330 238
Call deposits	13 377	12 726
	<u>807 240</u>	<u>2 342 964</u>
13 Operating leases		
Total future minimum lease payments under non-cancellable operating leases		
Not later than 1 year	207 037	207 037
Between 1 and 5 years	186 673	186 673
Later than 5 years	-	-
	<u>393 710</u>	<u>393 710</u>

RSL Enterprise Solutions (Pty) Ltd

Notes to the financial statements (continued)

for the year ended 31 March 2014

	2014 R	2013 R
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: Pusapadi Ramasubramania Raja Venketrama Raja R Ravikula Chandran		
14.1 Material related party transactions		
<i>a) Ramco Systems Ltd - holding company</i>		
Included in trade payables	23 418 421	19 574 331
<i>Types and elements of transactions:</i>		
• Goods and services purchased from holding company	23 121 713	21 833 337
• Expenses charged to RSL Enterprise Solutions (Pty) Ltd by the holding company.	1 348 620	5 372 110
• Loan received (from holding company and its subsidiaries)	-	1 108 710
<i>b) City Works (Pty) Ltd - joint venture</i>		
Included in trade receivables	8 261 902	4 565 967
Less: Provision for doubtful debts	<u>(3 681 076)</u>	<u>(3 681 076)</u>
	4 580 826	884 891
<i>Types and elements of transactions:</i>		
Good and services supplied to the joint venture	51 787 685	31 588 340
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 financial statements (continued)

for the year ended 31 March 2014

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.

	2014	2014	2013	2013
	Carrying amount	Fair value	Carrying amount	Fair value
Trade receivables	5 043 356	5 043 356	1 344 801	1 344 801
Trade and other payables	2 918 141	2 918 141	(6 670 434)	(6 670 434)
Intercompany payables	23 418 421	23 418 421	(20 683 041)	(20 683 041)
	31 379 918	31 379 918	(26 008 674)	(26 008 674)

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 financial statements (continued) for the year ended 31 March 2014

	2014 R	2013 R
15 Financial risk management (continued)		
Categories of financial instruments		
Financial assets		
Loans and receivables	5 850 596	3 687 765
Trade and other receivables	5 043 356	1 344 801
Cash and cash equivalents	807 240	2 342 964
Financial liabilities		
Loans and payables	26 336 562	27 353 475
Trade and other payables	2 918 141	6 670 434
Intercompany payables	23 418 421	20 683 041

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	
	2014 R	2013 R
Trade and other receivables	5 043 356	1 344 801
Cash and cash equivalents	807 240	2 342 964
	5 850 596	3 687 765

Trade receivables – by geographic region:

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

South Africa	5 043 356	884 891
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RSL Enterprise Solutions (Pty) Ltd

Notes to the financial statements (continued)

for the year ended 31 March 2014

15 Financial risk management (continued)

Credit risk management (continued)

Trade receivables – Ageing

	Gross value 2014 R	Impairment provision 2014 R	Gross Value 2013 R	Impairment provision 2013 R
Not past due date	4 065 475	-	369 540	-
Past due date by more than a year	4 196 427	-	4 196 427	(3 681 076)
	<u>8 261 902</u>	<u>(3 681 076)</u>	<u>4 565 967</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.

	2014		
	6 months or less	Greater than 6 months	Total
Trade and other payables	2 454 054	464 087	2 918 141
Intercompany payables	19 418 421	4 000 000	23 418 421
	<u>21 872 475</u>	<u>4 464 087</u>	<u>26 336 562</u>
	2013		
	6 months or less	Greater than 6 months	Total
Trade and other payables	(6 670 434)	-	(6 670 434)
Loan payable	(19 858 041)	(825 000)	(20 683 041)
	<u>(26 528 475)</u>	<u>(825 000)</u>	<u>(27 353 475)</u>

RSL Enterprise Solutions (Pty) Ltd

Notes to the financial statements (continued)

for the year ended 31 March 2014

15 Financial risk management (continued)

Currency risk management

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

	2014 R	2013 R
Foreign exchange loss realized	(1 269)	-

The following significant exchange rates applied during the year.

	Average rate 2014 R	Average rate 2013 R
USD	10.1052	8.4948

Sensitivity analysis

A one percent weakening of the average South African Rand against the US Dollar for the year ended 31 March 2014 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 2013.

	Profit/(loss) R
31 March 2014	-
31 March 2013	-

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 (Pty) Ltd

Notes to the financial statements (continued)

for the year ended 31 March 2014

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	
	2014	2013
	R	R
<i>Interest rate risk</i>		
Variable rates linked to prime:		
Interest on inter-company loan	(29 916)	(360 522)
	<u>(29 916)</u>	<u>(360 522)</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:

	2014	2013
	1% increase	1% increase
Interest expense	299	(3 605)
Taxation	(84)	1 009
	<u>215</u>	<u>(2 596)</u>

16 Going Concern

The Company incurred a net loss of R 3 170 085 (2013 loss: 7 982 493) during the year ended 31 March 2014 and as of that date, the Company's total liabilities exceeded its total assets by R 3 990 771 (2013: 820 686).

These conditions give rise to a material uncertainty which may cause doubt about the Company's Ability to realise its assets and discharge its liabilities in the normal course of business.

The major reason for the net loss incurred for the year ended 31 March 2014 is due to general operational cost increase.

The Directors have also reviewed the Company's cash flow forecast for the year to 31 March 2014 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.

RSL Enterprise Solutions (Pty) Ltd

Schedule of expenditure

for the year ended 31 March 2014

	2014	2013
	R	R
Accounting and legal fees	-	137 341
Administration	75 443	119 804
Advertising and promotions	31 706	11 936
Audit fees	155 000	145 000
Bad debts written off	-	3 885 508
Bank charges	23 254	39 564
Commissions paid	11 001 480	6 038 581
Consultancy fees	12 177	49 181
Courier and postage	27 977	21 180
Depreciation	26 913	
Foreign exchange loss realised	(1 269)	41 959
Guest house services	247 034	384 989
Professional service stipend and outsourcing	-	1 045 830
Rent	932 957	910 075
Staff costs	11 508 503	9 152 910
Stationery	33 681	26 061
Staff welfare	126 120	-
Sundry expenses	56 260	27 208
Telephone and fax	327 913	437 424
Transport	527 203	507 460
Travel	1 737 948	4 274 889
	<u>26 850 300</u>	<u>27 256 900</u>
Finance cost	29 916	360 522
Total	<u>26 880 216</u>	<u>27 617 422</u>