

**RSL SOFTWARE
COMPANY LIMITED**

**Financial Statements
For the Year Ended 31 March, 2014**

RSL SOFTWARE COMPANY LIMITED

Financial Statements
31 March, 2014

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RSL Software Company Limited

REPORT OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS OF M/S. RSL SOFTWARE COMPANY LIMITED, KHARTOUM, SUDAN.

Your Directors have pleasure in presenting their Second Annual Report together with the Auditors Report thereon of the Company for the financial year 2013-14.

FINANCIAL RESULTS	In SDG
Particulars	Year ended 31st March 2014
Revenue from operations	238,111
Total expenses	662,283
Profit / (loss) before tax	(424,172)
Tax	-
Profit / (loss) after tax	(424,172)

Directors

There is no change in the Directors during the year.

Auditors

The Board of Directors recommend re-appointing M/s. Hassabo & Co., Certified Accountants, Sudan as Auditors to the Company for the year ending 31st March, 2015.

Acknowledgement

Your Directors take this opportunity to convey their appreciation for the support and co-operation received during the period under review, from all the Government Authorities, Shareholders and Bankers.

For and on behalf of the Board



R. RAVI KULA CHANDRAN
DIRECTOR

HASSABO & Co.

Certified Accountants
Management Consultants
Managing Partner:
Hassab E. M. El Tayeb - FCCA

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**Independent Auditor's Report
To the Shareholders of:
RSL Software Company Limited**

We have audited the accounts on pages 1 to 9 which comprise of the balance sheet as at 31 March, 2014, the income statement, cash flow statement and the statement of changes in shareholders' equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

These accounts have been prepared under the historical cost convention, and the accounting policies set out on pages 5 to 7.

Respective Responsibilities of Directors and Auditors

The Company's directors are responsible for the preparation of the accounts in compliance with the International Financial Reporting Standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.


Basis of Opinion

We conducted our audit in accordance with International Auditing Standards issued by the International Federation of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the Company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion, these accounts give a true and fair view of the state of affairs of the Company at 31 March, 2014 and of the profit, of the cash flows and of the statement of changes in shareholders' equity for the year then ended in compliance with the International Financial Reporting Standards and have been properly prepared in accordance with the Companies Act, 1925.


**Hassabo and Company
Certified Accountants**

Khartoum, 12 May, 2014



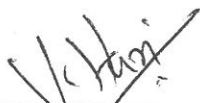
RSL Software Company Limited

Balance Sheet as at 31 March, 2014


	<u>Notes</u>	<u>As at 31 March, 2014 SDG</u>	<u>As at 31 March, 2013 SDG</u>
<u>Non-Current Assets:</u>			
Fixed assets at net book value	3	15,656	16,791
<u>Current Assets</u>			
Accounts receivable	4	256,576	294,630
Cash in hand and at banks	5	933,442	223,125
Total Assets		1,190,018	517,755
<u>Current Liabilities</u>			
Accounts payable	6	1,447,726	352,426
		1,447,726	352,426
Net Current Liabilities		(257,708)	165,329
NET ASSETS		(242,052)	182,120
<u>Rerepresented By:</u>			
Share capital	7	100,000	100,000
Retained earnings		(342,052)	82,120
		(242,052)	182,120

The accompanying notes form an integral part of these financial statements.

These accounts were approved by the management on May 12, 2014.



Director



Director

RSL Software Company Limited

PROFIT AND LOSS ACCOUNT FOR THE
PERIOD FROM 26 FEBRUARY, 2012 TO 31 MARCH, 2013

		Year ended 31 Mar 2014	for the period from 26 Feb 2013 to 31 Mar 2013
	Notes	SDG	SDG
Revenue	8	194,687	1,252,217
Other income- Forex gain		43,424	0
Less: Cost of sales	9	157,371	526,252
		<u>80,740</u>	<u>725,965</u>
Gross Profit			
Operating Expenses			
Sales and marketing expenses	10	421,744	436,098
Administrative expenses	11	82,033	189,402
Non cash items		1,135	3,853
		<u>504,912</u>	<u>629,353</u>
Net Profit for the period before taxation		(424,172)	96,612
Taxation	12	0	(14,492)
NET PROFIT FOR THE PERIOD AFTER TAXATION		<u>(424,172)</u>	<u>82,120</u>

The accompanying notes form an integral part of these financial statements.

RSL Software Company Limited

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH, 2014

	Year ended 31 Mar 2014 <u>SDG</u>	for the period from 26 Feb 2013 to 31 Mar 2013 <u>SDG</u>
Cash flows from operating activities:		
Net income after taxation	(424,172)	82,120
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,135	1,864
Loss on disposal of fixed assets	-	1,989
Changes in assets and liabilities:		
(Increase)/Decrease in accounts receivables	38,054	(294,630)
Increase in payables and accruals	1,095,300	352,426
	-	-
Net cash (used in)/provided by operating activities	<u>710,317</u>	<u>143,769</u>
Cash flows used for investing activities:		
Purchase of property and equipment	-	(31,756)
Net cash used in investing activities	<u>-</u>	<u>(31,756)</u>
Cash flows from financing activities:		
Share capital paid	-	100,000
Proceed from disposal of fixed Assets	-	11,112
Net cash provided by financing activities	<u>-</u>	<u>111,112</u>
Net increase in cash and cash equivalent	710,317	223,125
Balance, beginning of the year	223,125	-
Balance, end of the year	<u>933,442</u>	<u>223,125</u>

The accompanying notes form an integral part of these financial statements.

RSL Software Company Limited

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 MARCH, 2014**

	<u>Capital SDG</u>	<u>Retained Earnings SDG</u>	<u>Net Income for the Year SDG</u>	<u>Total SDG</u>
Share capital paid up	100,000			100,000
Net profit for the period			82,120	82,120
Balance, 31 March, 2013	<u>100,000</u>	<u>0</u>	<u>82,120</u>	<u>-</u>
Net profit for the period			(424,172)	(424,172)
Balance, 31 March, 2014	<u>100,000</u>	<u>0</u>	<u>(342,052)</u>	<u>(242,052)</u>

The accompanying notes form an integral part of these financial statements.

RSL Software Company Limited,

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH, 2014

1. ORGANIZATION

The Company is a private limited liability company incorporated on 26 February, 2012 - in Sudan under the Companies Ordinance, 1925, registration number 40403. Its registered office is at House 306, Block 21, Riyad, Khartoum, Sudan.

It is principally engaged in information technology services industry and its principal activities are software and system development, software sales, consultancy and related services.

2. SIGNIFICANT ACCOUNTING POLICIES

A summary of principal accounting policies, all of which have been applied consistently throughout the current period is set out below.

2.1 Basis of Accounting

The accounts are prepared under the historical cost convention, on a going concern concept and accrual basis of accounting in compliance with the International Financial Reporting Standards issued by the International Accounting Standard Board (IASB) and interpretations issued by the Standards Interpretations Committee of the IASB

2.3 Tangible Fixed Assets

Tangible Fixed Assets are shown at original historical cost less accumulated depreciation. Depreciation is provided on historical cost at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life as follows:

Furniture	6.33%
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Depreciation in respect of tangible fixed assets acquired or disposed off during the year is charged from the date an asset is brought into use or till the date of its disposal.

These assets are reviewed periodically for any impairment. If there is an indication that the carrying value of an asset is greater than the recoverable amount, the asset is written down to its recoverable amount and the resultant impairment loss is taken to the income statement

2.4 Revenue Recognition

The Company recognizes revenue in the accounts upon delivery of products and services to customers. Revenue is shown net of valued added tax and discounts.

In case of fixed price software development/implementation contracts, revenue is recognized in accordance with percentage of completion method of accounting. In case of time and

RSL Software Company Limited

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH, 2014 (Cont'd)

material contracts, revenue is recognized based on billable time spent in the project, priced at the contractual rate. Revenue from Maintenance services is recognized on a pro-rata basis.

2.5 *Provision for Bad and Doubtful Debt*

Receivables are carried at anticipated realizable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off during the year in which they are identified.

2.6 *Foreign Currency*

The functional currency of the Company is the Sudanese Pound. Transactions denominated in foreign currencies are recorded in the functional currency at the rates of exchange prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of transaction is included as an exchange gain or loss in the profit and loss account.

2.7 *Post Service Benefits*

The Company provides post-retirement benefits to their retirees. The entitlement to these benefits is usually based on the employee completing a minimum service period as defined in the Sudanese Labour Law of 1997. No provision has been considered necessary in respect of this estimated liability after taking into account social insurance contributions made to-date.

2.8 *Taxation*

The Company is subject to business profit tax of 15% on taxable profit. No provision has been made as the Company ended the year with a net loss.

2.9 *Zakat*

Zakat, Muslim elms tax, is calculated in accordance with the Sudanese zakat regulations, and is not provided for in the financial statements as its shareholders are non Muslims.

2.10 *Cash and cash equivalent*

Cash and cash equivalent are determined on the basis of balance in cash and with banks both in local and foreign currencies.

2.11 *Contingenices*

Contingent assets are not recognized assets until realization becomes virtually certain.

Contingent liabilities are recognized when the Company has an obligation (legal or constructive) arising from a past event, and the costs and the cash flows to settle the obligation are both probable and able to be reliably measured.

RSL Software Company Limited

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH, 2014 (Cont'd)

2.12 Impairment of financial assets

An assessment is made at each balance sheet date to determine whether there is an objective evidence that a specific financial asset or group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss recognized for the difference between the recoverable amount and the carrying out in the income statement.

2.13 Significant accounting judgements and estimates

In accordance with the accounting policies management is required to make the following judgements and estimates that may affect the carrying value of assets and liabilities.

2.13.1 Judgements

At each balance sheet date, management assesses, whether there is any indication that intangible assets, property and equipment may be impaired. The determination of impairment requirement considerable judgment and involves evaluation of several factors including industry and market conditions.

2.13.2 Sources of estimation and uncertainty

- (a) In respect of accounts receivable, the Company estimates an allowance for doubtful receivables based on part collection history and expected cash flows from debts that are overdue; and
- (b) As regards tangible assets, the Company estimates useful lives and residual value of tangible assets.

Any change in the estimates and assumptions used as well as the use of different, but equally reasonable estimates and assumptions may have an impact on the carrying value of the above assets.

2.14 Related Party Transactions

The Company is a wholly owned subsidiary of Ramco Systems Limited, incorporated in India. The related party transactions include net payable to or receivable from the parent company and or other fellow subsidiaries. Transactions other than those pertaining to loan are interest free.

Details of the related party transactions are given below – please update:

Particulars	Transactions during the period February 2013 – March 2014 – SDG	Outstanding as on 31 March, 2014 - SDG
Ramco Systems Ltd., India Goods and Services purchased	260,470	209,551
Ramco Systems Ltd., Dubai Goods and Services purchased	250,000	31,756

RSL Software Company Limited

Notes To The Accounts - 31 March, 2014

(cont'd)

	Equipment and Furniture SDG	Total SDG
NOTE 3: Fixed assets:		
<i>Cost:</i>		
At beginning of year	17,926	17,926
Additions		0
Disposal		0
At end of year	<u>17,926</u>	<u>17,926</u>
<i>Accumulated depreciation:</i>		
At beginning of year	1,135	
Charge for the year	1,135	1,135
Eliminated on disposal	0	0
At end of year	<u>2,270</u>	<u>1,135</u>
<i>Net book value</i>		
At 31 March 2014	<u>15,656</u>	<u>15,656</u>
NOTE 4: Accounts receivable:		
	<u>SDG</u>	<u>SDG</u>
Accounts receivables	222,592	288,797
Prepayments	8,000	5,833
Due from employees	25,584	0
Due from department	400	0
	<u>256,576</u>	<u>294,630</u>
NOTE 5: Cash in hand and at banks:		
	<u>SDG</u>	<u>SDG</u>
Balances at call with banks	933,442	223,125
	<u>933,442</u>	<u>223,125</u>
NOTE 6: Accounts payable:		
	<u>SDG</u>	<u>SDG</u>
Due to parent company	1,393,681	241,307
VAT	0	28,186
Due to employees	0	5,914
Accrued expenses	54,045	62,527
Provision for business profit tax	0	14,492
	<u>1,447,726</u>	<u>352,426</u>
NOTE 7: Share capital:		
	<u>SDG</u>	<u>SDG</u>
<i>Authorized share capital:</i>		
1 million ordinary shares of SDG 1 each	<u>1,000,000</u>	<u>1,000,000</u>
<i>Issued share capital:</i>		
100,000 ordinary shares of SDG 1 each	<u>100,000</u>	<u>100,000</u>

The entire paid up share capital is held, directly and indirectly, by the parent company, Ramco Systems Limited, India.

RSL Software Company Limited

Notes To The Accounts - 31 March, 2014

(cont'd)

NOTE 8: Revenue from services:

Services related revenues represent amounts billed by the Sudan entity to its clients during the year. Revenue is shown as the amount billed net of value added tax.

	<u>SDG</u>	<u>SDG</u>
Total revenue	194,687	1,252,217

NOTE 9: Cost of sales:

	<u>SDG</u>	<u>SDG</u>
Cost of Execution	11,133	30,871
Professional Services & Expenses relating to projects	146,238	495,381
Total	157,371	526,252

NOTE 10: Sales and marketing expenses:

	<u>SDG</u>	<u>SDG</u>
Salaries	226,000	193,923
Incentive	99,950	141,505
Contribution to Social Security fund	38,420	32,967
Travel and Telephone Expenses	52,818	67,703
Other Selling Expenses	4,556	0
	<u>421,744</u>	<u>436,098</u>

NOTE 11: Administration expenses:

	<u>SDG</u>	<u>SDG</u>
Staff welfare	372	8,385
Rent & Utilities	43,423	67,827
Repairs & Maintenance	7,234	7,850
Professional & Legal Fees	7,500	83,640
Audit Fees	20,000	20,000
Bank charges	2,689	1,700
Printing & Stationery	815	0
	<u>82,033</u>	<u>189,402</u>

NOTE 9: Taxation:

Provision for business profit tax has been made at 15% of the taxable profit,

	<u>SDG</u>	<u>SDG</u>
Provision for the year	0	14,492